

How Europe Matters: Different Mechanisms of Europeanization*

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Abstract

While much has been written about the European Union (EU), most of the scholarly work is concerned with the developments at the European level. It is only recently, that we observe increasing attempts to address this research deficit. Notwithstanding a growing number of studies explicitly concerned with the Europeanization of domestic institutions, we still lack consistent and systematic concepts to account for the varying patterns of institutional adjustment across countries and policy sectors. In order to arrive at a more general understanding of the domestic impact of European policy-making, this paper provides a more comprehensive explanatory framework. We distinguish three types of European policy-making, namely positive integration, negative integration, and what might be called "framing" integration, which are characterized by distinctive mechanisms of Europeanization, and hence require distinctive approaches in order to explain their domestic impact. We argue that it is the specific mechanism, rather than the nominal category of the policy area that is the most important factor to be taken into account when investigating the domestic impact of varying European policies.

Keywords

administrative adaptation, differentiated integration, environmental policy, europeanization, France, Germany, Italy, implementation, institutionalism, political opportunity structure, negative integration, Netherlands, positive integration, transport policy, U.K., political science

1 Introduction

While much has been written about the European Union (EU) in recent years, most of the scholarly work is concerned with the developments at the European level, and focuses on the extent to which domestic conditions affect the outcome of supranational institution-building and policy-making. As a result, the impact of European integration at the national level remains poorly understood. It is only recently, that we can observe increasing attempts to address this research deficit with a growing number of studies explicitly concerned with the Europeanization of domestic institutions and, more specifically, with the extent to which the implementation of European policies implies adjustments in domestic institutions, such as dominant regulatory styles and structures in a certain policy sector.

Notwithstanding the growing number of studies in this area (see Héritier, Knill, and Mingers 1996; Mény, Muller, and Quermonne 1996; Olsen 1995), we still lack consistent and systematic concepts to account for the varying patterns of institutional adjustment across countries and policy sectors. Empirical evidence indicates a great variety in domestic patterns of Europeanization, with some studies emphasizing the persistence of domestic arrangements (van Waarden 1995) and others indicating inverse patterns of far-reaching adjustments (Schneider forthcoming).

In order to understand the varying impact of European integration on domestic arrangements and structures, the first systematic cross-national studies (Börzel 1999; Knill 1998; Knill and Lenschow 1998; Lehmkuhl 1999b) advocate a more differentiated approach. They argue that the domestic impact of Europe varies with the level of European adaptation pressure on domestic institutions and the extent to which the domestic context (including institutional opportunity structures and domestic actor constellations) facilitates or prohibits actual adjustments to European requirements (Cowles and Risse forthcoming). While this argument is a promising starting point for the explanation of the domestic impact of Europe, its rather abstract and general character tends to limit the analytical benefits to be gained from such a perspective.

To address this deficit, this paper suggests a differentiation and qualification of the above argument by identifying different constellations of Europeanization, with each constellation requiring distinctive approaches to account for corresponding patterns of domestic change. To this end, our basic analytical focus is on the dominant form of European policy-making, namely EU regulatory policy (Majone 1989, 167)¹.

We distinguish three ideal types of European policy-making, namely positive integration, negative integration, and what may be called ‘framing’ integration, which are characterized by distinctive mechanisms of Europeanization, and hence require distinctive approaches in order to explain their domestic impact. We argue that it is the specific logic, rather than the nominal category of the policy area, that is the most important factor to be taken into account when investigating the domestic impact of varying European policies. To illustrate this argument, we will draw on empirical findings from three policy areas corresponding with the different types of European policy-making specified above, namely environmental policy (positive integration), road haulage policy (negative integration), and railways policy (framing integration).

The paper is organized as follows: in section two, we develop our analytical concept of varying Europeanization mechanisms and elaborate on the implications of this distinction when explaining the domestic impact of varying policy types. The validity and applicability of these considerations will be illustrated in sections three, four and five by taking account of empirical findings from the Community's environmental, road

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¹ As Majone points out, the relatively limited room for financial manoeuvre, with the lion's share of financial resources going on agriculture and development, means that the EU Commission will tend to safeguard its vested institutional interests by extending its regulatory rather than distributive policy powers (Eichener 1996). This does of course not imply, that Europeanization effects are restricted to EU regulatory policies. There are many other areas and mechanisms by which European integration exert adaptation pressure on domestic arrangements, including, for instance, territorial policy, regional policy, as well as cognitive impacts such as identity changes.

haulage, and railways policy. The final section summarizes the results and draws general conclusions.

2 Three Mechanisms of Europeanization

When considering the domestic impact of European policies, we analytically distinguish three mechanisms, by which European requirements may yield domestic institutional change. First, and in its most ‘explicit’ form, European policy-making may trigger domestic change by prescribing concrete institutional requirements with which member states must comply; that is, EU policy ‘positively’ prescribes an *institutional model* to which domestic arrangements have to be adjusted. Accordingly, member states have only limited institutional discretion when deciding on the concrete arrangements in order to comply with European requirements.

Second, and somewhat more implicitly, European legislation may affect domestic arrangements by altering the domestic rules of the game. European influence is confined to *altering domestic opportunity structures*, and hence the distribution of power and resources between domestic actors. Such changes in domestic opportunity structures in turn may imply that existing institutional equilibria are successfully challenged. European policies, whilst they contribute to these potential challenges, do not prescribe any distinctive institutional model of how the new equilibrium should actually look.

Third, in its ‘weakest’ form, European policy neither prescribes concrete institutional requirements nor modifies the institutional context for strategic interaction, but affects domestic arrangements even more indirectly, namely by *altering the beliefs and expectations* of domestic actors. Changes in domestic beliefs may in turn affect strategies and preferences of domestic actors, potentially leading to corresponding institutional adaptations. Hence, the domestic impact of European policies is primarily based on a cognitive logic.

Although elements of these different mechanisms of Europeanization can be identified in almost every European policy, we argue that different policy types are characterized by a varying mixture of these mechanisms, with different logics dominating in different policy types. To be precise, the three mechanisms can be linked to distinctive ideal types of European integration. Ideal types have the virtue of providing a standard against which real world constellations can be compared and potential differences explained. Classifying European policies in the light of these standards provides a more general comparative concept which may also be applied to the study of other phenomena of Europeanization.

The first logic of direct institutional pressure is the dominant characteristic of new regulatory policies designed to curb negative externalities emerging from market activities. Classical fields of new regulatory policy are environmental protection, health and safety at work, consumer protection, and sections of social policy. Community policies are explicitly directed at replacing existing domestic regulatory arrangements. They imply a real re-shaping and re-forming of existing domestic provisions. Since they 'positively' prescribe domestic choices, they are often referred to as policies of positive integration (Scharpf 1999; Scharpf 1993; Taylor 1983).

Hence, in areas of new regulatory policy, there is generally a tight linkage between European policy provisions and domestic administrative arrangements. Member states have to bring domestic arrangements into line with a 'European model' which is implicit in the supranational policy-decision. Protecting the environment by offering the public access to environmental information or by defining emission standards for industrial operations, for instance, will imply corresponding administrative arrangements to implement these policies at the national level. This does not imply that other Europeanization mechanisms play no role in this context, but that direct institutional adaptation to pressure is the dominant characteristic distinguishing new regulatory policies from other European activities.

By contrast, old regulatory policies, or policies of negative integration (Taylor 1983) basically follow the second logic. Rather than being concerned with negative externalities of market activities, old regulatory policy is 'market-making'. It defines

conditions for market access and market operation in order to secure the proper functioning of markets. Old regulatory policies in the European context are directed at liberalization and deregulation in order to secure the functioning of the Common Market.

In general, European activities are linked to two objectives. On the one hand, they define rules governing exchange within the Community's internal market. On the other hand, they contain legal prohibitions against any national regulation which can be construed as barriers to free trade and free mobility or as distortions of competition. It is important to emphasize, however, that European policies of market regulation only exclude certain options from the range of national policy choices, rather than positively prescribing distinctive institutional models to be enacted at the national level² The abolition of trade barriers for beer, for instance, has no direct impact on how the production of beer is regulated at the national level. It only implies that beer can be freely sold in other member states, hence altering strategic opportunities and constraints for domestic producers and consumers.

As a consequence, the direct institutional impact of negative integration is rather limited. It is restricted to the abolition of domestic administrative arrangements which distort the functioning of the Common Market, such as, for instance, national regulations protecting domestic industrial sectors against foreign competition. However, apart from these requirements, the direct institutional impact of European legislation on national administrations is limited. Member states are not directly forced to replace their

² We have already pointed out that the dominance of a certain mechanism of how European policies affect national arrangements does not completely exclude the role of other Europeanization mechanisms. Thus, policies of negative integration reveal a high variance in the extent to which they additionally prescribe institutional models for domestic compliance; i.e. they are characterized by a positive integration logic. While this positive impact is rather limited for the most part of these policies, it is much more pronounced in European policies to liberalize the energy sector, for instance (Eising 1998; Schmidt 1997). The existence of such "Europeanization hybrids", however, does not question our general argument, but indicates the need to analyze carefully the underlying Europeanization logics in order to understand the domestic impact of a certain policy.

regulatory arrangements in favour of an institutional model prescribed by European legislation. Instead, the requirement is much less demanding, namely to make national regulations compatible with European requirements or *gemeinschaftsverträglich* (Scharpf 1994) by abolishing those arrangements that are in conflict with the functioning of the internal market.

In this way, the basic logic of Europeanization underlying policies of negative integration is to change institutional opportunity structures for domestic actors. New strategic options emerge and other strategies may no longer be feasible. The domestic impact of these policies therefore is basically indirect and operates through the mechanism of 'regulatory competition'. With increasing European market integration, the transnational mobility of goods, workers and capital puts pressure on the member states to redesign domestic market regulations so as to avoid regulatory burdens restricting the competitiveness of domestic industries.³ While the effects of 'regulatory competition' are not yet well understood (i.e., whether it contributes to a strengthening or weakening of regulatory requirements), it puts pressure on national governments to change institutional arrangements that would otherwise have constituted a national equilibrium solution.

The domestic impact of Europe is not only apparent in policies that prescribe institutional models for domestic adjustment or modify domestic opportunity structures. Notwithstanding the dominant role of 'market-making' and 'market-shaping' policies in the European context, there are other European activities whose aim is basically to prepare the ground for subsequent policies of positive or negative integration. Such policies reflect a third type of Europeanization, which basically follows a merely cognitive logic of framing integration. Rather than prescribing concrete outcomes or substantially altering institutional opportunity structures, these policies are designed to change the domestic political climate by stimulating and strengthening the overall

³ In the literature "regulatory competition" is often treated as a consequence of economic globalization. It is more severe in the EU, however, since the freedom of movement in its "internal market" is institutionally much more secure than within global arrangements, such as the GATT/WTO.

support for broader European reform objectives (Ingram and Schneider 1990; Knill and Lehmkuhl 2000). The emergence of such policies of framing integration is particularly likely when the European decision-making context allows for the adoption of only vague and more or less symbolic policies, given the underlying conflicts of interests between the member states. As we will see below, the Community's railways policy is a good example in this respect.

Table 1: Policy Type, Europeanization Logic and the Explanation of Domestic Adaptation Patterns

Policy/Integration Type	Positive Integration New Regulatory Policy	Negative Integration Old Regulatory Policy	Framing Integration
Dominant Europeanization Logic	Institutional Model for Domestic Compliance	Changing Domestic Opportunity Structures	Changing Beliefs of Domestic Actors
Explanation of Domestic Adaptation Patterns	Degree of Institutional Compatibility	Degree of Resource and Power Redistribution Between Domestic Actors	Degree of Support Mobilization for Domestic Reforms

Following the above considerations, it becomes obvious that there is no unique approach in order to explain the domestic impact of varying types of European policies. We have to consider highly different explanatory factors in order to account for the change and persistence of domestic institutions in the light of European requirements.

To begin with, in cases of positive integration the impact of European policies on national administrations can be understood when adopting a perspective that takes account of the institutional compatibility of the European model with domestic arrangements. Based on the understanding that institutionally grown structures and routines prevent easy adaptation to exogenous pressure (Di Maggio and Powell 1991; March and Olson 1989), domestic adaptation appears to be more likely in cases where

European policies imply incremental rather than fundamental departures from existing arrangements at the domestic level. In other words, the patterns of domestic transformation can be basically explained from a perspective which takes account of the institutional ‘goodness of fit’ of domestic and European arrangements.

Variation in domestic change can be primarily explained by varying levels of European adaptation pressure, with non-adaptation being the expected scenario in cases of either complete fit or fundamental misfit with strongly entrenched ‘core patterns’ of national regulatory styles and structures, while adaptation is to be expected in cases where European policies require merely incremental changes in existing domestic arrangements (Knill and Lenschow 1998).

In view of the lacking prescription of a binding European model, the domestic impact of negative integration policies, by contrast, can hardly be understood in terms of institutional fit or misfit. European policies only redistribute powers and resources between domestic actors, and hence challenge existing equilibria, rather than prescribe the concrete shape of the new equilibrium. Domestic change or persistence is not a matter of European adaptation pressure—which can be generally considered as low, given the considerable degree of institutional discretion for domestic compliance—but must be explained by analysing the extent to which European policies have altered the strategic position of domestic actors. We must ask then whether European policies have sufficiently altered domestic opportunity structures in order to enable national actors to successfully challenge existing regulatory arrangements. Variation in adjustment patterns is therefore basically a question of varying domestic opportunity structures. Depending on the concrete constellation, the European impact on these structures has varying effects in altering the context for strategic interaction at the domestic level, and hence the political outcomes in terms of institutional adjustment.

In a similar way, policies of framing integration lack explicit institutional pressures for domestic adaptation. Since, in contrast to cases of negative integration, domestic opportunity structures are not directly affected by European activities of support-building, the explanation of domestic change or persistence has to take account other non-institutional factors which alter the national context for strategic interaction.

The question is, whether European legislation has contributed to alter expectations and beliefs of domestic actors, and in so doing, triggered domestic institutional change. Has European legislation provided sufficient legitimacy and concepts to favour the acceptance of domestic compromise solutions which would otherwise not have emerged? Varying adaptation patterns are not explained by EU-induced changes in different domestic opportunity structures. Instead, the extent of domestic change may be considered to vary with two factors: (1) the extent to which European policy beliefs and ideas have mobilized the support of domestic actors for European reforms; and (2) the extent to which European support was sufficient to enable domestic reformers to put through national reforms in the light of given institutional opportunities and constraints.

In what follows, we will present empirical examples for each type of European policy in order to illustrate our analytical considerations. For this purpose, we focus on the domestic impact in three European policy areas, namely the environment, road haulage, and railways.

3 Europeanization by institutional compliance: the case of environmental policy

Following our analytical considerations, policies of positive integration imply the most direct institutional requirements for domestic adjustment. In general, they prescribe a concrete institutional model for domestic compliance, which leaves a comparatively low level of room for adaptation in the light of the domestic institutional context. In view of this concrete manifestation of institutional adaptation pressure, the degree of institutional compatibility of European and domestic arrangements provides a promising basis to account for different adjustment patterns across policies and countries.

To illustrate this argument, we draw on recent cross-national studies on the implementation of EU environmental policy (Knill 1998; Knill and Lenschow 1998). From an analytical perspective, the environmental field is a particularly appropriate case for two reasons. First, the area is characterized by a high degree of Europeanization.

Especially during the last fifteen years, we have witnessed an impressive widening and deepening of European policy competences. There are several environmental action programs in which the Community formulated its ambitions and principles for the development of environmental policy. This development of a formal set of policy principles, norms and procedures for European environmental policy has been accompanied by a significant growth in policy activities (Weale 1996: 602). Second, European activities in the environmental field reflect a high degree of regulatory variety, which becomes obvious in different regulatory strategies and distinctive types of policy instruments. Besides classical approaches of command-and-control regulation, we also find softer forms of intervention based on procedural regulation and self-regulation (Knill and Lenschow 1998). The broad range of different concepts has varying implications on domestic administrations, and hence allows for the comparative assessment of transformation patterns across policies and countries.

3.1 The logic of Europeanization

The fact that the domestic impact of positive integration policies is characterized by the prescription of a concrete institutional model for domestic adjustment, as opposed to merely affecting domestic opportunity structures or belief systems, becomes apparent when investigating the requirements of EU environmental policy more closely. As there is generally a tight linkage between European policy content and the necessary arrangements for domestic application, European policies in this area imply detailed institutional prescriptions for the adjustment of national regulatory styles and structures. For reasons of space, we are unable to consider this argument for each of the over 200 pieces of EU environmental legislation so far enacted. Instead, we will illustrate our case by focusing on three measures which represent the regulatory variety of command-and-control, procedural, and self-regulation.

The 1980 Drinking Water Directive is a good example of command-and-control regulation.⁴ The Directive specifies quality standards for water intended for human consumption. These standards apply to a range of substances that may pose a threat to human health when present in certain levels of concentration in the water. The practical burden of compliance with the Directive lies with the water providers. The prescription of uniform and legally-binding standards assumes hierarchical structures of intervention and quite formal and legalistic patterns of administrative interest intermediation. The substantive standards defined in the Directive are not negotiable and uniformly apply to all water providers. In view of these detailed specifications, national regulatory authorities have limited discretion and flexibility in implementing European legislation. In other words, there is a tight linkage between policy content (uniform standards) and corresponding institutional arrangements for domestic compliance (formalist and legalist patterns of intervention) (Haigh 1996; Knill and Lenschow 1998).

The prescription of concrete regulatory arrangements for the domestic implementation of European requirements is not restricted to substantive measures, but can also be observed with respect to policies with a merely procedural focus. In this context, the Directive on the freedom of access to environmental information (Information Directive)⁵ is a good case in point. Rather than defining substantive standards, it is the objective of the Directive to ensure free access to the information on the environment held by public authorities or national bodies with public responsibilities for the environment. It lays down the detailed conditions for making such information accessible, including appeals procedures against refusal or failure to provide information, charges for the provision of information, and exemptions from disclosure (Winter 1996). In view of these detailed procedural prescriptions, the Directive has important implications on national patterns of administrative interest intermediation, namely by

⁴ Directive Relating to the Quality of Water Intended for Human Consumption (80/779/EEC).

⁵ Directive on the Freedom of Access to Information on the Environment (90/313/EEC).

promoting a more open and transparent style of environmental regulation, with different societal interests having equal opportunities for the access to administrative decision-making. In this way, the scope for secretive and closed interaction patterns between regulatory authorities and the regulated industry, which may be observed in many member states (Kimber forthcoming), is significantly reduced.

The direct institutional impact of EU legislation is also found in the context of the so-called new instruments in EU environmental policy, which emphasize industrial self-regulation. Thus, the 1993 Environmental Management and Auditing Systems (EMAS) Regulation⁶ establishes a management tool to help European companies evaluate the environmental impact of their activities. Companies voluntarily adopt an environmental policy and conduct an environmental review. The environmental statement subsequently prepared by the company is validated by an officially appointed, independent and accredited environmental auditor. Although leaving certain leeway for domestic compliance, the Regulation implies a clear shift in favour of industrial self-regulation by the voluntary introduction of an environmental management system, as opposed to interventionist top-down approaches. The state's role is instead to facilitate self-regulatory processes by providing and maintaining the institutional framework for the auditing process (Zito and Egan 1997).

Although the above-mentioned measures cover only a small, albeit representative, part of the many pieces of European legislation in the environmental field, the direct impact on domestic institutions underlying EU environmental policies is clear. In view of the tight linkage between either procedural or substantive policy contents, European legislation implicitly prescribes detailed institutional models to which regulatory styles and structures at the domestic level must be adjusted.

⁶ Regulation (EEC) No. 1836/93.

3.2 Explaining domestic patterns of adaptation

Recent cross-national studies on the implementation of EU environmental policy indicate that varying domestic adaptation patterns across policies and countries can be basically explained on the basis of the institutional compatibility of European requirements and domestic arrangements (Knill 1998; Knill and Lenschow 1998). Similar arguments are advanced by other scholars investigating the domestic impact of positive integration in the field of social policy (Caporaso and Jupille forthcoming; Duina 1997), on the implementation of the 1975 Equal Pay Directive), or health and safety at work (Eichener 1996).

On the basis of the prescription of institutional models for domestic compliance inherent to policies of positive integration, these studies argue, in line with neo-institutional approaches (Di Maggio and Powell 1991; March and Olson 1989), that domestic resistance to change is most likely in cases where European legislation implies fundamental reforms of well-established regulatory patterns. If European policies require only moderate and incremental adjustments, by contrast, domestic institutional change is a more likely scenario.

The fact that the institutional compatibility of European and domestic arrangements may serve as an important factor accounting for varying patterns of domestic adjustment, becomes apparent when briefly considering the implementation of the above-mentioned environmental Directives across member states.

To begin with cases of domestic resistance as a result of high institutional misfit, the requirements of the Information Directive in favour of regulatory transparency and accountability did not correspond with the state and legal traditions of several EU member states, where public access to documents and information is only considered legitimate if the individual requesting it can show 'direct effect' of the project or activity in question on the individual situation. This different notion of the role of the administration and the law in society has led to substantial implementation problems in Germany, Italy, Spain and to some extent France, and hence strong resistance to

adjusting domestic arrangements in the light of European requirements (Burmeister and Winter 1990; Kimber forthcoming).

In a similar way, the French implementation of the Drinking Water Directive was characterized by far-reaching resistance to adjusting the dominant regulatory practice, which provided regulatory authorities with considerable autonomy to define water quality standards on the basis of informal and consensual negotiations with water providers. This practice is institutionally entrenched in the strong integration of the so-called *grands corps*, implying that administrative co-ordination occurs not so much by hierarchical means, as by the confidence with which the top entrust the lower ranks (Montricher 1996). Against this background, the formalist and legalist approach implicit in the European Directive implied fundamental core challenge to French regulatory traditions (Knill 1998). For similar reasons, Britain for a long time resisted any adjustment of its informal and consensual regulatory practice to the European approach. It was only when the far-reaching public sector reforms of the Conservative government and—in this context—the privatization of the water industry reduced the institutional misfit between domestic and European arrangements, that Britain altered its regulatory arrangements in favour of the European model (Knill and Lenschow 1998).

By contrast, the implementation of the EMAS Regulation in Britain and Germany is a good illustration of the general pattern of domestic adaptation in the light of only moderate or incremental pressures for institutional change. Thus, the Regulation's approach to self-regulation was in line with the regulatory tradition in Britain, where EU legislation merely demanded the introduction of few additional elements to the national environmental management system. This almost complete institutional 'fit' resulted in easy adaptation. The German implementation of the EMAS Regulation was also characterized by a smooth adaptation to European implications. Although self-regulation and voluntary agreements as implied in the Regulation were in contrast to the legalist and interventionist style of German environmental policy, they were still in line with the German tradition of corporatism (Benz and Goetz 1996; Lehmbruch 1995). Institutional compatibility allowed for the full adaptation of domestic administrative arrangements to European legislation. The 1995 Environmental Audit Law lays down the basic regulatory

structure for a national EMAS which corresponds to the requirements stipulated in the Regulation (Knill and Lenschow 1998).

In sum, as indicated by this brief review of research findings, institutional explanations based on the compatibility of European and domestic arrangements provide a promising and useful approach in accounting for varying patterns of domestic adjustment in the light of European requirements. The explanatory value of such an institution-based explanation can mainly be traced to the particular Europeanization logic associated with policies of positive integration, namely, the prescription of concrete institutional models for domestic compliance. As will be shown in the following sections, the absence of such direct pressures for institutional adaptation in other policy areas requires the application of other approaches in order to understand variances in domestic adjustment.

4 Europeanization by changing domestic opportunity structures: the case of road haulage

The main parts of EU regulations are directed towards those parts of domestic laws that most directly affect competition on national markets. In contrast to the logic of positive integration, which pursues its objective of harmonizing national regulations by explicitly prescribing a specific model of regulation, negative integration is based on a significantly different logic. The basic purpose of regulations summarized under this heading is to eliminate all those national regulations that hamper the realization of the internal market, aiming at a free flow of goods, services, movement and capital. Yet, any assessment of the impact of negative integration on domestic structures which only observes changes in legal provisions at the domestic level, will fall short of understanding the dynamics generated at the domestic level. Taking these considerations seriously, our proposition is that the impact of European policies in the field of negative integration stems mainly from its impact on the domestic opportunity structures, that is, the degree to which it

changes the distribution of power and resources between actors in the national arenas. We will illustrate the logic of negative integration with reference to the field of transport policy.

4.1 The logic of Europeanization

Although the Treaty of Rome called for the establishment of a Common Transport Policy, the transport sector has only recently undergone profound change. Transport policy indeed turned out to be a difficult playing field to level given the different regulatory traditions in the member states. The development of a Common Transport Policy in Europe was characterised by two phases with completely different dynamics.

The first phase, which lasted from the beginnings of the European Economic Community until the mid-1980s, was dominated by a deadlock between proponents of a straightforward liberalization and countries which link their support for liberalization to the concomitant harmonization of technical, social and fiscal measures. Hence, different national systems including licences, quotas, price regulations and different rates of taxation continued to co-exist. Since international transport was governed by a complex patchwork of bilateral agreements between member states, customs and border controls constituted significant obstacles for cross-border transactions and trade between member states. By contrast, the second phase of European transport policy-making has been highly dynamic and implied a significant change in the legal and institutional configuration of decision-making in the field of transport. Beginning in 1985, the interplay of some institutional factors,⁷ and a shift towards a more liberal approach to governing the economy throughout the member states, has helped overcome the obstacles

⁷ The interaction of a verdict of the European Court of Justice in May 1985 condemning the Council of Transport Ministers to fulfill its obligation and establish a Common Transport Policy, the launching of the Single Market Program in 1985 and, two years later, the Single European Act introducing qualified majority voting as the rule for Council decisions (Case 13/83 -Parliament/Council; ECJ decisions 1985, 1513; Com (85) 310 final; EC Bulletin 11-1985, 2.1.161).

that impeded the development of a Common European Transport Policy (Kerwer and Teutsch 1999).

Decisive steps towards a common European policy were the liberalization of international transport and the introduction of the right of non-resident transport hauliers to operate in foreign markets (cabotage). Since the famous *Cassis de Dijon* decision by the European Court of Justice, mutual recognition has been established as a key mechanism when dealing with different regulatory regimes (Alter and Meunier-Aissahalia 1994). In the case of road haulage, cabotage is the mechanism that removes the protection of national transport markets. Given its character as functional equivalent to the principle of mutual recognition, the issue of cabotage turned out to be the toughest nut to crack in the process of European transport policy-making.⁸ What could be observed was less a direct approach to harmonizing existing national regulatory regimes than an indirect strategy which emphasized the role of market forces in levelling out diverging legislation. The cabotage directive allowed for the maintenance of quantitative restrictions and price controls, that is the paradoxical co-existence of highly regulated domestic markets alongside a deregulated international market, which includes the right to provide domestic transport for non-residents. In so doing, European interference influences the opportunity structures for both users and suppliers of transport services. The former have the opportunity to choose between domestic and foreign hauliers by using the cabotage provisions, whilst the latter are faced with increasing competition (Lehmkuhl 1999b).

Although the agreements on liberalization and deregulation have concentrated on international transport and the removal of customs and border controls, they have, in consequence, a more or less hidden impact on the existence of national regulatory regimes. This more indirect impact of European policies may, we suggest, be conceived

⁸ The regulation, which was adopted by the Ecofin Council in October 1993 (Council Regulation 93/3118; Council Regulation 93/89), established a new Community quota for cabotage from the beginning of 1994, and covered 30,000 authorisations of two

of as a modification of the institutional context in which domestic actors operate. In particular, our basic explanation for patterns of domestic adaptation to European influences refers to the changes in the distribution of resources and power between domestic actors. In what follows, we illustrate this idea by summarizing how the development of a Common Transport policy in Europe influenced the policies in Britain, France, the Netherlands, Germany and Italy (Héritier et al. 1999)

4.2 Explaining change: the changing distribution of power and resources

In contrast to the area of positive integration, European policies in the area of negative integration only redistribute powers and resources between domestic actors, and hence challenge existing equilibria, rather than prescribe how the new equilibria must look. In other words, European policies leave a good degree of leeway for adjusting domestic arrangements in the light of the particular national constellations. In principle, the Common Transport Policy had the same impact across the members states: a strengthening of the users of transport services, while putting the supply side of the transport sector under pressure. Yet, how the new equilibria look in the different members states depended very much on the degree to which European policies impacted on the concrete position of these actors at the domestic level.

Britain had liberalised its transport markets as early as 1968 in a direction that had been quite close to what has emerged as the European approach for international transport. Consequently, European liberalization implied no significant changes in domestic opportunity structures. The French case resembles the British one. The French reform of the road haulage markets took place before the take-off of the Common Transport Policy in Europe. After the liberalization process between 1986 and 1989, the French road haulage market has been much more market oriented than it had been in the 1970s. Recently adopted provisions concerning a reinforcement of social legislation in

months validity. The quota will be raised annually by 30 % and the definitive

the sector do not contradict this interpretation. Rather, this example shows that the importance of the role of road hauliers' associations in the French transport sector has not been diminished with deregulation.

In a similar vein, the Dutch case can be understood in terms of still persisting, albeit strongly modified, traditions of sectoral corporatism (Lehmkuhl 1998a). Indeed, the striking feature of developments in the Netherlands was that European integration in general and the reform of transport regulation in particular, actually reinforced characteristic features of the Dutch institutional context and led to a strengthening of corporatist patterns of concertation and consultation. This strengthening of existing patterns of interaction, however, was possible only by a transformation of the functional content of concertation. Rather than participating in the formulation and implementation of legislation concerning, for instance, market access restrictions, the content of regulation shifted to the stimulation of market forces and industrial competitiveness. An important mechanism for achieving the consensual transformation was the development of 'win-win-strategies' which allowed both the users and the suppliers of transport services to reap benefits from the liberalization process. While decreasing transport prices lowered the costs of production for the general industry, the government's industrial policy increased the international competitiveness of the Dutch transport industry on European markets (Lehmkuhl 1999a; Lehmkuhl 1999b).

As these cases clearly indicate, the domestic impact of market-making policies must primarily be explained with reference to national politics. In particular, we must ask whether European liberalization has sufficiently altered domestic opportunity structures to enable national actors to successfully challenge existing regulatory arrangements. As illustrated in particular by the cases of Germany and Italy, the extent to which this condition is fulfilled may vary from one country to another, given the distinctive institutional context in which domestic actors operate. In Germany, the interventionist system of market regulation had long been contested, but actors supporting liberalization were not able to successfully challenge the vested interest position of the domestic

abolition of quantitative restrictions on cabotage came into force on 1 July 1998.

hauliers. European policy was thus decisive in overcoming the *de facto* veto position of these actors, tipping the scales in favour of the pro-liberalization coalition (Teutsch 1998). The introduction of cabotage rendered both the restriction of market access and the tariff structure and unsustainable (Lehmkuhl 1999b; Teutsch 1999). Alongside the deregulation of road haulage markets in Germany went the abolition of institutions such as the price-setting committees, in which road hauliers had dominated their market opponents, thus crucially affecting the strategic options for domestic actors.

In Italy, by contrast, domestic opportunity structures were not modified sufficiently to pose a successful challenge to the strong position of domestic hauliers who disposed of a great many institutional veto points with which they could block attempts at reform (Kerwer 1999). Furthermore, European policies did not increase the administrative or governmental capacity to formulate policy goals autonomously and to implement these even against societal interests; nor had there been any significant change in the polarized patterns of interest intermediation in which the associations of the huge number of smaller hauliers successfully pressurised public actors, whereas the more moderate pro-liberal stance of the associations of larger firms went virtually unheard. The consequence was the paradoxical effect that government and administration gave way to the aggressive policy of the smaller hauliers, which in turn led to a strengthening and reinforcing of domestic market regulation to protect Italian hauliers in the light of international competition (Kerwer 1999).

In general we may say that the example of the liberalization of road haulage markets in Europe sheds light on the way in which European policies of negative integration impact upon the dynamics in the domestic arenas. Not only does the example indicate the different facets of how the specific operational logic may work in the domestic arena, but it also illustrates that European influences are institutionally mediated and that focusing on the changes in the distribution of power and resources will help us grasp the domestic impact of Europe. Yet, as the following section shows, the impact of Europe is not restricted either to the prescription of a specific model or to material changes at the domestic level, but that is additionally refers to the impact of European policies on the belief system of actors.

5 Europeanization by mobilizing for domestic support: European railway policies

Notwithstanding the dominant role of ‘market-making’ and ‘market-correcting’ policies in Europe, there are other European activities which differ in substance from policies of negative and positive integration. We suggest that these activities are basically designed to prepare the ground for more far-reaching policies of integration which then may be either positively or negatively integrative. This implies that a European influence can even be traced with respect to policies that do neither prescribe a concrete institutional model and that do not influence the relative distribution of power and resources between actors at the domestic level, but which are designed to change the political climate at the domestic level in order to increase support for domestic reforms that may facilitate future steps towards integration. The European railway policy is a good example of what we refer to as ‘framing integration’.

5.1 The logic of Europeanization

Despite the widespread acknowledgement that the European railways faced serious financial crisis, neither the efforts of the individual members states nor European reform proposals helped improve the situation significantly. In particular, corresponding legislative attempts by the Commission never got past the initial stage. The reasons for this deadlock are twofold. On the one hand, the heterogeneity of the member states made all co-ordination useless. In the larger member states, in particular, the railways were not seen as pure economic actors, but as the providers of a public service with obligations that had to be maintained for political reasons. Hence, there was marked resistance to any Community attempt to intervene in domestic railway policy. On the other hand, the

Commission only disposed of limited legal and institutional powers to overcome the resistance of the member states.⁹

Given the resistance from the member states and the limited coercive resources of the Commission, the latter abandoned its original idea of integrating the national railways. From the end of the 1980s, it shifted its policy emphasis to organizational and regulatory reforms including managerial autonomy for the railways by restricting state interference, contracts regulating the financial relationship between the state administration and the railways, the separation of infrastructure provision and network operation, and rules governing market access and operation. In the policy-making process at the European level, however, the Commission proposals were watered down by the Council and the European Parliament (Kerwer and Teutsch 1999). Consequently, the final European legislation does not really constitute a serious challenge to the well-established railway policies of the member states. Council Regulation 91/440¹⁰ is non-compulsory and provides for far-reaching discretion regarding the process of implementation at the domestic level. The regulation only requires a change in the national accounting system rather than any organizational or institutional adaptations. Moreover, the provisions for third-party access were restricted to international joint ventures in freight transport rather than being granted to individual companies.

The Commission was well aware of the limited thrust of this finally adopted proposal. Yet, there is good reason to assume that even the limited reform was still in accordance with the Commission's new strategy. In contrast to its initial ambitious

⁹ In contrast to sectors like energy and telecommunications, the railways, as a result of their strong dependence on national subsidies, could not easily be made subject to the application of European competition law (article 90 of the Treaty) which formally empowers the Commission to break up national monopolies without the agreement of the Council. However, even if the Commission was able to rely on these formal legal powers, the practice of European policy-making in telecommunications and energy reveals that the *de facto* application of article 90 is dependent on the consent of the member states; see (Schmidt 1997).

objective to reform the national railways by relying on a ‘top-down’ approach, its new strategy was to alter the national policy-making context by increasing the domestic support for its reform programme. As a Commission official pointed out, ‘if the Directive was to be a success, it was not so much a success with what it did directly, but what it did indirectly. And that is to create a new thought process to be applied to the railways, to think again about what railways were supposed to be doing, and how they were supposed to be run’.¹¹ The way in which this rather moderate approach fuelled some fundamental reforms in some countries will be shown in the following examples.

5.2 Explaining change: building support for domestic reform

The basic objective of framing policies is to influence values and participation patterns at the domestic level in a direction compatible with specific projects or ideas at the European level. Our basic explanation for patterns of adaptation at the domestic level relates to the degree of support European policies can either add to domestic reforms or can create to initialise reform steps. Given this focus, it is a key characteristic of framing policies that their success is highly dependent on the specific conditions which shape policy-making at the national level. These domestic conditions define the need for European support. Essentially, there are three mechanisms by which European policies may facilitate or stimulate domestic reforms.

First, European policies may provide additional legitimization for domestic leaders to justify the content and implementation of national reform policies. The reform of British Rail, introduced with the 1993 Railway Act, included a complete privatization and a break-up of the formerly publicly owned industry and is good case in point. The primarily domestically inspired reform went far beyond European requirements and represents the most radical and far-reaching reorganization in Europe. In this case, however, two aspects may counter our argument that Europe had an impact on the British

¹⁰ Council Directive 91/440/EEC of 29 July 1991 on the development of the Community's railways (OJ No. L/237).

reform. On the one hand, the history of utility reforms in Britain, which both predated and went beyond corresponding reform activities at the supranational level, clearly shows that there has never been a shortage of reform ideas in Britain. On the other hand, the generally strong position of the executive in Britain boosted their ability to push through radical reforms even despite considerable opposition. Yet, given the high level of political and economic uncertainty associated with the experimental character of the railway reform, European legislation provided an important extra legitimization for the government to enact its radical reform programme (Knill 1999).

Second, European policies may support domestic changes by providing the concept of reform to resolve specific problems. This mechanism could be observed in the Netherlands where the 1996 railway reform is based on the disentanglement of public and private functions and responsibilities. In institutional terms, this means a vertical and horizontal separation of functions with each segment embedded within a regulatory framework appropriate to its politically-assigned function; that is, all infrastructure-related tasks are assigned to a government-commissioned sector to reinforce their public character, while the horizontal separation of operations is regarded as a precondition for competition. Despite the fact that there had already been a certain degree of a reform commitment in the Netherlands, the European influence on this reform was twofold. On the one hand, European legislation increased the government's legitimacy to act. On the other hand, even the down-watered European model allowed for a solution *à la hollandaise*, that is, the solution for existing problems at the domestic level by corporatist negotiations between public and private actors backed by public guidance within a liberal framework (Lehmkuhl 1999a).

Third, reference to European policy activities can significantly alter the expectations of reform opponents and hence their strategies. In such cases, the question for potential opponents is not to block the general developments, which would be inevitable in the long run in the light of Europeanization, but to influence the shape of the

¹¹ Commission official quoted in (Kerwer and Teutsch 1999).

reform as far as possible. The 1994 reform of the German railways is a good illustration of the mechanisms at work. While all previous attempts to reform the railways had substantially been opposed, either by the *Länder* which did not want to accept regionalization or by the railwaymen's union which successfully mobilised the Social Democrats in parliament, the new European legislation decisively changed the situation. The fact that the reform model of the Federal government was given the 'aura' of the future European railway policies, significantly constrained the ability of potential opponents to reject the reform. Although several actors at the national level forced the Ministry of Transport to make extensive concessions, the reform of the German railways constitutes a third case illustrating the impact of the European legislation on the national constellation. European legislation strengthened the potential of national reforms by reducing the relevance of institutional veto points in the national decision-making process. In doing so, EU legislation formally or factually limits the strategic opportunities for domestic reform opponents.

Despite these success stories, one cannot take the success of European activities designed to 'frame' domestic reform policies, for granted. The example of the European railway policy provides us with instances where the impact of European policies was much more limited and not sufficiently strong to tip the scales in favour of substantive modifications. Yet, despite the limited impact European railway policies in France and Italy, these cases provide interesting insights into the specific dynamics which European framing policies generate at the domestic level.

At first glance, the 1997 decision by the French government to create a new organization the creation responsible for infrastructure may give the impression of on a certain degree of European influence on domestic railway policy-making. However, the fact that the national railways still manages infrastructure on behalf of this new organization and that the monopoly of the national railways for all operational services is maintained contradicts this impression. Looking behind the scenes, we may observe an interesting interaction of different forces. On the one hand, the French administration is quite responsive to European policies which offer the conceptual means of solving some of the railways' problems. On the other hand, European policy activities were not strong

enough to restrict the strategic activity of potential opponents and to ‘retune’ their opposition into co-operation. On the contrary, in France the opponents of reform even gained new opportunities to mobilize political resistance when pointing to the European dimension underlying domestic reform attempts. Given these opposing impacts, the French railway reform may be characterised as a ‘tightrope act’ between officially opposing European activities and cautiously introducing domestic reforms in line with European policy objectives (Douillet 1999).

Summing up, we may say that European policies of framing reform processes at the domestic level represent a logic of integration that can be analytically distinguished from the mechanisms of positive and negative integration. It is a general characteristic of the support-building approach that it promotes European integration by accommodating national diversity. Rather than being directed at prescribing domestic reforms ‘from above’, the provision of European support is designed to trigger European integration within the existing political context at the national level. It does so either by providing political leaders with additional legitimacy for their reform models, by assisting in the development of solutions for domestic problems or, finally, by altering the expectations and beliefs of domestic actors, which may finally facilitate the overcoming of institutional veto points.

6 Conclusion

Notwithstanding a growing number of studies on the domestic impact of European integration, this field of research still constitutes a relatively unexplored terrain in political science. A particular problem is the lack of a comprehensive explanatory framework to account for varying patterns of domestic adaptation across policies and countries. In this paper we have developed an analytical concept to help push this adolescent brand of research ahead. We argued that the approach required to explain domestic adaptation patterns may vary with the distinctive Europeanization logic underlying the European policy in question. In this context, we identified three policy

types of positive integration, negative integration, and framing integration, which call for distinctive approaches to account for their domestic impact.

Policies of positive integration prescribe a concrete institutional model for domestic compliance. Their domestic impact can be explained on the basis of the institutional compatibility of European and domestic arrangements. By contrast, the impact of policies of negative integration is confined to the change of domestic opportunity structures. Accordingly, national adaptation must be explained from an actor-based perspective taking account of strategic interaction in the light of the redistribution of power and resources between domestic actors. The Europeanization mechanism underlying policies of framing integration is based on a cognitive logic. European policies of this type are directed at changing the beliefs and expectations of domestic actors (rather than their opportunity structures) in order to mobilize domestic support for European reform projects. If and how Europeanization leads to domestic changes can therefore only be explained by analyzing the extent to which EU legislation has helped alter expectations and beliefs and thus triggered domestic reforms in the light of given institutional opportunities and constraints.

Our analytical considerations indicate two general conclusions. First, while there is no doubt that domestic institutions matter in affecting adaptation patterns in the light of European policy requirements, their *explanatory value* varies with the distinctive Europeanization logic underlying different policy types. Thus, in cases of positive integration, domestic institutions explain ‘to a great extent’. They can be considered as an independent variable. The compatibility of domestic institutional arrangements with the model prescribed by European policies provides a promising basis to explain patterns of domestic adjustment to European requirements. With respect to policies of negative integration and framing integration, by contrast, a merely institutional perspective is not sufficient to account for the domestic impact of Europe. Instead, we need to apply an actor-centred perspective which takes account of the extent to which European policies have either altered domestic opportunity structures (negative integration) or beliefs and expectations of domestic actors (framing integration). Although domestic institutions play a crucial role in affecting domestic adjustment patterns in these cases, they do not

independently explain the domestic impact of Europe. They must instead be taken as intervening factors mediating the impact of changes in interests, strategies, and beliefs of domestic actors.

Second, we must stress that our analytical distinction of policy types, corresponding Europeanization mechanisms, and explanatory approaches for the explanation of domestic adjustment are based on ideal types characterised by a *dominant* Europeanization logic. This distinction does not exclude the existence of more hybrid constellations, with different Europeanization mechanisms being equally represented or changing over time. As Lavenex (1999) demonstrates for the case of asylum and refugee policy, for instance, European implications on domestic opportunity structures and domestic beliefs may be of equal importance in certain policy sectors. Such deviations from our analytical distinction, however, qualify rather than question our general argument, namely that the explanation of the domestic impact of Europe can only be fully understood when taking account of the different Europeanization mechanisms characterizing the policy in question.

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