

Policy Studies, Brussels, 24 March 1997; Monika Wulf-Mathies, "Spotlight on Cohesion Policy," opening speech for the Cohesion Forum, Brussels, 28 April 1997).

5. We arrive at similar conclusions in our study of regional offices. We find that two types of regional distinctiveness are powerfully associated with the presence of a regional office in Brussels: political distinctiveness resulting from a different political constellation at regional and national level, and cultural distinctiveness dependent on the strength of regional identity (Marks, et al. 1996).

6. These new provisions commit member states to "work towards developing a coordinated strategy for employment" (Article 125) and define "promoting employment as a matter of common concern" (Article 126). Member states are required to submit an annual report on national employment policy to the Commission, and the results are discussed in a special committee in preparation of Council meetings.

The Struggle over European Integration

European integration over the past two decades has been a polity-creating as well as a market-deepening process.¹ The Single European Act (1986) and the Maastricht Treaty (1993) integrated markets by reducing or eliminating nontariff barriers. In addition, and perhaps less obviously, a single, though diverse, polity has been created in the process—a system of multi-level governance that stretches across supranational, national, and subnational levels of decision making.

Economic developments spurred the creation of this new polity. The failure of Keynesian economic policy over the past two decades was not simply the failure of a particular set of macroeconomic policies but the failure of a mode of policy making that was distinctly national. Neocorporatist class compromises and consensual income policies that underpinned Keynesian economic policy in many advanced capitalist societies in the postwar decades involved national bargains among interests aggregated at the national level. The perceived failures of those policies led to a debate about the efficacy of the national state. The search for alternative policies went in several directions, but common among them was a belief that, in an international economy, the national state could no longer serve as the privileged architect of economic prosperity. The Single European Act institutionalized a double shift of decision making away from national states—to the market and to the European level. This is the point of departure for European integration since the 1980s.

The point of departure, but not the destination. The deepening of the market did not determine how the market was to be governed. This has given rise to a political struggle involving national government leaders, commissioners and high-level European Commission administrators, judges in the European Court of Justice, party representatives in national parliaments, and the European Parliament, alongside a variety of social movements and interest groups.

The stakes are high. How should authority be allocated across levels of government? How should authoritative decisions be made? What role should direct democracy have in the process? What should be the relationship between market and state?

We argue that these questions have generated conflicts that cannot be reduced to differences among national governments about distributing Pareto benefits or lowering transaction costs or enforcing interstate agreements. European integration, we believe, is an irreducibly political, as well as an economic, process. In this chapter, we come to grips with the interests and identities of those engaged in EU decision making. The next section sets out our analytical scheme. The following section analyzes the deepening of the Euro-polity after the launch of the internal market program. In the final sections of this chapter we describe the political projects that underlie contention in the European Union at the beginning of the twenty-first century.

THE MAKING OF A POLITY

Politicization and Participation

The development of a Euro-polity has gone hand in hand with fundamental change in decision making. First, decision making has become politicized. The roots of this go back to the mid-1960s and the end of the Monnet era of technocratic bargaining. Jean Monnet's method of mutual accommodation and piecemeal problem solving, codified in neofunctionalism (Haas 1958; Schmitter 1969), was trumped by basic conflict over decision making. Today, as in the period dominated by Charles de Gaulle, the general premises of European integration are contested. But, as the competencies of the EU have grown, so contention has spread into most areas of political-economic decision making, including the role of the state in the economy and the organization of monetary and fiscal policy.

Second, and more recently, the scope of political participation in the EU has widened. Even as EU decision making became more contested in the mid-1960s, it was still an elitist affair, dominated by a few national and supranational leaders (W. Wallace 1983; H. Wallace 1996). This has changed decisively from the mid-1980s as diverse groups have mobilized directly at the European level and as national leaders have sought to legitimize the process through parliamentary debates and referenda.

Tables 8.1 and 8.2 and figure 8.1 formalize these distinctions in dichotomous ideal types. They can be useful so long as one remembers that the types—technocratic–elitist, politicized–elitist, and participatory–politicized—describe extreme points along continua and that, correspondingly, the periods we delineate fit the types imperfectly. The changes in question can be summarized as follows.

Table 8.1 Decision-Making Style

	<i>Technocratic Decision Making</i>	<i>Politicized Decision Making</i>
Goals	basic policy goals are shared among key actors	basic policy goals are contested among key actors
Means	means for achieving policy goals involve problem solving	means for achieving policy goals involve basic political choices
Issue Linkages	issues are dealt with in compartmentalized policy arenas	issues are dealt with in interconnected policy arenas

Table 8.2 Actor Involvement

	<i>Elitist</i>	<i>Participatory</i>
Number	small number of social groups mobilized politically	large number of social groups mobilized politically
Boundaries	boundary rules for participation are elite-determined	boundary rules for participation are contested
Group Pressures	decision makers are insulated from group pressures	decision makers are vulnerable to group pressures

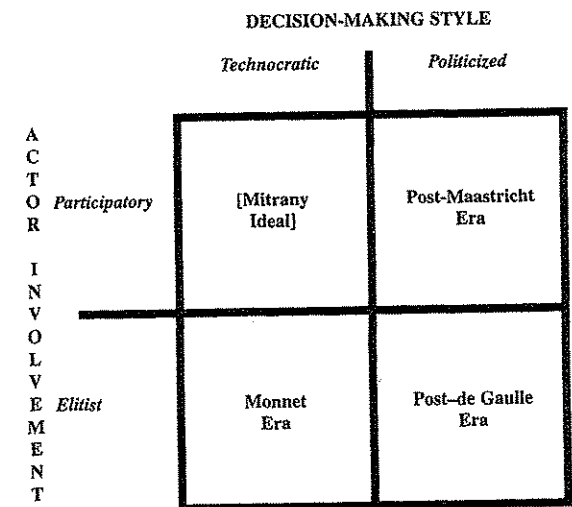


Figure 8.1 Types of decision making

Contention over sovereignty

As authoritative competencies at the European level have grown, so has concern about the consequences of this for national sovereignty. Some scholars claim that national sovereignty is undiluted or even strengthened in the process of European integration (Hoffmann 1982; Milward 1992; Moravcsik 1993, 1994), but many Europeans believe that recent shifts in decision making threaten the sovereignty of member states. The classic neofunctionalist strategy of integration by stealth (i.e., on the merits of particular proposals without emphasizing their wider implications for sovereignty) has been undermined by its very success. Proposals for further integration are now evaluated in terms of their systemic implications as well as their policy effects.

EU decision making has become less technocratic and more contentious. Fewer decisions are resolved by rational/scientific methods, by ascertaining the most efficient means to given ends, while more decisions involve political contention concerning fundamental goals of European integration. Politicization was triggered by the internal market program and accompanying institutional reforms and has been amplified by economic and monetary union, which starkly challenges national sovereignty.

Interest group mobilization

An ever-wider array of groups has been drawn into the EU as its reach has grown (Mazey and Richardson 1993a, 1993b, 1999; McLaughlin and Greenwood 1995; Fligstein and McNichol 1998). These groups include individual corporations; sectoral, national, and transnational associations and corporations; public interest groups; and regional and local governments. The range of interest groups represented in Brussels is without parallel in any European capital. Interest group mobilization has created new linkages between European political actors and domestic or transnational constituencies, and it has intensified political pressures on elites to regulate economic activity and provide benefits to strategic constituencies.

Elite vulnerability

Political elites have become more vulnerable to generalized public pressure (Niedermayer and Sinnott 1995; van der Eijk and Franklin 1995). The contentious referenda that followed the Maastricht negotiations of December 1991 brought home to political elites that public support for the European project could no longer be taken for granted (Franklin, Marsh, and McLaren 1994). No longer is EU decision making insulated from public opinion (Hix 1999a, 1999b; Sinnott 1999; for a skeptical view, see Mair 1999).

Projects

The deepening of the Euro-polity has domesticated political relations among European countries. Neither key institutional reforms nor everyday policy making resembles conventional foreign policy making among national governments. Both are subject to pressures that have palpable domestic political repercussions. In short, politics in the EU is more like that found *within* national states than *among* them.

In the remainder of this chapter, we analyze the implications and substantive character of politicization in the EU. We argue that politics in the EU is structured; European politics is an interplay among a limited number of overarching political designs or "projects" rather than a flow of discrete decisions. These projects are coherent, comprehensive packages of institutional reforms around which broad coalitions of political actors at European, national, and subnational level have formed.

Two projects in particular (described in subsequent sections of this chapter) have been at center stage in the debate about the emerging European polity since the 1980s.

The *neoliberal* project attempts to insulate markets from political interference by combining Europe-wide market integration with minimal European regulation. The neoliberal project rejects democratic institutions at the European level capable of regulating the market, but seeks instead to generate competition among national governments in providing regulatory climates that mobile factors of production find attractive.

The project for *regulated capitalism* proposes a variety of market-enhancing and market-supporting legislation to create a social democratic dimension to European governance. This project attempts to deepen the European Union and increase its capacity for regulation by, among other things, upgrading the European Parliament, promoting the mobilization of particular social groups, and reforming institutions to make legislation easier (e.g., by introducing qualified majority rule in the Council of Ministers).

These projects share some basic features. They have an intellectual rationale. They make fundamental claims about how the European polity currently operates and how it should be organized. They provide a political line on almost all issues on the European table. They are recipes for analysis and for action that reach into most crevices of the EU polity. Finally, these projects motivate broad-based political coalitions. They are not merely intellectual constructs but potent plans of action that have shaped contention in the EU since the mid-1980s.

Dimensions of Contestation

While there are many alternative institutional designs on offer, it appears to us that neoliberalism and regulated capitalism have been the most politically salient.

They define a fundamental political division in the EU. We hypothesize that these projects are located in an emerging two-dimensional political space: the first dimension ranging from social democracy to market liberalism; the second ranging from nationalism to supranationalism. We represent these hypotheses in figure 8.2.

If figure 8.2 reminds the reader of two-dimensional cleavage structures that are hypothesized for domestic European polities, this is our intention, for we contend that the EU has developed into a polity that can be analyzed with concepts that have been applied to other European polities (e.g., Lipset and Rokkan 1967; Kitschelt 1994; see chapter 10 for a detailed discussion of this argument). This extends the idea that the EU is a single, territorially diverse European polity encompassing subnational, national, and supranational actors who pursue their goals across multiple arenas (Hooghe 1995b; Jachtenfuchs and Kohler-Koch 1995; Jeffery 1996; Leibfried and Pierson 1995; Marks 1993; Marks, Hooghe, and Blank 1996; Risse-Kappen 1996a; Sandholtz 1996; Scharpf 1994, 1999; Wallace 1994; see Anderson 1995a and Caporaso 1996a for an overview of current conceptualizations of the EU).

As one would expect, when national actors step into the European arena they bring with them ideological convictions from their respective national arenas. This is evident in the horizontal axis of figure 8.2, which represents a key dimension of contestation—concerning economic equality and the role of the state—imported into the EU from national polities.

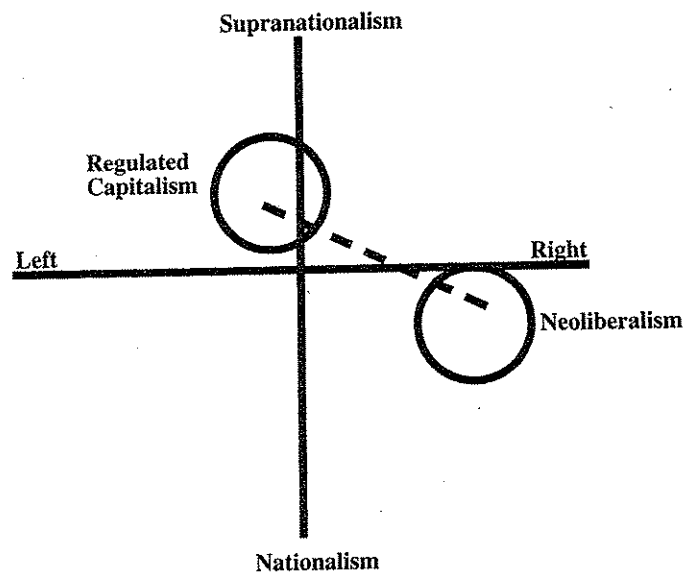


Figure 8.2 Dimensions of Contestation

Alongside this left versus right dimension, we hypothesize a distinctively European dimension of contestation: nationalism versus supranationalism, which depicts conflict about the role of national state as the supreme arbiter of political, economic, and cultural life (Hix 1999a; Hix and Lord 1997). At one extreme are those who wish to preserve or strengthen the national state; at the other extreme are those who wish to press for ever-closer European union and believe that national identities can coexist with an overarching supranational (European) identity.

We argue that attitudes along these dimensions are constrained by the political affinity between leftist orientations and supranationalism and between right-wing support and nationalism. We hypothesize the crystallization of a division ranging from center-left supranationalists who support regulated capitalism to rightist nationalists who support neoliberalism. This is the dotted line in figure 8.2.²

As in any territorially diverse polity, the structure of contestation varies from region to region. Moreover, while the division represented in figure 8.2 is the dominant way of combining these dimensions, it does not encompass all actors. As we will note, one finds, for example, left-leaning nationalists in the Danish or Swedish Social Democratic parties and right-leaning supranationalists among German or Italian Christian Democrats.³

This way of conceptualizing contestation in the EU will be rejected by those who view European integration as a game among national governments. Our view is based on the following propositions: first, as we argue in chapters 1 and 5, subnational and supranational actors participate alongside national governments in EU policy making; second, territory is only one, among several, bases for interest intermediation in the EU.

Territorial identity (and, in particular, nationality) is important, but not all-important, as a source of individual preferences with respect to EU institutions and policy. To understand contestation in the EU, it is not enough to examine differences between, say, the British and Germans, or even among territorially defined groups within these countries. Political coalitions are also formed among groups sharing particular views (e.g., with regard to the environment or the role of women) or among groups with some particular economic function or socio-economic characteristic (e.g., financial capitalists, organized workers). To the extent that political coalitions in the EU crosscut territory (i.e., pit groups in the same territory against one another), so one may speak of the “making” of a European polity that is something more than an aggregation of national polities.

European integration is an experiment in creating a polity among extraordinarily diverse publics. Domestic patterns of contestation, in particular, the left-right dimension, are projected into the EU. But at the same time, European integration has come to influence contestation within individual countries. As more authoritative decisions are made in the EU, and as domestic groups mobilize to affect those decisions, so European integration has come to feature in domestic contention among—and within—political parties.

How can one explain the making of this polity? In the next section we take up this question from a historical/analytical perspective, focusing on a cascade of changes in political mobilization and contention that followed the institutional reforms of the Single European Act.

POLITICIZED-PARTICIPATORY DECISION MAKING

While the European Union was first politicized as a consequence of President de Gaulle's empty-seat strategy of 1965, the decade from 1985 to 1995 was a watershed in the political development of the EU, for it introduced more intense public scrutiny of European decision making, more extensive interest group mobilization, and less insulated elite decision making. The period beginning with the Single European Act and culminating in the decision to establish economic and monetary union created the conditions for politicized-participatory decision making in the EU by increasing the stakes of political conflict, broadening the scope of authoritative decision making, opening new avenues for group influence, and creating incentives for a quantum increase in political mobilization.

Contending Conceptions of the Internal Market

The success of the internal market program provoked an intense debate about how the market should be organized politically, and this conflict has shaped European politics during the subsequent decade. Market liberalization was supported by a broad coalition of governments, parties, and interest groups with widely different orientations (Bornschiefer and Fielder 1995; Cameron 1992; Sandholtz and Zysman 1989; Cowles 1995). As the reforms took shape, these differences began to crystallize in contending conceptions of capitalism in Europe. The market program—a goal shared by many in 1985—became a point of departure for contending political agendas.

For actors with a neoliberal outlook, market liberalization was a necessary step in limiting European integration to an economic enterprise dominated by insulated government elites. Neoliberals were strongest in the British Conservative government, led by Margaret Thatcher, and within international capital. If it were not for the British veto, the French socialist and German Christian Democratic governments would have created more extensive European competencies in areas such as industrial policy and telecommunications (Cameron 1992; Moravcsik 1991, 1998; Sandholtz and Zysman 1989).

But there were other, very different, conceptions of the market program. Some actors conceived of the Single European Act as a jump-off point for European regulated capitalism. This view was put forward most strongly by Jacques Delors, then president of the European Commission. Rather than waiting for the intended and unintended effects of market reform to wind their way through diverse

spillovers to government preference formation, à la neofunctionalist theory (Haas 1958; Schmitter 1969; George 1996; Burley and Mattli 1993), Delors and his supporters conceived of the market program as an opportunity to orchestrate strategic spillovers. Their goal was to create "organized space" at the European level, regulating European capitalism in line with European social democratic and Christian democratic traditions.⁴

In short, the market program was the beginning, rather than the conclusion, of debate about the institutional configuration of the European polity. The key to the political success of the market program was its ambiguity; it was all things to all people.

Economic and monetary union (EMU), decided at Maastricht in 1991, was in this sense, a replay of the politics of the internal market program. Neoliberals perceive EMU as the crown on their project to insulate economic activity from political regulation. With monetary policy securely hived off to an independent central bank, national governments will be induced to compete for investment by reducing the overall tax burden and shifting its incidence from mobile capital to less-mobile factors of production. Proponents of regulated capitalism, on the other hand, believe that EMU will trigger deeper political regulation at the European level. In neofunctionalist fashion, they expect that asymmetrical fiscal shocks will press national governments toward ad hoc redistributive measures and, eventually, to some form of European fiscal policy.

The implications of EMU are no less ambiguous than those of the internal market program, which is why EMU has been able to attract support on both the left and right. But once these pathbreaking reforms were in place, the coalitions that underpinned them were bound to fall apart.

Decisional Reforms

The market program was accompanied by two institutional changes that were key ingredients in broadening the EU's agenda beyond market integration, and each of these has been strengthened considerably in the Maastricht and Amsterdam treaties.

First, the Single European Act increased the power of the European Parliament by making internal market legislation subject to the cooperation procedure. As authoritative competencies were transferred to the EU, so pressures intensified for the extension of liberal democracy at the European level. Several national leaders pressed the normative argument that the EU would have a severe democratic deficit if it were dominated by an unelected Commission and an indirectly elected Council of Ministers. The 1993 Maastricht Treaty, which introduced the codecision procedure that gives the European Parliament a veto on legislation, and the 1997 Amsterdam Treaty, which replaced the cooperation procedure with a beefed-up codecision procedure (except for EMU), have transformed the EU's legislative process from Council-dominated decision making into complex interinstitutional bargaining among the Council, Parliament, and Commission

(Dehousse and Majone 1994; Nugent 1999; Peterson 1995; Peterson and Bomberg 1999; Tsebelis and Garrett 2000). One effect of these changes has been to enhance the agenda-setting power of the European Parliament (Tsebelis 1994, 1995; Tsebelis and Kreppel 1998). Another has been to multiply the opportunities for group access to the EU beyond that provided by national governments in the Council of Ministers (Marks and McAdam 1996; Greenwood, Grote, and Ronit 1992; Kohler-Koch 1994; Mazey and Richardson 1999).

Second, qualified majority voting in the Council of Ministers was introduced for a variety of policy areas connected with the internal market and was later extended to several other areas under the Maastricht Treaty. The original justification for lowering the barriers to legislation in the European Community was fear that recalcitrant governments (the Greek government particularly) would hold up market opening to extract side payments from pro-market governments (Cameron 1992; Moravcsik 1991). However, the scope of qualified majority turned out to be difficult to constrain as a variety of issues arose, particularly in social policy and the environment, which involved market restraints (Pierson 1996). Qualified majority voting in the Council offered the prospect of short-circuiting the national veto and opened up new opportunities for positive legislation (Pollack 1995b).

Actor Response

One of the original justifications for creating a single market and shifting decision making to the European level was that it would impede the efforts of interest groups, or in Mancur Olson's words "distributional coalitions," to gain rents by protecting their home markets (Olson 1982). Some governmental leaders seemed to relish the prospect of shifting decision making to intergovernmental negotiation at the European level, beyond the reach of social and labor interests in particular countries. However, this expectation did not take into account the dynamic (and, in large part, unintended) consequences of institutional change.

In contrast to earlier economic integration, which affected mainly farmers, the food industry, and the steel and coal industry, the internal market program affected a wide range of public and private actors across many economic sectors. The years since the Single European Act have seen a rapid increase in the number and range of interests that have mobilized directly at the European level. The number of interest groups operating in Brussels was estimated to be 2,200 by the mid-1990s, having increased from around 200 in 1960 to 600 in 1986 (Andersen and Eliassen 1993; Wessels 1997). Studies in individual policy areas from the chemical industry to the environment reveal a more finely grained, but consistent, picture (Grant 1993). The phenomenon of interest mobilization at the European level encompasses subnational governments (Jeffery 1996) as well as functional and public interest groups. Surveys of subnational mobilization in the EU document the sharp increase in the number of organizations representing city, local,

and regional governments in Brussels from 1 in 1985 to 15 in 1988, 54 in 1993, to 150 in 1999 (Marks et al. 1996; chapter 5).

As the stakes of EU policy making have increased, and as political opportunities for influence have grown, so the EU has become a magnet for interest group activity that was formerly focused exclusively within national states. At the same time, some groups redefined their goals. Many trade union leaders, for example, abandoned their opposition to EU regulation in industrial relations as they came to realize that national governments were less and less capable of protecting labor standards from the downward pressure of regime competition. Most trade unions now support a greater role for the EU in industrial relations and social policy. An experienced trade unionist, now a senior official in the European Commission, summarized the change in 1996 (Interview with top official #112, June 1996):

[Trade unions] were very proud about having social affairs as a unanimity issue [in the European Union], and then they realized that unanimity was exactly the reason why there was no progress. At first, they were afraid of deregulation or a lowering of social security. It took them some ten to fifteen years to learn that it was just the opposite—that they couldn't make any progress as long as there is at least one [national government] which objects. And now they have begun to realize that national sovereignty is becoming more and more an empty notion, at least as far as economic policy is concerned.

The Single European Act was a watershed in the making of a European polity: the scope of authoritative decision making was enlarged, democratic institutions were empowered, new opportunities for group influence were created, and new sets of actors were pulled into the process. Economic and monetary union has continued and deepened these developments.

A polity is an arena for contestation about authoritative allocation of values. In the EU this struggle has been far-reaching because the stakes are so high and the rules of the game are in flux. The debate is not only about the character of industrial, social, fiscal, or monetary policy—though these are debated fiercely—but is centered on how authoritative decisions should be made. Institutional architecture is intimately connected with policy outcomes. The contestation that underlies European integration concerns nothing less than the question of how Europe should be organized politically. In the following sections we describe two projects that drive this.

THE NEOLIBERAL PROJECT

Neoliberals conceive internal market reform and economic and monetary union as means to insulate markets from political interference by combining a Europe-wide market with intergovernmental decision making among sovereign national governments. The idea is to create a mismatch between economic activity, which

is Europe-wide, and political authority, which for most purposes remains segmented among national governments (Streeck 1992, 1995, 1996; Streeck and Schmitter 1991; Schmidt 1995). By regulating competition and monetary policy at the European level, neoliberals wish to minimize national barriers to trade. By resisting the creation of a supranational Euro-polity, neoliberals minimize the capacity for Europe-wide regulation of economic activity.

The competition that neoliberals have in mind is not simply among firms or workers but among governments. A vital consequence of the mismatch between market competition (which is EU-wide) and political authority (vested in national governments) is that it generates competition among national governments to provide favorable conditions for the most mobile factors of production, namely, mobile capital. This penalizes governments that do not arrange their political economies to suit mobile capital by, for example, minimizing corporate taxes and market regulation (Schmidt 1995; Streeck 1992; Scharpf 1996, 1999). While workers may also move in response to regime competition, cultural and language barriers make them far less willing to do so.

Finally, the neoliberal project limits the ability of social groups, such as labor unions and environmental movements, to pressure governments into regulation. The idea is to shift policy making from domestic arenas, where it is influenced by entrenched social groups and popularly elected legislatures, to international fora dominated by national governments and appointed technical bodies (Olson 1982). The neoliberal agenda for European integration privileges national governments as the sole intermediary between domestic politics and European bargaining. National governments frame the agenda and negotiate the big decisions; domestic actors watch on the sidelines and hope to effect outcomes indirectly through their respective governments (Moravcsik 1993, 1994).

Support

The neoliberal project is a minority project. The first and most forceful champion of neoliberalism has been the British Conservative party (Whiteley et al. 1994; King and Wood 1999). However, neoliberalism has broad roots among strategically placed political and economic elites. These include leaders of British and European multinational companies; industrial associations, including a majority of members of the peak business confederation (UNICE); financial interests (e.g., central banks and international finance); think tanks; pro-business strands in the German Christian Democratic and Free Democratic parties, and other liberal and conservative parties on the continent (including elements of the center and right in France); and opinion leaders (e.g., *The Economist*).

Neoliberal ideas have also gained ground in the Commission. Under the presidency of Jacques Delors, the Commission was deeply riven by ideological conflict between its president and right-wingers, led by Sir Leon Brittan, originally commissioner for competition and then for external trade. With Brittan's appointment

in 1988, Margaret Thatcher planted a "liberal crusader" in the heart of the Community "who would fight not only national-level intervention, but also EU-level industrial policy." As George Ross observes, "If Delors wanted to 'organize' a European industrial space, Brittan, standing atop long-standing Commission prerogatives, wanted quite as much to 'open' this same space" (1995a, 176).

The neoliberal agenda, or parts of it, have gained support in several directorate-generals (DGs) of the Commission, particularly those implementing the internal market such as the powerful DG for competition (McGowan and Wilks 1995; Wilks 1992). This shift, which was generalized to some other DGs during the early 1990s, was consolidated by the changeover from Delors to Jacques Santer as president of the European Commission in 1995 (Wallace and Young 1996; Majone 1994). As a senior official in a market-oriented DG put it in July 1995: "There is no question that the balance has changed, and that there is much greater emphasis on greater [market] opportunities rather than giving out money." The resignation crisis of the Commission in spring 1999 over allegations of mismanagement and nepotism has further strengthened the hand of those seeking to curb Commission initiatives in "non-core areas," that is, outside market integration.

Neoliberals have skillfully combined economic internationalism and political nationalism in an effort to create national governance and international market competition. They have linked their cause to nationalism to block the development of a Euro-polity capable of regulating the European economy. In the United Kingdom, France, Germany, and the Benelux, the strongest objections to the Maastricht Treaty were made by nationalists in the British Conservative party, the French National Front, the German Christian Social Union and *Republikaner*, or the Belgian *Vlaams Blok*. Only in the Scandinavian countries has Euroskepticism been as significant on the left as on the right (see chapter 10).

Like nationalists, neoliberals argue that positive market regulation is illegitimate because the European Union lacks meaningful democratic institutions that can justify tampering with markets. National states are the only legitimate democratic channels for public expression. Yet, unlike nationalists, neoliberals have goals that go beyond defending the sovereignty of national states. They seek to limit the capacity of any political actor—including national states themselves—to regulate economic activity. So while neoliberals generally support economic and monetary union, nationalists oppose it on the grounds that it undermines national sovereignty.

Nationalists and neoliberals object to giving the European Parliament more powers, though they do so for different reasons. Nationalists believe that the European Parliament challenges the monopoly of national parliaments in expressing the popular will. Neoliberals reject strengthening the European Parliament because this may lead to more economic regulation. For neoliberals, the European Parliament provides an opportunity for special interests to gain preferential legislation (Olson 1982); for nationalists, it usurps legitimate national authority.

Institutional Terrain

Neoliberals have the considerable advantage that, in most respects, they favor the status quo. The reduction of market barriers is the one area where neoliberals have sought radical change, but here they were part of a broad coalition that included Christian democrats in national governing coalitions, big business, and the European Commission. Neoliberals have fewer allies in their rejection of positive regulation and their opposition to deepening the Euro-polity, but these are stances against change. This is a powerful strategic position in a polity where unanimity among member state governments is necessary for basic institutional change, and where qualified majorities of around 70 percent in the Council of Ministers are usually required for positive regulation.

This high threshold has helped neoliberal and nationalist governments impede European social policy, environment policy, industrial relations regulations, and industrial policy. The Thatcher and Major governments have also limited decisional reform, including the extension of qualified majority voting. During the negotiations of the Single European Act, French and German leaders proposed qualified majority voting in the Council on a range of policies, including the internal market, environment, social policy, and research and technology, while the British, supported by the Danish and Greek governments, favored a limited and informal norm. In the end, Thatcher was able to confine qualified majority voting to the internal market (Moravcsik 1991). During the 1997 Amsterdam negotiations, the British government found an unexpected ally in the center-right German government and was able to minimize the extension of qualified majority voting to noneconomic policies. The Kohl government was pressured by German *Länder*, which were unwilling to let control over their core competencies slip any further (see chapter 5).

Unanimity has tilted the playing field in favor of neoliberals, but it has occasionally hurt them. As we detail in chapter 6, southern European governments demanded a sizeable cohesion policy in exchange for not vetoing the Single European Act and the Maastricht Treaty. Unanimity is a double-edged sword, for it not only makes innovation difficult but makes it tough to do away with existing regulation. Now that an extensive cohesion policy is in place, neoliberals have an uphill fight to eliminate it.⁵

Neoliberals have enjoyed a strategically powerful position from which to influence the European Union, but they have been only partially successful. As Philippe Schmitter points out: "The notion that the Single European Act of 1985–1986 had definitively opted for a narrowly 'liberal' conception has been denied by subsequent developments" (2000, 5). Without a doubt, the European Union would look very different today were it not for the neoliberal project and Prime Minister Thatcher's determination in pressing it. But market liberals have had to contend with powerful actors committed to very different goals, and these actors, as we discuss below, have also shaped the European Union.

REGULATED CAPITALISM

A variety of groups view market integration as merely the first step in a more ambitious project: regulated capitalism. Their goal is to create a European liberal democracy capable of regulating markets, redistributing resources, and shaping partnership among public and private actors. The most influential advocate of this project was Jacques Delors, who served as president of the European Commission during the critical decade from the beginning of 1985 to the end of 1994. Delors was not a systematic thinker, but his characterization of *espace organisé* (organized space), based on his writings and speeches (Delors 1992; Ross 1995a, 1995b; see also Grant 1994), forms the core of the project for regulated capitalism.

Espace Organisé

Positive regulation

A defining feature of the project is its friendliness to markets and its opposition to state control or ownership. When they speak of market reform, supporters of regulated capitalism argue for market-enhancing or market-supporting—rather than market-replacing or even market-correcting—policies. They do not quarrel with the notion that markets, not governments, should allocate investment. But they contend that markets work more efficiently if political actors provide collective goods, including transport and communications infrastructure, information networks, work force skills, and research and development. There is, they argue, a role for positive as well as negative regulation, and in a variety of policy fields, such regulation is best achieved at the European level.

This involves a shift from demand-side to supply-side economics. Proponents of regulated capitalism claim that the capacity to provide certain collective goods is a decisive advantage in international economic competition under conditions of flexible specialization. It separates producers competing in mass production industries on the basis of cheap labor, low taxes, and loose environmental and social standards from producers competing in high value-added industries on the basis of quality, style, and technology (Soskice 1999).

Partnership

Proponents of regulated capitalism have campaigned for voluntary cooperation among groups that are affected by, or who contribute to, a particular policy. With varying degrees of success, they have proposed a "social dialogue" among representatives of labor and capital in social policy; "social partnership" among affected interests, particularly consumers and producers, in environmental policy; and "partnership" among the European Commission, national ministries, and regional authorities in cohesion policy.

Partnership is defended on pragmatic grounds. An inclusive strategy is likely to generate less social conflict than an exclusive strategy and should therefore be easier to implement. Because affected interests are brought into the policy process, partnership may also lead to policy making that is better informed.

Social solidarity

Proponents of regulated capitalism favor policies that enable those who are less well off to compete more effectively in the market. Examples of such policies are cohesion policies designed to increase the potential for indigenous economic growth in poorer regions, and employment policies to bring unemployed youth and the long-term unemployed into the labor market. These policies can be justified in ethical terms but—like partnership—they may also be viewed as ways to increase economic productivity.

These principles have been at the core of several reforms, including cohesion policy, European environmental policy, transport, telecommunications, and information technology policy, and a variety of less ambitious measures in research and development, education, health and safety, consumer protection, and rural development.

Central to regulated capitalism is deepening democracy in the European Union (Grande 2000; Schmitter 2000; Wiener 1994; Zürn 2000). The core argument is straightforward: if important decisions are being made in the European Union that directly affect European citizens, those decisions should be subject to liberal democratic scrutiny and legitimation. Indirect representation through national governments is not sufficient; a system of direct and effective parliamentary representation should be established. The European Union should also experiment to widen citizen input via referenda, functional representation, and the Internet (Schmitter 2000). With respect to citizenship rights, proponents of regulated capitalism argue that transnational labor mobility, facilitated by the internal market, should not negate democratic participation in an EU citizen's new country of residence. At the heart of this project is the demand to extend basic principles of liberal democracy to the European Union, that is, to create a "Citizen's Europe."

Support for democratization of the EU is reinforced by the expectation that this will intensify popular pressures for positive regulation. In a Citizen's Europe, Europeans would have full citizenship rights and the opportunity to press demands for welfare and market regulation through political parties, interest groups, and movements as they do in national polities.

Support

The project for regulated capitalism marshals the common ground in the competition between reformist social democracy and moderate Christian democracy (Ross 1995a; Grant 1994). Following social democracy, regulated capitalism involves class compromise; following Christian democracy, it involves subsidiarity.

Most center-left parties in Europe have come to support the project (see chapter 10). German, Austrian, Italian, and Spanish social democrats have been solidly in favor. The left has been split in Britain, Sweden, and Denmark, where majority support was forthcoming only after the traumatic realization by many on the left that national Keynesianism is a dead end. Leftist nationalists highlight the EU's democratic deficit, the corrosive effects of regime competition, and the prospect that European identity will never be sufficient to sustain a European welfare state. Supporters of the project for regulated capitalism argue that in a globalized economy, a European approach is more feasible than a national one (for an analysis of the dilemma, see Scharpf 1999).

Christian democratic parties have supported regulated capitalism, particularly in the Benelux countries and Austria. While there are divisions among German Christian Democrats and growing pressures for neoliberal reforms, former Chancellor Helmut Kohl generally advocated regulated capitalism. Kohl was instrumental in ensuring the passage of the Social Protocol against Prime Minister John Major's threat to veto the Maastricht Treaty; he consistently campaigned for a stronger European Parliament; and, during the renegotiations of cohesion policy in 1988 and 1993, Kohl supported increased spending for poorer regions. However, in 1997, he was unable to overcome opposition within his own coalition against a further extension of qualified majority voting.

The coalition for regulated capitalism is weaker than the sum of its parts because it is extraordinarily heterogeneous. National institutional variations underpin different constellations of interest. For example, social democrats in Southern Europe are cross-pressured on the issue of introducing regulations (e.g., minimum wage regulations) that diminish their competitive advantage vis-à-vis central and northern European countries (Lange 1993). Even where competitive advantage is not at stake, institutional differences can impede reform. It is difficult to create winning coalitions for regulating heterogeneous institutions that are costly to change (Scharpf 1999; Majone 1996).

The loose coalition of social and Christian democrats is flanked by unionists at the European and national levels. But organized labor is not nearly as influential at the European level as it has been in most member countries, even though trade unions, especially in the Benelux countries and Germany, have stepped up their coordination efforts as a response to EMU (Ebbinghaus 1999; Ebbinghaus and Visser 1997). In contrast to multinational firms that have adapted easily to multi-level governance, organized labor has had greater difficulty, partly because unions are deeply embedded in distinctly national institutions (Marks and McAdam 1996). Transnational collective bargaining arrangements are largely absent, and there is little prospect of neocorporatism at the European level (for national developments, see Golden, Wallerstein, and Lange 1999). Furthermore, unions have been weakened by economic internationalization, a development that was accelerated by the single market program (Frieden 1991; Streeck 1992; Streeck and Schmitter 1991; Tilly 1994; but see Ebbinghaus 1999).

Regulated capitalism has backing from diverse groups in addition to labor, including environmentalists (e.g., the World Wildlife Fund and the European Environmental Bureau, an umbrella organization of about 160 environmental groups), most green parties (including the German Greens after their turnaround on European integration, and more recently, the French Greens), and a variety of social movements (Imig and Tarrow 1997, 2000, forthcoming; Marks and McAdam 1996).

Supranational actors, particularly in the European Commission and Parliament, have been responsive to this agenda. Jacques Delors and leaders of the Commission were the dynamo behind *espace organisé* from the mid-1980s to the mid-1990s. Commission officials tend to be favorably oriented toward regulated capitalism, and while contention among Commission officials has intensified since the mid-1990s, they have been an important source of support.⁶ However, the Commission lost its vanguard role when Delors stepped down as Commission president in 1995.

The European Parliament has been responsive to popular pressures for positive market regulation, particularly from social movements such as Greenpeace. The pro-regulated capitalism orientation of the Parliament was reinforced by the fact that, between 1989 and 1999, social democrats in combination with greens and smaller left and center parties formed a majority (Ladrech 1993; Bardi 1994). The 1999 elections broke the left majority, but many Christian democrats continue to endorse regulated capitalism.

Support has sometimes come from less obvious places, such as the European Round Table, representing large multinational firms. The European Round Table has campaigned for a Europe-wide infrastructure program, "Missing Links," the forerunner of the EU's Trans-European Networks (Cowles 1995). It has been described as a "Christian democratic/social democratic group that does not share the ideology of Thatcherite capitalists" (Cowles 1995, quoting from an interview with a member of the Round Table). However, its support for regulated capitalism is limited. In December 1993, for example, the Round Table proposed the creation of a European Competitiveness Council comprised of industry, government, and science representatives but excluding labor (Cowles 1995). This is a direct challenge to the Social Dialogue. Over the past decade, backing for regulated capitalism within industry has weakened as competitive pressures have increased as a result of globalization and market liberalization.

Institutional Terrain

The achievements of the coalition for regulated capitalism seem unimpressive by comparison with current social regulation in central and northern European states. There are no functional equivalents at the European level to existing welfare states, national systems of cooperative economic governance, national systems of industrial relations, or industrial policies. Moreover, there are no indica-

tions that such distinctly national systems of positive regulation will be replicated at the European level in the foreseeable future.

One does not have to search far to explain this. Research on neocorporatism and class compromise has identified a variety of requisites for their existence, including strong working-class political organization (in particular, durable social democratic participation in government), cohesive working-class economic organization (in particular, well-organized and centralized union federations), and coherent employer organization (Huber and Stephens forthcoming; Schmitter 1981; Cameron 1984; Marks 1986; Esping-Andersen 1990). None of these are present in the EU, nor are they likely to arise in the future. The government of the EU is fragmented; social democrats are only one of several party families present in the Council of Ministers; and neither trade unions nor employers are centralized at the European level. But most proponents of regulated capitalism do not strive to replicate national welfare or industrial regulation at the European level. Rather they seek feasible reforms.

Unanimity

It is important to realize that the institutional terrain is not entirely unfavorable to proponents of regulated capitalism. In the first place, unanimity, which is the decision rule for major institutional change and for major policy initiatives, is double-edged. Earlier, we noted that unanimity raises the highest decisional barrier against change—the assent of each and every participant. But by doing so, unanimity opens the door to package deals crafted to benefit each national government. Neoliberals have had to accept reforms involving positive regulation and redistribution in exchange for the assent of all national governments to liberalization. One of the products has been cohesion policy, a centerpiece of European regulated capitalism (Hooghe 1996a; Marks 1993; see also chapters 5, 6, and 7).

The existence of different rules in different parts of the EU (in Euro-jargon, "variable geometry") should constrain the willingness of any single group of governments to impose regulations on capital for fear of losing investment (Streeck 1996). But variable geometry does not necessarily lead to a race to the bottom, to low tax, low welfare, or relatively unregulated economies. Where regulatory reforms may arguably increase economic efficiency, variable geometry provides more space for regulatory innovation (Scharpf 1999). National governments may forge ahead with particular integrative measures, such as social policy or monetary union, despite opposition from nationalists or neoliberals. Because the Major government excluded the U.K. from the Social Protocol annexed to the Maastricht Treaty, it was possible for remaining governments to enact a Works Council Directive mandating certain types of companies to consult with workers on job reductions, new working practices, and the introduction of new technology (Rhodes 1993; Leibfried and Pierson 1995). Even though the Major government did not sign up, most major British multinationals (e.g., Marks and

Spencer) introduced consultative works councils in their British plants to preserve uniformity in the company across the EU (Leibfried and Pierson 1996), and after the 1997 elections, the incoming Labour government signed the Protocol, which was incorporated into the Amsterdam Treaty.⁷

Qualified majority

More important yet, unanimity has been swept aside in favor of qualified majority voting in the Council of Ministers on an increasing number of issue areas. As noted, qualified majority voting was originally adopted to facilitate market-opening legislation. But it has been extended to policy areas only indirectly related to the market, including environmental policy and social policy. This allows pro-regulation coalitions of governments to preempt a race to the bottom.

Some regulations do not have to be supported by multi-level coalitions of national governments and supranational actors but can be imposed by individual governments acting alone. A country may maintain high product standards if they are justified by considerations of health, safety, the environment, or consumer protection, even if they serve as a barrier to trade (Article 30 TEC, ex-36). This allows producers in high regulation countries to export to low regulation countries while protecting their own markets (Sbragia 1996; Scharpf 1999). The Amsterdam Treaty allowed national governments greater latitude in doing this.

Evidence of a race to the bottom is mixed, even for regulations concerning the process of production (e.g., working conditions) where Article 30 does not apply. One reason for this is that national governments have demonstrated a greater capacity than expected to maintain regulations even when they appear to put domestic producers at a cost disadvantage (Scharpf 1999; Vogel 1995). It is not obvious how governments will act when there are trade-offs between social or environmental values and national income. It depends on how such goods are translated into political costs and benefits for constituencies that affect a government's popularity.

Finally, it is worth stressing that positive regulation need not be economically inefficient. Fritz Scharpf has argued that regulation may serve as a certificate of superior product quality that is rewarded by the market—for example, because a regulation may provide consumers assurance against health, safety, or financial risks or because it induces industry to increase productivity (1999). Economists disagree about whether raising environmental standards hinders or promotes economic growth. The economic costs and benefits of EU involvement in vocational training, human resources, and research and development are contested. Under certain conditions, one may envisage a race to the top, rather than a race to the bottom (Vogel 1995).

Supranational Actors

The creation of European social citizenship has been spurred mainly by decisions of the European Court of Justice (ECJ) involving the four freedoms (for goods,

capital, services, and labor) at the core of the internal market (Leibfried and Pierson 1995, 1996). Since the mid-1980s the ECJ has compelled member countries to gradually open their national welfare systems to nonnational EU employees and to allow consumers to shop out of state for welfare services. The Court has stopped short of creating welfare state access for any EU citizen, but it has induced an “incremental, rights-based ‘homogenization’ of social policy” among member states (Leibfried and Pierson 1995).

While the Court's contributions to European regulated capitalism were largely unintended side effects of liberalization, the Commission under Delors wished to actively craft regulated capitalism in Europe. Its strategy was to formulate a series of package deals between member state governments to transform the internal market into a polity with extensive authority and effective policy instruments (Ross 1993, 1995a; Grant 1994). Where there were disagreements on major reforms, the Commission proposed side payments in the direction of regulated capitalism (e.g., cohesion policy) to buy off recalcitrant governments. Each package deal was shaped with an eye to the next round where further integrative measures would be proposed—an approach described by Delors as a “Russian dolls” strategy (Ross 1995a, 1995b).

The first round of this strategy was the budgetary package of 1988 (Delors I), which set financial priorities for the period 1989–1993. The multi-annual budgetary approach, which itself was a novelty, provided a framework for the Commission to cobble together a package to every government's liking while laying the foundation for an EU role in cohesion policy, research and development, information technology and telecommunications infrastructure, and the environment. The most important step was the doubling of funding for less-developed regions, so that by 1993 almost 30 percent of the EU budget was spent on regional redistribution. This sizeable resource base became the basis for an integrated European cohesion policy exhibiting the three key features of regulated capitalism: extensive positive regulation shaped by EU actors; multi-level partnership among the Commission, national ministries, and subnational governments; and significant redistribution from rich to poor. The main beneficiaries—Spain, Greece, Portugal, and Ireland—initially received the equivalent of 2 to 4 percent of their GDP, an amount comparable to the postwar Marshall Plan. The second Delors budgetary package (1992) increased cohesion funding to €141 billion (at 1992 prices) for the period 1994–1999. By 1999, Ireland, Greece, and Portugal will each receive more than 5 percent of their GDP from cohesion funding (Hooghe 1996b). The budgetary deal of 1999 stabilized funding for the 2000–2006 programming period.

The next step was to insert employment policy as a Russian doll within EMU. While EMU would shift an important competence to the European level, Delors and his collaborators were just as interested in the potential for the EU to play a subsequent role in combating unemployment and sustaining welfare. The Commission's 1993 white paper *Growth, Competitiveness, and Employment* propelled employment onto the European agenda. After some prodding by trade unions, Socialist

party leaders, and parts of the Commission administration (mainly the directorate-general for social affairs), this plan was taken up by the Santer Commission. Social democrats, in and out of national governments, have pressed the Commission to campaign for a formal EU commitment to combat unemployment as a counterweight to EMU. As a result of these efforts, some provisions on employment were incorporated in the 1997 Amsterdam Treaty. Employment has gradually replaced cohesion policy as the central plank of regulated capitalism (see chapter 7).

The third element of the Delors strategy was the attempt to establish a "People's Europe" based on a Social Charter setting out thirty basic social rights, accompanied by specific proposals for social policy harmonization and, crucial for Delors, "Social Dialogue" between workers and employers. At Maastricht, eleven of the twelve national governments (with the Major government opting out) agreed to make the Charter legally binding in a protocol (Lange 1993). For proponents of a full-fledged European welfare state, the Social Charter and Social Protocol seemed much ado about nothing, while neoliberals adamantly opposed it (Lange 1993; Rhodes 1993; Ross 1993; Leibfried and Pierson 1996; Streeck 1996). However, one offspring—Work Councils—has played a significant role in mobilizing transnational union activity (Imig and Tarrow 2000). Ambitions for a European social dimension are far from realized in welfare policy or industrial relations, though the EU plays a growing role in these areas (Leibfried and Pierson 1995, 1996; Cram 1997; Falkner 1998).

In their national arenas, social democrats have had to give ground on several aspects of the postwar social contract, including employment, welfare, and participation of unions in macroeconomic policy making. While the project for regulated capitalism is far from replicating these at the European level, it has laid the foundation for an alternative to market liberalism based on positive regulation of market activity, economic redistribution, the extension of liberal democracy to the European level, and collaboration among public and private actors. The ten-year presidency of Delors in the European Commission laid the basis for this project, just as Prime Minister Thatcher was pivotal for neoliberalism. At this point in time (October 2000), we cannot predict the outcome of this struggle. What we can say is that the European Union is shaped by an ongoing clash of interests and identities—and these have gelled into contending conceptions of governance.

CONCLUSION

The collapse of national Keynesianism in a context of poor economic performance and declining international competitiveness led to a reorganization of European political economy. That reorganization had to come to terms with two fundamental issues of political life: the structuration of political authority, and the scope of authoritative decision making in the economy. The European Union continues to serve as a means for achieving narrow collective goods, but these larger

questions are never far from view. European political economy is being shaped by an intense debate that has mobilized leaders, political parties, interest groups, social movements, and, on occasion, the wider public. Segmented bargaining among policy elites still takes place in some policy areas, but it is no longer insulated from the struggle about how to organize and rule Europe.

This struggle is structured along two dimensions: a left/right dimension ranging from social democracy to market liberalism; and a national/supranational dimension ranging from support for the restoration of national state autonomy to support for further European integration.

Broad, multi-level coalitions are oriented to two projects combining preferences along these dimensions: a neoliberal project and a project for regulated capitalism. At stake in this conflict are not only domestic issues of political economy but the political architecture of Europe. Neither project is hegemonic.

Whether Europeans will continue "the process of creating an ever closer union" (Article 1 of the Amsterdam Treaty) has become a matter of the widest public discourse. European integration has become a high-profile issue in domestic politics capable of rocking governments, jeopardizing party cohesion, and spurring new party-political movements. In this context, national government leaders are constrained more than ever to behave not as defenders of institutional interests but as party-political leaders concerned with their bases of political support, party cohesion, and fighting elections (see chapter 4). In this politicized climate, political actors without the benefit of democratic legitimacy—above all, the European Commission—are particularly vulnerable. Something new has been added to the struggle between ideological projects concerning the European political economy: a contest for the endorsement by the public (Cameron 1996; Schmitter 2000; Sinnott 1999).

A strong implication of our analysis is that there is no irreversible logic to European integration. The link between economic integration and polity creation is humanly contrived; it involves contending political projects. We reject the presumption that such projects, or the outcome of their struggle, are merely a political "superstructure" that reflects an economic logic having to do with reducing transaction costs or reaping joint gains. The sheer fact that cross-border transactions are increasing within Europe does not mean that further political integration will be the outcome. To understand European integration, one must understand its irreducible political character. One must systematically analyze the clash of multi-level coalitions of governments, supranational actors, and transnational and domestic interests. The Euro-polity is not a by-product of functional requirements or the pursuit of narrow economic interest; on the contrary, it is shaped by deep disagreements among political actors about how to organize political life in Europe.

NOTES

1. We benefited greatly from comments on earlier drafts by Sven Bislev, Stephen George, Michael Keating, Peter Lange, Andrea Lenschow, Andy Moravcsik, John Peterson,

Philippe Schmitter, and Helen Wallace; participants of the University of North Carolina political science, University of Toronto political science, and European University discussion groups; and the Twenty-Fifth Workshop of the European Consortium for Political Science (Bern, February 1997). An early draft of this chapter was presented at the APSA meeting in Chicago in September 1995.

2. The precise relationship between the left-right dimension and contestation on the issue of European integration is an important field of empirical investigation because it indicates how, if at all, European integration fits into, or reshapes, domestic politics. For a slightly different perspective developed independently at around the time we wrote earlier drafts of this chapter, see Hix and Lord 1997 and Hix 1999a. Several groups of scholars are now intensively researching this topic (see e.g., Marks and Steenbergen 2000).

3. This topic demands sustained empirical analysis that goes beyond the scope of this chapter. Our hypotheses here are supported by information from interviews conducted by one of the authors with some 140 A1 and A2 Commission officials (Hooghe 1999a, 1999b, 1999c, 2000), and by other, less systematic, evidence.

4. This language is reminiscent of that of two French initiatives in the early 1980s. In 1981, the French Socialist government proposed to create *un espace social européen*, an anti-unemployment program through fiscal stimulation. Two years later, it suggested *un espace industriel européen* aimed at supporting the technology industry (Moravcsik 1991). While these initiatives were last-minute French attempts to extrapolate traditional Keynesianism to the European level, Delors's ideas on *espace organisé* were more compatible with the prevailing paradigm of market competition. For Delors's views on future state-society relations in France and Europe, see Delors 1992.

5. Chapter 6 provides the account of the 1993 negotiations, and chapters 5 and 7 discuss the 1999 review.

6. See Hooghe 1999a, 2000. Asked whether the Commission should help to preserve organized space in Europe, 46.3 percent of senior officials gave unconditional support and another 37.5 percent gave qualified support. The finding is based on data from 140 taped interviews and 106 mail questionnaires (from A1 and A2 officials in the Commission), conducted between July 1995 and May 1997. Such broad support for regulated capitalism contrasts sharply with Commission officials' divided preferences on whether the European Union should be supranational or intergovernmental (see chapter 9 for an analysis).

7. The Amsterdam Treaty makes some space for more such alternative regimes in the future. Under the clause of "flexibility" it stipulates the conditions under which such alternative regimes could be enacted.

Supranationalism Contested in the Commission

IN SEARCH OF SUPRANATIONALISTS

Interviewing in the Commission's most powerful directorate-generals (DGs) is carefully regulated, perhaps because the prey is much in demand, highly prized, and occasionally somewhat threatening to the hunter.¹ Visitors to the DG for competition policy are chaperoned from the security guards' reception desk to the interviewee's office and back, to prevent them from roaming through secret competition files. Security guards also man access to the DG for agriculture—as they do for virtually all Commission buildings. They collect passports and information on profession and address, and they phone the contact person. The guards in the DG for agriculture allow one to make the journey up to floor five, seven, or eight all by oneself. Yet the headquarters of this DG are intimidating: the floor plan is labyrinthian, the silent windowless corridors with closed doors are endless, and the building's lopsided structure with multiple exits is confusing as it plunges from the hilltop on Wetstraat onto Joseph II straat approximately seventy feet lower. Maybe because of this architecture—incomprehensible to the outsider—the ethos of discipline, power, and confidence is all the more palpable.

A visitor may be forgiven if she perceives these fortresslike features as telling symbols of the Commission's preference for supranationalism. Reality is more complicated. Top officials in these strongholds vary appreciably in the degree to which they support a supranational or an intergovernmental Union. Barriers to entry (and exit) in the DGs for competition policy and agriculture do not keep out intergovernmentalism.

Committed supranationalists exist in the Commission's top ranks—sometimes in unexpected locations and under surprising guises.² And so, in between interviews in power-exuding Commission buildings, we meet a passionate supranationalist. He serves in one of the socially oriented DGs. Perhaps because we had