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Small States in International Relations

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THE ROLE OF SMALL STATES IN THE EUROPEAN UNION

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The research has analyzed whether the special characteristics of smaller states (strong corporatism and concentrated economic interests, according to Katzenstein) impact their approach in the decision-making process of the EU in the areas of the CAP and the Regional Policy. The empirical evidence established in this research supports the main hypothesis. The behavior of smaller states can be distinguished from the behavior of the larger states. Smaller states have a different approach towards the Commission and their negotiating tactics differ from the negotiating tactics of the larger states in the Council of Ministers, the European Council, and in bilateral negotiations with the Commission.

This difference in behavior between the smaller and larger states can be explained by the small administrations, their characteristics and different range of interests of the smaller states. Smaller states are forced to prioritize between the sectors of these two policy areas because of their small administrations. They do not have enough staff, expertise, or other resources to follow all negotiations. As a result, they become reactive in many sectors. However, they are proactive in their most important sectors. This is because they use the special characteristics of their administrations, such as informality, flexible decision-making, greater room of maneuver for their officials, guidelines given to negotiators rather than instructions, and the greater role of Permanent Representatives in domestic policy-making to ease their workload and to operate within the decision-making process of the CAP and the Regional Policy. They can also prioritize between sectors

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without damaging their interests because they have a narrower range of interests in those policy areas than the larger states.¹

A Modification of Katzenstein's Theory: The Limited Explanatory Role of Corporatism

The special characteristics of smaller states identified by Katzenstein do not provide a satisfactory explanation for the distinguishing behavior of the smaller states in the areas of the CAP and the Regional Policy. His approach has to be widened in order to give the complete picture. A new variable, the size of the state's administration and its characteristics, should be taken into consideration when explaining the international behavior of member states. Katzenstein does briefly mention the relationship between administrations of the smaller states and their domestic economic policy-making but his approach fails to take account of the advantages and disadvantages which stem from the smallness of an administration, and how its resulting characteristics can influence a state's international behavior.

The evidence produced in this study supports Katzenstein's assertion that strong corporatism affects the international behavior of smaller states in the EU context. In addition, there are indications that their vulnerability and their open economies lead to economic specialization which also has an effect, in our case, within the CAP and the Regional Policy. However, the strong corporatism in the smaller states does not explain their different approach towards the Commission and their different negotiating tactics, compared to the larger states. This is because the larger states are just as restricted as the smaller states by their domestic interests, as sectoral corporatism has indicated. Agrarian interests, regional authorities, and other interests are involved in the domestic decision-making of the larger states, which restricts their behavior in negotiations in the CAP and the Regional Policy. They have to come from the negotiation table in Brussels with positive deals for their domestic interests just as the smaller states have to because of their corporatist framework, and as liberal inter-governmentalist theories argue.

Katzenstein distinguishes between the strong corporatism of the smaller states in Europe and the weak corporatism of the larger industrial states. Democratic corporatism in the smaller states, he claims, can be traced back to the 1930s, and he argues that their economic openness and dependency has established a compelling need for consensus. This consensus has been created between the main actors in the smaller states through complex and delicate political arrangements. There is a close relation between the eco-

nomic openness and dependency of the smaller states and their corporatist structures: "The openness and dependence of their economies explains the prevalence of a strong corporatist structure."²³ This has "had a strong effect on their political strategies."²⁴ Katzenstein further argues that small states in Europe frame "political choices in a distinctive way."²⁴ These choices are conditioned by two sets of forces which interact: "historically-shaped domestic structures and the pressures of the world economy."²⁵ The interaction between those forces alters the style and substance of the response of smaller states.

Our findings support Hick's criticism of the approach of Katzenstein in its virtual equation of smallness with corporatism.⁶ Our case studies illustrate that the strong corporatism, defined by Katzenstein, in the smaller states, fails to explain their different negotiating tactics in the EU context. Evidence indicates that the weak corporatism of the larger states includes a close cooperation between the governments of the larger states and their domestic interests, which we have referred to as sectoral corporatism. This relationship affects their negotiating tactics in the EU institutions and leads the larger states towards inflexibility just as the strong corporatism of the smaller states does. Hicks argues that Katzenstein's theoretically central concept of democratic corporatism is problematic. This is because "it produces a categorization of corporatist nations that is inconsistent with the categorizations of others."⁷ He also argues that it is inconsistent with Katzenstein's own claims for superior corporatist economic growth and with its own standards for identifying corporatism.⁸

Katzenstein's notion of the strong corporatism in the smaller states is, for instance, blurred in practice when he tries to distinguish between it and what he calls the weak corporatism in Germany. He argues that Germany gets closer of the larger states to the strong corporatism of the smaller states because its corporatism derives from openness, dependency, and a sense of vulnerability brought about by the diminished size of the Federal Republic of Germany, after 1945 along with the implantation of the German political parties.⁹ The style of policy-making in Germany has been characterized by consensus among political actors,¹⁰ but its corporatism falls short of being the same as in the smaller states because "political parties play a greater role in the handling of conflicting objectives across different sectors of policy."¹¹

Hick concludes his criticism of Katzenstein's notion of democratic corporatism by stating that although it helps in studying the interactions of smaller states, "it is better to view Katzenstein's democratic corporatism as an organizational device than as a theoretical concept."¹² This is because

Katzenstein's approach identifies no single institutional complex in his six small states which enhances democratic corporatism and which consolidates understanding of the disparate strategies of the smaller states.¹³

Katzenstein's approach has also been criticized for using the economic environment to explain the political consensus of the smaller states in Europe. The approach is "weakest . . . when explaining the political consensus as a result of the economic environment."¹⁴ Griffiths and Pharo suggest that the collective action theory should be applied if we are to understand periods of strong consensus in smaller states. This is because the nature and strength of the major interest groups, the farmers and workers, might be useful in the explanation. They further criticize Katzenstein's approach for its focus upon internal factors when explaining the behavior of smaller states. For them an analysis of factors, other than just internal economic and political factors, might be helpful. They continue: "A lot of work remains to be done in the field of how international openness reflects back on the domestic political scene."¹⁵

Administrative Size and Characteristics: An Important Explanatory Variable

The characteristics of the administrations of the smaller states are key factors in explaining how smaller states operate in the decision-making processes in the CAP and the Regional Policy. These features are in contrast to the characteristics of the administrations of the larger states and their EU working procedure: a hierarchical structure, formal decision-making processes, limited or no maneuver for officials, and strict instructions to negotiators in Brussels from their capitals.

The administrations of the smaller states are, of course, not all the same and the coordination of EU policy-making within them differs. Our evidence, however, indicates that all their working procedures concerning EU matters are characterized by similar features. The administration of Luxembourg must however be distinguished from the other small administrations as it has even less capacity to participate in sectors within the CAP and the Regional Policy because of its extraordinarily small size. Also, the administration of Greece has a more limited capacity than the other administrations of the smaller states, because it has been slower to develop a formal structure in handling EU issues. However, it has responded to the workload by adopting informal working methods, by being flexible in handling matters, and by giving its officials considerable scope for maneuver in sectors which are not regarded as being important domestically.

These administrative features are even more evident in the case of the administration of Greece than in other small administrations. Furthermore, Greece puts heavy emphasis on prioritization as it concentrates only on issues where it has important domestic interests. This eases the workload of the administration. The administration of Portugal also had some difficulties in handling EU matters during its first year of membership. However, these difficulties seem to be over and the Portuguese administration is characterized by the same features in handling matters within the CAP and the Regional Policy as other small administrations.

If we look at the administrations of the larger states, the administrations of Spain and Italy are weaker than the administrations of Britain, Germany, and France. The Spanish administration has made an attempt to adopt some of the characteristics of a small administration in order to overcome its weakness. It has opted for informal working methods between officials which has made them more able to cope with the wide scope of the CAP and the Regional Policy. Informal methods of communication between officials have also sped up the EU domestic decision-making process. Furthermore, the Spanish Permanent Representation's participation in EU negotiations is helped by their involvement in the domestic decision-making process. However, the Spanish administration has created these informal working methods between officials without developing a flexible decision-making structure concerning EU matters. The administration itself is characterized by the typical features of large administrations such as a formal decision-making structure and the limited scope of maneuver for its negotiators. Therefore, the administration has adopted the same approach towards the Commission as other large administrations, and its negotiating tactics in the Council of Ministers and the European Council are identical with the negotiating tactics of the other larger states.

The administration of Italy is a somewhat different case. It is considerably weaker than the administrations of Britain, Germany, France, and Spain, for a number of domestic reasons. The Italian administration has had difficulties in its EU policy coordination, in presenting a coherent policy-stand in EU negotiations, and in implementing EU legislation. The administration has not tried to overcome these weaknesses by adopting some of the characteristics of a small administrations like the Spanish administration. As a result, Italy cannot be regarded as being as active within EU policy-making, in the areas of the Regional Policy and the CAP, as the other larger states. Italy is active in pursuing its interests but it falls short of taking as predominant a role as the other larger states. However, we also have to take the pro-European attitude of Italy into consideration, as

this partly explains why Italy has, on some occasions, been flexible and not taken a confrontational stand in negotiations. This has been the case for a number of negotiations in the Regional Policy. However, the main reason for the less predominant role of Italy in debates concerning the Regional Policy, is its administrative weakness in handling matters concerning this policy-area, both within the decision-making process of the EU and domestically.

The weakness of the Italian administration leads us to the question of whether the conducting of EU business within the Italian administration has more in common with the administrations of the smaller states than the administrations of the larger states. However, this is not the case. The EU working procedure of the Italian administration is characterized by centralization, a hierarchical structure, formality, and inflexible decision-making. Also, the negotiators in Brussels get instructions rather than guidelines from ministries. They have limited room for maneuver in negotiations and they do not participate in domestic EU decision-making. All this stiffness within the administration adds to the lack of domestic coordination over EU matters. Furthermore, the lack of coordination between ministries and weak working procedures between them add to the difficulties for negotiators in presenting a coherent stand within the CAP and the Regional Policy. It also makes it more difficult to adopt a confrontation stand within the Councils even though the pro-European attitude of the Italian governments plays its part in this as well. However, the Italian administration has the capacity to participate in all negotiations within the CAP and the Regional Policy, which is not the case for the small administrations. All these features of the administration of Italy distinguish it from the administrations of the smaller states. Italy plays an active role in negotiations concerning the CAP and the Regional Policy but its administrative weakness and pro-European attitude have on some occasions led it towards a more flexible and less confrontational stand in negotiations than the other larger states. The weakness of the Italian administration and its consequences further strengthens our claim that a variable "administration" has to be considered when the participation of member states in the EU decision-making is analyzed.

Administrative Size and Characteristics: The Relationship Between Smaller States and the Commission

The size and characteristics of the administrations of the smaller states provide an important insight into the approach of the smaller member

states towards the Commission. Firstly, the larger states are able to exert a stronger influence upon the Commission. The smaller states compensate for this by using the special characteristics of their small administrations to develop a special relationship with officials of the Commission. Secondly, due to the limited capacity of the administrations of the smaller states, they rely more upon the Commission to get their proposals through the Council. The size and characteristics of small administrations provide an explanation for the routine working process and their increased reliance on the Commission.

All our case studies, in Chapter 6 and 7, indicate that larger states tend to have a more confrontational approach towards the Commission. Large administrations have enough information and resources available to challenge the Commission's position and they tend to do so on all occasions. On the other hand, the limited capacity of the administrations of the smaller states means that they cannot lobby the Commission to the same extent as administrations of the larger states. Smaller states try to compensate by developing a special relationship with officials of the Commission and by exercising their influence within its advisory committee system, using the restrictive committee procedures.¹⁶ Smaller states are active in their attempt to influence the Commission in sectors where they have important interests, but reactive in others. The officials of the smaller states are able to establish a routine working process with officials of the Commission because of their smaller number of interests, in our two policy areas, compared with the larger states, and because they have a smaller number of officials dealing with individual cases. They can offer the Commission's officials a quicker, and often, a more efficient domestic decision-making process as decisions are made by informal contacts and the decision-making process itself is flexible. They have greater room for maneuver than officials of the larger states and they often oversee the whole domestic process as they can be involved in the state's policy-formation and its implementation. They also tend to work with the Commission in order to find a common solution. This was, for instance, clear in our case studies concerning the new Cohesion Fund, the increased resources of the Regional Policy in 1992, and in the revision of Objective 1 areas in the Regional Policy reform in 1993. Officials of the smaller states of Ireland, Portugal, Greece, and Belgium, which were supposed to benefit most from these policy changes, worked with the Commission in order to find a common solution, while officials from all the larger states were more confrontational towards the Commission.

Smaller states rely on the Commission to put their views forward in

sectors where they do not have important domestic interests because they depend upon its resources and information. If we look at the sectors where smaller states do have direct domestic interests, they still have a bigger need for the Commission's support. For, as Chapter 6 demonstrates, although they have the resources and information needed to take a policy-stand, they always try to avoid isolation as they are less likely to be able to block proposals on their own than the larger states. The smaller states look to the Commission for support and while they may not always receive it they demand that the Commission acts as a mediator between them and the larger states. In order to enhance the mediator role of the Commission they tend to work with it during the early stages in the decision-making process. Whereas the larger states will not hesitate to take on a whole Council meeting and the Commission, smaller states tend to move towards a compromise before they become isolated in a Council meeting.

Furthermore, "one might add that they (smaller states) sometimes use their weakness to get even more from the Council than the larger member states, for instance, by using an attitude which says: 'Don't bully me, I am so small and fragile.' When not directly opposed to larger member states' interests, it sometimes works surprisingly well."¹⁷

Administrative Size and Characteristics: The Negotiation Tactics of Smaller States

Our evidence indicates that the negotiation approaches of the smaller states are identical and can be distinguished by two features: Smaller states tend to be inflexible in negotiations where they have important interests, but are flexible in negotiations where they do not have specific interests. This twofold negotiation approach differs from the negotiation approach of the larger states. They tend to be inflexible in all negotiations regardless of whether they have direct domestic interests involved.

Evidence in Chapter 7 demonstrates that the effectiveness of strong corporatism as an explanation for the behavior of smaller states in the negotiation process in the CAP and the Regional Policy, is limited because of the close cooperation between governments of larger states and their domestic interests. The chapter indicates that the governments of larger states are as bound by a close cooperation with their domestic interests as the governments of the smaller states are by their corporatist structure. It is the size and characteristics of the administrations of member states and their range of domestic interests in these two policy-areas which explains their different negotiating tactics.

This research has shown that small administrations have similar characteristics and that they differ from the characteristics of the large administrations. Also the range of interests of the smaller states is different from the larger states in the CAP and the Regional Policy. As a result the approach of the smaller states towards the Commission as well as their negotiating tactics in negotiations in the Council of Ministers, the European Council, and in bilateral negotiations with the Commission, are not the same as the larger states. Katzenstein's approach is found to be correct in that the economic openness and vulnerability of smaller states affects their economic specialization, leading to a different range of interests in the CAP and the Regional Policy compared to the larger states. However, his approach carries the danger of the wrong conclusion if a new variable, the size and characteristics of an administration, is not taken into account in explaining the behavior of smaller states in the EU decision-making process, in the areas of the CAP, and the Regional Policy. The special role of small administrations in negotiations in the EU and the importance of their relationship with the Commission should not be neglected.

Notes

1. The new member states of the EU (Finland, Sweden, and Austria) seem to prioritize between sectors in the EU to the same extent as the other smaller states, according to our interviews conducted in Brussels and an article in a Norwegian journal on EU matters. It states that Finland puts emphasis upon a few issues within the EU, mainly some particular sectors within the CAP and the Regional Policy. At the same time Finland makes an effort to be pro-European on all occasions. See *Europa brevet, Uanhengig norsk perspektive på Europas utvikling* (1998), No. 137, 28 September, p. 3.
2. Katzenstein, P. (1985), op. cit., p. 203.
3. *Ibid.*, p. 200.
4. *Ibid.*, p. 207.
5. *Ibid.*, p. 207.
6. Hicks, A. (1988), "National Collective Action and Economic Performance: A Review Article," in *International Studies Quarterly*, Vol. 32, No. 2, p.136.
7. *Ibid.*, p. 137.
8. *Ibid.*, p. 137. See a detailed criticism of Katzenstein's work, pp. 131-153.
9. Katzenstein, P. (1985), op. cit., p. 210.
10. *Ibid.*, p. 201.
11. Griffiths, R. T. and Pharo, H. (1995), op. cit., p. 36.
12. Hicks (1988), op. cit., p. 145.
13. *Ibid.*, p. 145.
14. Griffiths, R. T. and Pharo, H. (1995), op. cit., p. 36.
15. *Ibid.*, p. 36.

16. Phillips, K. (1993), *Comitology, a study*, an unpublished internal study conducted on the behalf of the Council to: "... unravel the mystery surrounding comitology—what is it exactly, how does it work and why has it become a source of friction between the institutions of the Community? ... (and to) ... examine the role it (comitology) plays in the legislative process."
17. An interview with an official in the General Secretariat of the Council.