

**EUROPEAN PERIPHERIES
IN INTERACTION**

The Nordic Countries and the Iberian Peninsula

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SMALL STATES IN THE EUROPEAN UNION: A THEORETICAL APPROACH

Baldur Thorhallsson

The aim of this paper is to examine whether the size and characteristics of small administrations influence states' behaviour within the decision-making process of the European Union.¹ The paper analyses the behaviour of seven small states in the decision-making process of the EU, Luxembourg, Ireland, Denmark, Portugal, Belgium, Greece and the Netherlands, in the period from 1986, when Portugal and Spain entered the Union to 1994, which was before Austria, Finland and Sweden joined. The behaviour of these states is analysed in two policy areas: the oldest and probably most developed policy area of the Union, the Common Agricultural Policy (CAP) and a relatively new policy areas, Regional Policy. The behaviour of these small states is compared to the behaviour of the large member state of the EU: Germany, France, Britain, Italy and Spain. The paper examines the states' domestic EU policy-making process, domestic EU policy coordination, approach towards the European Commission and negotiation tactics in the Council. The key question is whether the size and characteristics of administrations is a useful variable in explaining the behaviour of states in the decision-making process of the EU. Do small and large states conduct their business in the EU in a similar or a different way? Can the variable administrative size and characteristics be used to distinguish between the behaviour of small and large states in the EU?

Quantitative criteria such as population, territorial size and Gross Domestic Product (GDP) are most often used to define small states. The concept of vulnerability is also commonly mentioned in discussion about small states in the international system. Small states are said to be vulnerable in political, economic and strategic terms.² There is an ongoing debate about how to define small states

¹ The paper is built on the author's Ph.D. research. See, Thorhallsson B. (2000), *The Role of Small States in the European Union* (Aldershot: Ashgate).

² Commonwealth Secretariat (1997), *A Future for Small States: Overcoming Vulnerability*, Report

and to what extent they share the same interests, which can be distinguished from those of large states. However, small states in Europe do have one thing in common which distinguishes them from their larger neighbours: a considerably smaller national administration. National administrations oversee states' relations with other states and they conduct their business in international institutions. The European Union is, for instance, putting increasingly more emphasis on the administrative capacity of the applicant states to participate in the Union.³ Agenda 2000 put greater emphasis on an appropriate administrative structure of the applicants. An appropriate administrative structure to implement EU legislation into national legislation effectively is seen as 'an essential precondition for creating the mutual trust indispensable for future membership'.⁴

The ability of small states to participate in the EU has often been put in doubt. However, most studies whose aim is to analyse the response of small states towards European integration neglect to take into account the size and characteristics of their national administrations. Katzenstein, for instance, argues that concentrated economic interests and strong corporatism in small states impact upon their behaviour in the international system.⁵ He does not take into consideration what influence the smallness of states' administrations and their characteristics have on their international behaviour. As a result, he misses an important variable in explaining their behaviour and his approach needs to be widened in order to give the complete picture.⁶ Small administrations are said to be characterized by particular features such as informality and flexibility. If this is the case, we have to examine what influence these features have on their

by a Commonwealth Advisory Group. Commonwealth Secretariat (1985), *Vulnerability: Small States in The Global Society*, Report of a Commonwealth Consultative Group.

³ In Madrid in December 1995 the European Council mentioned the need to make adjustments to the applicants' administrative structure in order for them to create the conditions for the gradual integration of the states into the EU.

⁴ The European Commission (2000), *Malta 2000, 2000 Regular Report from the Commission on Malta's Process Towards Accession*, 8 November, p. 23. (<http://Europa.eu.int/comm/enlargement/index.htm>, downloaded in April 2001). Also, in Feira in June 2000 the European Council requested increased efforts of applicants to strengthen their administrative structures. Furthermore, it emphasized the link between the enlargement negotiations and the administrative capacity to effectively implement and enforce the *acquis*. The European Council meeting also requested the Commission to report to it on the administrative adjustments of the applicant states.

⁵ Katzenstein P. (1985), *Small States in World Markets: Industrial policy in Europe* (Ithaca and London: Cornell University Press), p. 80. Also, see Katzenstein P. (1984), *Corporatism and Change: Austria, Switzerland and the Politics of Industry* (Ithaca: Cornell University Press).

⁶ See, Thorhallsson B., *op.cit.*, p.

working procedures concerning EU matters and whether they differ from the large states.

This paper divides states in the EU into two broad categories; small states and large states according to number of inhabitants, territorial size, military expenditure, Gross Domestic Product (GDP) and the number of people working in the foreign service in each country, excluding locally employed people abroad. Figure 1.0 demonstrates that we can make a distinction between states with population below 16 million and states with population of 40 millions and above according to their territorial size and Gross Domestic Product (GDP). We can make the same distinction between those two groups of state, small and large, by adding the variable military expenditure. There is only one exception to this: the military expenditure in the Netherlands is higher than in Spain. Furthermore, the states in the small states' category have more in common administratively than the states in the large states' category, as we will see below. On the other hand, it is problematic to define a national administration. This is particularly the case because it varies considerably how states themselves define the term i.e. what departments and public institutions belong to the definition and how they count the number of people working with their national administrations. This study defines the national administration as national ministries, their institutions and surveillance authorities dealing with domestic and external affairs. The responsibility of ministries and their institutions and departments do however vary according to states and the number of people working within ministries does not necessarily give a complete picture of their size. In order to be more specific concerning the capacity of national administrations to work in international organizations information about the number of people working in foreign services in each state has been sought. The fourth row in figure 1.0 shows the number of people employed in foreign services of the states, excluding locally employed personnel abroad. The states fall into the same group as before, the small state category or the large state category, with the exception of the Netherlands, which employs greater number of people in its foreign service than Spain.

ADMINISTRATIVE WORKING PROCEDURES OF SMALL STATES

Small states must mobilize relatively more administrative resources to overcome the complexity of the EU structure. They are caught between the rising demands of the EU and their limited resources. A balance must be found between these two factors, which lead to differentiated strategies of institutional adjustment. Hoscheit, for instance, argues that: 'This is a major challenge, one

Figure 1.0 Member states of the European Union: Size Index

State	Population est. July 2000	Area. sq.km.	GDP US \$ est. 1999	Number of people working in the Foreign Service*	Military expenditure US \$**
Luxembourg	437,389	2,586	14.7 billion	206	131 million
Ireland	3,797,257	70,280	73.7 billion	820 approx.	732 million
Finland	5,167,486	337,030	108.6 billion	1,642	1.8 billion
Denmark	5,336,394	43,094	127.7 billion	1,663	2.822 billion
Austria	8,131,111	83,858	190.6 billion	1,397	1.7 billion
Sweden	8,873,052	449,964	184 billion	1,500	5.0 billion
Portugal	10,048,232	92,391	151.4 billion	2,038	2.458 billion
Belgium	10,241,506	30,510	243.4 billion	2,103	2.8 billion
Greece	10,601,527	131,940	149.2 billion	1810	4.04 billion est.
Netherlands	15,892,237	41,532	365.1 billion	3,050	6.956 billion
Spain	39,996,671	504,782	677.5 billion	2,619	6.0 billion
Italy	57,634,327	301,230	1.212 trillion	4,688	23.294 billion
France	59,329,691	547,030	1.373 trillion	9,800	39.831 billion
U. Kingdom	59,511,464	244,820	1.29 trillion	5,500	36.884 billion ^{NB}
Germany	82,797,408	357,021	1.864 trillion	6,515	32.8 billion

*Excluding locally employed personnel abroad.

**Various years from 1996 to 2000.

NB: Fiscal year 1. April - 31. March.

Source: CIA World Fact Book 2000 <http://www.odci.gov/cia/publications/factbook/index.html>, downloaded in April 2001. The Foreign Ministry in each country provided data concerning the number of people working in foreign services.

that has a direct bearing on the overall performance of a country in the context of European policy making'.⁷ There is a fundamental difference in how administrations of small states work within the EU institutions compared to the administrations of large states. The following features characterize the administrative working procedures of small states in the EU.

Prioritisation: Small states tend to prioritise within the EU to a far greater extent than larger states. They only concentrate on issues which they gain

⁷ Hoscheit J.M. (1992), 'Administrative Adaption in the Context of Regional Integration: Luxembourg and the European Community' in Baker P. (ed.), *Public Administration in Small and Island States* (United States: Kumarian Press), p. 267.

considerable benefits from economically or politically. The reason has as much to do with the small size of their administrations as their different range of interests. Katzenstein argues that the limited interests of small states affect their international approaches.⁸ Small member states of the EU have a narrower range of interests compared to the large states and this affects their prioritisation in the EU institutions. However, small states' narrower range of interests only partly explains their prioritisation. This is because they are forced to prioritise due to their small administration. They attend most meetings within the Commission and the Council and they can formally take part in most of the day-to-day decision-making but they have to leave out a number of meetings simply due to a limited number of staff. This is particularly the case with preparatory panels, expert and comitology committees within the Commission.⁹ Furthermore, officials of small states do not have the time or resources to prepare for all meetings they attend. Therefore they take only limited part or no part at all in discussions in many meetings. On the other hand, the larger states take an active part in all meetings. This is the case of small states when discussions take place concerning their interests.

A flexible strategic adaptation – informality and flexibility:

Administrations of small states have developed informal working procedures to deal with EU cases. Officials are the first to notice the increased pressure of EU cases but they do not have the autonomy to create new forms of formal procedure to deal with EU matters. They are left to deal with EU cases and form their own way of handling them. As a result, their response has been to adopt informality and flexibility in the handling of EU cases. Officials have taken up a flexible strategic adaptation in order to deal with EU cases efficiently and on time. Relationships between national civil servants, and between permanent representatives and national civil servants are characterized by informality and flexibility in the handling of individual EU cases. Formal procedural channels within the administration are frequently used, particularly when officials deal with sensitive cases. But policy-making within the administration and negotiations handling within EU institutions are determined by frequent and informal methods of communication. This is a direct result of small bureaucracies, where informal contacts and flexible procedures develop. Officials often know each other personally and they frequently have had to deal

⁸ Katzenstein P. (1985), *op.cit.*, p. 10.

⁹ Læg Reid P. (2000), *Implications of Europeanization on Central Administration in the Nordic Countries*. Paper presented at IASIA Annual Conference, Beijing 10-13.7 2000, Working Group III: Public Service Reform, p. 11-12.

with a variety of cases due to smallness and lack of expertise. This builds up trust among officials in the administration. All this helps to develop an atmosphere where telephone conversations, e-mail contacts and informal meetings are used to make decisions. This eases the workload of the administration, as a number of EU cases do not have to go through the formal decision-making procedure of the administration. In fact this, along with prioritisation, has made it possible for small administrations to cope with EU membership. Therefore, small administrations have made a particular attempt to enhance this flexible strategic adaptation to EU cases in order to cope with EU's increasing demands. On the other hand, formal mechanisms characterize the handling of EU cases of large states. All decisions have to go through the formal hierarchy in the national administration. This restricts flexibility in dealing with EU matters, as formal rules have to be followed at the expense of informality.

Greater manoeuvrability of officials: It is a huge task for small administrations to deal with EU membership. Officials have to formulate the national position and prepare strategies to seek adaptation by the Commission and through the Council. Officials of small states have been granted a considerable manoeuvrability to do this while officials of the large states always have to follow the formal hierarchical structure. Middle and lower ranking officials of small states within the national administration and permanent representatives in Brussels are granted unofficial autonomy by high ranking civil servants, ministries and ministers to formulate domestic policies, handle cases in the Commission and negotiations in the Council. However, this is not the case when small states deal with politically important issues. In those cases officials responsible for policy formulation and negotiations in the EU receive direct instructions. On the other hand, negotiators of small states in Brussels are always in direct informal and formal contact with policy-makers in ministries. They are more likely to be in contact with officials back home which can take a decision immediately whether to change the national position or stick to it. Also, most negotiators in small states can contact heads of sections and ministries directly. They can even at times contact the minister directly when issues are of great importance, particularly the head of the permanent representation. They are, however, more likely to receive guidelines instead of instructions.

Ministers seem to grant civil servants greater autonomy in small states than in large states, according to a survey amongst officials in seven member states. Initiatives to launch proposals in the EU are predominantly taken by civil servants in The Netherlands, Belgium, Ireland, Denmark and Portugal. On the other hand ministers in Britain and Italy nearly always take the initiative

regarding EU legislation proposed at EU level.¹⁰ This indicates the important role of civil servants in small administrations in dealing with EU matters.

The role of permanent representatives: The permanent representatives of member states to the EU play an important part in the states' approach to the EU institutions.¹¹ The function of the permanent representations is similar for all the member states. There is, however, an important difference in their role according to whether they represent a small state or a large state. This difference is manifested in two aspects. Firstly, permanent representatives of the small states take an active part in national policy formation. They also play a crucial role in the co-ordination of national positions. The permanent representatives of the large states have a very limited role to play in relation to this. Secondly, permanent representatives of the small states sometimes find they lack information and clarity from ministries responsible for individual EU cases, particularly when an issue is not regarded as of direct domestic importance. They are left on their own without knowing what is exactly expected of them and they occasionally feel that negotiators from other states perform better in negotiations. They also have to attend far more meetings compared to their counterparts from the larger states.

These two aspects, involvement in domestic policy-making and limited back up from ministries, give the permanent representatives of the small states a pivotal role in dealing with EU cases. The limited number of experts and staff in small administrations directly explains this. Ministries and bodies responsible for formation of domestic policies and coordination of EU cases rely on the knowledge of the permanent representatives to a much greater extent than ministries and similar bodies in the large states. They therefore participate directly in the domestic EU policymaking process, formally and informally. They also cover more meetings and subjects than their counterparts from the large states and as a result tend to be generalists rather than specialists. Nor are officials in Brussels required to contact ministries in order to take a policy stand in negotiations. Calling home may not either be useful due to the limited backup provided. However, when small states handle EU cases which are of importance permanent representatives make contact home more frequently, get more support from relevant domestic bodies and negotiators are sent from capitals in greater numbers.

¹⁰ Meerts P. (1995), 'Negotiating in the European Union' in *Discussion Papers Diplomacy* (University of Leister, Department of Politics: Study of Diplomacy), p. 8-10.

¹¹ De Zwaan J.W. (1995), *The Permanent Representatives Committee: Its Role in European Union Decision-Making* (T.M.C: Assar Instituut – The Hague: Elsevier), p. 25.

The great responsibility of officials æ National policy-making, negotiations, implementation: There is often no clear-cut divide between policy formation and implementation in the small states. There are often only one or two officials assuming primary responsibility for a series of directives. It is often the same official who is involved in domestic policy-making, attends committees in the Commission, attends working groups in the Council, advises the minister for meetings in the Council of Ministers and subsequently implements the directive. Furthermore, the same official may also deal with EU policies which involve grants and other payments. He or she may make the rules eligibly within the guidelines of the Commission, select which domestic projects go for consideration in the EU and take part in deciding which project qualifies in the Commission. This great responsibility of some officials of small states is a clear consequence of the small size of their administrations. These links between national policy-making, negotiations in EU institutions and implementation simplify the working procedure. It makes it easier for small states to oversee the relations with the EU. They are also able to respond quicker to new developments in the EU. EU officials and other national officials also know who to contact in small states knowing that he or she often has the authority to respond without a delay to their requests. This particularly helps small states to work with officials of the Commission as will be seen below. Furthermore, this characteristic of the small administrations enables them to implement EU legislation as efficiently as the larger states. Implementation problems are not greater in small states than they are in the large states.¹² The Netherlands has, for instance, made particular efforts to involve implementing officials in the earlier stages of national EU policy making. These officials now both participate in the preparations for EU negotiations and negotiate in the Council. These changes were made to shorten the implementation process.¹³ On the other hand, negotiations in the larger states are exclusively in the hands of policy-experts and implementation is a responsibility of particular officials.

The special relationship between small states and the Commission æ the routine working process and reliance on the Commission: The small states develop a routine working process with the Commission. A few officials, often just one or two, from each of the small states are in direct contact with officials of the Commission for each of the individual policy sectors. This simplifies the

¹² Soetendorp B. and Hanf K. (1998), 'The Netherlands: Growing Doubts of a Loyal Member' in Hanf K. and Soetendorp B. (eds.), *Adapting to European Integration: Small States and the European Union* (London and New York: Longman), p. 191.

¹³ Ibid., p. 50.

forms of contact between a small state and the Commission. This is particularly the case because normally only one rapporteur in the Commission is responsible for each of the Commission's proposals. Therefore, officials are likely to know each other and it is often easier for officials of the Commission to understand the problem which a small state faces due to its narrower interests. Also, the same official of a small state tends to be involved at all levels regarding EU cases, as stated earlier. This makes it particularly relevant for the Commission to develop a good contact with him or her. They can often respond quicker to new developments in the Commission or at the Council level and they even have the autonomy to make important decisions themselves as they take an active part in domestic policy formulation. The national officials of small states can therefore make an important contribution to the Commission in its initial stages in drafting proposals and when it needs to alter the original ones. The interaction of the officials of small states with officials to the Commission are characterised by mutual understanding and informal relationship. The flexibility and informality of the small administrations, discussed before, helps to develop this special relationship. Also, the vague separation to policy-formation and implementation in small states helps as it is of great advantage for the Commission. An official of the Commission stated: 'it is very easy to deal with the small states. You know where you are, without any hierarchy. If there is a problem they react quickly'.¹⁴ As a result a routine working process between each of the small states and the Commission is created. This helps the small states to influence the Commission and to get their views incorporated into proposals. The Commission gets a special insight into the situations of small states. It is more likely to satisfy their interests and to support their proposals. The increased comitology procedures in the Commission also help the small states to develop the routine working processes.

Small states rely more on the Commission than the large states in their attempt to get their views accepted in the Council. Small states rely on information from the Commission to take a policy stand in sectors where their interests are not located. This is because their limited administrative capacity does not allow them to gather data in all sectors. Small states do, however, make their own studies and present a coherent policy-position within the Commission and at Council meetings where their direct interests are affected. They do not need the Commission resources on those occasions. But they are in more need of having the Commission on their side in the Council compared with large state.

¹⁴ An interview with an official of the European Commission.

As an official from the Netherlands stated: 'there is a major difference for us to start negotiations having the Commission on our side, being able to say that we agree fully with the Commission. It is a big advantage'.¹⁵ A small state has almost no chance at all of succeeding in the Council on its own while a number of cases indicate that a large state in the same position can press forward its interests. Permanent representatives of small states often attend meetings in the working groups of the Council, particularly while experts of large states attend them on their behalf. It is exactly at this stage that the small states lack information from the Commission, as proposals can be very technical. As a result, they tend to co-operate with the Commission instead of confronting it, as the large states tend to do. They are active in influencing the Commission in sectors where their interests are located. They are, however, reactive in others. This is because they do not have enough staff and expertise to participate fully in all committees of the Commission.

On the other hand, large states are active in all sectors and do not hesitate to stand on their own in the Council and demand a redraft of a proposal from the Commission. Small states try to avoid this situation by using the routine working process to influence the Commission in its early stages in drafting proposals. Furthermore, the small states demand that the Commission act as a mediator between the small and the large states. Small states do, however, have to work their way through the committees of the Commission and they do not get anything for free. The Commission is not a defender of the interests of small states. Small states have to defend their interests on their own. The approach of the small states towards the Commission is to negotiate a favourable deal in order to have a better chance of succeeding in the Council. Furthermore, small states prefer to negotiate bilaterally with the Commission instead of taking cases to the Council. This is, for instance, the case concerning the Community Support Frameworks within the Regional Policy. They prepare this as their officials argue that they have a better chance of getting their views accepted in bilateral negotiations with the Commission than in the Council. The emphasis which the small states have put on the continuing role of the Commission in the institutional reform of the EU shows the importance they place on it.

Negotiation strategies of small states: Small states tend to have an identical negotiation strategy in the EU. This strategy can directly be linked to their limited administrative size and characteristics described earlier. Their strategy

¹⁵ An interview with a Permanent Representative of the Netherlands to the European Union.

can be divided into inflexible or flexible tactics.¹⁶ Small states are very inflexible in negotiations when they regard a case as important. On the other hand, if they regard a case of limited importance they are flexible in negotiations. This is contrary to the negotiation strategy of large states, as they tend to be inflexible on all occasions.¹⁷

Small administrations have to use all their resources available on cases regarding direct domestic interests. As a result they develop a twofold negotiation approach. They become flexible in negotiations where they do not consider themselves to have direct interests, economic or political, but inflexible where their interests are at concern. They are active in negotiations concerning agricultural products which they produce but reactive in others. Also, Ireland, Portugal and Greece are more active in the development of their Regional Policy than Belgium, the Netherlands, Luxembourg and Denmark. These only tend to become active in negotiations concerning the distribution of funds from the Structural Funds and how they should be spent domestically.

Decision-making in the EU is often achieved through the use of side-payments, logrolling and package deals.¹⁸ Package deals are particularly beneficial to small states. This is because they have a narrower range of interests in the EU compared to large states. The tactic they use is to promise to be flexible on a number of issues in exchange for getting their demands accepted in only one or two cases. This was, for instance, how Belgium got its Hainaut region accepted as an Objective 1 region in the package deal on the Regional Policy reform in 1993. This was also the case with Ireland, Portugal and Greece in the negotiations for increased funds under the Regional Policy in 1991 and their share of the assistance in 1992. It is also cheaper for the Commission and other states to buy the support of a small state than of a large state, as it is simply less costly to increase milk quotas in Ireland than it is in Italy.

The bargaining behaviour of member states is influenced by domestic preferences but personalities and negotiation skills of national officials are

¹⁶ The flexibility of states in negotiations in the EU is defined according to whether they change their original policy-position presented at the EU level. A member state is regarded to have a flexible negotiation strategy if it alters its original policy-stand during the EU decision-making process. But a states is regarded as inflexible if it adheres to its original policy-stand to the very end of the decision-making process.

¹⁷ Large states have the administrative capacity to focus on all cases within the EU and some of them have greater interest in controlling the EU expenditure.

¹⁸ Hosli M.O. (1995), 'The Balance between Small and Large: Effects of a Double-Majority System on Voting Power in the European Union', *International Studies Quarterly*, Vol. 3, No. 3, p. 255-256.

important factors that determine bargaining outcomes.¹⁹ Small states use their administrative characteristics to enhance the possibility of a positive outcome in negotiations. They do, however, try to avoid isolation and prefer a package deal where their interests are satisfied. Coalition building is crucial for small states in the Council. This is particularly the case as a number of cases indicate that small states are not regarded to have a veto in the Council while the large states Britain, France, Germany and Spain, have a potential power of veto. Ireland's threat to veto the 1993 reform of the Regional Policy was not taken seriously and the Council went ahead with its decision despite Ireland's protest and the unanimity rule of decision-making in the policy area. Also, Portugal rejected the GATT deal in December 1993. It did manage to gain some compensation from the EU but not to change the agreement itself, as France had been able to do on several occasions during the GATT negotiations, due to its veto threat in the Council.²⁰ Moravcsik argues that the veto is an option mainly for Britain, Germany and France. This is because these prosperous and relatively self-sufficient states gain relatively little from agreements, compared to their smaller, poorer, more open neighbours.²¹ Previous studies conducted before the entry of Spain and Portugal into the EU have come to the same conclusion.²² The negotiation tactic of Spain is identical with the three large states and so is its right to block proposals. Spain, for instance, vetoed the EU budget of 1988 until it got an agreement on a doubling of the Structural Funds. Spain also only accepted the targets of the EMU in exchange for a new Cohesion Fund at the Maastricht summit and it succeeded in increasing the Structural Funds considerably at the Edinburgh summit by threatening to use the veto. On the other hand, Italy does not use the veto threat as the others which can be explained by four related features which influence its negotiation tactic: Weak administration, very pro-European attitudes, fragmented political system and

¹⁹ Ibid.

²⁰ See Thorhallsson B. (2000), op.cit., p. 185-208.

²¹ Moravcsik A. (1994), 'Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach' in Bulmer S. and Scott A. (eds), *Economic and Political Integration in Europe. Internal Dynamics and Global Context* (Great Britain: Blackwell), p. 54. Also, see Moravcsik A. (1991), 'Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community' *International Organization* Vol. 45, No. 2, p. 25.

²² Henig S. (1980), *Power and Decision in Europe. The Political Institutions of the European Community* (London: Europotentials Press). Wallace H. (1986), 'Bilateral, Trilateral and Multilateral Negotiation in the European Community' in Morgan, R. and Bray, C. (eds.), *Partners and Rivals in Western Europe: Britain, France and Germany* (Aldershot: Gower Publishing Company).

limited attention to international politics. The Italian administration is, however, active within the EU as a number of cases indicate. It pushed for an agreement regarding the EMU and took an active part in negotiations concerning the Uruguay Round in the EU. It was also successful in holding on to an Objective 1 region and in its push for increased milk quotas.²³

THE VARIATION IN ADMINISTRATIONS

Administrations of small states are, of course, not all the same and the coordination of EU cases within them differs. However, our findings indicate that their working procedures concerning EU matters are characterized by similar features.

Luxembourg must, however, be distinguished from the others as it has even less capacity to work within the EU than others. The Belgian delegation, for instance, represents Luxembourg in a number of meetings which it does not have the capacity to attend.

The administration of Greece has been slow to develop a formal structure of handling EU cases and it has not yet attained the same capability as others in dealing with the EU. The weakness of the administration can be explained by historical reasons and the political landscape in Greece, which for a considerable time lacked a will to restructure the handling of EU cases. However, important changes have taken place within the administration. Notable is the adaptation of informal working methods. The administration has taken up more flexible decision-making and given officials considerable scope for manoeuvre in sectors, which are not of direct importance. It also puts heavy emphasis on prioritisation. These administrative features are even more evident in the case of the Greek administration than in others. This has enabled the Greek government to work more efficiently within the EU.

The Portuguese administration had some difficulties in handling EU matters during its first years of membership. However, these difficulties seem to be over and it is characterized by the same features in handling EU cases as administrations in Denmark, Ireland, Belgium, the Netherlands, Luxembourg and Greece.

The administrations of Spain and Italy are weaker compared to the administrations of Britain, France and Germany. The Spanish administration has

²³ See, Thorhallsson B. (2000), op.cit., p. 218-221.

made an attempt to adopt some of the characteristics of a small administration in order to overcome its weakness. It has systematically taken up informal working methods. This has speeded up the domestic EU decision-making and made the administration better capable of coping with EU cases. The Spanish Permanent Representatives are also involved in the domestic EU process as are their counterparts in the small states. However, despite these similarities the Spanish administration is characterised by typical features of large administrations such as a formal decision structure and the limited scope of autonomy for its negotiators. It has not developed a flexible decision-making structure concerning EU matters as the small states. As a result, it conducts the same approach towards the Commission as other large states and its negotiation strategy in the Council is identical to that of Britain, France and Germany.

The administration of Italy has had difficulties in presenting a coherent policy-stand in EU negotiations, in its EU policy coordination and in implementing EU legislation. Unlike Spain it has not tried to overcome its weakness by adopting some of the characteristics of small administrations. This has prevented it from taking as predominant a role in negotiations in the EU as the other large states. Other features of Italy also add to this such as its pro-European policy, fragmented political system and limited attention to international politics. But its weak administration, administrative segmentation and under-coordination, is the core explanation for its less active approach in the EU compared with the other four large states. The Italian administrative weakness makes us question the link between a small administration and behaviour in the EU decision-making process. The fact is, however, that the Italian administration does have very little in common with administrations in small states. It is characterised by the same features as the other large administrations, described earlier. The stiffness within the administration adds to the lack of domestic coordination over EU matters. Italy plays an active role in the EU but its administrative weakness and very pro-European attitude have on some occasions led it towards a more flexible and less confrontational stand in negotiations than other large states. The weakness of the Italian administration and its consequences further strengthens our claim that the variable administration has to be considered when the behaviour of member states in the decision-making processes of the EU is analysed.

It is important to state that a number of findings indicate that membership of the EU has not changed the formal structure of national administrations.²⁴

²⁴ See Bulmer S. and Bursch M. (1998), 'Organizing for Europe: Whitehall, the British State and European Union', *Public Administration*, Vol. 76, No. 4, p. 601-28, Hanf K. and Soetendorp B.

Major organizational adjustments to meet the EU demands have not taken place and adaptation has occurred by ad hoc responses. Administrations of the member states of the EU are relatively autonomous in relation to how they deal with EU cases. This is because the EU puts few formal constraints on how national administrations organize EU cases.²⁵ Partly as a result of this all the member states of the EU base their participation in the EU on their existing models of administration.²⁶ The formal structure of the administration is kept in place and adjustment to membership takes place within the existing administrative framework.

CONCLUSION

The paper indicates that the size and characteristics of administrations is an important variable in explaining states' behaviour in the EU decision-making process. Theoretical approaches need to look beyond the traditional variables, which are often used to explain the behaviour of small states in relation to European integration. Variables such as economic characteristics, military weakness, territorial size and the size of population itself are useful tools in examining the activeness of states internationally. They can help to explain small states' promotion of free trade, neutrality or willingness to join a military alliance. Also, they may provide an account of states' behaviour in a military organization like NATO. However, they do not provide a complete account of small states' behaviour within the EU. They lack in explanation value in making a distinction between the behaviour of small and large states.

Small states are forces to prioritise in the EU. As a result they become reactive in a number of policy sectors. The public policy literature distinguishes between active and reactive administrations.²⁷ Small states use all their capacity

(1998), *Adapting to European Integration: Small States and the European Union* (London: Longman), Harmsen R. (1999), 'The Europeanization of National Administration: A Comparative Study of France and the Netherlands', *Governance*, Vol. 11, No.1, p. 81-114.

²⁵ Page E. and Wouters L. (1995), 'The Europeanization of National Bureaucracies', in Pierre J. (eds.), *Bureaucracy in the Modern State* (Aldershot: Edward Elgar), Veggeland F. (1999), 'Delegering, læring og politisk kontroll i EØS-arbeidet: Norsk deltakelse i EU-komiteer på veterinær- og næringsmiddelområdet', *Internasjonal Politikk*, Vol. 58, No. 1, p. 81-112.

²⁶ See Bulmer S. and Bursch M. (1998), *op.cit.*, Hanf K. and Soetendorp B. (1998), *op.cit.*, Harmsen R. (1999), *op.cit.*

²⁷ Wright V. (1996), 'The National Co-ordination of European Policy-Making; Negotiation the Quagmire,' in Richardson, J. (ed.), *European Union, Power and Policy-Making* (London and New York: Routledge), P. 148.

to deliver positive deals in beneficiary policy-sectors. A distinction is also made between formal and informal administrative working procedures in the public policy literature.²⁸ The handling of EU cases within the small states is characterised by informal communication, flexible decision-making, greater autonomy of officials, guidelines rather than instructions to negotiators when not dealing with direct domestic interests and vague separation of policy-formation and implementation. These characteristics make it possible for a small state to participate successfully in the decision-making system of the EU. They are in contrast with the characteristics of the administrations of large states and their EU working procedure: a hierarchical structure, formal decision-making processes, limited or no autonomy of officials, strict instructions to negotiators from their capitals and a clear separation between policy-formation and implementation.

The public policy literature also distinguishes between vertical and horizontal approaches.²⁹ The permanent representations of member states to the EU are formally auxiliary branches of national administrations.³⁰ However, the permanent representatives of small states operate using a horizontal approach within national administrations. They are in contact with officials at all levels within the administration. This horizontal nature of their working procedure is a direct consequence of the smallness of the administration.

The smallness and the characteristics of small administration provide an explanation of small states' approaches to the Commission. The informality and flexibility of small administrations make them particularly well suited to work with the Commission. They compensate for their limited administrative capacity by developing a special relationship with the Commission. They rely on it to a greater extent than the large states and have opted to cooperate with it instead of confronting it, as the large states tend to do.

The negotiation strategy of small states in the Council is also characterized by informal ways of handling EU cases and more limited administrative capacity compared to the large states. Small states are inflexible when dealing with important issues but flexible in others. Officials have considerable autonomy in negotiations and they can respond quickly to new developments in the Council. They avoid isolation in the Council and prefer package deals. Small states are as

bound by domestic interests as large states and the narrower range of interests of small states in the EU does not explain their twofold negotiation strategy. They become reactive in a number of cases due to their limited administrative capacity and their distinctive administrative characteristics clearly influence their domestic EU working procedures during negotiations in the Council. This is reflected in the participation of small states in the EU decision-making process.

Studies which fail to take into account the size and characteristics of states' administrations participating in the decision-making processes of the EU are in danger of reaching a wrong conclusion. A new variable, the size and characteristics of administration needs to be taken into account in order to explain the behaviour of small states in the decision-making process of the EU.

²⁸ Ibid., p. 148.

²⁹ Ibid., p. 148.

³⁰ Hayes-Renshaw F., Lequesne C. and Mayor-Lopez P. (1989), 'The Permanent Representations of the Member States to the European Communities', *Journal of Common Market Studies*, Vol. 28, No. 2.