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Casting light into "the black hole": partisan politics of European compliance

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CASTING LIGHT INTO "THE BLACK HOLE": PARTISAN POLITICS OF EUROPEAN COMPLIANCE

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To My Most Beloved Wife, BAHAR ULUPINAR

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ABSTRACT

The main analytical concern of this project is to develop and use innovative theoretical and methodological tools to explain the compliance process in the European Union (EU). There are three major issues in the existing literature on EU compliance: lack of theoretical achievement, failure to adequately chart the domestic politics of EU compliance and underrealized potential of the Large-N Research design. This project addresses each of these issues.

As far as the first and second issues are concerned, I identify the lack of a sustained dialogue with international relations and comparative politics as the main limitation of the existing literature. Based on this diagnosis, I develop the most systematic theoretical treatment to date of the domestic politics of EU compliance, which rely on insights drawn from various literatures in international relations and comparative politics. Developing a partisan approach to International compliance, which applies not only to the EU, but also all other instances of international regulatory regimes, I demonstrate that domestic contestations over compliance with international rules, being structured along different preferences toward the process and substance of international rule making and mediated through partisan politics, systematically affect the compliance patterns of the governments of the member states. The partisan approach yields two hypotheses, the process and substance, each of which concerns the impact of preferences toward the process and substance of the European rule making on the compliance patterns of member states.

As far as the third issue is concerned, I employ the Large-N quantitative analysis to test empirical models based on the partisan approach. Relying on a data set of all infringement actions from 1995 to 2004, I test the process and substance hypotheses of the partisan approach in the context of the European Union through a series of empirical analyses. In the empirical analyses, I first examine the compliance patterns of member states across all policy areas, and then investigated compliance patterns in sub categories of EU policies, de-regulatory and re-regulatory policies. Different empirical models yield the same results that the party preferences of national governments have a systematic impact on their compliance patterns.

INTRODUCTION

The thrust of this project is to explicate the politically contested nature of compliance with the rules and regulations of the European Union (EU). My main question is how domestic distributive and allocative contestations among societal actors affect EU compliance. I explore this question by examining the impact of partisan politics, which crystallize and mold these contestations, on member states' patterns of compliance with EU rules and regulations. I claim that compliance with EU rules and regulations necessarily evokes distributional and allocative issues, which makes it subject to domestic contestation. Domestic contestation over compliance is structured around diverse social preferences regarding the process and substantive outcomes of EU rule making. Political parties, which aggregate and distill these preferences into partisan orientations, add their partisan biases into the compliance patterns of governments that they compose.

As such, this project is a part of ongoing efforts to fill what Weiler once described as a "black hole" in our understanding of EU compliance (Weiler, 1988, 1991). Wieler noticed that while the smooth functioning and effectiveness of EU were increasingly contingent upon the extent to which member states complied with its rules and regulations, our understanding of the determinants of compliance with EU rules remained limited. After almost two decades of scholarly endeavors, the literature on EU compliance seems to have arrived at a crucial moment where scholars share serious doubts as to how successful the endeavors in the literature have been in filling the black

hole (Mastenbroek, 2005). In the following, I discuss the theoretical and methodological issues which make scholars have a gloomy assessment of the achievements of the literature and how I address these issues in this project. Later, I present the theoretical and methodological orientations of the project and finish this introduction by laying out the organization of the project.

LITERATURE REVIEW: FILLING THE "BLACK HOLE"?

Over more than a half of century of its evolution, the EU has accumulated a huge body of rules and regulations. With the increasing volume of these rules and regulations, the issue of compliance has become more accentuated. Associating with the growing appreciation of the importance of compliance for integration was an increasingly strong lament that scholars and policy makers have voiced about what is referred to as the implementation deficit that supposedly plagues the EU (Mendriou, 1996; Snyder, 1993; Tallberg, 1999; Borzel, 2001). The implementation deficit is assumed to be stemming from the fact that the EU has the capacity to make rules, but lacks the capacity to directly implement or enforce them, which practically makes it almost completely dependent on its member states for the implementation of its rules. The implementation deficit is alleged to hamper the smooth functioning of the EU and, more seriously, has a potential to kill the very purposes of integration (McCormick, 2001). This growing alarm over the implementation deficit accompanying with an increasing realization of a "black hole" in our understanding of EU compliance has fueled a huge bulk of scholarly efforts since the late 1980s (Borzel, 2001).

Despite non-negligible progress in our understanding of EU compliance, scholars in the field recently question whether their substantive efforts have been successful in

filling the "black hole" in our understanding of EU compliance (Mastenbroek, 2005). They have noticed at least three major issues that the literature has not been much successful in addressing, but need to be dealt with if progress in our understanding of the EU compliance process is to be achieved.

Issue 1: Scarcity of Theoretical Achievements

The first issue is the lack of theoretical progress in the literature. While the existing scholarship in the literature has made substantial efforts in conceptualizing and developing analytical stories to account for EU compliance, the theoretical achievements of the literature have been at best sketchy. Some studies have not gone beyond the descriptive evaluations of the policy compliance patterns of member states (Richardson, 1996; Mendrinou, 1996; Weiler, 1991; Azzi, 2000; Peters, 1997; Borzel 2001). Most others have been eclectic and pointed out various relevant factors to explain EU compliance, but have failed to formulate them into more generalizable propositions (Knill & Lenschow, 1998; Bursens, 2002; Borzel, 2003; Falkner, Treib, Hartlapp & Leider, 2005). Some other studies have tried to systematically apply the major theoretical approaches from International Relations literature, but their empirical models yield either insignificant or inconsistent results that go against the theoretical expectations (Mbaye, 2001; Mastenbrook, 2003). Therefore, despite all the efforts in the literature to elucidate the determinants of EU compliance, our theoretical understanding of the process still remains limited.

Issue 2: Failure to Adequately Chart the Domestic Politics of Compliance

The second issue, related with the first one, is the failure to adequately chart the domestic politics of compliance. Scholars have noticed the role of domestic variables in the

compliance process, but those variables, like administrative and institutional traditions, material capacity and resources, are mostly technical and static. The literature has failed to systematically explore the politics of EU compliance or domestic contestations waged over compliance with EU rules. On this point, the literature could have hugely benefited from a dialogue with another booming field in the EU literature, which is the field of European integration and political contestations (Marks & Steenbergen, 2004). Scholars in this literature charted the contours of domestic conflicts on European integration. But, unfortunately, the EU compliance literature still has to capitalize on the major insights springing from the elaborate instigations of political conflicts over the EU.

Issue 3: Unrealized Potentials of the Large-N Research Design

The last, but not least, issue that the EU compliance literature appears to be troubled with is a methodological one. The dominant methodological orientations informing the previous studies have been the case study and comparative methods. Studies employing these methods have deepened our understanding of European compliance by developing different hypotheses and elaborating mechanisms linking compliance with factors of interest through single or comparative case studies. Despite the substantial contributions of these research designs, scholars are concerned with having ended up with too many hypotheses that all seem plausible in explaining EU compliance. The inherent limitations of the case study and comparative methods make it difficult to test these hypotheses in one research design. Scholars agree that literature would gain much from the full realization of the large-N research design supposed to be better equipped to test a number of hypotheses in a multivariate analysis (Mastenbroek, 2003, 2005).

How to Solve the Issues: The Contributions of This Project

In this project, I am primarily concerned with the main issues that are points where the literature can be expanded. In my effort, I develop innovative theoretical and methodological tools that, I claim, help to cast more illuminating light into the black hole in our understanding of EU compliance.

As far as the first and second issues are concerned, I claim that what is really lacking in the literature on EU compliance is a sustained dialogue with other possibly relevant literatures in IR and Comparative politics. I argue that the students of EU compliance have much to gain from the analytical tools and theoretical insights of these relevant literatures. In this project, I engage with relevant literatures in Comparative Politics and International Relations and undertake the much-needed dialogue with them. Drawing on analytical tools and insights from the International Relations literatures on international regimes and institutions, international compliance, globalization and interdependence and the Comparative Politics literatures on public policy, political parties and partisan politics, I come up with a theoretical approach that I call as the partisan approach to international compliance. I theorize that compliance with rules in regulatory regimes is intrinsically connected to the domestic process of distribution and allocation of resources and values, which makes it subject to contestation among domestic actors. This contestation is implicated in the compliance process through the partisan politics. My approach both provides analytical tools generalizable to other instances of international compliance and sheds lights on political contestations over compliance at the domestic level.

Addressing the third issue, I test the partisan approach through a large-N research design. In the empirical analyses of the compliance patterns of member states, I test the partisan politics approach controlling other relevant variables that the literature has studied. In the remainder of this introduction, I briefly present the theoretical and methodological orientations of the project, which better illustrates how I address the main substantive and methodological issues of the EU compliance literature.

THE THEORETICAL ORIENTATION OF THE PROJECT: THE PARTISAN APPROACH TO INTERNATIONAL COMPLIANCE

Convinced that EU compliance is an instance of a broader phenomenon of compliance in international regulatory regimes, I develop a general theoretical approach to international compliance and apply it to the EU compliance process. My approach causally connects domestic contestations over distribution and allocation of resources and values, partisan politics and international compliance. There are three main propositions that the partisan approach to international compliance is predicated on.

Proposition (1):

Compliance with the rules of international regimes is essentially connected to the domestic distribution and allocation of resources and values.

This proposition is grounded in the notion that the rise of international regulatory regimes represents the internationalization of public authority and the extension of the domestic policy process beyond national boundaries (Ruggie, 1983). Conventionally, the state has been the main holder of public authority in a given territory granted with the ultimate right to make binding decisions on substantial policy issues and problems (Weber, 1958 [1948]). One of the backbones of justification for the state's hold over public authority has been its ability to provide an organizational and political framework to effectively

address policy issues within its own territory. At a general level, there are three main policy issues that give content to the exercise of public authority: establishing and maintaining security and order, building mechanisms for wealth creation and providing a measure of social, economic and physical welfare for the public. How these policy issues are authoritatively dealt with has distinct and often conflicting allocative and distributive consequences for societal actors and thus constitutes the crux of the domestic policy process, in which societal actors compete over how resources and values are allocated and distributed.

In addressing these policy issues, the state has tended to follow a sovereign or national mode of governance, which involves reliance on its own organizational, human and material capacities to manage the main policy issues. However, with the trends of interdependence and globalization involving the growing expansion of the scale of social, economic, political interactions beyond national boundaries, the capacity of the state as a distinct organizational and political unit appropriate to effectively manage these policy issues and maintain independent policies has come under strains (Keohane & Nye, 1977; Zurn, 2002). As a response to the strains in the governance capacity of the states, a nexus of international governance has emerged (Young, 1999; Held, 2002, 8). This nexus consists in mechanisms of "rule-making, policy coordination and problem-solving", in which states pool and delegate their authority to address policy issues at the international level. International regulatory regimes are enmeshed in this nexus of international governance (Young, 1999).

A variety of regulatory regimes have arisen to help states to achieve policy outcomes. It is possible to put international regulatory regimes into three broad types on

the basis of substantive policy issues that they are designed to address, which incidentally correspond to the major policy issues that the state is expected to manage. These types are security-oriented, wealth-oriented and welfare-oriented regimes. Security-oriented regimes are a response to states' truncated capacity to deal with their own internal and external security on a sovereign basis. The major examples of this type of regulatory regime consist in the arms control and nuclear proliferation regimes, which provide states with collective mechanisms to deal with major security issues of international origin (Zacher, 1992; Haftendorn & Wallander, 1999). Wealth-oriented regimes allow states to manage the internationalization of mechanisms of wealth creation. A chief example includes the General Agreement on Tariffs and Trade (GATT) /World Trade Organization, where states agree on collective tools to manage global trade, a chief economic issue vital for the economic well-being or wealth of their citizens (Gilpin, 2001). Welfare-oriented regimes are designated to provide collective devices to address social, economic and ecological welfare issues that are often transnational in their origin. Probably the best example of this type of regime is environmental regimes addressing ecological welfare issues, like pollution (Young, 1989).

Being a response to the state's strained governance capacity to manage the main policy issues, the rise of international regulatory mechanisms involves internationalizing public authority through pooling and delegating it in those mechanisms and thus extending the domestic policy process beyond national boundaries (Young, 1999; Ruggie, 1983). Hence, policy decisions on the security, wealth and welfare of the citizens, which inexorably have consequences for the domestic allocation and distribution of resources and values, are not exclusively confined to the domestic political process,

but are increasingly made through international rule making mechanisms. What these mean for compliance with rules and commitments made in these mechanisms is that it is bound to evoke distributional and allocative concerns among societal actors at the domestic level.

Proposition (2):

Due to its consequences for the domestic distribution and allocation of resources and values, compliance with the rules of international regulatory regimes is subject to domestic contestation, which is structured by diverse social preferences regarding process and substantive outcome of international rule making.

If compliance with international rules and commitments are linked to the process of distribution and allocation of resources and values at the domestic level, it becomes subject to domestic contestation. I claim that domestic contestation over compliance with international rules and regulations is structured by diverse social preferences over international rule making. These preferences can be organized into two dimensions: a process dimension and a substance dimension.

The process dimension is related to the appropriateness of international rule making mechanisms to address specific policy issues of distributive and allocative consequences. Although the need for an international mode of governance has become more pervasive as the strains in the governance capacities of states tighten, it does not go uncontested. Domestic actors have different preferences concerning the extent to which policy issues are to be handled through an international rather than a national mode of governance. On one end of the continuum lie those who favor a national mode of governance. On the other end are those who support the idea of an international mode of

governance. Those closer to the international end of the continuum tend to support compliance with rules created through an international mode of governance more than those closer to the national end of the continuum.

While the process dimension taps into the appropriateness of rule making mechanisms, the substance dimension concerns the intended policy outcomes of rules created through these mechanisms. Depending on how international rules affect the distribution and allocation of resources and values at the domestic level, societal actors form their preferences as to how compliant their governments ought to be in putting these rules into effect. Those social actors whose interests or values the substantive outcomes of international rules serve or reflect are likely to be more supportive of compliance with these rules than social actors whose interests or value stances are adversely affected by the intended policy outcome of these rules.

Proposition (3):

Being the most visible and direct intermediary between social preferences and political authority in modern politics, political parties aggregate and distill social preferences regarding the process and substance of international rule making into partisan orientations, and inject these orientations into the compliance patterns of governments that they compose.

Divergent social preferences regarding the process and substantive outcomes of international rule making are represented and aggregated through intermediary institutions, like political parties, interest groups and social movements. Of these intermediary institutions, my approach takes political parties as the principal one. Although there are debates over the decline of parties in their aggregation and

representation roles, political parties still constitute the most direct and visible linkage between social preferences and political authority (Dalton, 2000; Pharr & Putnam, 2000; Diamond & Gunter, 2001). I also assume that political parties are policy seekers. Parties distill divergent social preferences into concrete policy objectives and proposals. Using governmental power, they convert these policy objectives and proposals into concrete policy outcomes. Scholars have shown that political parties tend to inject their partisan biases in various governmental actions not only at the domestic level but also at the international level, like humanitarian interventions, trade and exchange rates (Rathbun, 2004; Simmons, 1994; Verdier, 1994). Likewise, I expect that political parties add their partisan biases and programmatic orientations related to the process and substantive outcome of international rule making into the international compliance patterns of governments that they compose.

The partisan approach yields two major hypotheses, which respectively concern the process and substantive outcomes of international rule making.

The Process Hypothesis:

Governments with a more favorable stance toward European integration and a European mode of governance are likely to display a better performance in international compliance than governments with a less favorable stance.

The Substance Hypothesis:

Governments with a more favorable stance toward the intended policy outcome or substance of European rule making are likely to comply with these rules better than governments with a less favorable stance.

Applying these hypotheses to the EU compliance process, I expect that the governments of member states with different partisan preferences related to the process and substance of European rule making are likely to exhibit different (non) compliance patterns.

THE METHODOLOGICAL ORIENTATION OF THE PROJECT

As noted previously, the methodological orientations of previous studies in the EU compliance literature have been predominantly the case study and comparative methods. While appreciating the contributions of these research designs, I join the chorus of those who argue that the potential of large-N quantitative methods have not been sufficiently realized in the literature (Mastenbrook, 2003; Mbaye, 2001). In my empirical analysis, I ascertain the impact of the partisan preferences of national governments on their patterns of compliance with EU rules and regulations through a large-N research design.

The dependent variable of my analysis is the compliance patterns of EU member states across policy areas with different distributive and allocative consequences. Compliance is generally defined as the conformity of behaviors to rules and regulations (Raustiala & Maria- Slaughter, 2002). Scholars have noticed that compliance and non-compliance do not represent a dichotomy, but a continuum; there is a wide spectrum of possibilities between compliance and non-compliance, like partial and late compliance (Young, 1979). To measure how well member states comply with EU rules, I refer to their behaviors in what is known as the infringement procedure. In the EU compliance literature, the data on infringement procedures and especially on the frequency of appearance at the different stages of the infringement procedure have been used by a number of studies in the EU compliance literature for illustrative and explanatory

purposes (Weiler, 1988, 1991; Snyder, 1993; Tallberg, 2002; Mbaye, 2001). In this analysis, I follow suit and use these data to measure the dependent variable, but do so with two innovations.

The first innovation is that although the infringement data have invaluable information about the compliance behaviors of member states, critics of these data have pointed to some possible biases (Borzel, 2001). Since the infringement data are an indirect measure of the compliance behaviors of member states through the reaction of the Commission and the public, it is possible that some biases might be built into them. Unlike the existing studies using these data, I explicitly control the relevant biases that critics have pointed out.

The second innovation is to disaggregate the data. Instead of employing the aggregate data of the total number of infringements including letters of formal notice, reasoned opinions and references to the Court that a member state gets in a given year, I use each instance of infringement action as the main unit of analysis. In my analysis, I draw on a unique data set that I have built. I collected and coded more than 11000 individual infringement actions taken by the Commission from December 1995 to May 2004. In a monthly journal, the Bulletin of the European Union, the Commission reports infringement actions against a specific country or countries about a specific legislation in a specific policy area. The main advantage of disaggregating the data is to gain more detailed information about diverse aspects of the compliance patterns of member states than one would get using the aggregate data.

The explanatory variables of my analysis are the partisan preferences of national governments concerning the process and substance of EU rule making. In measuring the

partisan preferences on the process of EU rule making, I use the pro-Europeanness scores of political parties. In measuring the partisan preferences on the substance dimension of EU rule making, I employ the scores of preferences for various substantial policy outcomes. Instead of holistic measures like leftness-rightness, I employ much more specific measures, including scores for support for market economy, free enterprise, market regulation, depending on policy areas under consideration.

I include a number of control variables in my empirical analysis that the existing literature has pointed to as relevant. Some of these variables are as follows: Influence in the EU rule making process, dependence of the EU, the administrative and material capacities of member states, socialization into EU rules and practices, domestic institutional variables and possible biases in the infringement data.

THE ORGANIZATION OF THE PROJECT

The remainder of the project will be structured into six parts. In chapter 1, I present the theoretical framework that I rely on in exploring the main question. Drawing on the insights of the relevant literatures in IR and Comparative Politics, I put forward the partisan politics approach to compliance in international regulatory regimes. After presenting and elaborating the main assumptions of the approach, I finish the chapter by presenting the two main hypotheses of the partisan approach.

With Chapter 2, I move to the empirical parts of the project. In this chapter, I discuss the research design of the project. I present the variables of my analysis and the sources of data that I use to measure them, and the specific tools of analysis that I employ. In the following three chapters, I conduct my empirical analysis.

In Chapter 3, I examine the determinants of compliance across all policy areas. Before testing the processes and substance hypotheses of the partisan approach, I discuss the creation of a Europeanwide market through major policy initiatives in order to better operationalize the substance hypothesis of the partisan approach. After reiterating the process and substance hypotheses in more operational terms, I test them.

Chapters 4 and 5 are intended to carry out further robustness tests of the partisan approach in more specific policy areas of practical and substantial importance. While all EU policies have a general market bias, they differ in terms of how much of regulation they introduce. Dividing EU regulatory policies into two categories, de-regulatory and re-regulatory policies, I examine how the partisan preferences dynamics play out in each of these fields. In Chapter 4, I focus on the de-regulatory policies of the EU. In this chapter I examine what the major de-regulatory policies of the EU are, how they have originated and what their substantive outcomes are. Later, I empirically test the impacts of party preferences of national governments on compliance with EU de-regulatory policies. In Chapter 5, I discuss the EU re-regulatory policies. Again, I first review the major re-regulatory policies, their causes and substantive outcomes and then empirically analyze the determinants of compliance with these policies.

In the conclusion part of the project, I summarize the results of the analysis, trace the ramifications of these results for substantive debates in relevant literatures and speculate on the future directions that the research agenda of this project can be further extended.

CHAPTER ONE

THEORY: THE PARTISAN APPROACH TO INTERNATIONAL (NON) COMPLIANCE

INTRODUCTION

In my effort to explore the compliance patterns of the EU member states, I draw on a novel theoretical approach that I call the partisan approach to international compliance. It is novel and revisionist in that it points to an important, but underexplored dynamic underlying the compliance process in the EU, the domestic distributive and allocative contestations as manifested through the partisan politics. The theoretical endeavor that I hereby engage in is guided by two premises.

The first premise is that EU compliance is an instance of a broader process of international compliance. Although this assertion is agreeable to the general orientation prevailing in the EU compliance literature[1], the literature has, with few exceptions, failed to build a sustained dialogue with the general literature on international compliance (Mbayi, 2001; Borzel, 2003; Haas, 1998). I take the EU as an international regulatory regime where states manage policy issues of common concern through joint actions and policy coordination. Although some might contest this characterization in that the EU has

[1] Some scholars have argued that EU compliance resembles that of compliance at the domestic level and so suggested that we need to use the conceptual tools of comparative public policy literature, like bottom-up and top-approach (Guy Peters). Some others claimed that we need to bring comparative and IR literature (Mbayi, 2001, 2005). She developed the top-down and bottom-up versions of the managerialist and enforcement approaches that have dominated debates in the international compliance literature.

evolved into a state-like political formation[2], I claim that the EU is essentially a regulatory regime, and the difference between the EU and other international regimes is not one of quality, but rather one of quantity. What sets the EU apart from other examples of international regulatory regimes is the degree of institutionalization that it has achieved with its highly robust rule-making and rule-adjudicating institutions. So, any theoretical framework developed to account for EU compliance ought to be applicable to other instances of international compliance. From the standpoint of this premise, EU compliance becomes less of a parochial event, as many studies in the EU compliance literature appear to treat it, and more of an instance of a broader process (Weiler, 1991). Informed by this premise, I develop a theoretical framework of a general scope of applicability extending beyond the EU.

The second premise is that the understanding of EU compliance and international compliance in general require paying systematic attention to domestic politics. This premise falls along the same line with the direction that both literatures on EU compliance and on international compliance are currently heading. In both literatures, the role of the domestic political contestation on rule compliance is well recognized, yet undertheorized. To address this issue, I attempt to build a theoretical framework that rigorously establishes a causal connection between the domestic political process and the functioning of international regimes and compliance with their rules in particular. In building this connection, I venture across the fields of comparative politics (CP) and international relations (IR), and draw on different streams of theorizing in these fields. From the field of CP, I rely on theoretical insights from the literatures on partisan

[2] Since the early 1990s, there has been a tendency to describe the EU as a political system (Hix, 1999) or multi-level governance (Marks & Hoogle, 2001) or different forms of the state, like the post-modern and the regulatory state (Caporaso, 1996)

politics, state theory, and public policy. From the field of IR, I rest on insights from the literatures on international regimes, international law, globalization and interdependency. The result is an analytical digging into the domestic foundations of international compliance, for that matter, of European compliance, where compliance with rules is not just a technical and legal matter, but also a rather conflict-laden process.

In the rest of this chapter, I first discuss the existing theoretical approaches to international compliance and point to the need for a revisionist approach that thoroughly brings domestic politics into debates over international compliance. Later, I attempt to develop a revisionist approach that I call the partisan approach to international compliance. Then, I present the main propositions constituting the analytical pillars of the partisan approach to international compliance and the hypotheses derived from these propositions.

NAVIGATING THROUGH THEORETICAL APPROACHES TO INTERNATIONAL (NON) COMPLIANCE

There have been various theoretical approaches in both the international compliance and the EU compliance literature to account for why states comply with rules made beyond their national boundaries. It is possible to organize the existing theoretical explanations and insights into four major approaches: The rationalist approach, the managerial approach, the normative approach and the second-image-reversed approach. While the first three approaches being well-elaborated in the international compliance literature take the state as a unitary actor, the last approach preferred more by those in the comparative and European compliance literatures disaggregates the state and emphasizes the relevance of institutional and political dynamics at the domestic level.

The Rationalist Approach

Also known as the enforcement or political approach, the rationalist approach assumes that states are rational actors acting on the basis of the cost-benefit calculation (Tallberg, 2001; Downs, Rocke & Barsoom, 1996; Fearon, 1998). Like any other action that states take in their engagement with international system, compliance with international rules involves both costs and benefits. Depending on whether cost or benefit outweighs, states make a deliberate choice of compliance or noncompliance. Thus, compliance with international legal rules is a voluntary action and a matter of a choice by states (Young, 1979; Haas, 1988; Downs, Rocke & Barsoom, 1996).

The proponents of this approach point to the role of defection incentives or factors that induce states not to comply with international rules. There are at least two types of defection incentive. The first defection incentive is the distance between what states consider as their optimal policy choices and what they in practice have to comply with (Fearon, 1998). At the rule-making and associating bargaining stage, states start with a set of policy choices that they consider least costly and most beneficial. They try to affect rule-making processes in such a way that policy and legal outcomes stand to their rule preferences as closely as possible. The farther the distance between legal or policy outcome and their original preference is, the more forceful the incentives to not comply with the resulting legal or policy are (Fearon, 1998). In this case, the cost of compliance with a legal commitment is a function of how far a distance there exists between legal or political outcomes and states' original preferences.

The second defection incentive is the existence of punitive or rewarding mechanisms in enforcing rules in a regime (Downs, Rocke & Barsoom, 1996; Downs,

1998). Rules systems usually have a set of enforcement mechanisms applied either by an independent agency or those individual states participating into these systems. Punitive enforcement strategies are intended to increase the cost side of the cost-benefit-equation; rewarding enforcement strategies are designed to augment the benefits side of the equation. These strategies affect the costs-benefit calculations that states make in their choice of compliance or non-compliance. If punitive or rewarding mechanisms are not forceful or strong enough, states might have incentives to defect from complying with rules.

The Managerial Approach

The rationalist approach presumes that although states may or may not comply, their choice is voluntary and deliberate. The managerial approach, on the other hand, claims that compliance is not about actors' voluntary choices, but more about their capacity (Chayes & Chayes, 1993, 1995). The proponents of this approach start with the assumption that states want to comply with international rules. By agreeing to rules in the first place, states express their willingness to comply with them. The source of (non) compliance is essentially technical rather than political. There are three decisive factors that the managerial approach points to as the determinants of compliance.

The first one is the administrative and legal capacities of states. Compliance is likely to happen to the extent that states have necessary resources and tools (Chayes & Chayes, 1993, 1995). States have different degrees of material and administrative capacities to put policies or decisions into effect. If they do not have necessary capacities, they may have problems in compliance with international rules. The second variable is administrative efficiency. States may have a huge stock of human and material resources

at their disposal, but as important as the existence of these resources is how efficient they are in using them. States which are troubled with inefficient administrative and political machineries tend to have more compliance problems in that the resources necessary to achieve compliance are like to be diverted from the compliance process or are likely to be wasted. The last variable is the determinacy of rules or the clarity of rules in prescriptions. What might appear to be non-compliance with rules might be an instance of misunderstanding of what the rules require. States may have compliance problems because rules may not be clear about what they are supposed to do.

The Normative Approach

The third approach that has prevailed in the debates over rule compliance in IR is the normative approach (Checkel, 2001; Henkins, 1968; Franck, 1990). Like the rationalist approach, this approach suggests that compliance is a matter of choice. But unlike the rationalist approach, it argues that the basis of decision as to comply or not comply with international rules is not the rationalist costs and benefits calculation, but the perceived appropriateness of (non) compliance. This approach has roots in the constructivist strand of theorizing in IR, which emphasizes the role of norm, ideal and values in how states are related to each other and to the international system as a whole (Kratochwill, 1989; Checkel, 1998; Wendt, 1992, 1999; Adler, 1997).

The exponents of the normative approach have pointed to two factors that determine the appropriateness of compliance with international rules. The first one is the legitimacy of the source of rules. The level of legitimacy that international rule making mechanisms enjoy decides whether states consider it appropriate to comply with rules deriving from them (Henkins, 1968; Franck, 1990). If states consider the source of rules

as illegitimate, they are likely to see compliance with its rules as inappropriate, which further leads to noncompliance. The second factor that the normative approach suggests as a determinant of compliance decisions by states is the socialization process by which states come to learn and internalize rules (Checkel, 2001). The appropriateness of a rule is buttressed by the extent that states internalize rules. The more internalized the rules to be complied by states are, the better compliance patterns states are likely to have.

The Second-Image-Reversed Approaches

While the first three approaches take the state as a unitary actor, various other theoretical endeavors that can be brought under the umbrella term of the second-image-reversed approach problematize this assumption and claim that the dynamics of domestic politics and their pulls and pushes account for whether international rules are complied with or not.

Various studies in both the IR literature and the EU literature on compliance have focused on institutional and political factors at the domestic level. In the international compliance literature, some scholars have investigated the role of the interests of domestic actors in driving international compliance (Milner, 1988; Moravcsik, 1997). Some others have examined the relevance of institutional factors, like regime type, for compliance (Slaughter, 1995; Simmons, 2001b). In the EU compliance literature, scholars have examined the role of numerous domestic factors as the determinants of the compliance patterns of member states. Some of those factors are static and technical factors, while others are dynamic and political. Those who emphasize static and technical factors have pointed to the administrative dynamics and the goodness-of-the-fitness between the requirements of EU rules and the legal and administrative traditions of

member states (Knill, 1998, 2001; Cowles, Caporaso & Risse, 2001). Those who take a much more dynamic approach have highlighted the role of institutional and political factors like veto players, interest mediation, and social movements, in the smooth proceeding of the compliance process (Haverland, 2000; Bailey, 2002; Duina, 1997). The main assertion that all second-image-reversed approaches seem to share is that compliance is likely to move smoothly if the prescriptions of rules to be complied with are compatible with existing legal and administrative practices or there is not much institutional and political opposition to it.

Problems with the Existing Approaches

While the existing approaches have shed illuminating lights upon the process of compliance with rules and regulations made beyond national boundaries, their explanatory power is trimmed by the way in which they analytically deal with the domestic political process.

From the standpoints of the first three approaches- the rationalist, managerial and normative approaches- which have dominated debates over international compliance, , there is not much room for the domestic political dynamics to play a role in the process of rule compliance. The assumption of the state as a unitary actor that these approaches share renders them ill-equipped to deal with the causal role that domestic political dynamics could plays in the compliance process. However, scholars who have made contributions to these approaches in the international literature, have recently come to appreciate the necessity to systematically incorporate domestic political dynamics into the debates on (non) compliance in international regulatory regimes (Haas, 1998; Simmons, 1994, 2001a; Raustiala & Slaughter, 2002). Like in the international

compliance literature, scholars in the EU compliance literature have recently called for subjecting domestic policy contestations to a rigorous analysis in terms of their impacts on EU compliance process (Falkner, Treid, Hartlapp & Leiber, 2005; Mastenbroek, 2005).

While the first three approaches conceive the domestic politics as a black box, those approaches clustered under the name of the second-image-reversed approaches seek to open up this black box. But, there are some issues the second-image-reversed approaches. While the main problem with those who emphasize the legal and administrative factors is their failure to grasp the dynamic and often conflict-ridden nature of compliance, those who probe into the dynamic nature of compliance by highlighting institutional and political factors often fail to thoroughly examine the mechanisms connecting the domestic politics with international regimes and international compliance.

Building on this background, I make a revisionist attempt. My attempt brings the domestic politics into debates over international compliance by opening up the black box of the state as a unitary actor. And it does so in a much more theoretically grounded manner than some of the second-imaged-reversed approaches have done. The substantial difference between my approach and others that take the domestic process seriously is that my approach aims at building the causal weight of the domestic politics in the compliance process based on a conception of an intrinsic connection between the domestic politics on the one hand and international regimes and international compliance on the other.

A REVISIONIST APPROACH: THE PARTISAN APPROACH TO INTERNATIONAL (NON) COMPLIANCE

The partisan approach that I hereby present causally connects the domestic political process with its thrust as the distribution and allocation of resources and values and with its main expressive mechanism as the partisan politics on the one hand and compliance with rules and regulations in international regimes on the other. The analytical core of the approach could be spelt out through three major propositions, and there are at least two hypotheses derivable from the story as concerning the compliance process in the EU. I first discuss these propositions and later present the main hypotheses.

Propositions

In laying out the propositions that constitute the analytical pillars of the partisan approach to international compliance, I discuss the theoretical and empirical underpinnings of each of them as well as the logical connections forging them into a unified theoretical approach. While the first proposition shows why it is reasonable to expect that international compliance is bounded to evoke distributional and allocative concerns and thus stir contestations among social actors at the domestic level, the other two propositions elaborate the basic contours of these contestations and the partisan politics as the chief mechanism through which these contestations are channeled and translated into policy outcomes.

Proposition (1): International Regimes, Public Authority, the Domestic Policy Process and International Compliance

Compliance with the rules of international regimes is essentially connected to the domestic distribution and allocation of resources and values.

This proposition is based on the assumption that there is an intrinsic connection between the rise of international regimes on the one hand and changes in the governance capacity of the state in the face of the trends of interdependence and globalization on the other (Young, 1999). Purposively designated by the states as a patterned and rule-based response to the growing demand for governance beyond national boundaries, international regimes represent the internationalization of political authority and the attendant extension of the domestic policy process beyond national boundaries, the processes which make compliance with the rules and regulations of international regimes a built-in component of the domestic process of distribution and allocation of resources and values.

At this point, it should be illuminating to discuss briefly some central concepts, like political authority and governance. Based on a Weberian understanding of authority, Ruggie put forward a conception of public authority as a form of political power fused with a social purpose (Ruggie, 1983). Power in a general sense refers to one's ability to get others what they otherwise would not do in a collective situation. Social purposes comprise functional tasks, the performance of which has implications for the organization of social and economic interactions and transactions in a collective situation. Political power turns into authority to the extent in which it is associated with a social purpose. Political power and social purposes respectively define the form and content of public authority. While political authority is a property, the process by which it is used is called governance. Governance is a general social function which involves the process by which political power is brought to bear on socially defined purposes. There are a variety of ways in which this function is performed. For example, governance could be organized

according to the varying degrees of centralization or vary from a vertical to horizontal mode of structuring.

In the modern politics, the state is the highest holder of political authority that provides centralized governance in a given territory. The power of the state is the organizational, administrative and coercive tools, resources and technologies that allow the state to make and effectively enforce authoritative decisions about social purposes. The social purposes that characterize the content and end of public authority are defined in the context of the state-society relations. Historically, there have three major social purposes that constitute the end or content of public authority that the state holds: Security, wealth and welfare. Security is probably the most basic of all these purposes. The state is expected to ensure protection of the society within its jurisdiction in the face of external and internal threats. Internally, protection involves containing physical violence among citizens and providing a degree of public order. Externally, it consists in defending against external military threats. Wealth is the second chief social purpose defining the content of the public authority embodied in the state. The state is expected to build, maintain or support mechanisms for creating material prosperity or wealth. Some functions deriving from this purpose are defining and enforcing private property rights and establishing and maintaining legal and political infrastructures necessary for economic transactions. Welfare is the last social purpose that the state as the holder of public authority is expected to provide by ensuring a degree of social, economic and ecological welfare. Some of the functions following from this purpose are to provide education and health services and to protect physical environment.

The state acquires authority to the extent that the political power that it holds intertwines with socially defined purposes. The state mixes political power and social purposes in the process of centralized and hierarchical governance. In the process, the state uses its political power to make authoritative decisions about substantial social purposes and effectively enforce them in a give territory (Weber, 1997). The mode of governance embodied in the modern state is not only centralized and hierarchical but also sovereign in that each state holds the ultimate and exclusive right to provide and organize governance in its own territory. In the modern politics, each state relies on its own organizational, human and material capacities or power in pursuing largely nationally defined social purposes.

While the elaboration so far might have sounded as if the process of governance embodied in the modern state is consensual in that the political power is used in pursuit of universally defined social purposes, the process is rather conflict-ridden. Especially, how the social purposes are first defined as legitimate political objectives and later authoritatively dealt with in the governance process is often highly contested. This is so mainly because defining and realizing social purposes have consequences for the distribution and allocation of resources and values among social actors.

The authoritative achievement of social purposes often entails using scarce material resources. Different types of wealth-oriented policies have different consequences in terms of how scarce material resources are allocated among social actors. For example, a wealth-oriented policy that emphasizes the well-being of agriculture as a crucial component of economic development and accordingly prescribes protection and subsidiaries for this sector has biases for the agriculture possibly at the

expense of other sectors. Different types of welfare policies often entail varying degrees of redistribution of scarce material resources. Welfare policies of varying universality redistributed scarce material resources social actors.

The achievement of social purposes also involves the allocation and redistribution of values. Redistributive welfare policies embody different values like equality and social justice as well as principles organizing the allocation of citizenship rights among social actors. Different wealth policies are based on different conceptions of relationship between the state and the market. Different types of security policies are based different values like what the nation ought to be.

Because of their consequences for the distribution and allocation of resources and values for social actors, how the nature and priority of social purposes are to be defined and how political power is used in achieving social purposes in the governance process are subject to contestations among social actors, which further constitute the crux of the domestic policy process (Easton, 1965).

Having discussed the nature of public authority and of the domestic political process in the modern politics, the question of relevance for the purpose of this project is that of how they have become internationalized. I assume that the primary factors setting in motion the internationalization of public authority and the extension of the domestic policy process beyond national boundaries are the trends of interdependence and globalization, which have gripped much of the world with particular intensity in the last couple of decades (Zurn, 2002).

The trends of interdependence and globalization are the process of the shrinkage of spatial and temporal dimensions of social, economic and political interactions on a

global scale through the emergence and thickening of networks of connections among different societies (Keohane, 2002). Historically, there has always been a degree of interdependence among societies, but the extent of interdependence obtained in the last decades of the twentieth century is unprecedented, and creates powerful pushes for the reorganization of social political and economic transactions and interactions (Held & McGrew, 1999). Technological and economic developments of a dramatic character have set the ground for these trends. Technological breakthroughs, such as revolutions in micro-electronics, information technology and in computers, triggered radical developments in communication and transportation (Held & McGrew, 2002). Buttressed by the technological breakthroughs, economic transactions, like trade, finance, investment, have become highly internationalized (Gilpin, 2001). Trade with other countries, which has become more global as trade barriers are removed, constitutes an important contributor to national wealth in my countries. Production process has become transnational with the foreign direct investments skyrocketing across the globe. Finance has become truly global with the unprecedented velocity and volume of financial transactions across borders.

The mechanism through which the trends of interdependency and globalization have led to the internationalization of public authority and the domestic policy process is the expansion of the scale of social, economic, political interactions beyond national boundaries associating with these trends. With these expansions, the nature and achievement of social purposes, including security, wealth and welfare, have become internationalized in that how they are to be defined and achieved has come to be increasingly contingent on forces beyond national boundaries. There are extensive

researches into the internationalization of social, economic and political processes, which has emphasized the constraining and constitutive impacts of forces beyond national boundaries over social, economic and political outcomes, like economic development, state formation and decomposition, the nature and character of welfare provisions (Gourevitch, 1978, 2002; Garrett, 1999; Keohane & Miller, 1996).

As the internationalization of the social purpose has unfolded, the power or governance capacity of the state as a distinct organizational and political unit appropriate to effectively address the social purposes and maintain independent policies has come under strains (Keohane & Nye, 1977; Zurn, 2002). The result is the governance crisis that springs from the existence of a crack between the effective domain of political power and the functional scope of social purposes in an increasingly globalizing and interdependent world (Held, 2002). While political power is largely confined to the national level, social purposes giving a content and legitimacy to political power have become much more international.

As a response to the governance crisis that the states have founded themselves thrown in, a nexus of international governance has emerged (Young, 1999; Held, 2002, 8). This nexus consists in mechanisms of "decision-making, policy coordination and problem-solving", in which states internationalize political power by pooling and delegating to address increasingly shared social purposes. Pooling and delegating political power in international rule making mechanisms involve disposing these mechanisms with competence and resources. As the power component of public authority gets internationalized in international rule-making mechanisms to match the increasingly

internationalized social purposes, public authority, which has been the exclusive reserve of the state, has become internationalized.

International regimes constitute the backbone of the growing nexus of international governance and thus embody the internationalization of public authority. In a sweeping review of the literature on international regimes Ruggie and Kratochwil (1986) set the problem of international governance as the substantive theme that gives a unity and identity to this literature. A variety of other writings on international governance identified international regimes as perhaps the most effective approach to the problem of governance compared with alternatives like a centralized government of a global scale (Young, 1999). As opposed to the claim that international regimes are antithesis to the state and the national mode of governance in that they supersede or replace the state (Roseanu, 1992; Ohmae, 1990; Held, 2002), scholars have shown that in many instances, international regimes empower states in that they allow states to "organize, regulate and formalize interdependence and globalization" and thus to pursue the internationalizing social purposes (Gilpin, 1987, 2001; Hirst & Thompson, 1996; Ruggie, 1983). A word of caution is necessary at this point. That various regimes have come to address internationalizing social purposes does not mean that the rules of these regimes have completely replaced states' policies. Instead, I assume that most of the time regulatory frameworks of regimes complement states' individual policies by aiming at making these policies much more effective.

A variety of regimes have arisen to help states to establish governance mechanisms in pursuit of the internationalizing social purposes. It is possible to put these regimes into three broad types on the basis of substantive social purpose that they serve.

These types are security-oriented, wealth-oriented and welfare-oriented regimes. There is no need to emphasize that these types are ideal types. Most regimes incorporate two or three of these purposes. The United Nations (UN) is a good example of a regulatory framework that addresses all of these purposes.

Security-Oriented Regimes are a response to states' truncated capacity to deal with their own internal and external security on a sovereign basis (Zacher, 1992). Ensuring internal and external security has been the principal purpose that the state has conventionally been expected to perform. However, thanks to the development arm technologies and the conceived futility of national mode of governance, security has come to be defined much more internationally. The development of nuclear arms is rather telling in that it shows how fragile the security that the state provide to its society could become in the nuclear area (Hertz, 1956). The ability of a state to provide security to its citizens is circumvented by the security and well-being of other states. Various security regimes have been instituted to provide states with mechanisms to collectively deal with increasingly internationally defined security purposes. These arrangements could be functionally and geographically broad or specific. The United Nation Security Council, which aims at preventing wars of major scale among big powers, is an example for functionally and geographically broad type. The North Atlantic Treaty Organization (NATO) is an example for the functionally broad but geographically specific arrangement. An example for the functionally specific and geographically broad arrangement is the Arms Control and Nuclear Proliferation regimes (Haftendorn, Keohane & Wallander, 1999).

Wealth-Oriented Regimes allow states to manage the internationalization of mechanisms of wealth creation. As noted above, the internationalization of the mechanisms of wealth creation is one of the major contributors to interdependency and globalization. As market and its associating process, production, trade and finance, have become internationalized, the definition of the social purpose wealth has broadened in a way that the process of wealth creation has become too complicated and comprehensive to be handled by the state alone. A number of rule-making mechanisms have been set up to manage various aspects of the wealth creation processes and in fact in many cases, shape and reshape them. Trade is one such area. The General Agreement on Trade and Tariffs (GATT)/World Trade organization (WTO) is an example of a global mechanism to administer international trade vital for the economic well-being of various nations (Gilpin, 2001). There are regimes that aim at providing financial stability for the international market by regulating finance and monetary affairs, like International Monetary Fund (MF). Also, economic growth and macrostability are objects that international regulatory arrangements, like G8, the Organization for Economic Cooperation and Development (OECD) and IMF are designed to address. Along with these regimes, there are also arrangements that establish and maintain the physical infrastructure necessary for economic transactions of an international scale, like the International Telecommunication Union (ITU) and the Universal Postal Union (UPU).

Welfare-Oriented Regimes are designated to provide devices to address welfare issues that are often transnational in their origin. As security and wealth have become internationalized, welfare could not remain unaffected. The welfare of citizens of one state is conceived as contingent to the welfare of citizens of other countries, which is

another way of saying that the welfare purpose has become internationalized. It is possible to talk about three types of welfare issues: social and economical and physical. As far as social and economic welfare is concerned, a number of regimes have come into existence to codify and enforce welfare standards for people across countries. Human rights and torture are the main issues that regimes like UN Commission Human Rights take care of. The UN also targets at a number of welfare issues, like the protection and rights of refugees, development and poverty reduction, humanitarian assistance, education, culture and transboundary crime. Organizations like International Labor Organization (ILO) and World Health Organization (WHO), are respectively designed to tackle labor rights and health. As far as physical welfare is concerned, there are a number of conventions and regulatory frameworks addressing environmental deterioration. Regulatory frameworks like the United Nations Framework Convention on Climate Change (UNFCCC), Kyoto Protocol, the Global Environment Facility (GEF) and Montreal Protocol address the issue of climate changes. Regimes like the Food and Agricultural Organization (FAO), the United Nations Oceans and the Laws of Sea (UNCLOS) and the United Nation Commission on Sustainable Development (UNCSD), aim at resolving issues associated with the depletion of natural resources. Also a number of other environmental issues, like biodiversity, waste and toxic, are tackled by international regulatory frameworks.

In sum, being a response to the state's strained governance capacity to manage increasingly internationalizing social purpose, the rise of international regimes involves internationalizing political authority with political power being pooled and delegated in those mechanisms in pursuit of internationalized social purposes and thus extending the

domestic policy process beyond national boundaries (Young, 1999; Ruggie, 1983). Hence, policy decisions on the security, wealth and welfare of citizens, which inexorably have consequences for the domestic allocation and distribution of resources and values, are not exclusively confined to the domestic political process, but are increasingly made through international rule making mechanisms. What these mean for compliance with rules and commitments made in these mechanisms is that compliance with the rules of international rule making mechanisms affect the achievement of social purposes and thus evokes distributional and allocative concerns among societal actors at the domestic level.

Proposition (2): Social Preferences and Domestic Contestation over International Compliance

Due to its consequences for the domestic distribution and allocation of resources and values, compliance with the rules of international regulatory regimes is subject to domestic contestation, which is structured by diverse social preferences regarding process and substantive outcome of international rule making.

If compliance with international rules is linked to the process of distribution and allocation of resources and values at the domestic level, it becomes subject to domestic contestation. I claim that domestic contestations over compliance with international rules and regulations are structured by diverse social preferences over international rule making. These preferences can be organized into two dimensions: a process dimension and a substance dimension.

The process dimension is the appropriateness of international rule making mechanisms to address specific policy issues of distributive and allocative consequences. This dimension essentially concerns the extent to which societal actors conceive the

social purposes that regimes are designated to address as internationalized and therefore requiring an international mode of action. Although the need for an international mode of governance has become more pervasive as the strains in the governance capacities of states tighten, it does not go uncontested. Domestic actors have different preferences concerning the extent to which social purposes are internationalized or contingent on forces beyond national boundaries and thus require an international rather than a national mode of governance. These orientations are driven by general value orientations, which can be located on a nationalism-cosmopolitanism spectrum. Those closer to the cosmopolitanism end of the spectrum are likely to favor an international mode of governance and tend to be more supportive of compliance with international rules than those closer to the nationalism end of the spectrum, who are likely to support a national mode of governance.

While the process dimension taps into the appropriateness of rule making mechanisms, the substance dimension concerns the intended policy outcomes of rules created through these mechanisms. Depending on how international rules affect the distribution and allocation of resources and values at the domestic level, societal actors form their preferences as to how compliant their governments ought to be in putting these rules into effect. Those social actors whose interests or values the substantive outcomes of international rules serve or reflect are likely to be more supportive of compliance with these rules than social actors whose interests or value stances are adversely affected by the intended policy outcome of these rules.

An example should be illustrative of how preferences over the process and substance dimensions of international rule making affect support for compliance with

international rules. For example, a hypothetical regulatory regime on air pollution is a case to reflect on. Societal actors' preference on the process in this case refers to whether the problem of air pollution is internationalized and entails an international approach of states coming together to take care of air pollution collectively or a national approach of each state handling the problem on its own. Societal actors' preference on the intended policy outcome or substance is whether they agree that the goal of addressing air pollution itself, through either a national or an international mechanism, is an object worth of political and administrative investment. Societal actors' preferences over the process and the substance thus determine their support for compliance with the rules of this regime.

The distinction between orientation toward the process and orientation toward the substance might be challenged in that these orientations might drive each other. For example, an environmentalist might support the process of rule-making in an environmental regime, because these mechanisms create policies addressing environmental problems, not because s/he supports these mechanisms for their own sake. However, the literature on party positions and public opinion in the European Union provide ample evidence that the orientations toward the process and substance can be conceived as two fundamentally different aspects of the general orientation toward international rule making. Domestic conflicts over the EU have been shown to be structured along at least two dimensions: integration-sovereignty and left-right (Marks & Steenbergen, 2004; Hix, 1999; Gabel & Hix, 2002). This characterization closely matches the process-substance dimensions in the partisan framework in that while the former is related to the process dimension, the latter concerns the substance dimension.

Scholars convincingly demonstrate that individuals standing at either the left or right end of the left-right ideological spectrum tend to be consistently anti-European, while individuals at the center tend to be more pro-European (Marks & Steenbergen, 2004). These imply that there is theoretical possibility that an anti-European individual could oppose to compliance with EU rules even if the substantive outcome of the rule may reflect her or his substantive values and interests.

Proposition (3): Political Parties, Partisan Choices and International Compliance

Being the most visible and direct intermediary between social preferences and political authority in modern politics, political parties aggregate and distill social preferences regarding the process and substance of international rule making into partisan orientations, and inject these orientations into the compliance patterns of governments that they compose.

As domestic actors contest compliance on the basis of their diverse orientations concerning the process and substance dimensions, these contestations are linked to government's actions to comply or not through various intermediating mechanisms, like political parties, interests groups and social movements. Of these intermediary institutions, I assume political parties as the principal one. Although there are general debates over the decline of parties in their aggregation and representation roles, political parties still constitute the most direct and visible linkage between the state and society (Dalton, 2000; Pharr & Putnam, 2000). The broad literature on political parties has firmly established that the role of political parties in aggregating and representing interests and values, and mediating social contestations over these interests and values into government actions can hardly be matched by other intermediating mechanisms

(Diamond & Gunter, 2001). Also, the recent literature on political parties and European integration provides strong evidence that political parties play a prominent role in representing diverse social interests and values of relevance to international rules and rule making mechanisms, and connecting them to policy outcomes (Gabel & Hix, 2002; Marks, Wilson & Ray, 2002; Ray, 2003).

I also assume that political parties are policy seekers[3]. Parties distill divergent social orientations into concrete policy objectives. Using governmental power, they seek to convert these policy objectives into concrete policy outcomes, and are effectively able to do so. In fact, the broad literature on partisan politics supports this assumption by providing evidence that parties are able to affect various types of policy outcomes on the basis of their partisan preferences (Hibbs, 1977; Garret, 1998; Boix, 1998). Likewise, I expect that political parties are able to bring the international compliance pattern of governments they compose in line with their partisan biases and programmatic orientations related to the process and substantive outcome of international rule making.

The assumption that parties in government can determine the level of compliance might be challenged on the grounds that their ability to do so is likely be constrained by other political and institutional forces, like veto players. I keep this assumption for the sake of parsimony. However, in the empirical testing of the approach, I control for other domestic political and institutional forces that could possibly put constraints on parties'

[3] The parties-as-policy-seekers thesis has been countered by the Downsian tradition of study of political parties, which takes parties as office rather than policy-seekers (Downs, 1957). However, the Downsian thesis of parties as office-seekers has been challenged on both empirical and theoretical levels (Riker, 1962; Stokes, 1963; Klingemann, Hofferbert & Budge, 1994). It has been claimed that parties are essentially policy-seekers, but they have to act under political and institutional constraints forcing them to act more as office-seekers (Laver & Budge, 1992).

ability to affect government compliance patterns on the basis of their partisan orientations.

Hypotheses

There are at least two main hypotheses derivable from the partisan politics approach, each of which respectfully concerns the process and substantive outcome dimensions of EU rule making.

The Process Hypothesis:

Governments with a more favorable stance toward European integration and a European mode of governance are likely to display a better performance in international compliance than governments with a less favorable stance.

The Substance Hypothesis:

Governments with a more favorable stance toward the intended policy outcome or substance of European rule making are likely to comply with these rules better than governments with a less favorable stance.

SUMMARY

In this part of the project, I have attempted to theorize the impact of the domestic politics and policy contestations on EU compliance and International compliance in general. After reviewing the main theoretical alternatives, I identified the lack of an attempt to systematically theorize the impact of the domestic political dynamics on compliance across alternative theoretical currents as a common limitation across these alternatives. While the rationalist, managerialist and ideational approaches treat the domestic politics as a black box, the second-image-reversed approaches either focus mostly on technical and legal at the domestic level or fail to fully elaborate causal connections linking the

domestic politics to international compliance. In my theoretical endeavor, I tried to systematically connect the domestic political process with its main dynamic as the distribution and allocation or resources and values and with its main expressive mechanism as the partisan politics on the one hand and international compliance on the other. After establishing that international compliance is bound to evoke distributional and allocative concerns and to be subject to domestic contestation, I identified two dimensions of these contestations, the process and substantive outcome dimensions. I claim that the partisan politics as the principal reflective mechanism of these contestations allow these contestations to feed into the process of compliance with international rules.

Deriving two hypotheses from the partisan approach to international compliance regarding the compliance patterns of the governments of member states, I will test these hypotheses in the empirical analyses in the following chapters. I start the empirical analyses with the next chapter, chapter 2, where I present the variables, data and the methodological tools that I employ in my analysis.

CHAPTER TWO

RESEARCH DESIGN

INTRODUCTION

In the previous chapter, I discussed alternative theoretical currents available to account for why EU member states may vary in their patterns of compliance with EU rules and regulations. Also, I presented my revisionist approach, the partisan politics approach to international compliance, which, I claim, incorporates the domestic politics into EU compliance and, for that matter, international compliance much more thoroughly than any other alternative explanations. The partisan politics approach yielded two hypotheses, the process and substance hypotheses. Starting with this chapter, I subject these hypotheses to a set of rigorous empirical testing.

While the partisan approach is tailored to explicate the compliance process across all instances of international compliance, the EU represents what is methodologically called as the most likely case where this approach must stand confirmed. This is so mainly because all of the premises of the partisan approach, which also constitute the boundary conditions of this approach, conspicuously hold in the case of the EU, perhaps much more markedly than in any other instance of international regimes.

The main assumption underlying the first premise that there is an intrinsic connection between the rise of international regimes and heightening strains in the governance capacity of the state has been stated in various disguises in the theoretical and empirical writings on the EU. The EU is conceived as a highly advanced regulatory

regime (Majone, 1994, 1996). Over more than half a century, the EU has displayed a degree of robustness in making rules and regulations to meet the provision of Europeanized social purposes in its member states that one would hardly see in other examples of international regimes. Like other regimes, the EU had deep roots in changes in the governance capacity of its constituting states in performing basic social purposes, especially wealth and security. This notion has been articulated in various historical and theoretical accounts of European integration.

In his historical analysis of the origin of European integration, Milward pointed to the embeddedness of European integration in the evolution of the nation state (Milward, 1992). He demonstrated how the EU became an intrinsic force in the post-war reconstruction of the European nation states, which had emerged devastated from two world wars and the Great depression in between them and even ventured to call the EU as the "European rescue of the nation state". The European states, he claims, had proven incapable of providing the most basic social purposes, like security and prosperity. In the aftermath of WWII, there was a generalized sense that social purposes in European states had already become Europeanized in that the definitions and achievement of security, wealth and welfare in a European state were perceived as highly contingent on developments in others. Most of the reconstruction policies that the post-war states embarked on required internationalizing or, in this case, Europeanizing political power (Milward, 1992). The EU represents the process of Europeanizing political power that enabled its member states to pursue the security and wealth of their citizens much more effectively.

The notion that European integration is an integral part of the evolution of the nation state in Europe echoes not only in the historical accounts of the origin of European integration, but also in competing theoretical approaches to European integration. There are two major theoretical approaches to European integration: the neo-functionalism and liberal intergovernmental approaches. That European integration had roots in governance problems that the state has had in managing functional tasks constitutes the starting point for the neo-functionalist approach (Haas, 1958). Haas claimed that with the growing scope of functional tasks that the state is expected to perform, the state has proven incapable of performing these tasks. The EU represents a movement to a higher form of political organization, which holds a greater potential in performing these tasks than the state.

Being the leading exponent of the liberal intergovernmental approach, Moravcsik convincingly showed that European integration was driven by the domestic forces of member states that perceived of integration as necessary in attaining public goods (Moravcsik, 1998). This perspective presumes two stages in the integration process. The first stage involves the emergence of the push for integrative or disintegrative policies the state-society relations. In the second stage, this push is mediated through a series of intergovernmental negotiations. This approach emphasizes the connection between the possibility and form of attaining social purposes and European integration.

Having its roots in the Europeanization of social purposes and the attendant constraints in the governance capacity of the European states, the EU has expanded its jurisdictions since its inception in the early 1950s. In the process, the three major social purposes, including wealth welfare and security, that the state is expected to address,

have become Europeanized (Cowles, Caporaso & Risse, 2001; Hix & Goetz, 2001). Today, almost 80 percent of all regulatory policies applicable in member states have proceeded through the EU decision-making processes (Hix, 1999: 211). As a result, it is hardly possible to understand the processes of distribution and allocations of resources and values in member states without referring to the EU and its rule-making and rule-adjudicating mechanisms (Laffan, 1996; Niedermayer & Sinnott, 1995; Risse, 1996, Sbragia, 1992; Schmitter, 1996; Wessels, 1997; Tsebelis, 2000). What all these imply is that compliance with EU rules and regulations is most likely to evoke distributional and allocational contestations in member states.

As far as the second premise that compliance with rules is subject to contestation, which is structured along the preferences over the process and substance dimensions of rule making goes, the possibility and dimensions of contestation over EU compliance are elaborated in the growing debates over European integration and political conflict. Associating with the growing Europeanization of the policy processes of member states is the increasing politicization of the EU, which manifests in the rising prominence and intensity of domestic contestations over the EU (Hix, 1999; Gabel & Hix, 2002; Marks & Steenbergen, 2004). They have argued that domestic contestations over the EU are structured along at least two dimensions: integration-sovereignty and left-right (Marks & Steenbergen, 2004; Hix, 1999; Gabel & Hix, 2002). While the former refers to whether there should be more or less integration, the latter refers to equality-justice division. This characterization closely matches the process-substance dimension in the partisan framework in that while the former is related to the process dimension, the latter concerns the substance dimension.

In terms of the third premise, which points out the centrality of political parties and the partisan politics in mediating contestation over compliance, there also seem to be confirmatory implications in the literature on political parties and European integration. Scholars have rigorously elaborated the role of the parties in mediating and structuring the debates on the EU (Gabel & Hix, 2002; Ray, 2003; Marks, Wilson & Ray, 2002). Their elaborations have revealed the myriad ways in which political parties affect European integration. Political parties not only shape the orientation of their national governments toward the EU and EU policies, but also determine the functioning of the EU institutions in either direct or subtle ways, like the European Parliament, the Council of Ministers and the European Commission (Hix & Lord, 1997; Hooghe, 2001).

The generalized importance of national political parties at different stages of integration gives a reasonable expectation that national parties and partisan politics play a non-negligible role in EU compliance. In fact, there is some anecdotal evidence for the claim that compliance with EU rules stirs partisan contestations. In recent years, partisan contestations over compliance with EU rules are particularly well-reported in the area of social policy (Treid, 2003; Falkner, Treib, Hartlapp & Leiber, 2005). Evidence suggests that the compliance patterns of the national governments of a number of member states have altered with the changing partisan composition of their national government.

The case of the UK is particularly interesting. When the EC/U first initiated its most systematic incursions into the domain of social policy in the second half of the 1980s, the neo-conservative and strongly Euroskeptic Thatcher government took a strongly reactive position. When those incursions amounted to the declaration of Social Charter, the Thatcher government refused to sign it. When other EU governments agreed

to incorporate the Social Charter into the EU legal framework in the processes leading to the Maastricht Treaty, John Major, the then leader of the Conservative-led government, did not agree. Due to the resistance of the Major government, the Social Charter was incorporated into the EU legal system in the form of Social Protocol, which created an awkward situation that most EU social policies did not apply to the UK. The Conservative government delayed compliance with a number of legislations related with social policy, like Working Time Directives, Parental Leave Directives and Employment Contract Information Directives. The leaders of the Conservative government, Thatcher and Major, did not refrain from explicitly justifying their opposition to EU social policies on the basis of their anti-European and neo-liberal policy position (Leibfried & Pierson, 1995).

However, the rise of the Labor Party in 1996 changed the British pattern of compliance in the area of social policy. In fact, one of the campaign promises of the Labor Party was to improve the compliance record of the UK in this area. First of all, the Labor government ended the awkward situation resulting from the Social Protocol of the Maastricht Treaty. Thus, with the Labor party agreeing to the policy principles and objectives in the Social Protocol, the Social Protocol was fully incorporated into the Treaty system with the Amsterdam Treaty in 1997. There was also discernable improvement in the compliance with specific social policy legislations, like the Working Time, Parental Leave and Employment Contract Information Directives, which are designed to address the adverse welfare effects of economic integration. Like the Conservative party, the Labor Party justified its compliance record on the basis of its much more pro-European and more leftist oriented ideology (Treid, 2003).

The similar patterns of a change in compliance record of a member state as a result of a change in the partisan composition of the country have been reported in other member states. For example, Germany had serious delaying problems in compliance with specific social policy legislations, like Parental Leave Directive, under the conservative-liberal Kohl government. The accession of the Schroeder government in 1998 cleared the problem of delay. Likewise, the transposition and enforcement of social policies in other countries, like Denmark, Italy and Netherland, have been a subject of intense partisan conflict (Falkner, Treib, Hartlapp & Leiber, 2005).

Overall, given that the boundary conditions of the partisan approach embody rather conspicuously in the EU case, or perhaps more so than any other example of an international regime, the EU represents one of the most likely cases where the partisan framework of international compliance is expected to show up particularly well. In my analysis, I expect that the governments of member states with different partisan preferences related to the process and substantive outcome of European rule making are likely to exhibit different (non) compliance patterns. In the rest of the chapter, I present the variables and data of the analysis (Falkner, Treib, Hartlapp & Leiber, 2005).

VARIABLES AND DATA

Dependent Variable

The dependent variable of my analysis is the compliance patterns of EU member states across policy areas with different distributive and allocative consequences. International compliance is generally defined as the conformity of states' behaviors to rules and regulations (Raustiala & Maria- Slaughter, 2002). Scholars have noticed that compliance and non-compliance do not represent a dichotomy, but a continuum; there is a wide

spectrum of possibilities between compliance and non-compliance, like partial and late compliance (Young, 1979).

To measure how well member states comply with EU rules, I refer to their behaviors in what is known as the infringement procedure. Although the EU institutions are vested with the capacity to formulate rules and regulations, they do not have the bureaucratic capacity to implement or enforce these rules. Practically, the implementation of rules is carried out by the governments of each member state. The European Institutions, especially the Commission and the European Court of Justice, are involved in the enforcement process through a specifically designed procedure called the Infringement procedure.

The Infringement procedure has a legal foundation in three Articles of the Founding Treaties, ECT Article 10, 226 and 227 (ex Article 5, 169 and 170). The Founding Treaties established the European Commission as the guardian of the Treaties. ECT Article 10 stipulates that the European Commission is to make sure that "member states take all appropriate measures, whether general or particular, to ensure fulfillment of their obligations arising out of this Treaty or resulting from action taken by the institutions of the Community. They shall facilitate the achievement of the Community's tasks. They shall abstain from any measure which could jeopardize the attainments of the objectives of this Treaty" (ECT Article 10, ex Article 5). ECT Article 226 and 227 (Ex Articles 169 and 170) explicitly establish a specific mechanism which assigns to the Commission and member states the responsibility to make sure that no Member state comply with EU rules. ECT Article 226 defines infringement as the "failure to fulfill obligations" that flow from different sources of law, like Treaties, directives, regulations

and decisions. In case of suspected infringement of EU rules, ECT Articles 226 and 227 authorize the Commission to first send a reasoned opinion on the matter and then, if the member state does not comply, bring the matter before the Court of Justice.

Here is how the procedure works in practice. If the Commission suspects a possible infringement by a member state in its own inspections or on the basis of complaints instigated by private and public actors, it sends a letter of formal notice to that country. The member state is expected to return a report to the Commission about the suspected infringement. Sending a letter of formal notice is a common procedure, which has come to be a routine practice by the Commission even when there is no suspicion of infringement (Borzel, 2001). In fact, the ECT Article 226 and 227 do not even mention the letter of formal notice. But, the Commission uses this practice to signal a message to member states about looming deadlines in complying with EU rules as well as to get the first sense of if there might be a possible infringement. If the member state does not notify the Commission within a given time set by the Commission itself, the Commission can send a reasoned opinion, in which it lays out why it suspects a possible infringement. If the member state does not comply within the given time period set by the Commission, the last resort is reference to the European Court of Justice. According to the official reports issued by the Commission, member states vary in terms of the frequency of their appearances at the different stages of the infringement procedure, which suggests that they differ in their patterns of compliance with EU rules.

National variations in the frequency of appearance at each stage of the infringement procedure have been used by a number of studies in the EU compliance literature for illustrative and explanatory purposes (Weiler, 1988, 1991; Snyder, 1993;

Tallberg, 2002; Mbaye, 2001). In this analysis, I use these data to measure compliance, but do so with two innovations. Although the infringement data have invaluable information about the compliance behaviors of member states, the critics of these data have pointed to some possible biases. They claim that these biases are related to the fact that the infringement data measure compliance indirectly through the reactions of the Commission and the publics (Borzel, 2001). The first innovation is that, unlike the existing studies using these data, I explicitly control for the biases that the critics have pointed out. In the control variable section below, I discuss what these biases are and how I control them.

The second innovation is to disaggregate the data. Instead of employing the aggregate data of the total number of infringement actions, including letters of formal notice, reasoned opinions and references to the Court, which a member state gets in a given year, I use each instance of infringement action as the main unit of analysis. In my analysis, I draw on a unique data set that I have built. I collected and coded more than 11000 individual infringement actions taken by the Commission from December 1995 to May 2004[4]. In a monthly journal, the Bulletin of the European Union, the Commission reports infringement actions against a specific country or countries about a specific legislation in a specific policy area. The main advantage of disaggregating the data is to gain more detailed information about diverse aspects of the compliance patterns of member states than one would get using the aggregate data.

In coding the dependent variable, I attribute different values to appearances at each stage of the infringement procedure in terms of the severity of compliance problems

[4] There are no substantive reasons to cover specifically these periods. For the purpose of the current project, I stop collecting the data on infringement actions after May 2004 when 10 new member states joined the EU.

that they signify that member states are likely to have. As noted previously, the infringement procedure is a sequence of stages, through which the possible violations of EU rules are suspected, scrutinized and litigated. What starts off as a potential instance of infringement at the letter of formal notice stage turns into a substantiated judgment about the violation of EU rules and regulations at the stage of reference to the court (Snyder, 1993; Evans, 1979; Weiler, 1991). In the process, the Commission keeps a series of informal or formal communications with member states about the existence and nature of suspected infringements and ways to rectify them. From the early stage of letter of formal notice to the late stage of reference to the Court stage, member states have a number of opportunities to either establish that the suspected instance of infringement does not have an actual basis or to take actions to correct it. One can infer that the later a case appears in the process, the more substantial and severe compliance issues it is likely to involve. What this suggests is that appearances at the different stages of the infringement procedure carry different weights in terms of signaling the severity or, even in some cases, the existence of compliance problems in member states. So, I code the different stages of the infringement procedure in terms of the severity of compliance problems that they imply that member states are likely to have: The appearance on the letter of formal notice stage is coded as low severity, the appearance at the reasoned opinion stage as medium severity and the appearance at the references to the Court stage as high severity.

Predicting the highest level reached by a dispute aggravate the potential problem of overrepresentation of severe cases. In other words, there is likely to be a problem of overrepresentation in the data set of hard or severe cases reaching to the later stage of the infringement procedure, compared to routine cases that are settled at the first stage of the

infringement procedures. Although this problem is present in aggregate data as well, it becomes more acute in disaggregated data. I checked my data set for the overrepresentation problem and identified 1398 cases which appeared at multiple stages of the procedure (out of 11812 cases). Before I ran the analyses, I removed the early appearances of these cases so that all cases in the data set appear only once.

Explanatory Variables

The explanatory variables of my analysis are the partisan preferences of the national governments concerning the process and substantive outcome of EU rule making. In measuring these variables, I use data from the Manifesto Survey Group (MSG) studies. The MSG studies utilized party manifestos, platforms and government declarations to chart the partisan preferences of political parties across 19 democracies covering the EU countries included in my analysis (Budge, Klingemann, Volkens, Bara & Tanenbaum, 2001; Budge, Roberson & Hearl, 1987). The data provide the most comprehensive examination of partisan preferences across 54 issue dimensions. A growing body of literature has made use of these data to study a variety of questions, like government expenditure and coalition formation (Budge, Klingemann, Volkens, Bara & Tanenbaum, 2001; Klingemann, Hofferbert & Budge, 1994; Laver & Budge, 1992).

In measuring the partisan preferences on the process of EU rule making, I use the pro-Europeanness scores of political parties. The MSG studies create scores for the percentage of favorable and unfavorable statements about European integration in manifestos. My measure is the ratio of positive mentions of EC/EU to total number of mentions of EC/EU. Scholars have found that the Manifesto measure of pro-Europeanness generally correlates with the other measures of pro-Europeanness, like

expert surveys (Ray, 1999; Marks, Hooghe, Steenbergen & Bakker, 2004). In measuring the partisan preferences on the substance dimension of EU rule making, I employ the scores of preferences for various substantial policy outcomes. Instead of holistic measures like leftness-rightness, I employ much more specific measures, including scores for supports for market economy, free enterprise and market regulation, depending on policy areas under consideration. The overall partisan position of a government on the process and substance of EU rule making is calculated as a weighted score, which takes into account the influence of each party by including the percentage of cabinet position occupied by this party. The standard formula I use to calculate the overall government partisan preferences is as follows:

Government Partisan Preference= Σ ($P1_{pref}$*$P1_{prop}$)+($P2_{pref}$*$P2_{prop}$)+…+(

Pi_{pref}*Pi_{prop})

Where

$P1_{pref}$ = Preference score of Party 1

$P1_{prop}$= Proportion of cabinet position occupied by Party 1

$P2_{pref}$ = Preference score of Party 2

$P2_{prop}$ = Proportion of cabinet position occupied by Party 2

Pi_{pref} = Preference score of Party *i*

Pi_{1prop}= Proportion of cabinet position occupied by Party *i*

Control Variables

I include a number of control variables in my empirical analysis, which derive from the alternative theoretical approaches to international compliance, like the rationalist,

managerial, normative and second-image-reversed approaches. The following are their descriptions and the sources of data.

Influence in the EU Rule Making Process:

This variable derives from the rationalist approach, which emphasizes the cost-benefit calculations in the compliance process. It is possible that some member states have more severe compliance issues, because they have lost the policy battle in the rule making process (Tallberg, 2002; Downs, Rocke & Barsoom, 1996; Fearon, 1998). In other word, if member states were not able to steer the outcome of the rule making process toward ideal policy positions, they might not be willing to comply with the resulting rules. The influence member states can bring in policy bargaining is likely to affect their patterns of behaviors later in the compliance process. I take their weighted votes in the Council of Ministers as a measure for the influence of member states in the EU rule making process (Hix, 1999). Although there are debates on using the weighted votes in the Council as a predictor of policy outcomes (Garrett & Tsebelis, 2001), this is perhaps the best approximation to the potential or actual influence that the governments of member states can bring into the EU rule making process (Holler & Windgren, 1999).

Dependence on the EU:

Compliance with EU rules and regulations might also be related to how dependent member states are on the EU. Since the member states whose economies are more reliant on the EU have more to lose from the poor working of EU rules, they have more incentives to comply with EU rules than the member states, which are less reliant on it. To measure the dependency of member states on the EU, I use the intra-EU trade data as

provided in the European Economic Report by the European Commission. These data take intra-EU trade as a percentage of the total trade of a member state.

Material Capacity:

Inspired by the managerial approach to international compliance (Chayes, A. & Chayes, 1993, 1995; Raustiala, K. & Slaughter, 2002), some analysts have suggested that member states have varying material capacities to put EU rules into effect (Falkner, Treid, Hartlapp, & Leider, 2005; Mbaye, 2001; Mastenbroek, 2003; Bursens, 2002). If member states do not have necessary capacities, they are likely to have problems in compliance with EU rules. I use two indicators to measure the material capacities of member states. The first measure is GDP per capita, which captures the overall availability of material resources for state and societal actors. The second measure is the total government revenues as a percentage of GDP, which show how much of the material resources are effectively at the command of governments.

Socialization:

The compliance patterns of member states are also likely to be determined by learning dynamics or the extent to which member states are accustomed to EU rules and practices (Checkel, 2001). The socialization thesis has its theoretical underpinning from the normative approach that highlights the role of learning and ideational factors in the compliance process. The member states more socialized into EU rules and regulations are likely to have a better compliance records than the member states less socialized, because they are more familiar with rules to be complied and practices and customs to be followed in the compliance process. Assuming that the extent of socialization into EU

rules and customs is strongly associated with the time spent in the EU, I include the membership age variable to test the socialization thesis.

Other Domestic Institutional and Political Variables:

As noted in the presentation of the theoretical approach, I assume that parties in government can determine the level of compliance without a major impediment from their political and institutional environment. This assumption may be found too simplistic in that it is possible that parties' ability to determine compliance might be constrained by their political and institutional environment. In my analysis, I control for other domestic political and institutional factors that can possibly affect international compliance. Scholars working within the second-image-reversed tradition suggested a variety of other domestic factors.

Since compliance often requires legal and political changes, domestic institutional and political factors decide the possibility and pace of these changes or act as veto players whose consent political and legal changes depend (Tsebelis, 1995, 2002; Haverland, 2000; Bailey, 2002). One variable of relevance is judicial review. Judicial review potentially makes it harder for the executive to carry out legal and political changes entailed in compliance. I use a judicial review index as reported by Lane and Ersson (1999). Also significant is the territorial distribution of political power or the degree of decentralization. It is plausible to argue that the member states where sub-national actors have a strong influence in determining the scope and character of legal and political changes, compliance is much more likely to be cumbersome and uncertain. I use the decentralization score of member states with the higher scores signifying more decentralization (Lane and Ersson, 1999). One can also expect that the type of legislature

matters in that EU compliance involves active engagement of the legislative branch especially in the transposition of EU rules into national legal systems. So, compliance is expected to be more difficult in bicameral systems than in unicameral systems. I employ the bicameralism index of Lane and Errson (Lane and Ersson, 1999).

Compliance also depends on the cooperation of domestic private actors. Corporatism is conceived as highly conducive to compliance, because a formalized and regularized access to private interests as provided by the corporatist mode of interest mediation allows governments to obtain the consent of private interests that might be necessary for compliance with European rules (Duina, 1999). In order to measure the corporatism variable, I used a corporatism index created by Lane and Ersson (1999). The higher the corporatist score of a member state, the less problems it is likely to have in EU compliance.

One another variable of relevance is the coalition status of governments. Coalition governments are likely to be troubled by disagreements and even stalemates over whether or how EU rules are to be complied, which is likely to slow down the pace of the compliance process.

Possible Biases in the Infringement Data:

As noted previously, the infringement data that I am drawing on have been subject to criticisms for possible biases built into the infringement procedure (Borzel, 2001; Falkner, Treid, Hartlapp, & Leider, 2005). Critics have argued that the empirical patterns revealed in the infringement data reflect how the Commission and the public approach to possible infringements rather than how well member states actually comply (Borzel, 2001). While the critics have a point, they run risk of throwing out the baby with the bath

water. There is invaluable information contained in the infringement data, which would otherwise be very difficult to collect. In this project, unlike the existing literature employing these data, I control for some of the biases that the outspoken critics of the infringement data have suggested.

First of all, the Commission might treat some countries differently. The southern European countries do not have a good reputation in terms of their compliance practices. Scholars and practitioners have argued that non-compliance in the EU compliance process is largely a southern phenomenon or what some like to call a "southern problem" (Borzel, 2003). The Commission might keep a closer eye on the compliance practices of the southern European countries: Greece, Italy, Spain and Portugal. I use a dummy for the southern European countries to control this possible bias. The Commission may also treat member states differently in that the member states making larger contributions to the EU budget might get a more favorable treatment than the member states making less contributions. To control this bias, I use the member state budget contributions as a percentage of the EU budget. Also, it has been argued that there is a growing trend in the number of infringements, reflecting the growing body of rules, with which member states have to comply with. I use a time counter to capture any trend.

According to the critics of the infringement data, another source of possible biases in the data is the citizens of member states on whose initiatives the Commission often depends to detect potential infringement cases (Borzel, 2001). To eliminate these threats to the validity of my results, I use a series of control variables, total population, life satisfaction, distrust in national government and support for more speedy integration. The member states with larger populations might receive more infringement actions than the

member states with less population, simply because there are more people to complain. Citizens might vary in their assertiveness about how their governments comply with EU rules. There are at least three factors that decide how assertive publics could become. One is overall life satisfaction of the public. In cases where publics have low overall satisfaction, they might be more likely to complain about whatever their governments do. Likewise, if publics do not trust in their national government, they might be more willing to come out and criticize their governments' compliance practices. Also important is their support for European integration, which I measure as the desired speed of integration minus the perceived speed of integration. The more supportive they are of integration, the more vigilant they are likely to be in observing the compliance performances of their governments. I use the aggregate Eurobarometer data to measure these public attitudes.

Another possible challenge to the infringement data is that although most infringement problems are captured in the Commission's infringement data, there might be other instances that are not covered by the data. Scholars have noticed that along with the Commission, there is another venue, through which infringements get revealed and resolved. That venue is the national courts using the tool of a preliminary ruling, where the courts request the ECJ to interpret and clarify EU rules and regulations (Stone Sweet & Brunell, 1998). To control for possible infringement cases processed through this venue rather than through the Commission, I use the number of preliminary rulings that the courts of a member state request from ECJ in a year.

Table 2.1 provides a summary of the variables, their descriptions and the sources of data used to measure them.

THE MODE OF ANALYSIS

The empirical analyses ascertaining the patterns of the behaviors of member states in the EU compliance process employ statistical tools. As noted previously, one of the promises of this study is to utilize large-N quantitative methods to the possible fullest extent. The EU compliance literature has predominantly relied on qualitative methods, while the possibly vast potential of quantitative methods remains largely unrealized. It is by no means to say that the qualitative methods have not made much contribution to filling the black hole in our understanding of the EU compliance process. Most of the existing hypotheses have been generated through case studies and focused or structured comparisons. These methods have served not only in formulating hypotheses, but also in testing them. For instance, the goodness-of-fitness hypothesis, which was once the most influential explanation for EU compliance, has been discredited through structured comparisons (Falkner, Treib, Hartlapp & Leiber, 2005; Mastenbrok, 2005). What it is instead to say is that the edge that one would gain in using large-N quantitative methods is to add a little bit more rigor in hypothesis testing.

The specific statistical tools that employ in ascertaining the compliance patterns of EU member states are the Ordered Logit Statistical techniques to get empirical results and simulation tools to illustrate my results. My choice of the Order Logit is dictated by the measurement of my dependent variable. The Ordered Logit is an appropriate tool because the compliance patterns of the EU member states are coded as ordinal, reflecting different degrees of the severity of compliance issues that member states are likely to have, like low, medium and high. Once I get my results, I will use Monte Carlo simulation techniques that come with a software program called as CLARIFY to better

illustrate how the variables of interests affect the dependent variable (King, Tomz & Wittenberg, 2000).

SUMMARY

In this chapter, I presented the research design, variables and data of the empirical analyses that I run in the next three chapters. I argue that because of its highly robust and politicized nature, the EU represents perhaps the most likely case where the partisan approach must be confirmed. Using the infringement date set that I built up, and employing the tools of large-N statistical design, I test the process and substance hypotheses of the partisan approach in accounting for the compliance patterns of member states first across all policy areas in chapter 3 and later across specific policy areas, de-regulatory policies in chapter 4 and re-regulatory policies in chapter 5. As far as the process dimension is concerned, I expect the governments with more support for the EU to display a better compliance pattern than the governments with less support. As far as the substance hypothesis goes, I expect that the governments with more support for the substance of EU rules and regulations are likely to be more compliant than the governments with less support.

CHAPTER THREE

PARTISAN PREFERENCES AND COMPLIANCE WITH GENERAL EU POLICIES

INTRODUCTION

In the previous chapters, I presented and elaborated the partisan approach to EU rule compliance, and laid down the research design for testing this approach. With this chapter, I begin the presentation of empirical analyses. I test the partisan approach at aggregate and disaggregate levels. Analysis at the aggregate level involves predicting compliance across all policy areas without making distinctions among them. Analysis at the disaggregate level consists in predicting compliance in two distinct policy areas of analytical and practical importance: de-regulatory and re-regulatory policies. This chapter does empirical testing at the aggregate level.

The partisan approach yielded two main hypotheses, which respectively concern the impacts of different partisan orientations toward the process and substantive outcomes of the EU rule making process on compliance with EU rules. The process hypothesis is straightforward: the governments with a more favorable stance toward the European rule making process are expected to be more compliant than the governments with a less favorable position. However, the substance hypothesis is not as clear. In order to fully grasp how the second hypothesis applies in the EU context, one needs to identify a fundamental policy goal underlying EU rules and regulations.

This chapter has three sections. In the first section, I provide a general discussion of the main goals of EU regulatory policies in order to better operationalize the second hypothesis. I conclude this section by reformulating the second hypothesis with reference to the more specifically defined objectives of EU regulatory policies. The orientation in this section is holistic in that I examine the overarching objectives that permeate all of EU regulatory policies. In the second section, I empirically test the two hypotheses of the partisan politics approach. I wrap the chapter up with remarks summarizing the main findings.

EUROPEAN INTEGRATION AS A MARKET BUILDING PROJECT

It would not be far-fetched to claim that the most conspicuous outcome of over a half a century of European integration is the Single Market with economic and monetary union. Although European integration has always had political objectives, like peace and stability, and political unification, the integration project has had a strong economic overtone (Milward, 1992; Moravcsik, 1998). Practically, economic objectives have driven and given much of the substance to the major regulatory policies of the EU. Therefore, exploring the overarching goals that permeate EU rules and regulations inextricably leads one into the domain of economics. The major policy initiatives that constitute the milestones of European integration were imbued with the principles of market economy (Wise & Gibb, 1993; Gillingham, 2003; Smith, 2004). It is safe to claim that the overarching objective that gives the substance to the specific regulatory policies of the EU is to build a competitive market economy across Europe.

The European markets had long remained fragmented into separate units, the boundaries of which were defined by nation states (Overturf, 1988; Jovanovic, 1997).

The fragmentation was solidified by different forms and intensities of state interventions into economic and social life. State interventions occur in various forms, like public procurements and corporations, taxes, subsidies, regulations and standards. There are various motivations behind state intervention in economic life. Whatever the specific motivation, their existence shows that economic interactions are embedded in social and political life (Polanyi, 1945). Driven by different motivations, various forms of state interventions have determined the access of products and factors of productions of foreign origin to their markets and thus, from a strictly economic point of view, created distortions in the flow of products and factors. Also, differences in macro-economic, monetary and fiscal, policies create uncertainties and increase transaction costs.

The fragmented state of European economies was one of the fundamental reasons for the exhausting conflicts and wars among European states (Milward, 1992). Convinced that the path to peace and stability on the war-torn continent passes by reducing fragmentation through an increasing cooperation and even integration of their economies, European states pursued the goal of the progressive elimination of economic boundaries that kept them divided when their fates were so much intertwined (Milward, 1992; Moravcsik, 1998). European economic integration and its regulatory policies have been driven by the goal of overcoming the segmented nature of European markets, and of creating a larger market economy characterized by the freedom of products (goods, services) and the factors of production (capital and labor) (Molle, 1990: 5, 9).

The pattern of the evolution of European integration closely follows the logic of economic integration that political economy scholars have identified (Molle, 1990). Some of these theories are the theory of custom union, theory of economic integration, theory

of optimum currency areas (Viner, 1950; Ballassa, 1961; Mundell, 1971).[5] These theories show that an integrated or enlarged market has a huge potential in terms of raising prosperity. With restrictive and discriminatory practices, physical, financial and human resources are allocated at a sub-optimal level. In other words, factors and products do not flow to where they would yield their highest return. With increasing market integration, the productive potential of economic actors is expected to increase. The attendant unleashing of competitive forces and the growing scale of economies are likely to lead to diversification and specialization where factors are allocated where they are most efficient (Molle, 1990).

Balassa, in his classical treatment of international economic integration among the distinctly demarcated national markets, divided the process in different stages (Balassa, 1961). The first stage is the Free Trade Area. In this designation, two countries agree to remove tariffs and quantitative restrictions in trade flow, while they act independently in their transactions with the third country. In the second stage, the Custom Union, the countries involved not only remove all tariff barriers and quantitative restrictions in their trade relations, but also set common tariffs and quantitative restrictions in their trade with a third country. Economic integration deepens with the next step that involves removing non-tariff barriers in trade and ensuring the freedoms of goods, services, capital and labor. Economic Union is the next higher step of economic integration where governments tightly coordinate and even unify their monetary and fiscal policies. Political unification is the latest stage of economic integration where economic policy making is completely unified and centralized.

[5] Pelkmans (1983) provided a strong critique of these theories in explaining the patterns of evolution of market integration. He criticized them for not leaving enough room for the politics and the problems of collective action.

The European states have taken steps toward the progressive integration of their fragmented national markets though major policy initiatives starting in the early 1950s. There have been four major policy initiatives or programs, through which the construction of a European market has proceeded. These initiatives have defined the content of specific EU regulatory policies. My goal is not to reiterate what others have provided as detailed accounts of these initiatives (Wallace, Wallace & Pollack, 2005), but to give a sense of how these initiatives contributed to the realization of the overarching objective of European integration.

Customs Union

The founding treaties of European Integration, the Treaty of Paris in 1951 and the Treaty of Rome in 1957, provided a broad policy framework and set major objectives for European integration, the subsequent treaties provided revisions and further policy and institutional tools to realize what the founding treaties had set out. The most immediate goal set out by the Founding Treaties was the customs union. The most visible barriers that fragmented the European market were tariffs and quantitative restrictions behind the movements of goods. European states, depending on their political and economic objectives and sensitivities, imposed different levels of tariffs and quotas that limit movements of goods across their borders. The establishment of the customs union was associated with three more specific targets. The first was to remove tariffs and quantitative restrictions behind the movements of goods among the countries involved. The second was to introduce a common customs tariff (CCT), applicable throughout the European Community to third country goods. The third is to pursue a common commercial policy with respect to third parties as an external dimension of the customs

union. These objectives were achieved by 1968, and thus a full custom union was established among the member states. With the customs union, the EC countries made a significant progress in integrating their markets for goods.

Single Market

While the customs union largely integrated the market for goods by 1968, the then EC was far from realizing what the Founding Treaties laid out as the objective of establishing a common or single market with its defining four freedoms of goods, service, labor and capital. Discriminatory and restrictive practices still continued to keep the European market fragmented. Spurred by the declining competitiveness of the European economies in the face of the rising competition from the US and Japan in the 1980s, the EC launched the 1992 Project of completing the single market in the mid-1980s (Sandholz & Zysman, 1989). This project came to be the defining moment of European integration. The goal of this program was to deepen the integration process. The project was formally declared in the Single European Act in 1986, which also set out the necessary institutional changes to make the enactment of legislation necessary for completing the single market.

However, although the establishment of the custom union represented a significant progress in achieving integration in goods markets with the removal of tariffs and quantitative restrictions, there were still non-tariff barriers with their discriminatory and restrictive impacts on the movement of goods. Also, there was the persistent fragmentation in the service, labor and capital markets, likewise the result of various restrictive practices maintained by the member states for the protection of public goods or special interests. The 1992 project identified three major obstacles for the realization of the four freedoms: physical, technical and legal.

Physical barriers refer to administrative procedures and general border formalities that affect the easiness with which goods and peoples move across borders. With a number of formalities, there are delays, and transport and handling charges, which all add to costs and damage competitiveness (Wise & Gibb, 1993: 70). Custom procedures are unnecessarily long partly due to the fact that borders are where products and people get their first access to the national market. What this means is that a number of administrative procedures and formalities are designed to make necessary adjustments and to check whether products and people meet the requirements necessary for accessing to the national market. Borders are the points where standards and regulations permitting access to the national market are enforced. Some of these adjustments and controls involve checking the Value Added Taxes (VAT) being applied according to the principle of destination, which requires tax adjustment at the borders. In order to eliminate or minimize distortions in the free flow of products and factors, and administrative costs associating with establishing and maintaining borders and border controls, the Single Market project sought to abolish or at least dramatically simplify border controls. This was achieved through coordinating policies and approximating legislation.

Fiscal Barriers involve the diverse patterns of taxations applied across the member states. Wide differences in the rate, coverage and structure of direct and indirect taxes reinforce the segmented state of the European economy (Wise & Gibb, 1993, 86). Differences in indirect taxes, (Value Added Taxes (VAT), and Excise Duties), which are charged on the basis on the consumptions of products, create distortions in the free movements of goods and services. The differences in direct taxes (Corporate and Income taxes), which are charged on factors of production (capital and labor), cause distortions in

the free flow of capital and labor. Taxation systems of various types are maintained partly due to gain an advantage in attracting products and factors. The result is, factors might end up where taxes are more favorable rather than whey they would ideally get the highest return.

While the physical and fiscal barriers to the free flow of products and factors are easy to figure out, the technical barriers are highly complicated. The category of technical barriers covers any other barrier other than the physical and fiscal ones. Standards and regulations that control access of products and factors to a national market could be instituted for a variety of reasons. Sometimes, these regulations address health, safety, environmental protection concerns. But, sometimes, they can be deliberately used to limit access by giving an advantage to home products and factors over foreign ones. These regulations take many forms, like testing, certification, national standards and diplomas.

The distortion effects of technical barriers on the flow of products and factors were huge (Dierx Ilkovitz & Sekkat, 2004). Most of the Single market policies were designed to eliminate these distortion effects through either harmonization and approximation of regulations and standards or through mutual recognitions of distinct national practices by all governments. Removing national standards does not mean that the EU has no standards. Up to the Single Market Project, the prevalent strategy had been harmonization of these standards. However, the application of this strategy had not yielded much progress in removing these barriers. After the landmark decision by the ECJ in 1979, the EC discovered the power of the strategy of mutual recognition in pushing the Single market project (Alter, 1994). The mechanism of mutual recognition does not entail harmonizing diverse national standards, but nullifies the restrictive and

discriminatory effects of these standards by making diverse national standards applicable as long as they meet more specific health, safety and environmental standards.

With the removal of non-tariff barriers, the Europeans aimed to achieve a new and dynamic market capable of competing with big rival markets, like the US and Japan. The Single market project was highly successful in removing various barriers erected to protect the national products and factors (Dierx Ilkovitz & Sekkat, 2004). The creation of a single market enhanced allocative efficiency through the mechanism of competition.

Although the removal of barriers for the integration of product and factor markets strengthened the market forces and wealth creation mechanisms, the Single market project also addressed adjustment costs and risks associated with the restructuring and adjustment pressures of the single market. The functional, geographical and environmental impacts of the single market were respectively addressed by the regional, social and environmental policies. These policies had already entered into the policy agenda of the EC, but with the huge jump forward in economic integration that the Single Market project represents, the need to pay more attention to issues and adjustment costs became more acute.

Economic and Monetary Union

The creation of a single, expanded market of European size inevitably forced the member states to coordinate their macroeconomic policies. There were two major rationales for Economic and Monetary Union. First of all, European economic integration consists of integration of previously mixed economies marked by various form and levels of government involvement in economic life (Molle, 1990). Integrating mixed economies inexorably involves a spill-over into the policy realm and requires either coordination or

unification of economic policies. Secondly, with the emergence of an integrated economy, there was a growing concern about the ability of this market to respond to internal and external shocks, and the stabilization of the single market in the face of these shocks (Dyson, 1999). Just like in any other market economy, there was a need to employ common policies that could stabilize the European market in cases of shocks or crisis. That is why many consider theat Economic and Monetary union is a logical extension of the single market project.

The member states had long maintained a close cooperation in monetary affairs dating back to the early 1970s and the Werner Report. Although the mechanisms, like the Snake system and later the European Monetary System, were enough in providing a tool to adjust to external and internal shocks in a custom union, the completion of the single market necessitated establishing a more advanced cooperation or unification than what was embodied in the European Monetary System. Proposed in 1989 in a highly influential White Paper by the European Commission, the monetary union found a formal expression in the Maastricht Treaty in 1992. Through three stages, the member states achieved monetary unification where national currencies are irrevocably fixed and the European Central Bank was established to determine common monetary policies.

The unification in the realm of monetary policies was followed by a deepening cooperation in the other macro economic policies and fiscal policies, which found concrete expressions in the Maastricht Convergence criteria. Those criteria involve setting ranges of fluctuation in macro economic indicators, like inflation, government dept, government deficits and exchange rate. Those criteria were first set for the smooth

transition to the monetary union, but later formulated as a more general and stable framework in the form of Growth and Stability pact in 1997.

Lisbon Strategy

A large European market was firmly in place by the early 2000s with remarkable progress in establishing the single market and the economic and monetary Union. However, building a market economy is rarely a finished project, but it entails continuous adjustments and modifications. There are always new challenges that need to be assessed and dealt with. The EU fully realized this in the early 2000s when the European market performed relatively poorly compared with the American and Japanese markets. The EU institutions and member states conceived that the European market needed to be rejuvenated with a renewed emphasis on the principles of market economy, and a full and rigorous enforcement of the existing policies.

While the Customs Union, the Single Market and the Economic and Monetary Union could be framed as different stages of economic integration, the policy program known as the Lisbon Strategy that was launched in the early 2000s was not a stage in the integration process. It represented an important moment in the realization of the objective of constructing a European market. The main purpose of the initiatives embodied in the Lisbon Strategy was to deal with the low productivity and stagnation of the European market compared with its competitors. The Lisbon Strategy was in a sense an interim assessment of how well the European Market does in terms of fully realizing its potential for growth and employment. The member states did a major overview of the single market project and the Economic and Monetary Union with a renewed commitment to the objectives of the previous policy programs. For example, while significant progresses

had been made in integrating the goods markets, the integration in service, capital and labor markets was still lagging. The Lisbon Strategy pointed out the shortcomings in the European market, incompleteness of integration in service sectors especially in network industries like telecommunication and energy. The Strategy formulated a set of proposals for the completion of integration in service and labor sectors and the further enforcement of the principles of the market economy to fully realize the potential of the European market for growth, employment and stability. These proposals were adopted in 2000, and to be attained by 2010. Its professed purpose is to make the European Market the most competitive and dynamic knowledge-based economy in the world.

Along with showing how the European market can enhance its potential to create wealth, the Lisbon Strategy highlighted the need to address the welfare effects of the European market. It established a direct connection between the wealth creation capacity of the European market and the need to address welfare issues in the market. This connection constituted the substance of the principle of sustainability. Social inclusion and environmental protection were seen as necessary to sustain the ability of the European market to create wealth and prosperity.

Based on the preceding examination of the substantive policy objective, building a Europeanwide market, that permeates EU rules and regulations, it is possible to operationalize the second hypotheses of the partisan approach. Here are the latest forms of the hypotheses of the partisan approach:

The Process Hypothesis:

The governments with more support for European integration tend to comply with EU rules and regulations better than the governments with less support.

The Substance Hypothesis:

The governments whose partisan preferences are congruent with the objective of market building are expected to better in compliance with EU rules and regulations.

EMPIRICAL ANALYSIS

Table 3.1 gives the descriptive statistics of the variables. Table 3.2 presents the estimates for compliance across all policy areas. The results support the assertion that the partisan preferences of the governments of the member states concerning both the process and substantive outcome of EU rule making matter in their compliance with EU rules. The coefficient for the pro-Europeanness variable, which permits a test of the process hypothesis, is significant and negative as the partisan framework expects. The likelihood that the national governments with a more favorable preference for the European mode of governance have severe compliance problems is significantly less than that for the governments with a less favorable stance. The coefficient for the market economy variable, which represents the substance hypothesis, is also significant and negative. The governments with more support for the substantive policy outcome of general EU rules tend to do better in complying with these rules than the governments otherwise.

To provide clarity into the impact of the pro-Europeanness and market economy variables on the severity of compliance problems, I calculated the predicted probabilities of being referred to the Court of Justice on the basis of given values on these independent variables. Predicting reference to the Court might be of interest for the students and practitioners of EU compliance. It represents a relatively high-profile turn in the sequence of actions in the infringement procedure. In the earlier stages of letter of formal notice and reasoned opinion, the Commission investigates the possible violation of EU rules

through informal or formal actions of relatively low profile. But, invoking the jurisdiction of the ECJ means that the Commission comes to be convinced of a substantive violation of EU rules and regulations and feels it necessary to take a relatively higher profile action of referring the case to the ECJ.

Table 3.1 Descriptive Statistics

Variables	# of Observation	Mean	Std Dev	Min	Max
Infringement	10419	1.71	0.72	1.00	3.00
Pro-Europeannes	10419	0.91	0.14	0.38	1.00
Market Economy	10419	4.99	4.28	0.00	22.34
Weighted Vote Powers	10419	6.36	2.93	2.00	10.00
Intra-EU Trade	10419	47.77	29.47	16.80	121.40
GDP Per Capita	10419	23.99	6.51	12.98	49.23
Total Government Revenue	10419	40.33	5.38	29.94	54.02
Membership Age	10419	31.79	17.26	2.00	53.00
Judicial Review	10419	2.35	0.89	1.00	4.00
Decentralization	10419	2.47	1.40	1.00	5.00
Bicameralism	10419	0.34	0.47	0.00	1.00
Corporatism	10419	0.91	1.07	0.00	3.00
Coalition	10419	0.69	0.46	0.00	1.00
Southern European Countries	10419	0.33	0.47	0.00	1.00
Budget Contribution	10419	7.69	7.92	0.20	30.00
Time Counter	10419	5.74	2.54	1.00	10.00
Total Population	10419	29.15	26.76	0.41	82.50
Life Satisfaction	10419	20.32	13.33	3.00	67.00
Distrust in National Government	10419	48.99	10.20	20.00	80.00
Support for a more Speedy Integration	10419	0.89	0.76	-0.60	2.50
Preliminary Ruling	10419	17.93	17.77	0.00	70.00

Figure 3.1 and 3.2 present the predicted probabilities of being referred to the Court of Justice as a function of the pro-Europeanness score and the support for market economy score respectively. As Figure 3.1 shows, a government with the minimum score on Pro-Europeaness (0.38) is two times more likely to be referred to the ECJ than a government with the maximum score of 1. As Figure 3.2 demonstrates, the governments with a score of 1, signifying disfavor for the principles of market economy variable, are three times more likely to be referred to the Court than the governments with a score of

support for market economy at 20, signifying a high level of support for the principles of market economy. These results illustrate that the probabilities that member states are referred to the Court of Justice in the compliance process decline as the partisan preferences of their governments become more favorable toward the process of EU rule making and the substance of rules being produced through this process.

Table 3.2 Ordered Logit Results: Severity of Compliance Problems

	Coefficient		Robust Std Error
Explanatory Variables			
Pro-Europeannes	-1.13	***	0.215
Market Economy	-0.08	***	0.013
Control Variables			
Weighted Vote Powers	-0.25	***	0.096
Intra-EU Trade	-0.01	***	0.003
GDP Per Capita	0.09	***	0.010
Total Government Revenue	0.07	***	0.012
Membership Age	0.00		0.005
Judicial Review	0.25	***	0.053
Decentralization	-0.17	***	0.051
Bicameralism	-1.73	***	0.187
Corporatism	-0.03		0.111
Coalition	-0.40	***	0.107
Southern European Countries	1.36	***	0.224
Budget Contribution	0.16	***	0.025
Time Counter	-0.03	***	0.010
Total Population	-0.04	***	0.012
Life Satisfaction	-0.04	***	0.005
Distrust in National Government	-0.01	*	0.004
Support for a more Speedy Integration	-0.01		0.065
Preliminary Ruling	-0.01	**	0.002
Threshold 1	-0.72		0.519
Threshold 2	1.29		0.519
N			10419
Wald chi2(20)			696.650
Prob > chi2			0.000
Pseudo R2			0.042
Log pseudo-likelihood			-9988.353
Note: Significant * p <. 1, ** p < .05, *** p < .01			

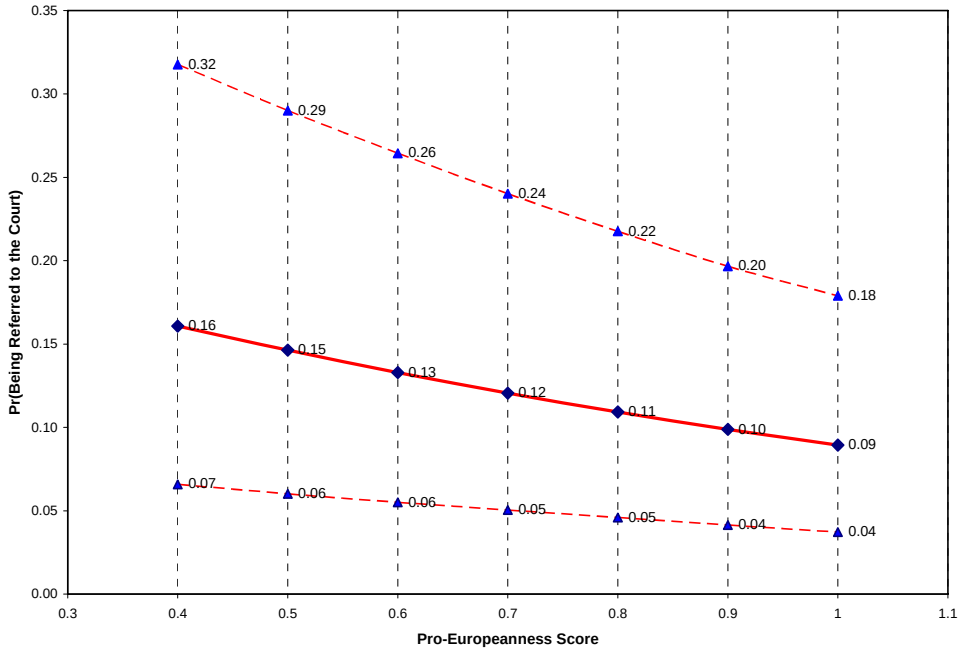

Figure 3.1 Pro-Europeanness and the Predicted Probability of Being Referred to the Court of Justice

Regarding the effects of the control variables of the empirical model, there are both confirmatory and puzzling findings. First of all, the critics of the infringement data find support for their assertion that caution needs to be exercised in using these data because of the biases built into them. The Commission appears to be treating the southern European countries differently than the other member states. Also, in the member states where the publics have higher overall life satisfaction, the public seems to be more complacent about possible infringements. Moreover, the coefficient for the preliminary ruling is negative and significant, which suggests that some of potential infringement cases are solved even before they come before the Commission. Given the statistical significance of some of the biases in the infringement data, having them controlled in the empirical analysis should boost confidence in the results of my analysis.

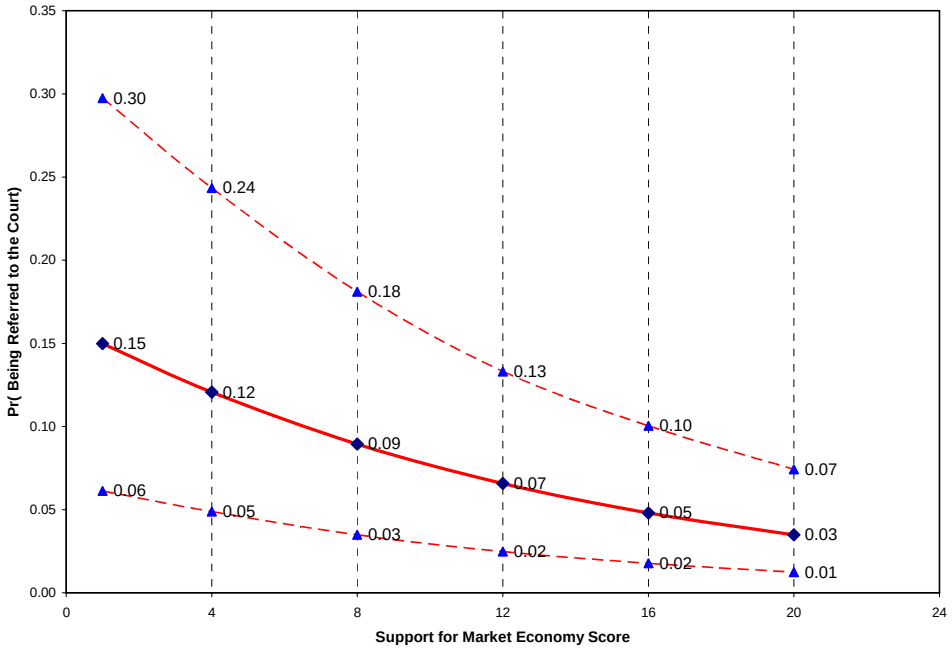

Figure 3.2 Support for Market Economy and the Predicted Probability of Being Referred to the Court of Justice

The coefficient for the weighted vote variable is negative and highly significant. If governments are likely to gain policy battles at the EU level, they tend to have less severe problems in compliance with the resulting rules. One substantial implication of this finding concerns the IR literature on institutional design (Koremenos, Lipson & Snidal, 2001). Scholars have studied how institutional design matters in rule compliance (Mitchell; 1994; Fearon, 1998). My analysis shows that the regimes which reduce the veto power of individual states in order to enhance the efficiency of the rule making process are likely to have more compliance problems than the regimes which ensure that individual states are able to affect rule making according to their ideal policy positions. This further implies that there may be a substantial tension between the efficiency of the rule making process and the prospects of compliance with the resulting rules.

Also, that the coefficient for intra-EU trade is negative and highly significant suggests that the states that are more dependent on international rules are less likely to have severe compliance problems. This finding suggests that even mere dependence on international regimes for the attainment of desired policy goals can put pressure strong enough to force states to comply with the rules and regulations of these regimes. The finding confirms the existing literature that rule enforcement in international regimes does not have to be a mirror image of rule enforcement at the domestic level in that international enforcement is likely to occur through more indirect and subtle ways (Simmons, 2001a).

The findings for the socialization variable and the material capacity variables come as a surprise in that they are not consistent with the established literature. The coefficient for the membership age is positive, but not significant. It appears that compliance does not improve with an increase in the length of membership, which further hints that it is not driven by the learning process. The coefficients for the GDP Per Capita and Total Government Revenue variables are positive and highly significant. This finding goes against the expectation of the established literature that states with material and human resources at their disposal are likely to have few compliance issues. Taken along with the result for the Weighted Votes variable, though, one might interpret this finding as suggesting that compliance is more about choice than capacity.

Also interesting are the results for other domestic institutional and political variables. With the exception the judicial review variable, the coefficients for Bicameralism, Decentralization and Coalition variables are either not significant or significant in opposite directions. One interpretation of this general finding might be that

since compliance could be a highly legalistic matter, the characteristics of the legal system of a member outweigh other institutional features.

SUMMARY

In this chapter, I have examined compliance patterns of member states across all policy areas. The analysis entailed a more specific operationalization of the second, substance hypothesis of the partisan approach. I elaborated the overarching objective that informs EU regulatory policies and determines the general substance of specific EU regulatory policies. I claimed that European integration and its specific policies are driven by the objective of building a European market. After providing a better operationalization of the second hypothesis, I tested the hypotheses of the partisan approach to compliance. The findings of the empirical analysis provide a firm support for the partisan approach that party preferences of national governments have a systematic effect on the patterns of compliance of the member states.

As a further test of robustness of the finding that the partisan preferences of national governments determine their compliance with EU rules, in the following two chapters, examine the patterns of compliance across different types of policies. While all regulatory policies of the EU share the same fundamental objective of constructing a Europeanwide market, they differ as to how regulatory they are. There are two major types of regulatory policies. The first type, which is the subject of the Chapter 4, is the de-regulatory policies. Constituting the centerpieces of European integration, these policies aim at abolishing or easing regulatory barriers in the emerging European market. The second type is re-regulatory policies. These policies are not concerned with welfare effects for different functional and geographical groups. These policies mostly

complement the national regulatory policies by addressing the welfare issues associated with establishing the European market. Analyses of compliance in these policy domains should demonstrate how robust the findings in this chapter are.

CHAPTER FOUR

PARTISAN PREFERENCES AND COMPLIANCE WITH DE-REGULATORY POLICIES

INTRODUCTION

This chapter carries out a robustness test of the partisan approach to international compliance by exploring how the partisan model performs in accounting for compliance in a particular sub category of EU policies, de-regulatory policies. The de-regulatory policies of the EU could be characterized as wealth-enhancing policies. These policies are concerned with empowering free market forces so that they can fully take advantages of the wealth creation capacities of a unified and enlarged market. Thus, the productive and allocative efficiencies of the single market can be fully realized. Major policies that are the milestones for the completion of the single market project have a de-regulatory impact. The fundamental idea underlying de-regulatory policies is to reduce the regulatory burden on market forces by either fully abolishing them or, as is primarily the case, streamlining diverse national regulatory practices and creating a simplified regulatory environment in the European market.

The EU has employed three principal mechanisms, through which de-regulatory policies reduce the regulatory burden over market forces in the European market: the mechanisms of liberalization, harmonization and mutual recognition (Pelkmans, 2003). The mechanism of liberalization works through an almost complete removal of all discriminatory national practices and regulatory tools. This mechanism has been used in

de-regulatory attempts in sectors like telecommunication. The mechanism of harmonization seeks to ease the regulatory burden by doing away with diverse national regulatory policies of discriminatory and distorting effect by forcing the member states to approximate their regulatory practices on the basis of standards set at the European level. This mechanism has been operative especially before the early 1980s. However, since diverse national practices often have deep political and institutional roots, it proved rather hard to force member states to change their diverse national practices according to common European standards.

The last mechanism, but probably the most prominent and innovative one, is the mechanism of mutual recognition. Thanks to the landmark decision by the European Court of Justice in 1979, the EC/U discovered an innovative tool of mutual recognition and realized that in order to neutralize the discriminatory effects of different national practices, they do not have to be completely removed or approximated according to common standards. The same effect can be achieved through the mutual acceptance of practices and rules of member states. The mechanism of mutual recognitions has spawned a surge in de-regulatory policies (Alter, 1994).

Relying on the mechanisms of liberalization, harmonization and mutual recognition, EU de-regulatory policies do away with or neutralize the discriminatory and distorting effects of national regulatory practices. From the partisan politics framework, compliance with this type of policy requires a specific partisan preference especially in terms of the substance of de-regulatory policies. Like in Chapter 3, the process hypothesis is relatively straightforward, but the substance hypothesis needs to be reformulated more specifically. The chapter proceeds as follows. First, I discuss some

examples of EU de-regulatory policies to illustrate the substantive logic of EU de-regulatory policies to help a better operationalization of the substance hypothesis of the partisan framework. After operationally redefining the substance and process hypotheses, I empirically test them. The chapter ends with a brief summary of the results.

EXEMPLARY DE-REGULATORY POLICIES

De-regulatory policies occupy the center stage of the EU policy space. The major policy initiative, the Single Market project, had strongly de-regulatory impacts by removing or neutralizing discriminatory and restrictive practices that segment the European market (Wise and Gibbs, 1993). Their main objective is to create a regulatory environment within an integrated and enlarged market that empowers market forces through the promotion of competition, entrepreneurship and innovation. EU de-regulatory policies have been highly interconnected in their evolutions and actually reinforced each other.

Competition Policy

If there is a policy area where the principles of free market find the most discernible expression in the European policy space, it is definitely competition policy (Wilks, 2005). Although some scholars have claimed that competition policy could be classified as a re-regulatory policy given the fact that competition policy often entails positive actions by the European Commission, competition policy fits the category of de-regulatory policy. First of all, its aim is to simplify the regulatory environment for competition by creating a single framework, and thus reduce the general regulatory burden, which stems from the diversity of standards and conditions. Secondly, the assertiveness of the Commission in enforcing it may make it appear a re-regulatory policy or positive policy, its purpose is to

set and rigorously enforce "standards of conduct rather than obtain tangible goals" (Wilks, 2005).

The founding Treaties granted great significance to competition policy by stipulating that the European market ought to be based on free competition (Smith, 2005). The salience of this policy grew exponentially with the announcement of the Single Market Project in the mid-1980s. With the removal of visible barriers to the movements of products and factors, private and public actors may look for other ways to affect competition in the market to their advantages. Competition policy aims at creating conditions for free competition for market players. Its ultimate goal is to increase the efficiency in the allocation of factors and products.

In the emerging European market, there are a number of practices by private and public actors that distort free competition and thus the efficient allocation of factors and products. While there are five areas that competition policy targets at: restrictive practices, abuse of dominance, merger control, state-aid, and the liberalization of utilities (Wilks, 2005). While the first three are practiced by private actors, the last two relate to the actions of the public authority.

Anti-Trust: Restrictive Practices:

EU competition policies prohibit agreements or any kind of collaboration between firms that are intended to create discrimination and biases in favor of specific economic actors and thus limit competition in the market. According to Article 81, TEC, (ex Article 85 EEC), the Commission is stipulated to take actions in case where firms obstruct competition. What constitutes a restrictive behavior is not clearly defined, but there are some common practices that would be immediately labeled as restrictive. These are

concerted actions by private firms that ensure resale price maintenance, horizontal price fixing, export bans, and market sharing (Wilks, 2005). The Commission is granted with power to investigate and take actions to stop any kind of restrictive practices.

Anti-trust: Abuse of Dominance:

Article 82, TEC (ex Art. 86 EEC) prohibits 'any abuse by one or more undertakings of a dominant position within the common market'. This rule targets a firm or a group of firms that constitute a monopoly or oligopoly. This is where the fundamental tradeoff between the allocative and productive efficiencies in European integration gets revealed (Dierx, Fabrienne, & Sekkat, 2004). Monopolies or oligopolies enjoy economies of scale, and are better able to fund large scale research and development projects. These features enhance productive efficiencies or production at lower costs per unit. However, monopolies and oligopolies set barriers to the entrance of new and possibly more efficient market forces. In that respect, monopolies and oligopolies hurt allocative efficiencies of the market, which entail the movement of market forces to where they would get the highest return. Partly because of this tradeoff, the commission has remained ambivalent in scrutinizing this practice. But most the time, the Commission tends to prefer allocative efficiency over productive efficiency and closely watches monopolistic and oligopolistic practices (Smith, 2005).

Merger Control:

While EU competition policies regulate the existing structure of industry to correct any kind of concentration that could potentially or actually distort free competition in the European market, these policies also are preemptive. They are so in the sense that they provide a close scrutiny over merger and acquisition practices that could potentially

create monopolies. Using the authority granted with the Treaty of Rome and the Merger Regulations, Regulation No. 4064/89 amended by Regulation 1310/97, the Commission carefully watches mergers and acquisitions, the total value of which exceeds a specific threshold. As a follow-up to these regulations, the Commission formed a merger special task force, which examines all merger and acquisition cases through two stages. In the first stage, all mergers and acquisitions are examined; the second stage involves a close scrutiny of only those which have a strong prospect of generating a monopolistic position (Wilks, 2005). If the Commission is convinced that a prospect merger or acquisition is likely to create monopolies, it could take a range of actions, including referring the case to the European Court of Justice.

State Aids (Subsidies):

The free competition in the emerging European market is likely to be distorted not just by the practices of private actors, but also the actions of public authorities. EU Competition policies target those practices by member states that create discriminations and distortions in favor of industries or firms that are perceived as nationally important. Articles 87 and 88 TEC (ex Arts. 92 and 93 EEC) state that aids to business, private or state-owned, which distort competition, are incompatible with the common market. State aids cover all kind of actions, including tax breaks, preferential purchasing, loans, and even loan guarantees (Wilks, 2005). Usually, the main beneficiaries of these aids are a firm and category of firms. Not all aids are prohibited. Some aids are part of a broader industrial policy that the member states had followed until the late 1980s. They have been used to sustain some industries, like shipbuilding, coal, steel, aerospace and the motor industry. They can also be used to support small enterprises, backward regions and R&D.

EU competition rules ask member states to inform the Commission about all kinds of aids or subsidies that they provide. First, the Commission emphasizes transparency as well as reduction or minimizing these aids. State aids are still rather prevalent, yet the competition policies require member states to minimize them so that movements of market forces are least hampered by interventions of public authorities.

The Liberalization of Public Utilities:

Another area that EU competition policies address is public unities that are largely or partially controlled by the national governments. Competition policies promote the liberalization of domestic utilities and network industries (Arts 31 and 86 TEC; ex Arts. 37 and 85 EEC). For a number of reasons, the national governments nationalize or grant a monopoly position to state or private utilities or operate regulatory frameworks that distort competition (Wilks, 2005). Conventionally, these industries are telecoms, energy, water, post, transport and airlines, insurance and the media. EU has policies related to each of these industries, which I will discuss in the following section. Actually, the EU-led push for liberalization in these industries was first spurred from the operation of competition policy (Smith, 2005). The Competition policy provided a potent impetus for opening up these industries to competitive market force by providing a legal foundation to launch assaults over state-owned or supported monopolies.

Industrial, Enterprise, and Research and Development Policies

The policies collected under this section all aim at enhancing the efficiency and competitiveness of European industries. However, unlike the traditional industrial policies, these policies improve competitiveness by fostering entrepreneurship and innovation (Dinan, 2005). These policies often replace diverse national practices and

provide a simplified and joint framework. The EU realized that creating a business environment that stimulates competitiveness, entrepreneurship and innovation is the best industrial policy. Like competition policy, these policies are strongly concerned with enhancing the wealth creation capacity of the European market.

Industrial Policy:

Despite the interventionist nature of EU industrial policies, these policies are driven by the objective of promoting a regulatory environment conducive for industrial growth. In contrast to the member states' traditional industrial policies, which are overtly interventionist and protectionist, EU industrial policies provide a single scheme to help ailing industries of the member states so that there is no distortion associating with different forms and degrees of interventions embodied in national practices. These policies are not designed to eliminate all industrial policies, but reduce the regulatory burden and discriminations that come with existence of the national practices. The main goal is to help the European industries to be more competitive in relation with their American and Japanese counterparts by creating an environment that is business friendly.

In the 1970s, with a spur from the member states, the EC provided various kind of assistance to national industries with problems. This assistance grew in volume and kind in the 1980s. EU industrial policies shifted their attention from old industries like steel, textile and shipbuilding, to new high-technology industries. The national governments had taken various steps to boost their high-technology sectors and collaborated in their efforts. As the individual and collective efforts to bridge technology gap that divided the European industries from their American and Japanese counterparts, the EC was called into action.

The thrust of EU industrial policies in the 1980s was to end the fragmentation of Europe's own market by eliminating tariffs and non tariff barriers. Big businesses supported the EC's initiative to liberalize, harmonize and standardize. Far from displaying the kind of interventionism that has characterized national industrial policies, the EU industrial policies help "level the playing field for manufacturers throughout the EC" (Dinan, 2005, 428). The Single market project became the centerpiece of the EU's industrial strategy in the late 1980s by promoting economies of scale and efficient allocations of the factors.

The policy orientation underlying industrial policies in the 1990s was a rejection of the old style interventionist and protectionist approach and the embrace of the idea that "the role of government should be limited to providing, first, a competitive business climate and, second, catalysts to encourage firms to adjust rapidly to changing circumstances." (Dinan, 2005: 429).

The relatively less interventionist character of EU industrial policies and strategies sets them apart from their national counterparts. Promoting competitiveness and innovation is the main motivation of EU industrial policies, which came to be much more pronounced after the Single market project and throughout the 1990s. Due to the emphasis of promoting competitiveness of the European market, industrial policies have been strongly tied to competition policies. EU industrial policies are not industry specific, but "horizontal" in that they provide a generalized context conducive for the competitiveness by creating and enforcing a level playing field for European manufacturers (Young, 2005).

Enterprise Policy:

EU enterprise policies have evolved as a part of EU industrial policies. In the context of the implementation of the Single market project, their prominence grew, and they attained some autonomy from industrial policies in that they specifically address the issues of promoting innovation and entrepreneurship in the European market by creating a business-friendly environment. This area has become highly prominent in the aftermath of the Lisbon Strategy, which sets increasing the competitiveness of the European market as a major policy goal. These policies target national actions or inactions that stifle entrepreneurship and innovation. These policies provide different strategies for different sectors. For the new sectors, the emphasis is on promoting researches and innovation to provide tools for market forces to prosper. For the old sectors, the emphasis is on expanding market accesses on a global scale. The Commission uses a variety of specific policy tools to encourage entrepreneurship and innovations, including education and training and providing various kinds of financial incentives for those who want to start a business (Dinan, 2005: 431).

Research and Development (R&D) Policy:

Research and Development (R&D) policies share the same thrust as industrial and enterprise policies, and are in fact so much interconnected with these policies that it is rather hard to draw boundaries between them. Like industrial and enterprise policies, R&D policies aim at promoting innovation and economic growth by providing resources to market forces. Like other policies, R&D policies are designed to provide a single framework, which provides collective tools to support R&D across the European market, where private and public actors can come together and collaborate in developing R&D.

EU involvement in R&D goes back to the early decades of integration, when a number of research centers to support R&D were instituted. However, the EC started being genuinely active in this area with the launching of the European Strategic Program for Research and Development in Information Technology (ESPRIT) in the early 1980s. In the process leading to the Single market project and in its aftermath, R&D policies were formally integrated into the Treaty framework. R&D policies work either through the establishment of EU-run research centers or the funding of R&D projects undertaken by organizations from different member states. Internally, R&D policies attempt to eliminate disadvantages and inadequacies that associate with maintaining diverse national practices and initiatives, thus fragmentations having roots in the diversity of national practices in this. Externally, R&D policies enhance the competitiveness of European market forces in relations with their American and Japanese counterparts (Dinan, 2005).

EU R&D policies may appear to be an interventionist policy. It was more so before that it is now. Overtime, R&D policies came to be more imbued with liberal ideals. R&D policies do not necessarily target at specific firms or industry, but provide an environment that stimulates companies and firms to do more investment in R&D. The goal is to enable market forces to take full advantages of the competitiveness and wealth creation potential of the European market.

Network Policy

The success of establishing a single market requires depends the construction of a reliable and efficient infrastructure. The EU's involvement in the areas of network industries including transportation, telecommunication and energy has been geared by the goal of enhancing productive capacity of and the competitiveness of the emerging European

market. Member states have different policies and practices in these areas. Some member states have more regulations in these areas than others, which causes fragmentation and distortions in the movement of goods and people across the European market. The result is the higher transportation, telecommunication or energy costs for economic actors moving across the European market. These policies could be conceived de-regulatory in the sense that they force member states to reduce regulatory burden in these areas, and are driven by the efficiency concerns or enhancing the allocative efficiency by building a common infrastructure that the European market can rely on. The goal is to promote competitiveness in these industries, so that the productive and competitiveness potentials of the single market can be fully be realized. Conventionally, these are areas where states' involvement is conceived as "natural", even in those countries with liberal market economy.

Transportation Policy:

The Treaty of Rome set the common transportation policy as an integral part of the objective of the Common Market. Article 80 of the Treaty clarified that the main goal of the policy was to prevent any kind of discriminations that the national transport rate and policies create in the common market. The policy covers all kinds of transportations, road, railroad, inland waterway, marine and aviation transport (Oudenaren, 2000). While the common transportation policy remained dormant before the 1980s, the Single market project brought to the transportation policy to the center of policy debates. From the 1980s, the transportation policy not only forced the member states to open their transportation infrastructure to foreign competition and to liberalize their national railroad companies, but also provided the legal ground for the initiation and financing of major

projects to build a Europeanwide transportation system (Oudenaren, 2000). Also, the policy neutralized the discriminatory effects of diverse national practices related to transportation through wither harmonization or mutual recognition of diverse national standards. Essentially, the goal is to empower market forces by opening the transportation sector to competition and creating a reliable transportation network that is necessary for the free movements of products and factors.

Energy Policy:

The EU's involvement was relatively late, certainly later than the transportation sector. Part of the reason was that this sector had long remained monopolized by the public authority. Conventionally, the state has been concerned about the security and uninterrupted supply of energy for economy. National governments' monopoles had been regarded as natural. As integration deepened, the monopolistic structure of the energy sector looked increasingly anachronistic in the overall framework of the common market. Using its power in competition, the Commission challenged the national monopolies in the energy sector. The approach of the Commission shifted from one of caution not to upset the national government to one of a forceful push to liberalize the energy sector throughout the 1990s. The efforts of the Commission are driven by the goal of establishing a single market in the energy sector and thus allowing market forces to work with the lowest-cost EU provider rather than being stuck with their national monopolies (Dinan, 2005). Despite the resistance especially from the protectionist member states, like France, the EU has been able to push liberalization and de-regulation of the energy sector onto the EU policy agenda (Oudenaren, 2000).

Telecommunication Policy:

Like the energy and transportation sectors, the structure of the telecommunication sector was long characterized by national monopolies for the same reasons. Conceived necessary for the best interest of the public, the national governments' monopoly in this sector was regarded as "natural" (Noam, 1992). However, as the EC/U was making progress toward completing the Single Market, it became clear that the European market cannot realize its wealth creation potential unless the telecommunication sectors of the member states were liberalized. Also stimulated by the global trend of de-regulation in the telecommunication sector, the EC took the first steps in liberalizing first the procurement and then infrastructure of the telecommunication sector (Humphreys, 2005). The 1987 White Paper by the Commission laid down a guideline for the liberalization of telecommunication sector and set 1998 for its completion. A series of legislation ensued the White paper, which addressed the issues like interconnection, interoperability, and licensing of telecommunications (Thatcher, 2001). Thus, the sources of abnormal differences across the member states in terms of rate and quality of telecommunication were abolished.

By 1998, the objective of full liberalization of telecommunication sectors of the member states was largely achieved. But, the EU regulatory policies in this sector shifted to the next stage. At this stage, the main framework of which was laid down by another influential White Paper in 1997, the EU took a number of initiatives to streamline regulatory frameworks for telecommunication and information technologies by creating a single framework (Thatcher, 2001). The White Paper set 2003 as the deadline for the

completion of a simplified regulatory framework for telecommunication and information technologies.

Based on the preceding examination of the substantive policy objective that permeates EU de-regulatory rules and regulations, it is possible to operationalize the second hypotheses of the partisan approach. Here are the more specifically defined forms of the hypotheses of the partisan approach:

The Process Hypothesis:

The governments with more support for European integration tend to comply with EU rules and regulations better than the governments with less support.

The Substance Hypothesis:

The governments whose partisan preferences are congruent with the objective of market building are expected to do better in compliance with EU rules and regulations.

EMPIRICAL ANALYSIS

The de-regulatory policies included in my data set are competition, enterprise, energy, transportation and telecommunication and information society. Table 4.1 gives a breakdown of infringements cases in the whole data set, according to policy types, member states and stages of infringement. Like in Chapter 3, I use the ordered logit statistical technique. Table 4.2 presents descriptive statistics of the variables included in the empirical model.

Table 4.3 presents the models analyzing the determinants of compliance in de-regulatory policy areas. That the coefficient for the pro-Europeanness variable is significant and in the same direction as hypothesized confirms the process hypothesis. The more pro-European governments do better in complying with de-regulatory policies

than the less pro-European governments. Like the process hypothesis, the substance hypothesis finds confirmation in the two models. The governments having stronger partisan biases in favor of free enterprise are less likely to have severe problems in complying with the de-regulatory policies than the governments with weaker biases.

Table 4.1 Breakdown of Infringement Actions in De-Regulatory Policies from January 1995 to May 2004 into Countries and the Stages of Infringement

Country	**Stages of Infringement**			**Total**
	LFN	RO	RC	
Austria	121	128	41	290
Belgium	168	246	59	473
Denmark	117	17	8	142
Finland	108	45	14	167
France	138	252	163	553
Germany	142	157	63	362
Greece	181	195	68	444
Ireland	116	109	64	289
Italy	146	259	112	517
Luxembourg	137	124	76	337
Netherland	123	86	34	243
Portugal	178	190	70	438
Spain	108	136	48	292
Sweden	123	39	15	177
UK	125	97	36	258
Total	2031	2080	871	4982

In order to further illustrate the substantive meanings of the coefficients in the empirical model, I calculated the predicted probabilities that the governments of the member states as of April 30, 2004 would have been referred to the Court of Justice. Table 4.4 shows the ruling governments on April 30, 2004, their partisan compositions,

their pro-Europeanness and Free enterprise scores, and the predicted probabilities of being referred to the Court of Justice.

Table 4.2 Descriptive Statistics

Variables	# of Observation	Mean	Std Dev	Min	Max
Infringement	4982	1.69	0.70	1.00	3.00
Pro-Europeannes	4982	0.92	0.13	0.38	1.00
Free Enterprise	4982	2.49	2.74	0.00	12.78
Weighted Vote Powers	4982	6.34	2.90	2.00	10.00
Intra-EU Trade	4982	48.57	30.01	16.80	121.40
GDP Per Capita	4982	23.90	6.52	12.98	49.23
Total Government Revenue	4982	40.35	5.19	29.94	54.02
Membership Age	4982	32.34	17.25	2.00	53.00
Judicial Review	4982	2.37	0.88	1.00	4.00
Decentralization	4982	2.51	1.42	1.00	5.00
Bicameralism	4982	0.34	0.47	0.00	1.00
Corporatism	4982	0.91	1.06	0.00	3.00
Coalition	4982	0.70	0.46	0.00	1.00
Southern European Countries	4982	0.34	0.47	0.00	1.00
Budget Contribution	4982	7.64	7.90	0.20	30.00
Time Counter	4982	5.66	2.52	1.00	10.00
Total Population	4982	28.80	26.62	0.41	82.50
Life Satisfaction	4982	20.36	13.31	3.00	67.00
Distrust in National Government	4982	49.07	10.48	20.00	80.00
Support for a more Speedy Integration	4982	0.92	0.76	-0.60	2.50
Preliminary Ruling	4982	18.09	17.83	0.00	70.00

The differences in the predicted probabilities of being referred to the Court across the member states governments are most pronounced in the free enterprise score. For example, in the process of compliance with the de-regulatory policy model, the second Blair cabinet in UK and the third Persson cabinet in Sweden, which had respectively the scores of 0.12 and 0.39 in support for free enterprise, had two times greater probability of being referred to the Court than the second Schussel cabinet in Austria, which had the score of 12.78 in support for free enterprise.

On the control variables part of the empirical model, the results are similar to the findings of the empirical model in Chapter 3. The coefficients for some of the variables

controlling for possible biases in the infringement data, like the preliminary ruling, southern European country and life satisfaction, are significant and in the expected directions. The finding confirms the necessity of caution that this study exercises in using these data. Like in the empirical model in Chapter 3, while the coefficients for the weighted voting power and Intra-EU trade variables are significant and in the hypothesized direction, the coeffieicnts for the variables controlling the managerial approach, GDP Per Capita and Total Government Revenues, are significant in the opposite direction to the hypothesized one. The same interpretation applies that the compliance patterns of the member states are driven by their will rather than their capacity.

Overall, the empirical analyses provide a strong and consistent support for the process and substance hypotheses of the partisan approach. The governments with a more favorable stance toward the EU rule making mechanisms and the substantive outcomes of EU de-regulatory policies are less likely to have major problems with EU compliance.

SUMMARY

This chapter has examined the compliance patterns of EU member states in de-regulatory policy areas. Having presented the specific goals and tools of these policies and thus provided a better operationalization of the second hypothesis of the partisan approach, I have tested how the partisan preferences of the governments of the member states affect their compliance with these policies. The empirical findings support the partisan approach. The governments that have a favorable stance toward the EU policy making process and the substantive policy outcome of de-regulatory policies tend to have less severe compliance peoples than the governments with a disfavorable stance. The next

chapter will shift the focus to another category of policies known as re-regulatory policies and test the observable implications of the partisan approach in this policy area.

Table 4.3 Ordered Logit Results: Severity of Compliance Problems across De-Regulatory Policies

	Coefficient		Robust Std Error
Explanatory Variables			
Pro-Europeannes	-0.642	*	0.359
Free Enterprise	-0.068	***	0.023
Market Regulation	-		-
Control Variables			
Weighted Vote Powers	-0.235	*	0.136
Intra-EU Trade	-0.007	*	0.004
GDP Per Capita	0.072	***	0.015
Total Government Revenue	0.052	***	0.015
Membership Age	0.005		0.007
Judicial Review	0.181	**	0.075
Decentralization	-0.097		0.068
Bicameralism	-1.525	***	0.250
Corporatism	0.098		0.148
Coalition	-0.004		0.154
Southern European Countries	1.519	***	0.314
Budget Contribution	0.135	***	0.037
Time Counter	-0.054	***	0.014
Total Population	-0.028		0.019
Life Satisfaction	-0.044	***	0.007
Distrust in National Government	-0.008		0.005
Support for a more Speedy Integration	0.016		0.086
Preliminary Ruling	-0.016	***	0.003
Threshold 1	-0.184		0.827
Threshold 2	1.954		0.827
N	4904		
Wald chi2(20)	321.9		
Prob > chi2	0.000		
Pseudo R2	0.0396		
Log pseudo-likelihood	-4694.4777		

Note: Significant * p <. 1, ** p < .05, *** p < .01

Table 4.4 National Governments as of 30 April 2004, Their Partisan Compositions and the Predicted Probabilities of Being Referred to the Court of Justice on the Basis of Their Preferences about the Process and Substance of the EU Policy Making

Country	**Government**	**Partisan Composition**	**De-Regulatory Policy Areas**			
			Pro-Europeanness		**Free Enterprise**	
			Score	Predicted Probability	Score	Predicted Probability
Austria	The Second Schussel Cabinet	Australian People's Party (OVP): Freedom Party of Austria (FPO); Independent	0.60	0.11	12.78	0.04
Belgium	The Second Verhofstadt Cabinet	Flemish Liberals and Democrats (Flemish Speaking) (VLD); Socialist Party (PS) (French Speaking); Reform Movement (MR), French Speaking; Social Progressive Alternativers (SPIRIT), Flemish Speaking	1.00	0.09	1.04	0.08
Denmark	The First Rasmussen Cabinet	Liberal Party (V); Conservative People's Party (KF)	0.66	0.11	9.77	0.05
Finland	The First Vanhanen Cabinet	Centre Party (KESK); Social Demoratic Party (SDP); Swedish People's Party (SFP)	1.00	0.09	6.34	0.06
France	The Second Raffarin Cabinet	Union for the Presidential Majority (UMP); Union for the French Democracy (UDF); Independent	1.00	0.09	0.00	0.09
Germany	The Second Schroder Cabinet	Social Democrats (SDP); Alliance 90/Greens (G)	1.00	0.09	0.83	0.08
Greece	The First Karamanlis Cabinet	New Democracy Party	0.99	0.09	2.88	0.07
Ireland	The Second Ahern Cabinet	Fianna Fail (FF); Progressive Party (PDs)	0.63	0.11	3.16	0.07
Italy	The Second Berlusconi Cabinet	FI; AN; LN;CCD-CDU; Independents	1.00	0.09	5.32	0.06
Netherland	The Second Balkenende	Christian Democratic Appeal (CDA); People's Part for Freedom and Democracy (VVD); Democrats 66	0.97	0.09	1.10	0.08
Luxembourg	The First Juncker-Polfer Cabinet	Christian Social Party (CSV); Socialist Workers' Party (LSAP)	0.91	0.09	0.49	0.08
Portugal	The First Barroso Cabinet	Social Democratic Party (PSD); Democratic Social Centre/People's Party; Independents	0.83	0.10	1.95	0.08
Spain	The Second Aznar Cabinet	Popular Party (PP)	0.93	0.09	2.58	0.07
Sweden	The Third Persson Cabinet	Social Democrats	1.00	0.09	0.39	0.09
UK	The Second Blair Cabinet	Labor Party	0.90	0.09	0.12	0.09

CHAPTER FIVE

PARTISAN PREFERENCES AND COMPLIANCE WITH RE-REGULATORY POLICIES

INTRODUCTION

The previous chapter undertook a robustness check of the partisan approach in one of the specific sub-categories of EU policies, de-regulatory policies. This chapter does one more robustness test in another type of policy area of practical and theoretical importance, re-regulatory policies. While de-regulatory policies have occupied the central place in the EU policy space, re-regulatory policies have grown in quantity and saliency as integration has deepened. Re-regulatory policies are different from de-regulatory policies in terms of their substantive rationales as well as their relations to national regulatory policies. On the one hand, de-regulatory policies are concerned more with enhancing the wealth creation capacity of market forces by empowering them, and thus are driven by the substantial goal of increasing the productive and allocative efficiencies in the emerging European market. On the other hand, re-regulatory policies are motivated more by the specific welfare effects of the functioning of market forces in the emerging market.

The construction of an integrated market has adjustment pressures that are felt in the form of adverse effect on the economic, social and ecological welfares of specific groups or general publics. Adjustment pressures are felt in at least three forms: functionally, geographically and ecologically. Functionally, factors that have thrived or at

least survived in a protectionist and restrictive economic environment provided by the public authority are likely to face the challenge of adjusting to a more competitive market environment. For example, reshuffling old market relations based on the old segmentation of national markets for the functional groups, especially workers, who find themselves left redundant in a more competitive market. Geographically, economic reshuffling associating with doing away old protectionist and restrictive practices involves the movements of business from one area to another with the expectation that economic return would be higher in the latter than the former. This usually means that some regions in an enlarged market possibly suffer from an industrial or economic decline. Ecologically, economic development and growth associated with the establishment of a single market are likely to raise ecological problems, like air and water pollution.

EU regulatory policies are intended to ease adjustment pressures for functional groups, regions and ecological environment by attempting to rectify adverse welfare effects of economic integration and the associating economic restructuring and expansion of economic transactions. Although EU re-regulatory policies could certainly have the effect of enhancing market efficiencies (Wise and Gibbs, 1993; Majone, 1996), their primary goal is to address the regional, functional and ecological welfare effects of the creation and operation of the European market (Dinan, 2005).

Re-regulatory policies are different from de-regulatory policies also in terms of their relation to national regulatory practices. The de-regulatory policies of the EU are aimed at reorganizing the EU regulatory environment to reduce regulatory burdens on market forces so that they can operate more freely in an environment with fewer

distortions and discriminations (Scharpf, 1999). They do so not necessarily by completely abolishing regulations, but primarily by streamlining diverse and discriminatory national regulatory practices into a simplified framework. However, re-regulatory policies do not entail abolishing or streamlining diverse national practices, but usually complement national regulatory practices and in fact make them much more efficient by addressing welfare issues that have roots in community practices.

Like in the previous chapter, the process hypothesis is straightforward in that the governments with a favorable stance toward EU rule making process tend to do better in compliance with re-regulatory policies than the governments with less favorable stance. However, the second hypothesis needs to be better operationalized, which requires identifying the fundamental policy purpose shared by EU re-regulatory policies. I have already elaborated the fundamental logic of re-regulatory policies that is to address the adverse welfare effects of the emerging European market. In order to provide a better illustration of this purpose, I first discuss some exemplary re-regulatory policies, like social policies, regional policies and environmental policies. After reiterating the process and substance hypotheses in more specific terms, I empirically test them. The chapter will end with a summary.

EXEMPLARY RE-REGULATORY POLICIES

It is possible to put EU re-regulatory policies into three categories depending on the impacts felt by adjustment pressures generated by the establishment of a European market. The first category is social and employment policies that address adjustment pressures on functional groups, like labor and women. The second category is regional policies that are designed to make adjustment to a more competitive and dynamic

economic environment easier for regions, especially poor ones. The last, but definitely the least, category is environmental policies, which aim at easing adjustment pressures on ecological environment. The saliency of these policies has grown as European integration has deepened.

Social and Employment Policy

Integration and the competitive environment in the resulting larger market almost inevitably create adjustment pressures for functional groups, like workers, small business and ordinary citizens (Wise & Bibb, 1993). In fact, European integration is often criticized for benefiting mainly big businesses and creating disproportionate adjustment pressures for workers, small businesses and ordinary citizens (Van Oudenaren, 2000). Workers face the risk of being obsolete in a dynamic and competitive environment. In order to deal with this adjustment pressure, they either need to be trained or need to move to where they would get better economic return. Either of these options is not very feasible in practice. It is hard to imagine redundant workers taking the initiative and retrain themselves. Also given the fact that labor is much less immobile than capital due to cultural and linguistic issues, a geographical relocation of workers is rather difficult. Likewise, a competitive and dynamic market environment is likely to create adjustment pressures for small business which do not enjoy the economies of scale to the same extent that big business enjoy. Ordinary citizens or consumers could potentially feel adverse effects of market integration. It is feared that unbridled competition can lead to neglect of health and safety issues for consumers. Member states can use national regulatory mechanisms to gain more advantage in competition or resort to what is commonly known as social dumping.

Although the Treaty of Rome did not extensively mention social policies, it apparently recognized that integration can create adjustment pressures for functional groups that would run the risk of being obsolete. The Treaty established the European Social Fund to help workers who are dislocated as a result of changing market dynamics. The aid often took the form of retraining or relocating workers so that they can adjust to the new market conditions. The Treaty also had provisions that addressed sex discrimination at the work place. This provision was a response to the fear that diverse national practices in this area can pressure for social dumping which was supposed to lower the standards for women. Also, the Treaty had a few provisions that set the improvement of working and living conditions for workers as one of the objectives of integration. Despite the rudimentary legal basis for EU social policy, the major components of social policy, like social welfare, employment policy and health and safety matters remained with the jurisdiction of national governments throughout the 1960s (Van Oudenaren, 2000).

The 1970s started with a renewed interest in social policy, which was spurred by the completion of the Custom Union, the expectation of monetary union by the end of the decade and the impending first enlargement (Van Oudenaren, 2000). In the 1972 Paris Submit, the EC leaders agreed to a Social Action Plan in order to make the EC more active in improving working and living conditions, better dialogue among trade unions employers and government and workers' participation in management decisions. EC social policies often remained under the shadow of economic policies and suffered from the same setbacks that afflicted other EU policies and European integration in general. Despite the slow progress in the 1970s, there was also some progress on workers'

information and consultations rights and equal payment and treatment of women. The ambitious objectives of the Action Plan in the early 1970s remained unachieved in the economic and political difficulties in the rest of the decades.

The launching of the Single Market Project in the mid-1980s drew attention to the area of social policy. One of the reasons for the relative inaction of the EC in the area of social policy before the 1980s was the scale of economic integration that had been achieved. Establishing the Customs Union did not create as much adjustment pressures for functional groups as the Single Market Project would. With a renewed attempt to deepen integration, embodied in the Single European Act in 1986, social policy moved from the periphery of the EC policy space to its center. Also the accession of Portugal, Spain and Greece with their relatively backward economic conditions raised further questions about adjustment pressures for functional groups in relatively backward economies. The saliency of social policy increased in the context of bargaining over the largely de-regulatory and business-friendly Single market project. As noted in the previous chapter, the chief policies of the single market project were de-regulatory and aimed at empowering free market forces. The leftist governments of the member states emphasized the need to take into account the welfare effects of the liberalization and de-regulatory policies associated with the Single Market Project. They solemnly declared that the European integration project had a social dimension. Increasing EC activism in the realm of social policy was important in mobilizing the support of especially workers and creating a broad political basis for the Single Market project (Wise & Gibb, 1993).

The rising interest in social policies and the need to address the adverse welfare effects of integration amounted to the declaration of a non-binding agreement called the

Community Charter of the Fundamental Social Rights of Workers in 1989. Briefly known as the Social Charter, this document laid down 47 areas for actions to establish and further strengthen the social dimension of the Single Market that was still rudimentary. These proposals for actions were later transformed into legislative proposals in the subsequent Social Action Program. Proposed legislation covered a number of social policy issues, like freedom of movement, right to have better working and living conditions, right to vocational training, right to social protection under prevailing national systems, right to freedom of association and collective bargaining. This charter was non-binding and mostly symbolic due to British opposition. Margaret Thatcher and her successor, John Major, would never endorse the Social Charter. But, it would serve as the basis for EU activism in this area throughout the 1990s.

The Social Charter served the basis for defining and enforcing the social dimension of the European Market for negotiations leading to the Maastricht Treaty. Due to the relentless British opposition, the Social Charter was incorporated into the Treaty system as a Protocol annexed to the Treaty. The EU was granted with authority to make legislation in the area of social policy that applies to all member states except Britain. This awkward situation of incoherence in the realm of social policy was later rectified with the Labor Party coming to power. With the Amsterdam Treaty, the Social Protocol was fully incorporated into the EU legal system. The Lisbon Strategy further reinforced the status of social policies by establishing an intrinsic connection between the need to ameliorate adjustment pressure on some functional groups, on the one hand, and the wealth creation capacity of the market, on the other, in the form of sustainability.

Since the late 1980s, the EU has made significant progress in establishing and solidifying the social dimension of the European integration project in order to address potential or actual welfare effects for functional groups, like labor, women, and consumers. Some of the major achievements in social policy since the mid-1980s are as follow. Efforts to make labor more mobile so that they can easily adjust to dynamic market environment have yielded some successes, like extension of right of residency to students, retirees, self-employers and the self-employed, even though there are still major issues in this area, like limitations in fully benefiting from social rights in any member states. The EU has a number of regulations to improve working conditions for women, like various directives on parental leaves, equal rights for temporary workers and working time, workers consultation in company decision-making. Social policies have come to cover various types of regulations on health and consumer protections (Dinan, 2005).

Social policies often complement more comprehensive national social policies, where the state takes on the responsibility of supplying social goods, such as social insurance, health care, welfare services, education and housing. Although some scholars have claimed that these policies are driven more by a concern with market efficiency than by a concern with justice and welfare (Majone, 1996), it is hard to explain these policies solely on the basis of their efficiency effects (Dinan, 2005).

Regional Policy

European integration has brought about adjustment pressures not only for functional groups but also for regions (Overturft, 1986). Integration creates incentives for market forces to move to where they would get their economic return. In an economic

environment where economic activities are not symmetrically distributed across different regions, the movements of products and factors are likely to lead the decline or concentration of economic activities in different regions. This is likely to create or further aggravate economic disparities among geographical regions. Conventionally, public authorities tend to address regional disparities by using redistributional tools, like protection for or subsidies for depressed and economically poorly performing regions. Integration is likely to aggravate existing regional disparities. Rich regions are likely to get richer, while poor regions tend to get poorer. From a purely economic standpoint, regional disparities are inevitable and are likely to be resolved in the long term. However, regional disparities and the disproportionate distribution of adjustment pressures across regions are likely to threaten the integrity of the single market and undermine the ideals of community and solidarity. Thus, the EC/U has developed policy tools to address regionally felt adjustment pressures in an integrated market economy.

In the early years of integration, there was not much attention to the adverse effects on regional welfare of economic integration; the member states were taking care of these effects with their own resources (Von Oudenaren, 2000). However, the issue grew in urgency in the wake of the first enlargement in 1973. The first enlargement involved the accession of new member states, like Ireland and Britain, with poorly performing regions. At the 1972 Paris Submit, the EC decided to establish a regional policy. The policy aimed at easing adjustment pressures for lagging regions by reducing regional disparities and providing funds to lagging regions so that they can adjust to a more competitive market environment. The EC employed a policy tool known as the European Regional Development Fund (ERDF).

The Mediterranean enlargement in the 1980s, which brought Spain, Portugal and Greece into the Community, made regional disparities economically consequential and politically relevant. In an enlarged Europe, the concern for depressed regions became more urgent not just for the poor regions of the new member states, but also for the poor regions of existing and wealthier member states, like Germany. The new member states, like Spain, spearheaded in pushing the regional policy into the EC policy agenda.

Regional policies gained prominence with the increasing integration associated with the Single market project in the mid-1980s. EC policy makers realized that without easing the adjustment pressures on poor regions, the Single Market Project would be difficult to complete both technically and politically. The legal and political achievements in the area of regional policies in the 1970s and 1980s were incorporated into the Treaty system with the Single European Act in 1986. After the SEA, the Community created a new financial framework to help poor regions to confront adjustment pressures in the integrated market. These financial tools included here are a number of financial tools. Here are they: the European Regional Development Fund, which was set up in 1975 and account for 49 per cent of the 1994-99 cohesion budget; the European Social Fund; the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) set up in 1962; and the Financial Instrument for Fisheries set up in 1994 (Van Oudenaren, 2000: 151).

In the processes of completing the Single market and establishing the Economic and Monetary Union, the EU developed more advanced policy and financial tools to support poor regions and promote cohesion across the European market. The volume of the Structural funds increased. In the Delors-1 package, the EU created different sources

of regional disparities and accordingly different financial tools. For example, in the 1988-1999 budgets, the EC/U set different objectives. Objective 1 was designed for regions where the GDP per Capita was less than 75 per cent of the EU average; Objective 2 helped regions suffering industrial decline, where unemployment is above the EU average; Objective 3 was intended to help regions that suffer from long-term unemployment; Objective 4 aided the adaptation of workers in poor regions; Objective 5 helped agricultural and forestry, and rural development; Objective 6 was intended to support sparsely populated Nordic areas. In the 2000-2006 financial perspective, the distribution of structural funds for regions was simplified. Objective 1 remained the same; Objective 2 was designed for regions that undergo major industrial changes, rural areas in serious decline and disadvantaged urban areas; and Objective 3 address all other regional problems not covered by the first two Objectives and specifically promote economic and social modernization through education, training and employment (Allen, 2005).

Today, the EU has deeply entrenched and advanced policy tools to address adjustment pressures asymmetrically felt by different regions Regional policies complement national policies of state aids or subsidies to lagging regions and in fact seek to address the problem of regional disparities and the problem of adjustment pressures due to European integration. Like other re-regulatory policies, the prominence of regional policies solidified with the Lisbon Strategy that forcefully reconfirmed cohesion as one of the fundamental objectives of European integration.

Environmental Policy

Adjustment pressures generated by economic integration affect not only functional and geographical groups, but also ecological environment. Economic developments associating with integration spur industrial growth and intensive use of natural resources, and accelerate environmental degradation. Like other re-regulatory policies, environmental policies are intended to address the adverse welfare effects of economic integration and attendant economic developments.

Although the Treaty of Rome did not mention environmental issues, environment has become one of the most intensely regulated policy areas in the EU. In fact, Environmental legislations enacted at the EU level now exceed the quantity and generally exceed the quality of environmental legislations enacted at the national levels including the leader countries in this area, like the Scandinavian countries (Dinan, 2005: 468). The power of the EC in this area gradually expanded. By the early 1970s, the EC had already passed regulations on safety rules related to radiation and control of dangerous chemicals. But, the real activism of the EC started in the 1970s. The activism of the EC was based on a fertile ground provided by a number of developments. The EC member states came to share common concerns the environmental effects of EC policies, especially the Common Agricultural Policies, which stimulated intensive farming. The politicization of environmental issues and the growing consciousness of environmental issues like climate change, depletion of the ozone layers, dwindling natural resources and excessive pollution have put environment at the top of major policy concerns (Dinan, 2005; Von Oudenaren, 2000).

In the 1972 Paris Submit, the EC leaders agreed to charge the Commission to come up with a multiyear environmental action program that came to be known as EC environmental Action Program. Since then, the European Commission has prepared six major Actions plans which provide basic guidelines for the EC/U to follow. In 1981, the Commission established a new directorate general for environment. The Single European Act firmly put environmental policy within the Treaty framework. The SEA set out three major objectives for the environmental policy; to preserve, protect and improve the quality of the environment; to contribute toward improving human health; and to ensure a prudent and rational utilization of national resources (Van Oudenaren, 2000). The status of environmental policy was solidified with the Maastricht Treaty, which established much more direct connections between environmental policy and economic policy making. The establishment of the European Environmental Agency further consolidated the institutional foundation of EU environmental policies. The Lisbon Strategy put the environmental policies at the heart of European integration by framing it a component of sustainable development.

EU environmental policies regulate environmental standards at all stages from production, through distribution, consumption and disposal to make sure that market failures do not much affect the welfare of the public (Gatsios and Seabright, 1989; Eichener, 1997; Majone, 1996). The EU has a number of detailed regulations on air pollution by vehicles, large combustion plants and power stations; noise pollution by motor vehicles, aircraft, landowners, household equipment and building-site machinery. Since 1975, a series of directives have been enacted to regulate how to handle toxic and dangerous waste, the cross-border shipment of hazardous waste, and the disposal of

specific types of waste. Since 1976, directives establishing common standards for surface and underground water, bathing water, drinking water, fresh water, and the discharge of toxic substances (non controlled), and the EU has signed several international conventions to reduce pollution in international waterways.

There are a number of regulations on how to avoid the hazards of chemical products, including regulations on the use, storage, handling, packaging and labeling of a wide variety of dangerous chemicals, and providing for a European inventory of all chemical substance on the market. EU environmental regulations also cover measures for nature protections, including regulations on the conservation of wild birds, the protection of natural habitats, and on specific experiments on animals, and financially supporting projects to conserve natural habitats. The EU also requires environmental impact assessments in all public and private industrial or infrastructure projects above a certain size, and which require that the public be consulted in the process.

Like other re-regulatory policies, EU environmental policies complement the national ones. In fact, as noted, EU regulations and standards often exceed the national ones in both quantity and quality. Given the transnational character of environmental problems, EU policies usually enhance the effectiveness of the national practices.

Based on the preceding examination of the substantive policy objective that permeates EU rules and regulations, it is possible to operationalize the second hypotheses of the partisan approach. Here are the latest forms of the hypotheses of the partisan approach:

The Process Hypothesis:

The governments with more support for European integration tend to comply with EU rules and regulations better than the governments with less support.

The Substance Hypothesis:

The governments whose partisan preferences are congruent with the objective of market regulation are expected to perform better in compliance with EU rules and regulations.

EMPIRICAL ANALYSIS

The re-regulatory policies in my data set are health and consumer protection, environment, industrial society, employment, consumer policies. Table 5.1 gives a breakdown of infringement cases related to compliance with re-regulatory policies in the whole data set, according to member states and stages of infringement. I use the same statistical tools that I employed in the previous two chapters. Table 5.2 provides descriptive statistics for the variables included in the analysis.

Table 5.3 presents the models analyzing the determinants of compliance in re-regulatory policy areas. That the coefficient for the pro-Europeanness variable is significant and in the same direction as hypothesized confirms the process hypothesis. The more pro-European governments do better in complying with re-regulatory policies than the less pro-European governments. Like the process hypothesis, the substance hypothesis finds confirmation. The governments with stronger partisan biases toward market regulation tend to have a better compliance record in the re-regulatory policies.

In order to further illustrate the substantive meanings of the coefficients, I calculated the predicted probabilities that the governments of the member states as of April 30, 2004 would have been referred to the Court of Justice. Table 5.4 shows the

ruling governments on April 30, 2004, their partisan compositions, their pro-Europeanness, Market Regulation scores, and the predicted probabilities of a case involving this cabinet being referred to the Court of Justice.

Table 5.1 Breakdown of Infringement Actions in Re-Regulatory Policies from January 1995 to May 2004 into Countries and the Stages of Infringement

Country	**Stages of Infringement**			**Total**
	LFN	RO	RC	
Austria	105	101	32	238
Belgium	88	153	63	304
Denmark	78	34	5	117
Finland	105	43	11	159
France	116	166	122	404
Germany	105	128	45	278
Greece	69	118	94	281
Ireland	91	106	69	266
Italy	98	179	114	391
Luxembourg	79	89	73	241
Netherland	87	57	21	165
Portugal	113	172	37	322
Spain	80	108	58	246
Sweden	112	33	1	146
UK	113	107	59	279
Total	1439	1594	804	3837

In the process of compliance with re-regulatory policies, governments like the second Schroder Cabinet in Germany, the second Raffarin cabinet in France, the first Vanhanen cabinet in Finland, which had scores of 1 in their pro-Europeanness, have about 5 % less probability in being referred to the Court than governments like the second Schussel cabinet in Austria, the second Ahern cabinet in Ireland and the first Rasmussen cabinet in Denmark, which respectively had scores of 0.6, 0.63 and 0.66.

Also, the governments like the first Rasmussen cabinet in Denmark, the first Barroso cabinet in Portugal and the first Juncker-Polfer cabinet in Luxembourg, which had scores of 4.08, 3.17 and 3.30 for market regulations, had around 5 % less probability to be referred to the Court than the governments like the second Raffarin cabinet in France and the second Schussel cabinet in Austria, which respectively had the scores of 1.68 and 0.16.

Table 5.2 Descriptive Statistics

Variables	# of Observation	Mean	Std Dev	Min	Max
Infringement	3864	1.77	0.74	1.00	3.00
Pro-Europeannes	3864	0.90	0.16	0.38	1.00
Market Regulations	3864	1.51	1.10	0.00	5.44
Weighted Vote Powers	3864	6.37	2.94	2.00	10.00
Intra-EU Trade	3864	48.73	30.23	16.80	121.40
GDP Per Capita	3864	24.68	6.70	12.98	49.23
Total Government Revenue	3864	40.33	5.57	29.94	54.02
Membership Age	3864	32.21	17.23	2.00	53.00
Judicial Review	3864	2.34	0.90	1.00	4.00
Decentralization	3864	2.47	1.40	1.00	5.00
Bicameralism	3864	0.33	0.47	0.00	1.00
Corporatism	3864	0.92	1.09	0.00	3.00
Coalition	3864	0.69	0.46	0.00	1.00
Southern European Countries	3864	0.33	0.47	0.00	1.00
Budget Contribution	3864	7.69	7.80	0.20	30.00
Time Counter	3864	6.56	2.31	1.00	10.00
Total Population	3864	29.44	26.83	0.41	82.50
Life Satisfaction	3864	20.43	13.31	3.00	67.00
Distrust in National Government	3864	48.64	10.01	20.00	80.00
Support for a more Speedy Integration	3864	0.85	0.77	-0.60	2.50
Preliminary Ruling	3864	17.35	17.20	0.00	70.00

On the control variables part of the empirical model, the findings have differences as well as similarities with the empirical analyses in the previous two chapters. The coefficients for the variables controlling for the possible biases in the infringement data are similar to the coefficients for the same variables in the previous models in terms of the level of significance and directionality. The differences are in the ways in which the

coefficients for the Weighted Voting Power and Intra-EU Trade variables behave. The coefficient for the variable Weighted Voting power is positive and significant. Although it stands as a puzzle, one interpretation could be that given the relatively recent evolution of re-regulatory policies, the large member states that have greater weighted voting power may tend to be more indulgent in compliance with these policies. This finding gets more interesting, if interpreted with the coefficient for the variable membership age, which is positive and significant. It appears that the older states tend to have more severe compliance problems that the newer member states. It may be possible that member states behave more flexibly in implementing re-regulatory policies.

The general empirical finding of the analysis is that the governments with a more favorable stance toward the EU rule making mechanisms and the substantive outcomes of EU re-regulatory policies are less likely to have major problems with compliance with these policies.

SUMMARY

The analysis of compliance in re-regulatory policies provided a further support for the partisan approach. EU re-regulatory policies are substantially different from de-regulatory policies. The differences are mainly focused on whether they are driven by the efficiency and wealth creation concerns or the welfare concern and addressing adverse welfare effects of the emerging market. Due to their different implications for different interests and values at the domestic level, exploring compliance patterns in these regimes provided insightful nuances into the empirical analysis.

The findings show that the partisan preferences of national governments appear to have a systematic impact on whether they comply with EU re-regulatory policies. The

governments with a more favorable stance toward market regulations tend to have less severe compliance problems than the governments with less favorable stance. This chapter completes the empirical analysis parts of the project. The next chapter will conclude with tracing substantial implications for major theoretical debates in different literatures and setting an agenda for future extension of this project.

Table 5.3 Ordered Logit Results: Severity of Compliance Problems across Re-Regulatory Policies

	Coefficient		Robust Std Error
Explanatory Variables			
Pro-Europeannes	-1.239	***	0.405
Free Enterprise	-		-
Market Regulation	-0.212	***	0.060
Control Variables			
Weighted Vote Powers	0.290	*	0.152
Intra-EU Trade	-0.004		0.005
GDP Per Capita	0.077	***	0.017
Total Government Revenue	-0.011		0.023
Membership Age	0.017	**	0.008
Judicial Review	0.026		0.110
Decentralization	-0.019		0.075
Bicameralism	-0.707	***	0.270
Corporatism	-0.050		0.162
Coalition	-0.496	***	0.157
Southern European Countries	0.955	***	0.348
Budget Contribution	0.152	***	0.043
Time Counter	-0.143	***	0.017
Total Population	-0.077	***	0.020
Life Satisfaction	-0.021	***	0.007
Distrust in National Government	-0.008		0.008
Support for a more Speedy Integration	0.001		0.123
Preliminary Ruling	-0.010	***	0.004
Threshold 1	-1.486		0.920
Threshold 2	0.479		0.921
N	3777		
Wald chi2(20)	364.01		
Prob > chi2	0.000		
Pseudo R2	0.0507		
Log pseudo-likelihood	-3742.4584		
Note: Significant * p <. 1, ** p < .05, *** p < .01			

Table 5.4 National Governments as of 30 April 2004, Their Partisan Compositions and the Predicted Probabilities of Being Referred to the Court of Justice on the Basis of Their Preferences about the Process and Substance of the EU Policy Making

Country	**Government**	**Partisan Composition**	**Re-Regulatory Policy Areas**			
			ProEuroepannes		**Market Regulation**	
			Score	Predicted Probability	Score	Predicted Probability
Austria	The Second Schussel Cabinet	Australian People's Party (OVP): Freedom Party of Austria (FPO); Independent	0.60	0.16	0.89	0.16
Belgium	The Second Verhofstadt Cabinet	Flemish Liberals and Democrats (Flemish Speaking) (VLD); Socialist Party (PS) (French Speaking); Reform Movement (MR), French Speaking; Social Progressive Alternativers (SPIRIT), Flemish Speaking	1.00	0.11	0.96	0.16
Denmark	The First Rasmussen Cabinet	Liberal Party (V); Conservative People's Party (KF)	0.66	0.15	4.08	0.09
Finland	The First Vanhanen Cabinet	Centre Party (KESK); Social Demoratic Party (SDP); Swedish People's Party (SFP)	1.00	0.11	0.00	0.19
France	The Second Raffarin Cabinet	Union for the Presidential Majority (UMP); Union for the French Democracy (UDF); Independent	1.00	0.11	0.00	0.19
Germany	The Second Schroder Cabinet	Social Democrats (SDP); Alliance 90/Greens (G)	1.00	0.11	0.69	0.17
Greece	The First Karamanlis Cabinet	New Democracy Party	0.99	0.11	1.02	0.16
Ireland	The Second Ahern Cabinet	Fianna Fail (FF); Progressive Party (PDs)	0.63	0.16	2.26	0.13
Italy	The Second Berlusconi Cabinet	FI; AN; LN;CCD-CDU; Independents	1.00	0.11	2.10	0.13
Netherland	The Second Balkenende	Christian Democratic Appeal (CDA); People's Part for Freedom and Democracy (VVD); Democrats 66	0.97	0.11	2.22	0.13
Luxembourg	The First Juncker-Polfer Cabinet	Christian Social Party (CSV); Socialist Workers' Party (LSAP)	0.91	0.12	3.30	0.11
Portugal	The First Barroso Cabinet	Social Democratic Party (PSD); Democratic Social Centre/People's Party; Independents	0.83	0.13	3.17	0.11
Spain	The Second Aznar Cabinet	Popular Party (PP)	0.93	0.12	1.56	0.15
Sweden	The Third Persson Cabinet	Social Democrats	1.00	0.11	0.00	0.19
UK	The Second Blair Cabinet	Labor Party	0.90	0.12	2.17	0.13

CONCLUSION

In this project, I have attempted to shed more light into the black hole in our understanding of EU compliance. I started out with the premise that significant insights could be gained into the process of compliance with EU rules by developing and rigorously testing a theory of the domestic politics of international compliance. I have explored how the domestic politics is implicated in the process of compliance with EU rules. Developing a partisan approach to International compliance, I have demonstrated that domestic contestations over compliance with international rules, being structured along the process and substance dimensions and mediated through the partisan politics, systematically affect the compliance patterns of the governments of the member states. In this section of the project, I first summarize the basic findings of the analyses. Then, I trace the substantial implications of these findings for major debates in EU studies and in political science in general. I end the project with a discussion about the possible future extensions of this project.

SUMMARY OF GENERAL THEORETICAL AND EMPIRICAL FINDINGS

The most specific contribution of this project is to provide and test the most systematic theoretical approach to date of the domestic politics of international compliance. By illuminating micro-processes underlying the choice for compliance, and the structure and mechanism of these processes, I provide a more complete approach to the domestic politics of international compliance than the existing literature. I first established that international compliance is an intrinsic part of the domestic policy process, and stirs

contestations among social actors. Then, I showed how social actors form their preferences for (non) compliance and contest it, and how these contestations are linked to governments' patterns of compliance.

Relying on a data set of all infringement actions from 1995 to 2004, I tested the process and substance hypotheses of the partisan approach in the context of the European Union through a series of empirical analyses. In the empirical analyses, I first examined the compliance patterns of member states across all policy areas, and then investigated compliance patterns in sub categories of EU policies, de-regulatory and re-regulatory policies. Different empirical models yielded the same results that firmly support the process and substance hypotheses of the partisan approach.

The insight that the theoretical and empirical analyses provide is that domestic politics and more specifically, the state society relations determine whether countries comply with rules made beyond their national boundaries. This insight goes against the implicit assumption that mainstream theoretical accounts in both EU compliance and international compliance literatures share in common that domestic politics is a black box.

In the EU compliance literature, the dominant theoretical approach, the goodness-of-fit approach, assumes that compliance is likely to occur to the extent that domestic rules and practices fit with EU rules to be complied with. Domestic political variables of various types are important only to the extent that they make goodness of fit between domestic rules and EU rules politically relevant. Domestic political variables are often invoked in an ad hoc basis without a systematic framework. Because of inadequacies in its treatment of domestic political variables, this approach came under strong fire.

Scholars have called for more systematic treatment of domestic politics in accounting for the compliance patterns of member states. This analysis responded to this call, and systematically elaborated how and why domestic dynamics matter in EU compliance.

Likewise, in the international compliance literature, scholars have recently come to appreciate the necessity to systematically incorporate domestic political factors into the debates on (non) compliance in international regulatory regimes (Haas, 1998; Simmons, 1994, 2001a; Raustiala & Slaughter, 2002). This appreciation has given rise to two major streams of research. The first stream examines general institutional characteristics at the domestic level that are supposed to create a propensity to comply with international rules without exploring the possibilities for a divergence of preferences among domestic actors for (non) compliance and, consequently, for domestic contestations over it. The second stream focuses on micro-processes underlying the choice for compliance without exploring the basis for domestic actors' preferences for (non) compliance and the precise mechanism that mediates this pressure into governments' compliance patterns (Mattli & Slaughter, 1998; Goldstein, Kahler, Keohane & Slaugter, 2001; Alter, 1998, 2001). This analysis contributes to this literature by developing a theoretical approach to identify the bases for domestic actors' different preferences for international compliance and thus the contours of domestic contestations over compliance, and the intermediating mechanism that translate these contestations into governments' compliance patterns.

BROADER SUBSTANTIAL IMPLICATIONS

The theoretical and empirical analyses in this project have much broader implications going beyond EU compliance and international compliance in general. While some of

these implications concern general EU studies, others have insights for international relations and comparative politics fields.

EU Studies

The results also have ramifications the EU literature. There is a disjunction between two booming research areas in the EU literature. The first one is the literature on European integration and political conflicts; the second is the literature on EU compliance. While the first literature has vigorously charted the contours of domestic policy conflicts centered on the EU (Marks & Steenbergen, 2004), the latter have made significant efforts to fill the "black hole" in our understanding of EU compliance (Mastenbroek, 2005). It has been rare that these two booming fields have intersected. This paper sets a bridge between these two literatures by analyzing how and why the domestic political conflicts on the EU can affect the EU compliance process.

The second ramification concerns how EU studies treat the implementation stage of EU policy making. The existing literature on the European politics has been heavily absorbed into the problems and issues in policy formulation without paying sustained attention to what happens once policies are formulated (Hix, 1999; Richardson, 2001; Nugent, 2003). One of the premises of this project is that compliance is not simply a technical problem of adjusting behaviors according to rules. More often than not, compliance is a continuation of politics. Political battles that might have been lost at the formulation stage could be re-fought at the compliance stage. In order to understand the politics of the European Union, the scholarly attention should be focused on actors and interactions involved not just in policy-formulation stage, but also in policy compliance

and implementation process. Understanding compliance and showing political dynamics behind it could give us a fuller picture of how the EU politics actually works.

The third implication is that it offers insights relevant to the theoretical debates on the nature and limits of European integration. Scholars have been having debates over how supranational and intergovernmental forces have interacted in the evolution of European integration (Moravcsik, 1991, 1993; Mitrany, 1971; Haas, 1968, 1975; Sandholtz, 1993; Garrett and Tsebellis, 1996; Pierson, 1996). While some have emphasized the preferences and power of member states as driving integration, others have highlighted supranational dynamics and institutions in forcing integration forward. Policy compliance is one stage of policy making, which shows the limits of supranationalism and the resilience of intergovernmentalism. While supranational institutions have a great deal of power in policy-making process, they have to almost completely rely on national legal and administrative agents for implementation of these policies (Peters, 2000; From & Stava, 1997).

The last implication of this research for EU scholarship concerns the question of whether European integration really has an impact in the member states. The issue might be seen as too obvious or trivial, but research has shown that the EU has varying degrees of impacts in the member states (Cowles et al., 2001). The concern with the European impact on the domestic politics of the member states has given rise to what came to be known as Europeanization literature (Andersen & Burns, 1996; Dyson & Featherstone, 1999; Borzel, 1999; Schmidt, 2002; Radaelli, 2000; Knill & Lenschow, 2001). For EU rules to have any impact, they need to be implemented or complied with. So, compliance seems to constitute an essential link in the causal chain, in which European rules and

practices affect national rules and patterns. This study formulated and empirically tested the relevance of the domestic politics for the prospects that EU rules have an impact on the domestic politics of the member states.

International Relations and Comparative Politics

The results of this analysis have broader ramifications for students of international relations and comparative politics. The first literature, for which the results have implications, is the literature on international regulatory regimes (Raustiala, 2000; Raustiala & Slaughter, 2002). By revealing the importance of partisan politics and domestic policy contestations in general for compliance in international regulatory regimes, my analysis suggests that whether international institutions have their intended effects is systematically determined by how these regimes affect domestic actors, their interests and values. Hence, my analysis calls for paying more attention to domestic politics in examining the evolution and effectiveness of international institutions (Haas, 1998; Simmons, 1994, 2001a).

Moreover, given the importance of compliance for the more general issue of the prospects of international cooperation (Gilpin, 2001), the results have even broader implications for the IR literature on international cooperation. One of the most visible embodiments of international cooperation is the emergence and proliferation of international regulatory regimes designed to address policy issues and problems commonly shared by states (Krasner, 1983; Keohane, 1997). In these regulatory arrangements, states make legal commitments that put them under specific obligations. As the controversies over relative versus absolute gains so well demonstrate, IR scholars have long waged a rigorous debate on the consequences of distributive and allocative

issues among the states for the prospects of international cooperation (Grieco, Powell, Snidal, 1993). The discussion in this paper demonstrates that international cooperation depends on distributive and allocative contestations not only among the states, but also within the states.

The analysis also has implications for comparativists. As international regulatory regimes proliferate, their rules permeate the domestic politics as well as the international politics. Unfortunately, comparativists have remained relatively silent in theoretical and empirical studies of compliance with international rules. This analysis is a vivid reminder that, given the fact that compliance with international rules has consequences for the possibility of attainment of specific policy outcomes at the domestic level, understanding compliance with international rules is a substantial challenge for comparativists as well. Comparativists need to be more engaged in theoretical and empirical debates on compliance with international rules. It appears that, like many other puzzles in the discipline, the puzzle of international compliance could be solved only through a close collaboration of IR and comparative scholars.

FUTURE EXTENSIONS FROM THE CURRENT RESEARCH

What is the next? There are a number of possible future extensions of this project. These extensions will be follow-up projects building on the analysis in the current project. The first and foremost is a book project which will sharpen the main theoretical ideas presented in this project and examine the compliance patterns of member states in a broader time horizon at more specific policy areas. The data in this analysis cover infringement actions from 1995 to 2004. In the book project, I am going to expand the data set to cover all infringement actions before 1995 and after 2004.

Another possible extension of this project is to apply this framework to the new member states of the EU, which joined in 2004 and 2007. The study of compliance patterns of these countries with a relatively more fluid party system would have an additional value of how far and in what ways parties and party preferences that are less stable than the parties and party systems of old member states of established democracy inn the process of making matter in how the new member states deal with EU rules.

Another extension could be to apply the partisan politics to other instances of international compliance. As noted above, there is already suggestive evidence that the partisan political dynamics could be relevant in compliance in other regulatory regimes. Rathun (2004) demonstrates that partisan politics is implicated in countries' involvement in human rights regimes. Similar findings resonate in other regimes, such as trade regimes (Simmons, 1994), exchange rate regimes (Verdier, 1994) and International Labor Organization conventions (Boockmann, 2006). The conceptual framework presented in this project puts these otherwise scattered findings into a unified theoretical perspective.

One hypothesis that drives the theoretical argument presented in the project is if parties and partisan politics matter in whether countries comply with international rules, whether they also relevant in the process of rule making. There is already a large literature on how political parties make a difference in the EU decision making. In this extension, I will cast the question in broader terms and ask whether parties and partisan politics determine membership to international regulatory regimes. If international compliance is a matter of domestic contestation for its consequences for the achievement of social purposes, it is reasonable to expect that parties and party preferences matter when countries seek to join a specific regulatory regime.

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