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# A New Statecraft? Supranational Entrepreneurs and International Cooperation

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Does informal intervention by high officials of international organizations decisively influence the outcomes of multilateral negotiations? In the words of two leading international lawyers, can “faceless international bureaucrats, unelected and without power of purse or sword” really influence the decisions of powerful nation-states?<sup>1</sup> Are we seeing the emergence of a “new statecraft” grounded in international networks managed by supranational political entrepreneurs?

A nearly unchallenged consensus across theories of international regimes, law, negotiation, and regional integration, answers these questions in the affirmative. International officials, it is argued, regularly intervene to initiate new policies, mediate among governments, and mobilize domestic groups in ways that fundamentally alter the outcomes of multilateral negotiations. Regime theorists such as Oran Young, Peter Haas, and Harold Jacobson, international legal scholars like Abram Chayes and Antonia Handler Chayes, negotiation analysts such as James Sebenius and William Zartman, and even constructivists like Michael Barnett and Marty Finnemore go further, asserting that entrepreneurial leadership by high international officials is often necessary for successful international cooperation. One recent review concludes that informal international mediation, often conducted by international officials, is

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1. Chayes and Chayes 1995, 271–72.

becoming “the dominant norm of conflict management and resolution” in world politics—a claim that resonates with a renewal of theoretical interest in modeling international bargaining.<sup>2</sup> Negotiations on environmental protection, multilateral economic policy coordination, and post–Cold War security cooperation are often cited.<sup>3</sup> Constructivists contend that international regimes should be viewed not as passive sets of rules, but as active sites of bureaucratic politics that empower international officials to wield transnational influence—the critical question, they assert, is to explain this power and autonomy.<sup>4</sup>

In such cases the supranational officials and institutions in question have no formal voting rights, financial resources, or coercive means at their disposal. Instead, they are said to influence international negotiations through the persuasive manipulation of information and ideas. They exercise “leadership” rather than formal power. In short, they are “informal” political entrepreneurs. Robert Cox states flatly, “the quality of executive leadership may prove to be the most critical single determinant of the growth in scope and authority of international organization.” Scholars require, therefore, a “theory of leadership.”<sup>5</sup>

Nowhere are claims about effective informal political entrepreneurship more boldly advanced than among those who study the European Community (EC)—an international organization whose “supranational” officials are generally acknowledged to possess unique influence and autonomy.<sup>6</sup> A substantial bureaucracy in the EC Commission, numbering around fifteen thousand, has a primary mandate to oversee daily passage and implementation of EC legislation. For this it is granted formal powers almost unique in international life, including a unique right of legislative proposal, limited control over administrative implementation, and, in some places, the right to launch legal processes of regulatory or judicial enforcement. The European Court of Justice (ECJ) and the European Parliament also have substantial formal roles. These formal powers are not, however, the focus of this article.

My focus, instead, as in the non-EC cases cited earlier, is on the *informal* power of such officials. For forty years, scholars have consistently argued that formal grants of authority to the EC’s supranational officials in daily decision making have had an unintended consequence, namely to increase the informal influence of such officials over the major “grand bargains” that have propelled integration forward since the Treaty of Rome. Though these decisions are taken in the classical diplomatic setting of unanimity voting in which international officials lack formal power, supranational leaders from Jean Monnet to Jacques Delors, working within and through the international officials under them, are said to have played decisive roles. Since the pioneering work of Ernst Haas and Leon Lindberg forty years ago, “neofunctionalists” have

2. Goodman and Mandell 1994, 3. Also Fearon 1998, 269–305.

3. See Cox and Jacobson 1973, 20; Rubin 1992, 264–66; Antrim and Sebenius 1992; and Young 1989, 355. Compare Hampson 1995, 6, 42–49, 75–76.

4. Barnett and Finnemore 1998.

5. Cox 1996, 317. On formal agenda-setting in the EC, see Pollack 1997b; Tsebelis 1994.

6. The institution now referred to as the European Union (EU) was known as the European Community during the period examined here.

consistently argued that the existence of such effective informal supranational entrepreneurs is one of two major factors feeding the self-sustaining and path-dependent process of unintended consequences—"spillover"—that powers regional integration.<sup>7</sup> The existence of a supranational "motor," a recent review essay concludes, is the "most common and far-reaching" scholarly claim advanced today about power and influence within the EC.<sup>8</sup> Among today's proponents of this view—based largely on the example of Delors in the mid-1980s—Wayne Sandholtz and John Zysman go furthest, asserting that informal supranational entrepreneurship has not simply been a necessary condition for integration, but is the only aspect of major treaty-amending decisions in the EC about which scholars can advance truly causal generalizations.<sup>9</sup>

I challenge this interdisciplinary consensus on methodological, theoretical, and empirical grounds. I propose an alternative theoretical view privileging the role of national governments and domestic politics—a view I test by summarizing the results of a study of all five major treaty-amending decisions in the forty years of EC history. These negotiations are those culminating in the Treaty of Rome in the 1950s, the Common Agricultural Policy (CAP) in the 1960s, the European Monetary System (EMS) in the 1970s, the Single European Act (SEA) in the 1980s, and the Maastricht Treaty on European Union in the 1990s. Such cases, involving a wide range of issues and almost forty years of historical time, are most appropriate to the theoretical task, because in treaty-amending negotiations, supranational actors enjoy no formal powers; their very presence in such negotiations is a pure "unintended consequence" of their role in other fora. These cases thereby isolate informal powers—which is the form of supranational influence most generalizable across international institutions.<sup>10</sup>

My central findings are three. First, *existing studies of the EC and other international organizations do not subject claims about informal entrepreneurship by international officials to theoretically and methodologically rigorous evaluation*. Despite the ambition of such claims, concrete theories and hypotheses concerning entrepreneurship, as well as decisive empirical tests of its importance, are almost nonexistent, both in the literature on the EC and elsewhere.

Second, *properly controlled tests reveal that supranational intervention, far from being a necessary condition for efficient interstate negotiation in the EC, is generally*

7. See Haas 1958; Lindberg 1963; Lindberg and Scheingold 1970; Ross 1995, 4–5; Garrett and Weingast 1993; Sandholtz 1992, chap. 2–6; Vahl 1992; Nugent 1995; Endo 1998; Sandholtz and Zysman 1989; Tranholm-Mikkelsen 1991; Grant 1994; and Yondorf 1965.

8. Pollack 1997a, 121.

9. See Sandholtz and Zysman 1989, 128; and Sandholtz 1992, 26–29.

10. This article is based on research reported in Moravcsik 1998a. The book focuses on the economic determinants of national preferences, the exploitation of asymmetrical interdependence, and institutional delegation to establish credible commitments in major EC decisions. It considers the role of supranational entrepreneurs discussed here as an alternative hypothesis about interstate bargaining from that based on asymmetrical interdependence. In explaining daily administration in the EC the analysis in this article would need to be modified. Any study of informal power in everyday decisions must control carefully, however, for the subtle effects of formal grants of power. Governments and interest groups pay special heed to the activities of an organization with formal agenda control. Attributing this to informal power would be spurious. Compare Pollack 1997b; and Tsebelis 1994.

*late, redundant, futile, and sometimes even counterproductive.* The role of legendary figures such as Monnet and Delors has been much exaggerated. Of the five major treaty-amending negotiations in EC history listed earlier, supranational entrepreneurs played a unique role in only one, the SEA.<sup>11</sup> In that single case, supranational influence was secondary and limited to enhancing the efficiency of agreements; in no case did officials impose distinctive distributional preferences.

Third, *only a “two-level” bargaining theory attentive to the dynamics of state-society relations, rather than a theory that focuses on interstate coordination problems, explains the (intermittent and rare) variation in the effectiveness of supranational entrepreneurship in the EC.*

These findings suggest, more broadly, the need to reconsider a far more fundamental theoretical issue, namely the appropriateness of a uniform assumption of high transaction costs in theories of international cooperation.<sup>12</sup> This assumption underlies most “supply-side” theories of international cooperation, whether they stress the autonomy of international institutions (as do functional regime theory and recent writings in international law), the impact of hegemonic distribution of power, bargaining outcomes induced by institutional “focal points” and other procedural constraints, or, as here, the intervention of third-party entrepreneurs.<sup>13</sup> This study suggests that there are good reasons to qualify this assumption and points to the central role of domestic politics in determining whether the transaction costs of interstate negotiation are high and, therefore, whether supply-side factors are important in particular circumstances.

The argument proceeds as follows. I first define informal supranational entrepreneurship and advance five theories that could explain it. I then summarize empirical evidence concerning the five major decisions in EC history, concluding in favor of a “two-level” theory of entrepreneurship. I conclude by suggesting broader theoretical implications for the study of European integration and international cooperation more generally.

## Theories of Informal Supranational Entrepreneurship

Existing scholarship on informal entrepreneurship in the literatures on international regimes, negotiation, law, and regional integration contains many interesting descriptions of actions by dynamic international officials. Yet few such analyses clearly conceptualize informal supranational entrepreneurship, advance alternative explanations for it grounded in explicit theoretical assumptions, or derive testable hypoth-

11. Research on formal agenda-setting power in the EC pays little attention to *informal* entrepreneurship. Compare Tsebelis 1994; and Pollack 1997, 130–32.

12. See Williamson 1985, 18–21; and Keohane 1984, 100ff. The focus here is on ex ante costs. Governments may also be concerned with the ex post costs of enforcement, which this article does not address. Nonetheless, the point is fundamental, for it is high ex ante costs of renegotiation, according to modern regime theory, that decisively “lock in” international regimes even when rules are inconvenient.

13. See Young 1989; and Sandholtz 1992.

eses. These social scientific tasks form the basis of any explanation of entrepreneurship.

*The Puzzle of Informal Entrepreneurship:  
Resources, Persuasion, Influence*

Informal policy entrepreneurship, like other forms of political leadership, is an effort to wield political power. Entrepreneurs aim to induce authoritative political decisions that would not otherwise occur.<sup>14</sup> In the cases we are considering here, all drawn from multilateral negotiations, they may seek to alter negotiated outcomes along two dimensions. They may seek to increase the efficiency of negotiations, that is, to push the outcome closer to the Pareto frontier of interstate negotiation, or to alter the distributional impact of interstate agreements, that is, to impose their own preferences on the outcome. Generally they seek both.<sup>15</sup>

How do international officials wield influence? From here on I draw on general bargaining theory and theories of comparative and American politics as well as international relations.<sup>16</sup> Let us begin by assuming that the ability of an informal political entrepreneur, like any political actor, to influence political decision making stems from his or her control over specific political resources. The vast literature on the determinants of third-party influence on international negotiations points to many potential resources, yet supranational officials in major EC treaty amendments—the Commission, Parliament, and the ECJ—manifestly lack those most often employed by states, domestic actors, and formally empowered international officials in such circumstances. In particular they lack discretionary control over domestic policy concessions, financial side-payments, voting rights, formal agendas, or credible threats to employ coercion. This distinguishes the cases I analyze here from most studies of international mediation, including studies of U.S. intervention in the Middle East, binding dispute resolution in international organizations, or even daily decision making in the EC.<sup>17</sup>

Instead, informal entrepreneurs manipulate ideas and information. Monnet, the legendary EC entrepreneur, was characteristically concise: “I know of no rule except

14. Burns 1978, 18, 448, also 9–28, 433–39, 444–62.

15. Two further assumptions: First, the entrepreneur is favorable to agreement and has a distinctive ideal point concerning the nature of the agreement. This is consistent with the observation that the Commission, the ECJ, and Parliament tend to favor more ambitious schemes for further institutional and substantive integration and that they tend to favor particular schemes—such as a low price, liberal CAP, or a “softer” EMU—quite different from any plausible interstate compromise. Second, “supranational entrepreneurs” are individuals or groups of individuals, but I refer to the corporate body of which they are members. A more nuanced view of the interaction between institutions and individuals is possible but did not appear essential here.

16. See Kingdon 1984; Fiorina and Shepsle 1989; Raiffa 1982; Binmore 1987; and Kennan and Wilson 1993.

17. Chayes and Chayes 1995, 276–78. Nor do international officials appear to have a greater motivation to deploy what resources they possess. Even the smallest national government has an incomparably greater material stake in the outcome of international agreements.

to persuade and be persuaded.”<sup>18</sup> Chayes and Chayes observe that “it is remarkable that lawyers and international relations scholars . . . should pay so little attention [and] attach so little significance to the role of argument . . . and persuasion in influencing state behavior.”<sup>19</sup> Yet what precisely does it mean in this context to “persuade”?

Persuasion, I submit, involves three basic functions related to the manipulation of information and ideas. The first function is policy initiation, sometimes termed “informal agenda-setting,” in which the entrepreneur launches a discussion by highlighting problems, advancing workable proposals, underscoring potential material benefits, or linking the outcome to symbolic values. The second function is mediation, in which the entrepreneur intervenes in ongoing interstate negotiations to propose new options or compromises. The third function is mobilization of domestic social support for an agreement, a particularly important function among democratic polities where agreements must often be ratified publicly.<sup>20</sup>

This power-resource view implies that effective informal entrepreneurship requires asymmetrical control over informational and ideational resources unavailable to the principals of a negotiation—namely national governments—yet necessary for effective initiation, mediation, and mobilization. This principle follows from non-cooperative bargaining theory, which—leaving questions of *ex post* enforcement aside—predicts that negotiations will be efficient if all actors are fully informed about relevant parameters, not least the nature and intensity of one another’s preferences.<sup>21</sup> The same claim forms the basis of the functional (Coasian) theory of international regimes advanced by Robert Keohane: If interstate transaction costs were very low, relative to the gains at stake for each actor, decentralized negotiation among voluntary actors with property rights would generate efficient outcomes.<sup>22</sup> In summary, we may define informal supranational entrepreneurship as exploitation by international officials of asymmetrical control over scarce information or ideas to influence the outcomes of multilateral negotiations through initiation, mediation, and mobilization.

This definition implies, in turn, that any plausible explanation of supranational influence must identify an informational or ideational asymmetry—a bottleneck—that impedes efficient negotiation, then describe how and why high international officials are in a unique position to overcome this bottleneck. Only if we assume that information and ideas are scarce among the primary parties, namely states—in other

18. Monnet 1976, 475.

19. Chayes and Chayes 1995, 25.

20. Compare Raiffa 1992; Kingdon 1984; Chayes and Chayes 1995, 274–76; Fiorina and Shepsle 1989; and Sandholtz 1992, 23. These are analytical stages. Although they may roughly track the temporal order in which issues are normally handled—initiation, negotiation, ratification—this need not be the case.

21. A result both deductively established and empirically confirmed. See Sutton 1986; and Roth and Murnighan 1982.

22. See Keohane 1983; Keohane 1994, 85–89; and Farrell 1988, 113–16. Market failures arising from fear of opportunism in subsequent implementation and compliance may, of course, still arise, generating *ex post* transaction costs, but this, as discussed in the final section of this article, is not relevant to the role of supranational entrepreneurs in overcoming the *ex ante* transaction costs of negotiations.

words, only if the complexity and therefore the transaction costs of negotiating efficiently are so high as to preclude efficient interstate bargaining—does a “window of opportunity” exist for supranational entrepreneurs.<sup>23</sup> The primary task of any explanation of supranational entrepreneurship must be to investigate the conditions under which supranational entrepreneurs enjoy such a comparative advantage over more powerful and directly interested governments. Therein lies the central theoretical puzzle of supranational entrepreneurship: Why should governments, with millions of diverse and highly trained professional employees, massive information-gathering capacity, and long-standing experience with international negotiations at their disposal, *ever* require the services of a handful of supranational entrepreneurs to generate and disseminate useful information and ideas?

Most existing studies of entrepreneurship fail to address this central puzzle. They focus on characteristics of supranational entrepreneurs and their actions, not the nature of alternatives.<sup>24</sup> As a result, existing studies are plagued by selection bias. Most select one area (sometimes a handful) in which we already know that international negotiations were successful and that entrepreneurs were very active—Tommy Koh in the Law of the Sea negotiations, Mustapha Tolba of the UN Environmental Program, and Monnet and Delors in the EC are most often cited—and then describe their actions. The conjuncture between supranational activity and interstate agreement is said to demonstrate a causal relationship.

Such analyses are overtly anecdotal and clearly based on a skewed sample of “most likely” cases. Even more problematic, they are uncontrolled. They do not consider the obvious alternative hypothesis, namely that entrepreneurship is endogenous. In other words, they fail to ask whether other interested parties, above all the most interested national governments, could or did perform the same functions, thus rendering supranational entrepreneurship redundant or futile.<sup>25</sup> In EC studies, this null hypothesis is traditionally termed the “liberal intergovernmentalist” position. It posits a world of interstate bargaining in which the supply of information and ideas is plentiful. Governments with the greatest interest in seeing an agreement or disinterested third governments act as entrepreneurs, initiating, mediating, and mobilizing negotiations. Transaction costs impose no binding constraint on negotiations; bargaining is “naturally” efficient. Distributive outcomes reflect asymmetrical interdependence—that is, the classical Nash bargaining solution among actors with clearly defined outside options—a spatial analysis that forms the foundation of modern negotiation analysis.<sup>26</sup>

23. On the related but not identical concept of “policy windows,” see Kingdon 1984, 172–204, especially 188–93. Kingdon does not explicitly theorize opportunities or influence in terms of information and ideas.

24. See Bercovitch 1992, 3; and Burns 1978, 119–29.

25. Some acknowledge structural constraints imposed by context, but empirical treatments of mediation, particularly those grounded in qualitative case studies, tend not to control for these. Bercovitch 1992.

26. This theoretical position, in particular its predictions concerning distributive outcomes, is developed and tested in more detail in Moravcsik 1998a, chap. 1. The general theoretical literature on bargaining reveals a robust finding that the (cooperative) Nash bargaining solution can be approximated by a (noncooperative) offer-counteroffer game. Binmore 1987.

The result of selection bias is that existing studies suggest intriguing conjectures, yet we know little today about the true frequency of successful informal entrepreneurship or about the specific causal mechanisms and, most importantly, antecedent conditions that account for its success. Two particularly forthright analysts recently conceded that such studies do not establish causality but are “descriptive, with prescriptive overtones.” They seek to “persuade” through “sympathetic . . . interpretation of the practice in its best light,” but leave it to others to “test the validity” of the claims.<sup>27</sup>

### *Explaining Supranational Entrepreneurship: Alternative Theories*

The preceding model of underlying informal entrepreneurial leadership—in brief, informational and ideational asymmetries create windows of opportunity that supranational entrepreneurs exploit to influence interstate negotiations—is shared by all the explanations developed and tested in this article. It is summarized in Figure 1.

More fine-grained theories of informal entrepreneurship are distinguished by their answer to the question, *What accounts for informational and ideational asymmetries?*

Answers to this question can usefully be divided into two broad categories, depending on whether they focus on interstate or intrastate bargaining failure. Existing analyses by theorists of international negotiations, regimes, law, and regional integration tend to focus primarily on the former. Supranational intervention corrects *interstate* coordination failures, that is, suboptimal coordination among unitary, rational (“black box”) states. Interstate explanations fall into four theoretical categories, each of which focuses on an asymmetry favoring supranational actors in the distribution of a particular type of ideational or informational resource. Political creativity, reputed impartiality, symbolic legitimacy, or technical or legal policy expertise is absent because of an interstate informational or ideational asymmetry. We shall see, however, that there is good reason to doubt the plausibility of each interstate theory of entrepreneurship, even in the abstract.

Accordingly, I develop a fifth, “two-level,” approach that relaxes the unitary state assumption and treats the constraints on efficient negotiation as imposed by *intra-state* collective action failure. Supranational actors wield influence due to a superior ability to overcome domestic and transnational coordination problems, which reflects greater administrative coherence, insulation from social interests, and centrality in transnational networks.

Each of these five theories is presented below. For each is offered a series of explicit assumptions; from each is derived a series of process-level hypotheses concerning distinctive observable implications in each step of the basic causal model presented earlier: observed asymmetries in information or ideas, “bottlenecks” in interstate bargaining, tactics employed by supranational actors, and variation in outcomes across issues. (Some of the data, such as that concerning the distribution of information, have never been systematically collected before.) In addition, the theo-

27. Chayes and Chayes 1995, x–xi.

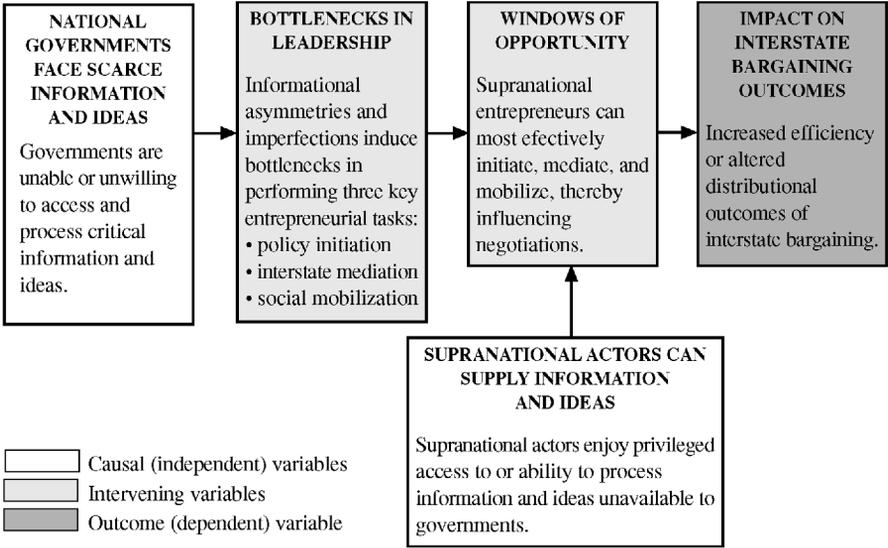


FIGURE 1. *The causal process of informal supranational entrepreneurship*

ries offer predictions about which EC actors should be effective and the conditions under which this should be the case. These predictions, summarized in Table 1, will permit us to test each theory.<sup>28</sup>

**The “Monnet-Delors factor”:** *Individual political skill and creativity.* Perhaps the most common explanation for informal supranational influence is that certain international officials are simply more ingenious, imaginative, skillful, and creative than national leaders. Officials wield power by proposing more creative solutions to political problems—an approach Robert Cox approvingly terms the “great-man theory of international organization.”<sup>29</sup> Regime theorist Oran Young stresses the personal qualities of leaders, who must have “imagination in inventing institutional options and skill in brokering the interests of numerous actors to line up in support for such options.” Geoffrey Garrett, Barry Weingast, and others see supranational entrepreneurs as a unique source of salient focal points.<sup>30</sup> Cox and Harold Jacobson assert that because of charisma, previous achievement, and negotiating ability, “high international officials command . . . recognition, which allows them the initiative in proposing action.”<sup>31</sup>

28. Since supranational actors and governments are almost always active and EC negotiations are almost always efficient, the fact that international officials appear successful tells us little. To generate greater variation, I therefore disaggregate, as per King, Keohane, and Verba 1994, 208–30.

29. Young 1989, 355. Also Cox 1996, 321, 368–69.

30. Garrett and Weingast 1992.

31. Cox and Jacobson 1978, 20. Casson invokes greater “imagination” and “practical knowledge.” Casson 1982, 29, 35.

TABLE 1. *Testing alternative explanations of supranational entrepreneurship*

<i>Alternative explanations</i>	<i>Hypotheses</i>			
	<i>Why are information and ideas scarce?</i>	<i>"Bottleneck" in initiation, mediation, or mobilization</i>	<i>Form and timing of supranational intervention</i>	<i>When is supranational influence strongest?</i>
"The Monnet-Delors effect"	Scarcity of creativity, vision, and skill	Too few innovative proposals and compromises	Innovative proposals, probably from Commissioners early in negotiations	When European executives strongest. (Monnet, Hallstein, Delors)
"Honest broker"	Scarcity of trust and reputation for neutrality	Too few viable compromises because of insufficient information about reservation prices	Mediation, probably by Commissioners in midnegotiation	When distributive conflict most severe (CAP, EMU, not SEA, EMS)
"Europe's champion"	Scarcity of legitimacy	Too few legitimate symbols and too little legitimate rhetoric to persuade publics or elites	Legitimate proposals or rhetoric, from Parliament, ECJ, Commission, especially during ratification	When European ideology most salient (steady increase over time or ideologically salient issues)
"Triumph of technocracy"	Scarcity of technical information and expertise	Insufficient technical or legal understanding of issues	Expert proposals, probably from Commission, perhaps ECJ	When issues technically and legally complex (CAP, EMU, perhaps SEA, less so EMS and tariffs)
"Two-level network manager"	Scarcity of political independence, administrative coherence, and transnational links	Too few ratifiable proposals and insufficient social support	Novel proposals and social mobilization, probably from Commission and Parliament early in negotiations	When issues novel, linkages unwieldy, or supporters unorganized (SEA)

Superior political creativity is the most common explanation of supranational entrepreneurship in the EC. Many consider Monnet "sui generis as a political entrepreneur."<sup>32</sup> Leon Lindberg links successful integration in the 1960s to the extraordinary

32. Roussel 1996, 696.

“ingenuity” and “skill” of the EC Commission under Hallstein.<sup>33</sup> Subsequent analysts—and, perhaps unsurprisingly, former practitioners—hail the skill and vision of Commission president Delors and his team. Lord Arthur Cockfield, vice president under Delors, later asserted: “If the Commission is ineffective . . . the Community languishes. Where you have a forceful and visionary President, as Jacques Delors has been . . . the Community makes progress.”<sup>34</sup> George Ross attributes Delors’ particular skill to the “voluntaristic” political culture of the French technocracy in which government officials are accustomed to advancing bold initiatives.<sup>35</sup>

Yet does the “Monnet-Delors” explanation really provide a compelling answer to the central puzzle of informal supranational entrepreneurship? No respectable analyst would maintain that Monnet or Hallstein was inherently a more visionary or skillful politician than contemporary national leaders like Harold Macmillan, Charles de Gaulle, or Konrad Adenauer, or that Delors was more creative or ruthless a tactician than François Mitterrand, Helmut Kohl, or Margaret Thatcher—some of whom emerged from the same political cultures. Political scientists, moreover, rightly view such explanations with some suspicion, because they tend toward tautology. With leadership potential (“creativity,” “vision,” or “skill”) difficult to measure, supranational leaders may be deemed “strong” because they have been successful, rather than the reverse.

Despite its weaknesses, the “Monnet-Delors factor” explanation is widely believed and worthy of testing, albeit with the preceding skeptical concerns in mind. Four hypotheses can be derived:

1. Political creativity is distributed asymmetrically, with strong supranational officials able to generate more imaginative proposals.
2. The inability of national leaders to conceive of major initiatives and creative solutions to joint problems imposes a binding constraint on efficient multilateral negotiation.<sup>36</sup>
3. Supranational intervention is particularly prominent early in negotiations, when governments seek creative solutions to open-ended problems but may also play a secondary role later in negotiations, when “vision” is needed to develop creative “package deals.”
4. Proposals advanced by particularly “visionary” and “skillful” supranational officials—generally believed in the EC context to be Monnet in the 1950s, Hallstein in the 1960s, and Delors in the 1980s—are consistently more suc-

33. Lindberg 1963.

34. See Cockfield 1994, 111; and Sandholtz 1992, 27–28.

35. Ross 1995.

36. How would we know whether negotiations are efficient, since successful decisions tend to look deceptively efficient in retrospect? I seek to show that no participants complained that the outcomes were suboptimal, no subsequent commentators identified significant gains “left on the table,” no major interest of an important government was left unconsidered, and there was considerable redundancy, with a very large number of alternatives, even those that were patently unrealistic, being considered. It might nonetheless be objected that these cases select on the dependent variable, looking only at successes, yet causal inferences can still be drawn, for two reasons. First, many of the predictions concern the process, not the outcome. Second, each negotiation involved successful and unsuccessful proposals; each episode can thus be thought of not as a decision, but as a decade in which a series of proposals was considered and some were accepted. On these and other methodological issues, see Moravcsik 1998a, introduction and chap. 1.

cessful than those advanced by “weak” leaders or national chief executives.<sup>37</sup> Alternatively, the most effective should be those with the most distinguished domestic records, namely Roy Jenkins, Gaston Thorn, and Delors in the late 1970s and 1980s.<sup>38</sup> Finally, to avoid circularity, one simple test is the following: If the individual abilities of such leaders were causally important, they should be consistently more successful than others across multiple episodes during their tenure in office. If, however, their success was random, it should not be repeated.<sup>39</sup>

**The “honest broker”: Impartial mediation.** A second general explanation focuses on the impartiality of third-party mediation. In this view, supranational entrepreneurs wield power by mediating effectively among governments. Specifically, they exploit uniquely reliable information about the nature and intensity of national preferences to advance impartial compromise proposals.

Why would national governments, with a strong incentive to understand the preferences of foreign governments, lack information about viable compromises? Surely it is not for lack of opportunities for discussion in the EC.<sup>40</sup> If information is scarce, it must therefore be instead, as Duncan Luce and Howard Raiffa conjecture, because the strategic incentive to deliberately conceal information about preferences constitutes the “real” bargaining problem.<sup>41</sup> Governments have an incentive to suppress compromise proposals, exaggerate the value of their concessions, and downplay the value they place on gains in order to enhance their bargaining power. This impedes exchange of accurate information concerning potential Pareto-improving bargains.

Again the central puzzle arises: Why should supranational officials enjoy a comparative advantage as mediators, as compared to bilateral negotiation, perhaps with the assistance of other national governments? One common answer is that supranational mediators can be expected to act with greater impartiality—a general claim given considerable weight in the EC literature. Monnet maintained that the “disinterested” quality of supranational actors permitted more effective promotion of European ideals.<sup>42</sup> This is one interpretation of the neofunctionalist assertion that “only . . . institutions representing the ‘general interest’ are in a position to mediate between the national viewpoints effectively.”<sup>43</sup> For this reason, among others, Giandomenico Majone and others have recently analogized the EC institutions to domestic U.S. judges and regulatory bureaucracies.<sup>44</sup>

37. Lindberg 1963, 210, 235, 244–45, 274.

38. On the Garrett-Weingast “focal point” account, we should also expect supranational actors to be important where there is high uncertainty but little distributional conflict.

39. For use of this technique to investigate the personal ability of those who amass large fortunes, see Thurow 1975, 152–54.

40. French or German leaders, as well as governments holding the rotating Council presidency, often conduct multilateral or bilateral summit meetings with each EC counterpart several times within a six-month period, whereas national ministers meet dozens of times, lesser officials hundreds of times. See, for example, McDermott 1998.

41. Luce and Raiffa 1958, 134. Also Raiffa 1982, chap. 2; and Kennan and Wilson 1993.

42. Monnet 1976, 406–14. See also Cox 1996, 341ff.

43. Lindberg 1963, 210.

44. Majone 1996, 15–26.

Is this plausible? As an empirical matter, comparative studies of “two-level” games in international negotiations reveal few circumstances under which democratic leaders can or do disguise their true preferences.<sup>45</sup> Shared interests and democratic openness offer many opportunities to assess the relative intensity of preferences and to locate opportunities for mutually beneficial linkage. Even if governments were able to withhold vital information, moreover, it is unclear why a third party, let alone a supranational one, should be able to elicit it. Parties with an incentive to withhold information from one another will have a similar incentive to withhold information from a mediator—absent discretionary power on the part of the mediator.<sup>46</sup> Is there, moreover, any reason to believe that supranational officials are more disinterested than other national governments? Recent public choice analyses argue—and, as we shall see, empirical evidence supports—that the preferences of supranational actors tend to be extreme.<sup>47</sup> Finally, there is evidence that smaller governments can act as very effective mediators in multilateral negotiations. Even the leading study of supranational entrepreneurship in European high-technology cooperation reveals, albeit unremarked by the author, a negative correlation between *supranational* entrepreneurship and successful negotiation but a strongly positive correlation between *national* entrepreneurship and success.<sup>48</sup>

The “honest broker” view is nonetheless widespread enough to merit careful testing. Four hypotheses follow from it:

1. Governments distrust one another and refuse to share information about their preferences but view supranational officials as impartial.
2. Interstate agreements are constrained by the asymmetrical distribution of information about preferences.
3. Commission officials are uniquely able to mediate effectively, particularly close to the end of interstate negotiations when final compromises are struck, whereas parliamentarians and ECJ judges are less suited to this task.
4. The Commission should be particularly influential where distributive conflict is severe and incentives to withhold information are correspondingly high, as in CAP negotiations and perhaps also the Maastricht negotiations over economic and monetary union (EMU).

45. Evans 1993.

46. An “incentive compatible” plan “induces the bargainers to report true situations to the mediator and offers them an expected payoff at least as high as their BATNA.” Young 1991, 13. Such a plan generally requires the additional exercise of power, such as discretionary side payments, binding arbitration, or the authority to enforce commitments. The most prominent scholarship on international mediation focuses on the role of nation-states, for example, the United States as a “third party” negotiator in the Middle East, where the United States is effective not because it is disinterested, but because it provides material incentive for agreement—conditions that do not obtain for supranational mediators. Young 1991, 13. On the fundamentals of bargaining theory and the distinction between nonbinding and binding arbitration, see Kennan and Wilson 1993.

47. Garrett and Tsebelis 1998.

48. Sandholtz argues that international officials are more likely to supplant national entrepreneurs in crises or when existing policies are unsatisfactory and national governments are in “adaptive mode” but offers no consistent theoretical account of when this should be so or from whence the supranational comparative advantage stems. Sandholtz 1992, 304, 27–28.

**“Europe’s champion”:** **Symbolic legitimization.** A third explanation for successful supranational entrepreneurship, stressed particularly in scholarship on international law and regional integration, highlights ideological legitimacy. Peter Haas and Emanuel Adler argue that normative ideas “may take root in an international organization” and thereby be exploited by officials in “epistemic communities” to “legitimate package deals.”<sup>49</sup> International lawyer Thomas Franck treats the legitimacy of international institutions as a function of normative acceptance of the procedure that gave rise to them.<sup>50</sup> Ernst Haas considers promulgation of a coherent ideology to be one of three critical variables explaining successful entrepreneurship.<sup>51</sup> In the EC, supranational officials, parliamentarians, and judges are often treated by pro-federalist analysts as spokespersons for the common good; they alone, it is said, authoritatively “speak for Europe.”<sup>52</sup>

Yet the “Europe’s champion” explanation encounters difficulties addressing the central puzzle of supranational entrepreneurship. Many publics appear also susceptible to nationalist appeals; in no country in Europe has “European” identity superceded national identification.<sup>53</sup> Where European symbols and rhetoric are nonetheless successfully invoked, it has often been by national leaders like Adenauer, Mitterrand, and Kohl, not to mention nearly every postwar Italian or Belgian prime minister. Finally, many domestic activists—notably those most strongly calling for democratic legitimization of the EC, namely members of the European federalist movement and the Parliament—have been relentless critics of the EC and its Commission for decades, primarily because of its blatant “democratic deficit.”<sup>54</sup> In sum, supranational officials appear to have little comparative advantage.

Still, the “Europe’s champion” view is widely held and generates clear hypotheses worth testing:

1. Supranational officials are generally recognized as more legitimate than governments because of a special ability to invoke European or democratic rhetoric and symbols.
2. Interstate bargaining is decisively constrained by the inability of governments to link legitimate symbols with specific policy proposals—a particular liability in securing parliamentary and popular ratification.
3. Most major proposals come from the ECJ and Parliament. Governments approve such proposals even when they clash with substantive interests.
4. Supranational influence is greatest where belief in European and democratic ideals is strongest. One plausible hypothesis is that we should observe a secular increase in supranational influence over time, focusing particularly on Germany, Italy, Belgium, and other “federalist” countries.

49. Adler and Haas 1992, 381–82.

50. See Franck 1988; and Mattli and Slaughter 1997.

51. Haas 1964b, 119ff.

52. Vahl 1992.

53. Franklin et al. 1996.

54. Spinelli 1966.

**The “triumph of technocracy”: Policy expertise.** A fourth interstate explanation for supranational influence rests on the generation and manipulation of scarce technical and legal knowledge. Negotiation analysts assert that intermediaries can best propose new technical and institutional solutions if they are technical experts.<sup>55</sup> The literature on “epistemic communities” places supranational actors at the center of an institutionalized network of knowledge-based experts, whose international leaders construct “domestic and international coalitions in support of their policies.”<sup>56</sup> These theorists, along with international legal analysts like Chayes and Chayes, emphasize that supranational officials often provide politically influential expert reports and exploit their position at the center of “interpretive communities” to drive cooperation beyond the initial intentions of governments.<sup>57</sup> “Technical competence,” Lindberg argues on the basis of early EC history, “ensures that [Commission] proposals command the serious attention of the member governments.”<sup>58</sup> Recent “constructivist” analyses contend that international organizations are staffed with technically expert professional who “use expertise and information to change the behavior of other actors.”<sup>59</sup>

Why might supranational actors enjoy a comparative advantage in the generation of expertise? Some economists argue that economies of scale in producing information and expertise favor a centralized international technocracy—a view consistent with Ernst Haas’s initial, more technocratic brand of neofunctionalism.<sup>60</sup> Others argue that information is a public good whose full benefits are not internalized to any given government; a single designated actor is therefore required to avoid underprovision.<sup>61</sup> Regime theorist Young argues that constant involvement in everyday matters affords supranational officials greater technical knowledge concerning specific proposals and greater skill at “inventing institutional options”—a quality clearly possessed by the EC Commission.<sup>62</sup> “It is no coincidence,” Chayes and Chayes contend, that most successful international regimes “are operated by substantial, well-staffed, and well-functioning international organizations,” which tend to have “secretariats with [seats], specific locations, . . . identifiable resources, and personnel with defined roles.”<sup>63</sup> Barnett and Finnemore point to the “rational-legal authority of such bodies.”<sup>64</sup>

Yet is this really plausible? The Commission, Parliament, and the ECJ, though relatively large by international standards, still employ only a few thousand professionals—many orders of magnitude fewer than European governments. Almost none

55. Susskind and Cruikshank 1987.

56. Adler and Haas 1992, 381–82. Also Haas 1989, 377–404; and Young 1989, 357–59.

57. Though their primary focus is compliance, this argument parallels Chayes and Chayes 1995, 25–26, 277–82.

58. Lindberg 1963.

59. Finnemore and Sikkink 1998, 899–900. Also Barnett and Finnemore 1998.

60. See Haas 1964a, 62–88; Sandholtz 1992, 27–29; and Cox and Jacobson 1978, 20ff.

61. See Eichengreen and Ghironi 1998; and Sandholtz 1992.

62. Young 1989, 355.

63. Chayes and Chayes 1995, 271–72, 278–79, 281–82.

64. Barnett and Finnemore 1998.

are technical specialists. Such bodies possess no national scientific and legal establishment. Commission and Parliament reports are generally based on official meetings at which experts from national governments are present, often as witnesses—thus diluting any possible informational asymmetry. Finally, the intergovernmental EC Council of Ministers concurrently sponsors more expert meetings than the supranational Commission.<sup>65</sup>

Still, the “triumph of technocracy” explanation merits empirical testing. It generates a series of distinctive hypotheses:

1. Supranational bodies enjoy access to technical and legal information and analysis unavailable to governments.
2. Interstate bargaining is constrained by a lack of national technical expertise, which inhibits governments from formulating or assessing technically or legally competent proposals, particularly during early stages when problems and precise policy options are identified.
3. Supranational actors are the primary source of reliable technical and legal proposals, which tend to be accepted by member states. If scientific expertise is critical, the Commission, the EC’s regulatory bureaucracy, plays a dominant role; if legal expertise is critical, either the Commission or the ECJ can assume this role.
4. Supranational actors are particularly influential in areas of great technical and legal complexity and of little distributive conflict. On the first criterion, Commission influence would be strongest in agricultural and monetary issues, as well as some SEA nontariff barrier issues. On the second criterion, Commission influence would be strongest in the Treaty of Rome and SEA negotiations.

**The “two-level network manager”: Domestic and transnational coordination.**

Each of the preceding four interstate explanations, though widely held as an informal conjecture about the source of supranational entrepreneurship, provides at best a questionable theoretical solution to the central puzzle of supranational entrepreneurship. When analyzed more rigorously, each encounters surprising difficulty identifying a specific informational or ideational comparative advantage of supranational actors—even in the abstract. Closer examination reveals few reasons why EC member governments should themselves be unable or unwilling to manipulate ideas and information in order to initiate, mediate, and mobilize. It is thus appropriate to consider a fifth, “two-level” explanation of supranational political entrepreneurship—one far less widely advanced, explicitly or implicitly, in studies of international cooperation.

This “two-level” explanation relaxes the assumption of the unitary, rational state and directs attention instead to the ways in which supranational actors might help overcome domestic and transnational, rather than interstate, collective action prob-

65. Moravcsik 1998a, chap. 3.

lems. Whereas in this view the supranational actor draws on some qualities mentioned in interstate theories, successful entrepreneurship results not from asymmetries in the distribution of information and ideas among unitary states, but from a superior ability to coordinate and manipulate information and ideas held by *domestic* social groups and government officials. Supranational entrepreneurs intervene to overcome bias or inefficiency in the domestic and transnational coordination of information and ideas such that important latent interests remain underrepresented by national leaders, even though leaders would support the resulting policies if fully informed of them and their base of social support.<sup>66</sup>

Yet why should governments ever be unable to articulate their own interests? To see why, let us posit a simple pluralist view of domestic politics in which interest groups organize and represent their interests to governments, which, in turn, aggregate those interests. Domestic and transnational social interests remain latent if and only if one or more of these three steps breaks down. I term these three sources of coordination problems as failures of, respectively, organization, representation, and aggregation.

- *Organization failure* arises when interested and potentially powerful social groups fail to organize, leaving domestic actors and their governments uninformed about desirable international agreements. Theories of collective action suggest that it is often costly for potentially allied individuals and groups to identify one another, define common political goals, coordinate their activities, resolve disputes among heterogeneous interests, and overcome incentives to free ride.<sup>67</sup> The costs tend to be highest where potential supporters are geographically dispersed, extremely numerous, substantively heterogeneous, unaware of potential substantive gains, or inconsistent with existing institutions and cleavages.
- *Representation failure* arises when biases in domestic governmental institutions underrepresent social groups favoring cooperation. This situation is most likely to occur when concentrated groups opposed to cooperation traditionally monopolize relations with key domestic bureaucracies and thereby block consideration of policies that the government might accept if informed or pressured by the full range of interests. Such classic “iron triangles” are likely to be disrupted only by strong pressure from above and/or below. A variant on representation failure arises when national leaders are inhibited from making proposals by potential retaliation from powerful domestic interests but would accept a proposal that permitted them to “scapegoat” a supranational actor.<sup>68</sup>
- *Aggregation failure* arises when bureaucratic and parliamentary procedures block the emergence of a coherent national position out of demands repre-

66. For hints in this direction, see Evans 1993; Keohane 1997; Cox 1996, 345–46; Cram 1997, 123–53; and Majone 1996, 74–78. These scholars, however, do not isolate mobilization around domestic coordination failures as the primary informal supranational tactic of supranational actors, focus on major decisions, or seek to isolate *informal* entrepreneurship.

67. For a theoretical review and an application to the EC, see McLaughlin and Jordan 1993.

68. See Moravcsik 1994; and Andrews and Willett 1997.

sented to disparate parts of the state. As a whole, states may possess the technical information, experience, and interest group contacts needed to promote cooperation, yet no single set of officials has access to them all, leaving national leaders unaware of proposals they would otherwise support.<sup>69</sup> This scenario most likely arises where issues are unprecedented or constitute a package deal under the administratively fragmented control of many ministries.

The “two-level network manager” approach suggests that a “window of opportunity” for supranational officials opens if and only if there are failures of organization, representation, and aggregation. Why, however, should supranational officials be particularly well-equipped to overcome such difficulties? What gives international officials an entrepreneurial comparative advantage?

One source of comparative advantage lies, somewhat paradoxically, in the small size and generalist mandate of supranational bureaucracies, relative to those of nation-states. This may permit international officials to coordinate more effectively.<sup>70</sup> Despite modest overall resources, a small single-purpose organization like the Commission may manage disparate issues far more efficiently than a domestic government. Another advantage lies in the lack of direct democratic oversight over supranational officials, which insulates them from interest group pressure and regulatory capture. Finally, supranational officials may enjoy access to a wider transnational network of social groups, along with expertise, experience, and contacts developed through everyday legislative and regulatory policymaking in the EC.

The “two-level network manager” approach generates four testable hypotheses:

1. Obstacles to informational transfers within governments and domestic polities are severe, leaving national leaders unaware of viable proposals backed by latent coalitions, whereas supranational actors have a greater knowledge.
2. The efficiency of interstate bargaining is decisively constrained by the inability of governments to locate viable proposals and social support.
3. International officials influence negotiations by disseminating information and ideas in such a way as to represent or mobilize latent interests not currently represented by governments, particularly during early stages of negotiations when the public salience of issues is low.<sup>71</sup> Given its links to social actors, the Parliament should be as effective as the Commission; the ECJ, with its far more limited access, is likely to play a secondary role.
4. Supranational entrepreneurship is particularly important where organization, representation, and aggregation failures are present. This scenario most likely arises where rapid economic or political change leads to the emergence of new, previously unrepresented social interests, where transnational coordina-

69. Although every EC member state has a high-level committee, sometimes even a ministry, to coordinate European affairs, such bodies generally lack the information, technical competence, or oversight capability to actively promote policy innovations.

70. Casson 1982, 29, 35, 384–87.

71. Nelson Polsby finds that “at the initiation stage, powerful people are almost always distracted elsewhere” because “time is scarce.” Polsby 1984, 173.

tion is required, and where cross-issue “package deals” among highly heterogeneous issues (from the perspective of a domestic bureaucracy) are necessary to achieve a bargain. Opportunities are therefore transient. Only in exceptional circumstances—where issues are novel, constituencies unorganized, and governments mired in old policy modes—does a “window of opportunity” open for supranational actors. As networks of officials and social groups adjust, the system returns to equilibrium; governments reassert their customary dominant role, rendering subsequent supranational entrepreneurship futile, even counterproductive. Informal entrepreneurs enjoy brief successes and long periods of failure.<sup>72</sup> Among the major decisions in EC history, we should, therefore, observe the strongest supranational influence in the case of the SEA: a highly technical “package deal” backed by a new, transnational constituency of multinational firms, not in the other four major decisions involving tariff, agricultural, and monetary issues, where interest groups and government bureaucracies were already mobilized through domestic responsibilities or prior international negotiations.

## Entrepreneurship and Integration: The Empirical Record

The five most important treaty-amending negotiations in EC history are, as we have seen, appropriate cases to test these competing theoretical explanations, because they isolate the informal power of EC supranational officials. One caveat is appropriate before we continue, however. Space limitations preclude my presenting the entire record of each decision; for this I refer the reader to my book-length study of these five decisions. The book explains the preferences assigned to governments, assesses the efficiency of negotiations, and documents causes and consequences with reference to primary sources and objective behavioral patterns. Most important, the book develops the alternative theory of interstate bargaining outcomes—grounded in Nash bargaining theory with endogenous entrepreneurship—that serves as a null or baseline hypothesis. Space precludes more than a brief sketch of the causes and consequences of supranational efforts at initiation, mediation, and mobilization. These empirical vignettes are intended to be illustrative, not definitive.<sup>73</sup>

### *The 1950s: Negotiating the Treaty of Rome*

Between 1955 and 1957, Belgium, France, Germany, Italy, Luxembourg, and the Netherlands negotiated the Treaty of Rome, which scheduled elimination of internal tariffs, created a common external tariff, framed an agricultural policy, established quasi-constitutional institutions, and created an atomic energy organization called Euratom.<sup>74</sup> Subsequent analysts and participants have considered this successful outcome efficient, with no obvious gains “left on the table.” National constraints were

72. See Lindblom 1977; Polsby 1984; Kingdon 1984; and Baumgartner and Jones 1993.

73. Moravcsik 1998a.

74. For the details cited later and for more evidence, see Moravcsik 1998a, chap. 2.

pressed to the maximum; if anything, the treaty contained considerably more than was expected to be implemented.

Monnet—the Frenchman whose advocacy of the Schuman Plan for a European Coal and Steel Community (ECSC) resulted in his being named the first president of its supranational High Authority, the predecessor of the EC Commission—has long been credited with having given decisive impetus to the treaty. He and his associates at the High Authority advanced proposals, organized Socialist politicians and labor leaders into a transnational interest group (the “Action Committee for Europe”), and sought to coordinate French and German ratification.<sup>75</sup>

Recent historical research clearly reveals, however, that Monnet’s interventions were redundant, futile, and sometimes even counterproductive. Consider the three entrepreneurial functions: initiation, mediation, and mobilization.

Initiatives were plentiful. During the eighteen months prior to the negotiations, dozens of new schemes, one foreign minister observed, “sprang up like mushrooms.” All of Monnet’s successful initiatives were available elsewhere, prior to his having promoted them. The main proposals behind the common market (the EEC) came from German and Dutch politicians. Indeed, believing that state intervention was the road to integration and misreading French politics, Monnet opposed the EEC—shifting to support only late. He promoted instead an atomic energy institution called Euratom, while secretly urging German chancellor Konrad Adenauer, French president Guy Mollet, and other European chief executives to dump the EEC. Yet Euratom without the EEC was unconditionally vetoed by the German government—a fact of which Monnet was informed almost from the start but long chose to ignore. Before the end of the negotiations, even its strongest supporter rightly realized that Euratom was destined to be a “moribund” organization.

Governments proved quite capable of decentralized mediation. Key compromises were struck directly among national leaders, particularly Adenauer and Mollet, occasionally with the mediation of the Belgian and Dutch foreign ministers, Paul-Henri Spaak and Willem Beyen. Far from being viewed as impartial, Monnet proved politically controversial. His federalist beliefs were seen as a political liability by successive governments in France—the only country in which ratification was called into question. Whereas he occasionally worked secretly with the French government, his contribution was in no evident way unique.

The strongest subsequent claims for the decisive influence of Monnet involve his actions to mobilize social support. Yet these efforts, too, were neither unique nor decisive. He deliberately focused, consistent with his theory of integration, on “disinterested” groups—notably Socialist and union leaders—rather than mobilizing business groups, farmers, and conservative parties, whose support turned out to be critical in each country (many were already mobilized transnationally). The Action Committee’s major proposal, a ban on the military use of nuclear power linked to Euratom, was rejected outright by Monnet’s closest allies in France. Leaders of the German SPD, whose pro-European stance is often presented as a triumph for Mon-

75. For a review of the enormous literature on Monnet, see Moravcsik 1998a, chaps. 1–2.

net, concluded that the treaty had “sacrificed the central core [and] the whole *raison d’être* of the Committee.” The SPD was moving in any case toward a reformist and pro-European stance. Monnet’s oft-cited intervention to coordinate French and German ratification changed nothing: both governments had already colluded for nearly a year to expedite ratification, and the resulting majorities were comfortable.

### *The 1960s: Creating the Common Market*

The 1960s witnessed the establishment of the customs union and common external tariff ahead of the schedule set in the Rome Treaty, as well as progressive agreement on difficult and divisive details of the agricultural policy through eight years of nearly continuous negotiations.<sup>76</sup> Subsequent analysis and participant testimony suggest that bargaining was efficient, with no potential agreements “left on the table.”

Analysts have long attributed these successes to the tireless entrepreneurship of Walter Hallstein, the first president of the Commission, and Sicco Mansholt, the powerful agricultural commissioner. Leon Lindberg asserts that the Commission “guided the [CAP] negotiations” and that “the final regulations do not differ markedly from [its] initial proposals.”<sup>77</sup> The 1960s were, in short, the “golden age” of the Commission, upset only by de Gaulle’s unilateral assertion of a national veto in the “Luxembourg Compromise” of 1966.

Yet properly controlled analysis reveals that the Commission’s activities were unnecessary and ineffective, even pernicious. Generally, with relatively few experienced officials and little technical expertise at their disposal, Hallstein and Mansholt enjoyed no privileged access to information or ideas. In the CAP, Commission officials found it “increasingly difficult . . . to follow the intricate threads of the systems of market organizations designed by [national] technocrats, who were constantly finding new ways of enabling compromises to be reached.” No surprise, then, that efforts at initiation, mediation, and mobilization were futile.

First consider initiation. With the exception of some minor technical details, all successful agricultural and tariff proposals were either contained in the Treaty of Rome or initially proposed by one (or more) member governments. Unique Commission proposals—most of which approximated the liberal position of the Netherlands, where Mansholt had been minister of agriculture—were uniformly ineffective. The minimal influence of Commission initiatives was reflected also in the outcome. The Commission’s major goal throughout—quite plausibly in the technocratic “general interest”—was a market-oriented, externally liberal, narrowly circumscribed, and centrally administered system of agricultural support with low support prices. It never received serious consideration. The result was instead a high-subsidy, high-priced, externally protected, internally universal, and administratively decentralized policy. Although the resulting CAP can readily be explained as a compromise between French

76. For the details cited later and for more evidence, see Moravcsik 1998a, chap. 3.

77. Lindberg 1963.

and German interests, with particular attention to vulnerable German farmers, it was precisely the opposite of what the Commission had initially proposed. It was, another commissioner recalled, “a straight defeat for Mansholt.”

Turning to mediation, at no time was the Commission viewed as impartial or effective. Critical decisions were taken not at sessions mediated by the Commission, but at frank summit meetings between French president de Gaulle and successive German chancellors. Much has been made by Lindberg and others of the fact that the Commission proposed and drafted many proposals. Yet in nearly all controversial cases, as we have seen, the final proposals ran contrary to the Commission’s initial views; only policy reversal by the Commission preserved its involvement—as we just observed with the CAP. Whenever the Commission failed to do the bidding of major nation states, they immediately advanced appropriate and fully developed proposals.

Indeed, at decisive moments Commission officials revealed an astonishing lack of political judgment. In 1965, Hallstein, incorrectly believing that earlier successes had been due to the Commission’s influence, challenged de Gaulle by seeking to link the CAP agreement to centralized financing. In doing so, he ignored consistent warnings from better-informed Commissioners, both French and German. De Gaulle responded with a six-month boycott (the “empty chair crisis”) that threatened to break up the EC. It ended in total defeat for the Commission. Commission representatives were banished, the “Luxembourg Compromise” authorized an extra-legal veto when “vital interests” are at stake, and Hallstein was forced to resign. In summary, Hallstein appeared to enjoy “success” for a number of years, then failed spectacularly—suggesting that exogenous factors, not his political vision, best explain the achievements under his tenure.

Throughout, mobilization by the Commission proved irrelevant. The emergence of European-level business and farm groups in this period is often attributed to Commission encouragement. Yet the most influential of these groups had formed earlier; transnational cooperation among farmers, for example, was already in place in 1949—nearly a decade before the EC was founded. And, despite the existence of such groups, transnational cooperation broke down along interstate lines over the major controversial issues—notably agricultural prices—on which various national farm groups had competing interests.

### *The 1970s: Founding the European Monetary System*

The European Monetary System (EMS), founded in 1978–79, established an adjustable peg exchange-rate regime among a core of EC member governments.<sup>78</sup> Like previous postwar European monetary arrangements—the European Payments Union, informal relations under Bretton Woods, and the “Snake” from 1973 to 1979—the EMS was an effort to stabilize European exchange rates. The outcome of the EMS negotiation, like its predecessors, can be explained as the result of an uneasy compromise between German demands for low inflation and French demands for looser

78. For the details cited later and for more evidence, see Moravcsik 1998a, chap. 4.

external constraints. In each arrangement, tight constraints on German compromises imposed by the Bundesbank and public opinion induced a Nash bargaining outcome closer to the German ideal point. Pressure for cooperation tended to peak at times of dollar depreciation.

Subsequent commentators and participants agree that the EMS agreement was efficient; no gains were “left on the table.” Each national leader—German chancellor Helmut Schmidt, who was opposed by the Bundesbank, French president Valéry Giscard d’Estaing, who was opposed by Gaullist coalition partners, and British prime minister James Callaghan, who was opposed by both business and the left wing of the Labour party—stretched domestic constraints to the maximum.

Yet little of this reflected centralized entrepreneurship by supranational actors. Consider again initiation, mediation, and mobilization.

Decentralized initiation and mediation worked well. During the decade before the founding of the EMS, economists, ministers, central bankers, and chief executives advanced over a dozen detailed proposals for monetary integration. The most important—the Werner Report of 1969 and the Snake—were drafted entirely by national politicians. Schmidt and Giscard d’Estaing, the chief executives of the two largest and most influential EC countries, initiated the negotiations. To be sure, Commission president Roy Jenkins—the most prominent domestic politician ever to hold the position—consulted on the Schmidt-Giscard initiative and, before it was launched, gave a few speeches in favor of monetary integration. Yet Jenkins himself later dismissed his own contribution to the 1978 Franco-German proposals as accounting for less than 25 percent of the outcome; even this assessment seems exaggerated. Peter Ludlow’s definitive history concludes that Jenkins was simply “lucky that events appeared to point in the same direction as his own arguments.”<sup>79</sup> It is hard to see what his distinctive contribution could have been. His only unique proposal was a plan for massive redistribution from richer to poorer countries; this proposal proved to be so far from the interests of France and Germany that it never received even the slightest serious consideration.

As a mediator, Jenkins was informed, but not involved. After his initial efforts, he dropped out of the picture. Schmidt and Giscard d’Estaing possessed adequate technical and political information and interacted through personal representatives and small teams of national experts—carefully controlling the decisive negotiations.

Supranational mobilization of social groups was not only absent and unnecessary, but would probably have been counterproductive. Both Schmidt and Giscard d’Estaing were primarily concerned to dampen involvement by social and bureaucratic actors in order to counteract potential opposition from the Bundesbank in Germany and Gaullist opponents in France. With this in mind, they negotiated in secret, eschewed formal EC channels, employed personal representatives, and deliberately created the EMS through a “resolution” of the European Council—a soft-law agreement rather than a hard legal commitment, such as a formal revision of the Treaty of Rome. Schmidt and Giscard d’Estaing subsequently contended that such tactics were decisive.

79. Ludlow 1982, 61. See also Schmidt 1990, 221.

Schmidt and Giscard d'Estaing, not Jenkins, skillfully manipulated European ideology to dampen domestic discontent. For example, to disguise a major French concession on the nature of obligations to adjust parities—a concession necessary to satisfy the Bundesbank—Schmidt and Giscard d'Estaing staged a grand ceremony at the throne of Charlemagne in the cathedral of Aix-la-Chapelle (Aachen) designed to evoke memories of the celebrated meeting between Adenauer and de Gaulle at Reims nearly two decades before. “Perhaps,” declared Giscard d'Estaing most uncharacteristically to the subsequent press conference, “when we discussed monetary problems, the spirit of Charlemagne brooded over us.” For his part, Schmidt waxed about “our old and dear continent.” In private, however, neither of these two political cynics voiced much respect for EC officials or supranational ideology. The Commission, Schmidt once snapped, “could not competently run a local bus system.” Confidential strategy documents drafted by Schmidt leave little doubt that his use of European ideology in the EMS negotiations was deliberate ideological cover for the pursuit of German economic interests. The important theoretical point is that he and Giscard d'Estaing were quite able to invoke such ideology on their own.

### *The 1990s: The Maastricht Treaty on European Union*

The Treaty on European Union, agreed at Maastricht in early December 1991, set forth a schedule for the transition to EMU; it was the next major step in the process of monetary integration after the EMS.<sup>80</sup> The Maastricht Treaty also set forth a more explicit institutional grounding for foreign and interior policy, slightly greater powers for the European Parliament, a modest expansion of qualified majority voting, and a social policy from which Britain opted out. With one possible exception, namely a minor detail of social policy, the negotiated outcomes appear to have been Pareto efficient, both domestically and internationally. Subsequent commentators have not suggested that viable agreements were “left on the table.” The bargaining outcomes were tightly constrained by national preferences, which in turn rested on justified worries about domestic ratification—more justified, even, than they seemed at the time.

Commission president Delors has been given much credit for the success of the Maastricht negotiations, not least because of his role in 1988–89 as chair of the “Delors Committee,” a group of central bank presidents that recommended monetary union. George Ross characterizes a view shared by Kenneth Dyson, Charles Grant, and many other scholars, journalists, and practitioners when he argues that Delors influenced “all the EMU levers which mattered.”<sup>81</sup>

Yet properly controlled analysis of the historical record reveals little support for this view. There were few apparent asymmetries or bottlenecks either in information and ideas or in entrepreneurship; the latter were dominated by national governments. Consider again initiation, mediation, and mobilization.

80. For the details cited later and for more evidence, see Moravcsik 1998a, chap. 6.

81. See Ross 1995, 82; Grant 1994; and Dyson 1994, 306–308.

Initiatives were so plentiful as to impose no binding constraint on negotiators. Many governments (as well as numerous subnational groups and domestic institutions such as the Bundesbank) circulated detailed proposals, even complete draft treaties, in both the monetary and political areas. The most interested government, that of France, advanced the earliest and most detailed proposals for EMU as well as many proposed revisions. In contrast, Commission submissions arrived late and in any case “had to share the table with the almost infinite number of similar papers from member states . . . hardly enough to make them stand out.” Parliamentary reports, many of them wildly original, were dismissed without discussion unless they tended to follow preexisting national proposals; such exceptions were relatively minor. The ECJ played no role.

Turning from initiation to mediation, the Delors Report, the blueprint for EMU issued by the Delors Committee under his chairmanship, is often seen as a personal triumph. A Delors associate observed, “there was not a phrase in the final report that [Delors] did not author.” Ross calls the outcome “a Delors designer product.” This inference is faulty because it conflates activity and influence; that is, it is uncontrolled. Delors did much drafting, but his role was that of coordinator and rapporteur, not initiator. Even Delors’ closest assistant describes his contribution as “correcting” sentences, and members of the Delors Committee I interviewed, including Delors himself, could recall no significant proposal that he either proposed or vetoed. The resulting report was in fact extremely cautious, even more so than the twenty-year-old Werner Report from which most of its provisions were drawn. Concerned to avoid a breakdown, Delors in particular refused to press the central bank presidents, in particular Bundesbank president Karl-Otto Pöhl, on a timetable for the transition to monetary union, perhaps recalling the failure of the member governments to meet the ten-year deadline proposed in the Werner Report.

Insofar as the committee’s product was manipulated to achieve a particular result by anyone other than the central bank presidents who sat on it, the entrepreneurs were two national chief executives—Kohl and Mitterrand—who acted before the Committee met. They induced Pöhl to participate, then trapped him by fixing the mandate of the committee to induce a relatively positive outcome. Even Pöhl instantaneously recognized the outcome—approval of EMU, albeit under Bundesbank preconditions—as inevitable and the actual discussions as now secondary. He almost resigned, but played along for fear of losing all further influence.

During the negotiation itself, Delors sided on EMU with France and Italy against German proposals for an autonomous central bank, explicit convergence criteria, two-track membership, and, later, controls on domestic macroeconomic positions. Though backed by the Parliament, these efforts, which led Delors to criticize Kohl heatedly, were fruitless. Nearly all these issues were resolved, as they had been in all previous EC monetary negotiations and would continue to be in the future, in favor of the German position. Delors later termed his complete inability to influence the distributional outcome on EMU his “greatest surprise” during the negotiations.

In the area of political (as opposed to monetary) integration, Delors—skeptical of proposals, many of which threatened the Commission—initially remained aloof. Ef-

fective mediation, where required, was thus provided by the rotating Council presidency, held successively by Italy, Luxembourg, and the Netherlands, backed by a team of less than a dozen officials in the Council secretariat. In this way the governments of Italy, Luxembourg, and the Netherlands proved quite capable of managing efficient negotiations over complex issues. There is no evidence of informational or ideational asymmetries; at almost no point in the Maastricht negotiations over EMU does the Commission appear to have possessed technical information unavailable to national central banks, finance ministries, foreign ministries, and chief executives. This suggests that the transaction costs of EC bargaining were very low compared to the interests and resources of a national government, even those of the EC's smallest member country.

Faced with clear momentum toward agreement, Delors reentered the negotiations but was treated with suspicion by those who believed that he and his associates were concealing information in order to advance the Commission's quite federalist position. Three months later, Delors and others, misreading the rhetoric of various governments, helped organize a radical Dutch proposal for a completely new treaty. In an unprecedented step, which has entered EC lore as "Black Monday," the member states voted nearly unanimously not to discuss it at all—a total rebuff reminiscent of Hallstein's failure in 1965. Delors continued to voice shrill criticisms of the Maastricht Treaty as "organized schizophrenia" and the negotiation as "a real nightmare"—but had to support it in the end. Only on a few secondary issues, mostly involving the poorest countries of the EC—the legal form of social policy, financing for poorer countries, the rear-guard defense of preexisting Commission prerogatives—did mediation by Delors appear to have influenced the negotiated outcome.

Throughout the negotiations, the mobilization of social groups was conducted primarily by governments, whether through direct discussion with chief executives, government statements, or debates over ratification. The Commission publicized the advantages of EMU through various reports, but it is difficult to accord these reports a decisive role. They were widely dismissed as biased by economists and policy analysts. In any case, monetary integration had been debated in more or less the same legal and technical terms for twenty-five years. The only difference was at the level of national governments, whose macroeconomic preferences shifted toward low inflation—a change, as we have seen, resisted in part by the Commission. Subsequent controversy over ratification suggests in any case that greater social mobilization might well have been counterproductive. In these domestic controversies, moreover, association with "technocratic" institutions was not seen by publics as a virtue. Accordingly supranational officials maintained a low profile.

### *The 1980s: The Single European Act*

In striking contrast to the four preceding cases, supranational entrepreneurs had a significant, if still decidedly secondary, influence on the SEA.<sup>82</sup> Signed in 1985, the

82. For details cited later and for more evidence, see Moravcsik 1998a, chap. 5.

SEA extended qualified majority voting (QMV) and, to a limited extent, the norm of “mutual recognition” to the removal of nontariff barriers (NTBs) under Article 100 of the Maastricht Treaty. This was closely linked to the “Europe 1992” White Paper package of nearly three hundred proposals designed to help create a “single market.”

At heart, this initiative was a response to widespread worry about the global competitiveness of Europe, newfound domestic commitment among most governments to macro- and microeconomic reform, and rising concern about NTBs in agriculture and industry in the wake of rising multinational investment. These factors led to a convergence of national interests among major European countries in favor of NTB liberalization. In the preceding decade, momentum toward internal market liberalization was visible in nearly all possible forums, whether unilateral, bilateral (Franco-German accords), ad hoc multilateral (the Schengen Agreement), and global multilateral (the GATT Tokyo Round).

Despite evident convergence of national interests, the SEA is often attributed to the innovative leadership of Delors and his internal market commissioner Arthur Cockfield. The Italian federalist Altiero Spinelli and his colleagues in the European Parliament are also said to have contributed a necessary idealistic impetus. The ECJ, some argue, provided a “focal point” by promulgating the norm of “mutual recognition” in the 1979 *Cassis de Dijon* case. The conventional view is that supranational activism was a necessary, even decisive, precondition for agreement.<sup>83</sup>

Properly controlled analysis reveals a much more limited, though still significant, role for supranational officials—one that supports the “two-level network manager” theory of entrepreneurship. Consider, in turn, initiative, mediation, and mobilization.

Some evidence indicates that Commission and Parliament initiatives may have increased the efficiency of the agreement by expanding its substantive scope and increasing its salience. At the national level, the preceding five years had seen general interest and scattered proposals for market liberalization, service deregulation, and reduced customs formalities. Integrated proposals came primarily from the most interested country, namely Britain, but did not catch on. In contrast the Commission and certain groups within the Parliament succeeded in integrating a series of disparate technical proposals into a unified “single market” plan, linked that plan to appropriate institutional reforms, and promoted the result as a solution to the problem of European economic stagnation. The SEA was the only major treaty-amending agreement in EC history where member governments failed to advance and debate detailed proposals close to the final agreement concurrently with or prior to supranational entrepreneurs. It seems unlikely that an agenda of the breadth of the White Paper—a “single market” as a goal—would have emerged as quickly or as thoroughly without ongoing encouragement and assistance from the Parliament and Commission as well as Council officials.

Such innovative entrepreneurship appears to have been a function of where one sat, not where one stood. Neither the White Paper nor QMV required particularly sound political judgment or creativity, technical or political, though Delors and

83. See Sandholtz and Zysman 1989; Ross 1995; Grant 1994; and Garrett and Weingast 1993.

Cockfield decisively grasped the opportunity. The White Paper contained general topics but little technical detail. Many of its proposals had been debated in one form or another in the Council of Ministers for a decade or more; Cockfield found most of them, one official recalled, in “the desk drawers of Commission officials.” Delors himself only slowly reconciled himself to internal market reform, for a long time favoring other proposals. Nor was his decision to impose a deadline, 1992, an act of particular vision, as many claimed later. Deadlines had been linked to nearly all major EC reform proposals, successful and unsuccessful. (A few legendary entrepreneurs ignored them; Monnet even advised that deadlines should never be used, because they create unrealistic expectations.<sup>84</sup> Delors acted accordingly in the Delors Committee.) Numerous earlier single market proposals by the Commission, parliamentarians, and business contained similar deadlines. Overall, Delors’ career pattern of success then failure, like that of Hallstein and Monnet, suggests that success gained him a reputation for political vision at least as much as the reverse.

Effective entrepreneurship appears to have been, as the “two-level network manager” explanation predicts, a characteristic of institutions rather than individuals. Commissioners with relevant portfolios and parliamentarians with close links to business consistently pushed similar single market reform packages well before Delors and Cockfield took office in 1985. The Commission first proposed a regulatory liberalization package (the “General Programme for the Removal of Technical Trade Barriers”) in 1969; it was pursued for more than a decade and resulted in over one hundred directives. Starting in 1981, Karl-Heinz Narjes, Cockfield’s predecessor, developed a program for internal market liberalization. By 1984, he had made significant progress—securing agreement for a common customs form, a stand-still agreement on NTBs, and creation of a special council to discuss internal market matters. Further measures were under consideration.

Similarly, groups within the Parliament had been active since the late 1970s, despite the absence of prestigious leadership. A group of British, Dutch, and German Europarliamentarians formed the “Kangaroo Group” in 1981, which organized big business in support of NTB removal. The Kangaroos supported many of Narjes’ liberalization proposals and added some of their own. A parliamentary report in 1983 coined the phrase “the cost of non-Europe,” foreshadowing later Commission publicity campaigns.

The influence of these Commission and Europarliamentary initiatives was limited to increasing the efficiency of interstate negotiations; they did not alter the distributional outcome. As for the Commission, when Delors toured the EC capitals before entering office, he found that only an initiative to liberalize the internal market commanded widespread support; no support existed for monetary integration, institutional deepening, or defense policy—Delors’ own preferred reforms. Delors was to continue his futile promotion of monetary cooperation for nearly a year, though he also pursued the single market agenda. Even within the area of NTB liberalization, the substantive focus of the reform appears to have been circumscribed narrowly.

84. Holland 1996, 93.

The White Paper relaxed phyto-sanitary regulations, of particular interest to French business; lowered restrictions on cross-border service provision, of interest to the British; streamlined customs formalities, of interest to the Benelux and Germany; and harmonized industrial standards, of particular interest to multinational business.

By far the most prominent proposal for a distinctively different agreement emanating from the European Parliament, a “draft treaty” containing a wholesale revision and democratization of the Treaty of Rome, had tremendous federalist and democratic legitimacy resulting from personal sponsorship from the venerable federalist Spinelli. It was judged irrelevant to the member states and was utterly ignored. Parliamentary groups were excluded from the negotiations; the Parliament threatened to veto the final treaty, only to back down ignominiously at the last minute.

Nor, despite subsequent claims to the contrary, did the member states leave the Commission and Parliament with much choice concerning specific institutional changes. Effective internal market liberalization required decision-making changes to make the commitment credible. QMV, the traditional EC means of decision making, was duly adopted. Given two decades of failed discussions of harmonization and persistent abuse of the national treatment standard, moreover, the only other institutional step to promote liberalization would be “mutual recognition.” When the ECJ promulgated a norm of “mutual recognition” in the celebrated *Cassis de Dijon* case in 1979, it was not, as some analysts conjecture *ex post*, a constructed “focal point,” but the only remaining institutional form consistent with the substantive goal of liberalization. (Similar forms of liberalization proposed earlier—for example “minimal harmonization”—had previously received little support from national governments.) At most, nearly all analysts now agree, the *Cassis* decision speeded Commission action, perhaps by as much as a few years.<sup>85</sup>

The Commission and Parliament also mobilized transnational coalitions of exporters and multinational investors. Between 1979 and 1984, Etienne Davignon, the Commissioner in charge of industrial policy, organized big electronics firms to generate support for EC research and development programs and encouraged multinational businesses to form the European Roundtable of Industrialists (ERT). The result was various schemes for EC action. To be sure, most analysts overlook that immediately after the White Paper the ERT actively *discouraged* the Commission from pursuing the “Europe 1992” agenda. Yet the ERT became a uniquely influential supporter of internal market liberalization soon after national governments agreed to it. Several much publicized proposals from business, including the “Europa 1990” plan advanced in 1984 by Wisse Dekker, CEO of Philips, were worked out in close informal collaboration with Council and Commission officials. The Parliament’s proposals appear to have helped mobilize big business in Britain.

85. Garrett and Weingast (1993) conjecture cautiously, and without evidence, that the ECJ resolved a coordination problem by selecting among possible “focal points.” Convergence of interest, they note, appears to explain the outcome just as well. For a definitive demonstration that mutual recognition was the only focal point around which movement beyond national treatment could have converged, see Nicolaïdis 1993.

Although the Commission and Parliament had a discernable impact, albeit secondary, as initiators and mobilizers, their efforts as mediators amounted to little more than those associated with classic international secretariats. Once national attention was focused, key bargains were reached, unmediated, among national officials, ministers, chief executives, and their personal representatives. Mitterrand, Kohl, and Thatcher took the lead, while the intergovernmental Council of Ministers secretariat provided support. Successive national presidencies were critical. One commentator described Mitterrand's entrepreneurship under the French presidency of the EC in early 1994, during which he visited each national capital and eliminated the barriers to reform, as the act of a "one-man orchestra." The Italian presidency deftly forced the issue at the Milan summit of 1985. Once initiatives were on the table and groups mobilized, Delors and Cockfield played little role, while the Parliament was deliberately, even rudely, excluded from the actual negotiations.

What explains the comparative advantage as political entrepreneurs enjoyed by the Commission and Parliament in the exceptional case of the SEA? And what explains the fact that this comparative advantage was limited to initiation and mobilization, not mediation, and to generating more efficient outcomes, not major distributional shifts?

Turning back to the concrete hypotheses derived from each explanation, we find little support for the predictions of any of the first four interstate explanations. The SEA and White Paper were not the work of particularly creative politicians, but of well-designed institutions. They were no more complex technically than other major initiatives, such as EMU or the CAP. Nor did supranational actors enjoy unique symbolic legitimacy among publics or elites; the SEA was largely an affair among national representatives and business. When member states excluded Parliament from the negotiations, its protests proved futile, its threats empty. Domestic elites and publics—an equally ineffective threat from the Italian Parliament aside—took no notice.

Instead the historical record of the SEA negotiations appears to confirm the "two-level network manager" explanation. It alone among major EC bargains involved precisely the sort of domestic coordination problems—organization, representation, and aggregation failures—predicted by the "two-level network manager" explanation.

Organization failure resulted from the lack of prior interest group formation among European multinational firms, the major concentrated constituency in favor of the SEA. Before the 1980s, the links of multinational business to governments and to Brussels rested in large part on national peak or sectoral organizations in which multinationals were outnumbered, which in turn represented them in Brussels through a federation of national organizations. Transnationally dispersed and weak within domestic organizations, multinational firms remained largely unaware, even skeptical, of the existence of common interests and political possibilities.

Representation failure resulted from the concentration of NTB removal in areas traditionally defended strongly by clientelistic relationships and "iron triangles" among state bureaucracies, party politicians, and sheltered economic interests. Issues

like elimination of customs checks, deregulation of financial and telecommunications service, industrial standardization, harmonization of food-processing regulations, and government procurement were highly political. Over the preceding two decades, ministries directly responsible for regulating such sectors often opposed liberalization.

Aggregation failure was perhaps the most distinctive characteristic of the issues considered in the SEA. NTB removal was not entirely original—Article 100 and 101 of the Maastricht Treaty were in place, and the Commission had proposed detailed plans in the past—but packaging numerous proposals as one integrated plan for a single market was novel. This would have been a difficult task for any national administration. From the perspective of any domestic actor, be it a ministry or an interest group, the disparate elements of the White paper—elimination of customs formalities, harmonization of phyto-sanitary regulations, industrial standardization, indirect tax harmonization, institutional reform, service deregulation—had essentially nothing in common. Even if individual business groups and domestic ministries had been inclined to promote liberalization—a questionable assumption—no single domestic minister, official, or interest group had both the incentive and the knowledge to weld these elements into one package. Too detailed and technical for national executives, foreign ministers, or ministers of European affairs, the internal market had such low salience prior to the SEA that an insider recalls not a single Council meeting on such matters where any national minister attended, while low-level technical officials had little authority to negotiate. It is not by chance that one of the first reforms secured by Commissioner Narjes was the creation of a special Council of Ministers forum where relevant technical ministers could meet, thereby raising the bureaucratic salience of internal market liberalization.

These domestic coordination problems—in particular, organization and aggregation failures—surpass those found in any of the other four major EC decisions. Tariff reduction, monetary cooperation, and even agricultural policy coordination had long been on the agenda before first being raised by the EC. Distinct ministries with long-standing prerogatives held clear responsibility. Agricultural and industrial groups, in which foreign commercial interests had great weight, had long mobilized consistently to support CAP and tariff removal. In monetary negotiations, there were clearly responsible domestic authorities—treasuries and central banks—with long experience with multilateral monetary negotiations. In contrast, the detailed nature and diversity of White Paper proposals meant that the special interests involved were narrower, more numerous, and far more diverse than those mobilized by tariff removal.

The “two-level network manager” theory explains, moreover, why supranational actors succeeded in influencing the efficiency of negotiations but not the broad distribution of gains. Supranational officials did not so much override national interest as activate it. National leaders, once aware of an issue, retained the ability to impose broad distributional constraints in the form of vetoes over broad areas of monetary, institutional, and social policy favored by commissioners and parliamentarians. Smaller, marginal distributional issues, such as the opt-out for high standard coun-

tries, were handled in unmediated bargaining late in the negotiations, with national leaders aware of the alternatives. The informational and ideational power of supranational officials was thus limited to advancing innovative proposals and offering direct encouragement early in the negotiations in order to coordinate governments and social actors not yet aware of possible agreements.

### **Theoretical Conclusions: European Integration and Beyond**

These findings suggest revisions to our theoretical understanding of European integration, of the role of high international officials in multilateral organizations, and, most generally, of the effect of transaction-costs on international cooperation. I consider each in turn.

#### *Europe: Intergovernmental, Not Supranational*

These findings support an interpretation of EC negotiations in which the preferences and influence of national governments are the major determinants of treaty-amending bargains. Governments themselves can and generally do provide decentralized entrepreneurial leadership—that is, information and ideas necessary for efficient negotiation—at relatively low cost, compared to benefits. The bold claims about informal supranational entrepreneurship that dominate recent research on European integration are greatly exaggerated. The binding constraint on major treaty revisions lies instead in the underlying demand for cooperation, that is, the social purposes and relative power that states themselves bring to the negotiating table. Demand for cooperation tends to create its own supply. Decentralized bargaining is “naturally” efficient.

Rare moments of comparative entrepreneurial advantage enjoyed by informal entrepreneurs arise, as the “two-level network manager” approach predicts, where they help mobilize new and previously unorganized domestic and transnational social actors, and advanced packages of policy proposals blocked by domestic coordination failures. This ability is an attribute of institutions, not individuals, and follows from the superior administrative coherence, political autonomy, and centrality in transnational networks enjoyed by supranational officials. This proved particularly significant where the EC was faced with a disparate “package deal” of new issues spanning many ministries and backed by previously unorganized transnational interest groups.<sup>86</sup> Yet the case of the SEA confirms that, as in American politics, such conditions tend to be rare and transient, for they result from disequilibrium conditions in which a new issue or series of issues interacts with a new, but mobilizable, constituency. Once the

86. The “two-level” explanation is consistent with the evolution of another apparently “exceptional” EC institution, the ECJ, which successfully promoted the supremacy and incremental development of EC law. The key to ECJ power, scholars widely agree, was also its role as a “two-level network manager,” forging alliances with an unprecedented coalition of domestic plaintiffs, lawyers, and courts. Mattli and Slaughter 1998.

issue is raised and the constituency mobilized, equilibrium is reestablished and domestic coordination problems recede—and with them the distinctive power of supranational entrepreneurs. And even in rare moments of effectiveness, supranational entrepreneurs were only able to promote efficiency, not a redistribution of gains—once informed, government immediately became vigilant.

Rare entrepreneurial success stemmed not from the qualities of supranational entrepreneurs stressed in most existing analyses, but from rare structural circumstances under which international officials could help overcome domestic and transnational collective action problems. Traditional interstate explanations of entrepreneurship considered earlier are not simply empirically inaccurate; they are often entirely inappropriate to EC negotiations, because they fail to offer even a *prima facie* explanation for the comparative advantage of supranational actors. They elide the central puzzle of supranational entrepreneurship.

This failure is methodological as well as theoretical. Demonstrating influence requires more than the claim that supranational actors were active and negotiations were subsequently successful in a given case. More explicit theory, more rigorous methods, and multiple cases lead to the opposite finding. Isolated case studies of EC bargaining may well have been addressing the wrong puzzle all along. Rather than generalizing from the single case of the SEA in 1985 to ask why the Commission is so powerful—the launching point for nearly a decade of debate between “supranationalists” and “intergovernmentalists”—analysts should ask why the SEA is the only case in over forty years of integration about which even a plausible claim for effective supranational entrepreneurship can be sustained. In sum, future studies of supranational entrepreneurship in the EC should control for the entrepreneurship of national governments, thereby identifying cases where the activities of supranational entrepreneurs were redundant; they should examine the underlying goals of states and supranational actors, thus isolating cases where supranational entrepreneurship is futile; and they should employ an unbiased sample rather than single cases, thus avoiding circular inference.

### *Beyond Europe: Multilateralism and Entrepreneurship*

The implications of these findings—the general ineffectiveness of supranational entrepreneurs and the domestic sources of their occasional successes—take us well beyond Europe. The results apply potentially to a wide range of international organizations studied by political scientists, legal academics, and policy analysts. Reconsideration of previously accepted empirical findings about entrepreneurship is warranted. What is such a reconsideration likely to reveal?

Here we must proceed with caution. On the one hand, the EC might be seen as a “least likely” case for the hypothesis and, therefore, generalizable. If the highly developed supranational entrepreneurs in the EC only rarely wield informal influence, we have reason to be skeptical of general claims about such influence in international organizations with weaker, less prestigious secretariats, such as the World

Trade Organization and the International Monetary Fund, multilateral development banks, UN agencies, and environmental organizations.<sup>87</sup>

On the other hand, the assumptions underlying this analysis also signal important reasons for caution. EC “grand bargains” may not be representative of all multilateral negotiations. We need only think of some of the most commonly cited determinants of transaction costs—number of actors, information-processing capability, heterogeneity of actors, informal norms, and repeated play—to see why the EC may be unrepresentative, indeed, perhaps one pole of a continuum.<sup>88</sup> Other international organizations incorporate nearly two hundred nations with different types of government and little continuity of substance or procedure; EC governments comprise a stable group of a dozen or so governments. The governments of advanced industrial democracies in Europe have similar forms of government and preside over highly capable domestic administrations as well as organized, relatively transparent civil societies—attributes that cannot be assumed in all multilateral negotiations. The EC also has a highly developed, stable set of rules and informal practices, under which EC member governments have conducted repeated negotiations for over forty years. Though, as I have noted earlier, such institutions do not directly or formally constrain treaty-amending negotiations of the kind studied here, the creation of an institutional and substantive status quo point and the informal experience of repeated negotiations may diminish uncertainty as compared to more ad hoc multilateral negotiations. If so, the EC may have less need for further transaction-cost-reducing entrepreneurship.

Still, there exists at the very least a continuum of highly varied opportunities for supranational entrepreneurs, based on the informational and ideational circumstances of particular negotiations among particular countries. Only systematic cross-regime research on international negotiation—an understudied area in international relations—can assess the proper domain of empirical generalizations about supranational entrepreneurs.

### *Basic Theory: Is International Bargaining Necessarily So Costly?*

At the most fundamental level—beyond the narrow question of entrepreneurship—this study challenges the basis of the most prominent general theories of international cooperation. Nearly all such theories, whether drawn from regime theory, international legal studies, negotiation analysis, or integration theory, rest on the assumption that efficient interstate bargaining is an inherently costly activity.<sup>89</sup> This assumption of uniformly high transaction costs undergirds, often quite explicitly, not just the claims about the autonomy of supranational entrepreneurs addressed in this article, but many central claims of regime theory and international negotiation analysis, such

87. Hampson 1995.

88. See Oye 1986; and Williamson 1979 and 1985.

89. See Keohane 1984; and Chayes and Chayes 1995. Sandholtz speaks of investment of time, energy, personnel, and money and terms international administration an “information clearing house.” Sandholtz 1992, 26–28, 296–97, 303.

as the stickiness of international institutions, the persistent suboptimality of most international bargaining outcomes, and the importance of strategic choice and procedure. Were *ex ante* transaction costs low, governments could efficiently negotiate and renegotiate any agreement for the slightest of reasons.

I suggest two potential refinements of the high transaction cost assumption in world politics, both of which serve to restrict and refine the proper domain of contemporary theories of international cooperation. First, *the informational costs of overcoming interstate bargaining problems cannot be assumed to be uniformly high relative to the benefits of cooperation*. If the results of this study can be generalized—and the caveats in the preceding section still apply—then a single government or a modest “*k*-group” of governments may often have both the incentive and capability to provide the information and ideas required to negotiate efficiently.<sup>90</sup> In other words, the costs of generating and distributing the information needed to identify and negotiate efficient interstate bargains may often be low enough (relative to the stakes) to assure that states are “naturally” well-informed and bargaining efficiently. If so, decentralized negotiation does not typically “leave gains on the table.” Distributive outcomes reflect the preferences and relative power of states, not the nature of preexisting institutions or entrepreneurial initiatives. In such negotiations, as shown in this article, the demand for cooperation tends to create its own supply. Institutions, procedures, and norms, as well as entrepreneurs, are not required.

Second, in such circumstances, *barriers to efficient international negotiation, where they exist at all, are likely to be domestic or perhaps transnational, rather than interstate*. It is rarely, if ever, noted, that conventional measures of transaction costs—which stress dimensions such as the number of actors, the resources at the disposal of each, the extent of their specialization, the transparency of their intentions, and the security of their property rights—should lead us to expect that the informational costs of efficient domestic bargaining (whether among individuals, politicians, firms, party factions, or interest groups) are many orders of magnitude higher than those incurred in conducting an interstate negotiation. Individuals tend to be more numerous, less well-endowed, more specialized, less transparent, and often less secure of property rights than states.

It would clearly be inappropriate to move all the way to the opposite extreme and conclude that interstate transaction costs, and, therefore, institutions and norms, are always insignificant in world politics. In cases of pure interstate bargaining among competent states with little involvement of subnational actors, we might expect international institutions and norms to exhibit relatively little autonomy and decentralized outcomes to be efficient. We should observe far less of the characteristic behavior predicted by transaction-cost theories of international cooperation, notably the “stickiness” of institutions, suboptimality of outcomes, and the strong impact of supranational entrepreneurs. Yet, where domestic or transnational costs of coordination are high, we are more likely to observe such phenomena. In short, the extent of involvement by domestic actors should be one of the primary indicators of the level of

90. See Snidal 1985; and Haggard and Moravcsik 1993.

transaction costs of international cooperation—and thus of the importance of norms and institutions.

Indeed, in daily decision making the EC maintains a complex set of rules and autonomous, effective supranational administrators and judges. Such institutions, I argue elsewhere, stem primarily from the desire to lock-in credible national commitments to efficient decision making and compliance in areas where governments have invested specific assets and are vulnerable to foreign defection.<sup>91</sup> This surely signals the existence of high transaction costs of legislation, implementation, and enforcement. Why then, the reader might well ask, are EC institutions so developed—if transaction costs are generally low? More precisely, how do we account for the difference between everyday and treaty-amending decisions in the EC?

Although a definitive answer requires detailed research into daily EC decision making that goes beyond the scope of this article, three possibilities deserve mention. One, consistent with the analysis immediately preceding, is that the greater specificity of daily decision making triggers greater involvement by subnational actors and thus requires a more hierarchical structure. A second possibility is that the greater scale and importance of treaty-amending decisions may encourage greater attention by governments, whereas individually less important and far more numerous daily decisions—Oliver Williamson’s “repeated transactions”—may render a measure of hierarchy more efficient.<sup>92</sup> A third possibility is that in world politics *ex ante* transaction costs (Williamson’s term for pure coordination and bargaining costs) may generally be lower than *ex post* costs (implementation and enforcement costs)—again encouraging greater hierarchy in everyday decision making. The coordination game of bargaining encourages governments to reveal information, for example, while the “prisoner’s dilemma” of compliance encourages deception.

Still, if the most important binding constraints on efficient international cooperation are indeed domestic and transnational, not interstate, it seems plausible to conjecture that an important source of self-sustaining international cooperation, even in the face of “inconvenient” commitments, is not just the concentration of power, as hegemonic stability theory maintains, nor construction of strong international institutions *per se*, as functional regime theory tends to emphasize, but the underlying domestic and transnational social and political changes that “lock in” cooperation by encouraging social adaptation that is difficult to reverse—an argument consistent with liberal international relations theory.<sup>93</sup> This is another promising direction for future research.

Whether we treat the EC as typical of efficient multilateral negotiation (as a bold extension of these findings suggests), or as one end of a spectrum of varying levels of transaction costs (as a more cautious reading counsels), basic theories of interna-

91. Moravcsik 1998a.

92. Williamson 1979, 246–49.

93. Moravcsik 1997. This conclusion is also not entirely inconsistent with functional regime theory as formulated by Robert Keohane, who notes that functional benefits encourage regime stability, but the approach adopted here provides superior microfoundations for such an argument, thereby promising explanations of more fine-grained variation.

tional law and regimes would surely benefit from a firmer and more explicit grounding in the dynamics of domestic and transnational society. International officials must be modeled as active entrepreneurs, and states must be seen not simply as unitary, boundedly rational actors, but instead as “two-level” actors seeking to generate “synergistic linkages” that go beyond simple principal-agent dynamics. Where previous “two-level” analyses of negotiations found relatively little evidence to support such a view, this study demonstrates that they can be decisive—with profound implications for our understanding of the autonomy and influence of international organizations in and beyond Europe.<sup>94</sup>

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