Perspectives on the Single European Market: A critical appraisal

There is a growing literature on the study of the Single European Market Programme (SEMP). This literature is rich and detailed on specific EU policies. It is not dominated by one great debate. Still, judicial analyzes and legal points of view have attracted a lot of attention, even in studies concerned with interests, resources and politics.

This article examines the defining characteristics of the Single European market programme as a study area. It highlights four different perspectives and discusses how the studies deal with the development, the institutionalization and the effects of the SEMP. Since the mid-1980s, activities connected to the SEMP have increased considerably. A very large body of legislation called for in 1985, has now been ratified by the Community (Cox and Furlong 1995:9). Private organizations, public authorities and enterprises in Europe have come to give priority to the creation of new approach directives and technical standards over international and national standardisation (Schreiber 1991:101-7). In addition, there has been a complete turnover in the number of nationally implemented European standards (EINs) as opposed to implemented international standards (ISO/IEC standards).

However, to note that such activities have increased, i.e. that the numerous European actors now favour European legislation and connected standardization over national and international activities, does not necessarily imply that we have achieved a clear understanding of what has developed since the mid-1980s or how it has affected the actors involved. While the contents and the formal structure of the SEMP both are well known and well documented (Gritzner 1994; Nicolas and Repussard 1994; Pelkmans 1987), the same cannot be said about their impacts thereof (Joerges 1994; Majone 1995).

There is an increasing agreement among the several recent single market studies that the development they describe is the most dynamic and challenging element of EC/EU cooperation since the 1950s (i.e. Cockfield 1990). Beyond that, the literature can be taken to be distinguished by four perspectives on the SEMP. First, there are single market studies that take what I call a functional legal perspective. They take the principles of the SEMP to raise the standard of regulation and bring forward European harmonization (i.e. Sun and Pelkmans 1995), and they see the SEMP as the development of a new transnational legal system, which is a success (i.e. Kay and Vickers 1990).

Statsvetenskaplig Tidskrift 1996, Årg 99 nr 1
Second, there are studies that make use of an interactive comparative legal perspective. They focus attention on the interaction between the different rules and principles of the SEMP (i.e. Majone 1995; Joerges 1994), and they tend to compare or measure the European rules with old ideas of national democratic constitutions (i.e. Stuuran 1990; Burrows 1990). In this perspective, the development of a new legal framework is emphasized. However, this framework is taken as a configuration still comprised by relative autonomous states and a few supra-national institutions. The SEMP is here taken to have caused a problematical transformation and a mix of legislation.

Third, there are studies that subscribe to what I call a rational systems political perspective. They view the SEMP as the development of a new transnational negotiation system which represents a systemic aggregated response to changes in technology and the world economy (i.e. Scharpf 1994; Schneider et al 1994). The legal principles of the SEMP are here seen as logical and aggregated means of voluntary coordination and consensus-building, while the development caused by the SEMP systematically is viewed upon as a success.

Fourth, there are studies that undertake an interest based perspective. They focus attention on the differences in resources and interests among actors who belong to large associations or interests organizations (i.e. Streeck 1991). Many studies within this perspective view the SEMP as the development of a new political negotiation system, also comprised by relative autonomous states and supranational actors, where new entry-barriers have been established for labour, consumers and foreign companies from outside Europe (i.e. Martin and Ross 1994; Hufbauer 1990). Accordingly, the development caused by the SEMP is often viewed upon as a very problematical development.

This review essay will hence explore the studies within the four categories of perspectives. In turn it highlights the problems of the debate and suggests a few new ways to think about the political and institutional developments connected to the SEMP.

The SEMP as a functional legal system
A major point of departure for many single market studies is the aim to describe how the formal and legal principles of the SEMP affect market operators to behave instrumentally, so that their actions accordingly spill back on the incentives for harmonizing national legislations (i.e. Sun and Pelkmans 1995; Kay and Vickers 1990).

It is emphasized in many studies that the standard of European and national regulations will be raised and that European harmonization will be the result of the SEMP (Mohr 1989). Several scholars have adopted a new vocabulary to describe this phenomenon. They call it 'regulatory competition', which refers to a dynamic relationship between the principles of mutual recognition and free movement, and a functional link between industry and regulators.

The principles of the SEMP are thus taken to generate a regulatory process, in which regulations are changed over time in a dynamic response to the market signals (Sun and Pelkmans 1995). This, will in turn provide new motives or incentives for dynamic and continuous learning and evaluation in the European regulatory system (Kay and Vickers 1990).

Among the books and articles explicitly concerned with this phenomenon, the clearest example of the generalization is the work of Jeanne-Mey Sun and Jacques Pelkmans (1995). On the basis of a comparative cost-benefit analysis of two cases, the harmonization of upholstered furniture and the harmonization of banking, the two authors argue that there are three types of costs and three types of benefits of regulatory competition. On the cost-side, regulatory competition can leave market operators with the choice of just adapting to the regulations of the country in which they want to sell their products or services. This would leave the national regulators with low motivations for the adoption of state regulations to the market forces.

Second, it may provide too little or too much regulation, where regulation, justified by existing market failures will no longer be provided, or where the member states follow one another in increasing the restrictiveness of certain requirements.
Third, it may create a situation where firms lack the certainty, they need in order to plan and execute their business strategies, due to a permanent regulatory drift (Sun and Pelkmans 1995: 83-86).

These costs are, however, not taken to weight as much as the three types of benefits that the authors accordingly emphasize. Regulatory competition is henceforth taken to provide a greater choice of regulation for the market operators. Second, it has a disciplining effect on national regulatory systems, as it possibly will serve to tame the "Leviathan tendencies" of government. Third, it is a fruitful strategy for discovery, experimentation, and innovation, primarily because the market operators can now "vote with their feet". In sum, regulatory competition therefore generates legislative harmonization, as the processes will eventually bring about a "market-driven" regulatory convergence (Sun and Pelkmans 1995: 70, 82-83). Sun and Pelkmans work is just one example of studies that view the SEMP as the development of a new transnational legal order which serve positive means and ends (i.e. Dinan 1994: 344; Farr 1992; Kay and Vickers 1990; Pollack 1994).

While Sun and Pelkman's study and the other studies, which make use of a functional legal perspective, offer rich and detailed analyses of specific policies, there is at least one major problem concerning these studies. The major transformations that the studies emphasise are explained merely by factors of the formal principles of the SEMP or by factors of rational market operators and rational national regulators operating instrumentally in a whole new setting, which they totally accept and understand. It is unclear how the SEMP principles have come to function so well or rather how they have come to be accepted do quickly by the actors involved. In addition, the convergence of national regulations is taken as given, just as the emanating transnational effects are taken to be logically imbedded in the national settings.

The SEMP as problematic legal interaction

A central argument in studies within an interactive comparative legal perspective, concerns the existence of fundamental mistrust between national regulators (Majone 1995). Moreover, it is often argued that there is considerable uncertainty in regulations (Burrows 1990; Burrows and Hiram 1995), a problematical mix of regulatory means at both the European Union and the member state level, which results in regulatory gaps (Joerges 1994; Burrows and Hiram 1995).

Examples of this generalization are the studies that emphasize problems connected to the usage of open reference to standards in legislation, where reference is made "only" to unspecified standards in a certain area (Stuurman 1990: 81).

The principle of open reference to standards has become a very popular option in relation to the SEMP, due to legal and administrative flexibility of this type of reference technique (i.e. Majone 1995). However, open reference to standards can also lead to critical legal problems and maybe even to an erosion of the public control on the contents of legislation. One of the problems emphasized is that the technical norms can become guiding and thus threaten to be elevated to binding legal norms over time (i.e. Stuurman 1990: 82).

Giandomenico Majone's work provides a clear example of a study that take such concerns into consideration. He sees the use of open reference to standards in close connection to the principle of mutual recognition. According to the author, the two principles critically conflict with each other, due to the existence of mistrust between national regulators.

Because of this mistrust, the principle of mutual recognition cannot operate without some detailed harmonization of the essential requirements in new approach directives (Majone 1995: 72). Thereby, however, the distinction between traditional detailed harmonization (the old approach) and mutual recognition, through the open reference to standards in regulation (the new approach), becomes increasingly blurred.

The problematical result is, according to Majone, that the principle of mutual recognition and
the principle of open reference to standards, are less applicable than was originally assumed under the SEMP (Majone 1995: 71-72).

This, however, is not the only problem according to Majone. Accordingly, he argues that the principle of regulatory competition cannot serve to raise the standard of regulation and drive out rules which offer protection that the consumers do not require (Kay and Vickers 1990). Instead, it is not realistic to assume that the consumers are competent to evaluate the relevant cost-quality or cost-risk combinations (i.e. McGee and Weatherill 1990: 588).

Therefore, Majone argues that in several cases the public authorities must take responsibility and decide whether certain price-quality or price-risk combinations are socially acceptable or not. However, then another problem might arise, as the replacement of free competition on the market with negotiations among a small number of state regulators will only result in a situation where national regulators continue to raise objections against each other almost routinely, due to the existence of mistrust (Majone 1995: 71-73). Similar observations have been made in other studies under the interactive comparative legal perspective (Burrows 1990; Joerges 1994; 28; Joerges 1990: 176-98; Cox 1993: 4; Green et al. 1991).

In sum, these studies draw up an entirely different picture of the impact of regulatory competition under the SEMP. There are, however, also certain problems concerning these studies. They do not explain how the mistrust that they emphasize has developed historically or why this mistrust cannot be altered by the introduction of a new legal framework. A part of the problem is that the studies do not pay attention to the regulatory system, already existing before the mid-1980s, at both the European and the domestic level.

The failure of regulatory competition is explained merely by factors of fundamental mistrust between national regulators, which are taken as given, and the distances created between the new principles of the program and the old ideas of national democratic constitutions, which are seen as isolated and purposive rules. To accept such observations one must, however, also require a more detailed description of the regulatory framework that existed before 1985 and how the new regulatory framework that the studies emphasize has developed. This is seen as essential for achieving an understanding of why the principles of the SEMP have or have not been accepted or why the principles cannot function as intended.

The SEMP as a systemic political response

The several studies that make use of what I call a rational systems political perspective (i.e. Scharpf 1994; Schneider et al. 1994), are distinguished primarily by the way they have described the development of a new transnational negotiations system under the SEMP, and how the SEMP provides new means for voluntary consensus-building and horizontal coordination. The SEMP is seen as a logical systemic response to the international technological and economic changes, or the previous coordination problems in the European Community (i.e. Harrison 1995; Laffan 1992; Lodge 1986; Egan and McKieman 1993; Sandholtz and Zysman 1989: 127).

Fritz Scharpf’s work provides one of the clearest examples of this generalization. Scharpf (1994) argues that international standardization, in general, over the last three decades, has experienced a development from technically unified solutions that were hierarchically imposed within a single organization to interface standardization which is now imposed worldwide through negotiations in large numbers of committees (Scharpf 1994: 229-30). In regard to the European example, Scharpf reasons that the abstract formulation of primarily safety principles, has made it easier to reach agreement in the Council of Ministers, because member state governments no longer need to fight to the last detail for the interests of their national industries. Instead, they should now be able to leave the struggle to the affected interests in a large number of standards committees, where consensus and agreement is taken to be facilitated because the firms themselves decide whether they want to conform to the agreed upon
standards or they wish to pursue their own solutions at their own risk (Scharpf 1994: 234).

Another clear example of the generalization is the work of Volker Schneider, Godefroy Dang-Nguyen and Raymond Werle. They make a clear distinction between the period before 1987 and the period after. In the first period, national monopolies, the PTTs, dominated all policy making activities and constrained further development in the telecommunications sector. However, after a period of revolutionary change, a kind of punctuated equilibrium develops. Telecommunications was liberalized in the US. The Commission developed a new and better strategy. There was suddenly a rapid increase in the number of EC decisions. Transnational policy networks were enabled. Old power structures were dismantled, and a new negotiation system based on voluntary coordination and consensus-building developed (Freeman and Oldham 1991; Genschel and Werle 1993: 208-9). Thus, when the Commission issued its Green Paper on Telecommunication in 1987, a turning point was marked.

These observations also give rise to a certain scepticism. The notion seems to be that the new transnational negotiation system is comprised by actors who are equal. No actors are seen as being able to play a determinate role. The components are taken to be so large that the direction of changes must be indeterminate, or at least political changes will only be directed by rapid technological innovations or economic changes to which the actors must logically respond and conform. The studies fail to explain how the mere existence of standards and a few guiding principles, in a system where collective actions are decentralized and formal obligations are low (Genschel and Werle 1993; Scharpf 1994), can serve to generate shared rules and horizontal agreements? It is difficult to grasp how there can possibly exist a political system before 1985, where member states and their national monopolies dominated the whole policy domain, and a negotiation system after 1987 which is based on horizontal consensus-building and coordination between like-minded actors (i.e. Fuchs 1994; Schneider et al. 1994).

One problem is that the studies have explained the fundamental changes they emphasize merely by factors of the convergence between national economies and technologies or the formal establishment of new isolated guiding principles, which are taken as given. Another problem is that the actors involved are taken to have accepted the new order and to behave thereafter as instrumentally oriented individuals, without the authors providing any explanation of how this has happened.

The SEMP as stable interests, resources and entry-barriers

The distinctive characteristics of studies with an interest based perspective, can best be illuminated by contrasting them with those using a rational systems political perspective. The interest based perspective often views the SEMP as the development of a new political negotiation system with low formal obligations.

Still, collective actions are taken to be more centralized around fewer actors with different resources and interests (Cameron 1992: 66-67; Garrett 1992; Kastendiek 1990: 84-84; Yannopoulos 1991). The development of new entry-barriers is emphasized (Bonser 1991; Hufbauer 1991). The actors are taken to reach agreements primarily because of the high opportunity costs involved, which also implies that they usually strive for the lowest common denominator solutions (Garrett 1992: 557). In addition, the studies argue that there is still a remaining resistance of member states against any further assignment of powers to the European level (Wise and Gibb 1993).

The work of Andrew Martin and George Ross provides a clear example of this generalization. They observe how the national standards organizations were strongly opposed to the idea in the Commission’s ‘Green Paper’ (Commission 1991) of giving a formal voice to the European organizations of industry, trade unions, and consumers in CEN/CENELEC. According to the authors, this should have forced the Commission to drop its suggestion. Instead a weaker, consultative European standardization forum attended
by representatives of interested parties at the national and European levels was established, which had to settle for annual meetings, of little importance (Martin and Ross 1994: 36). Martin and Ross also argue that there are reasons to be concerned with the ways in which the essentially political character of the standardization processes is obscured behind a facade of technical expertise. The two authors share this concern with a few other scholars (Joerges 1989; Kastendiek 1990: 83; McNamara 1990; Sandholtz and Zysman 1989).

Other studies have made similar observations. It is emphasized that national unions, enterprises and organized interests have no viable alternative but to participate in negotiations under the SEMP, although the negotiation system established here is taken to be one of new entry-barriers and uncertainties, which gives little influence to for instance labour (Streeck 1991: 335; Streeck and Schmitter 1992; Rhodes 1991).

It is also argued that integration and consensus in relation to the institutionalization of the SEMP, is potentially threatened by other factors than excessive regulation and member state dominance. A long duration cost is the lack of political legitimacy (Traxler and Schmitter 1994). These studies are, however, not unproblematical themselves (Garrett 1992: 534). They fail to explain why the interests and ideas of the actors cannot change so rapidly in relation to the programme? The studies lack explanations of how the actors have reproduced old strategies and beliefs when tackling new problems.

Problems of the debate: a critical appraisal

Despite the weaknesses discovered in the Single market literature, the methodologies and perspectives applied have contributed to the opening up of insightful and important avenues of inquiry. We have achieved a clearer understanding of important characteristics of SEMP, and the development since 1985.

In the studies harmonization has rightly been understood either as the attempts to reduce the regional economic and social discrepancies between the Community’s regions, or as the attempts to remove barriers for the free movement of objects and persons across European economic area (i.e. Barry 1993: 319-20). However, in reality the two notions often fluids together (i.e. Sun and Pelkmans 1995). Thus, the studies often operate with wider but more implicit understandings of harmonization (i.e. Majone 1995).

A majority of single market studies still tend to take a fixed and deductive point of departure. It is not least the analytical questions emphasized in the studies that are problematical. How the principles of the SEMP, as purposive and isolated rules, affect actors and areas which are taken as given? How the principles, as purposive rules, cannot serve their purpose because of the fundamental mistrust between national self-interested regulators, other actors lack of knowledge or the differences in resources, interests and beliefs between actors who also are taken as given? How regulation in relation to the SEMP is illegitimate because it treats the traditional ideas on which national democratic constitutions are build?

However, promising the several recent single market studies are, they need to develop on three things in particular. First, there is a need to focus attention on how the SEMP has developed historically. The SEMP and the ‘New approach to technical harmonization and standards’ under the programme are not entirely new legal frameworks. They are built on long-during institutionalized-social relations between states as well as experts. In turn, ideas like deregulation, reference to standards and mutual recognition have been historically inherited in the Community since the 1960s.

For sure, the previous analyses of the Single market initiative have acknowledged the impact of such factors, but they have tended to view them merely as objective and pregiven frames of action or as tools in the hands of instrumental actors (i.e. Dehousse and Majone 1994; Majone 1995; Kay and Vickers 1990; Sun and Pelkmans 1995). They have tended to refer back only to a few well-known legal focal points which have been instrumentally constructed by EU elites (i.e. Garret and Weingast 1993: 178), such as the
Dassonville case of 1974, the Cassis-de-Dijon case of 1979, the rule making experience established with regard to the Low-voltage directive of 1973, and the market demands for European standards organizations, such as CEN and CENELEC in the 1970s and early 1980s (Pelkmans and Vollebergh 1986: 12-24; Tronnier 1986: 35-37). Accordingly, the processes through which legal rules have had an impact on the development of a Single market and a European standardization system remain a "black-box".

Second, there is a need to know more of how the SEMP has been institutionalized and sustained over time at both the transnational and domestic level. There has only been a few studies of how the SEMP has caused organizational reforms at the transnational and domestic level and how the different types of actors have used distinctive argumentation structures and legal and technical rationales in order to institutionalize the SEMP across levels and areas.

In turn, such acknowledgements should also enable us to explain, why and how the institutions develop for organizing the Single market differ from the institutions developed for organizing similar activities in other regions or internationally. For instance, it is now obvious that only the more developed countries in Asia appear prepared to accept deeper forms of integration and an elimination of technical barriers to trade (i.e. Wijkman and Sundkvist Lindstroem 1989: 145, quoted in Katzenstein 1996:18-19), which must be seen in sharp contrast to the more ambitious decisions taken on a Single European market since the mid-1980s.

Third, there is increasing need for studies that focus attention on comparative domestic effects of the SEMP on coordination and policy-making capacities, as well as on the autonomy and the actors’ interpretations (i.e. Jacobsen 1993). It is surprising to find that none of the studies discussed in this article have taken up the challenge of seeking detailed answers to such analytical questions.

The SEMP is still important, and it should still attract attention. After all, the SEMP is mostly about the creation of a new type of market for Europe, a new type of rule making system, and a new type of political negotiation system. Such configurations are not constructed over night. They resemble former institutions and it requires a long time for them to attain a certain state of property.

Torben Bundgaard-Pedersen

Notes
1. This article is part of my research project on institutional changes in the governance of European standardization at the transnational and domestic level. A special note of thanks is due to Johan P. Olsen who inspired me to take on this discussion, while I was a visiting fellow at ARENA (Advanced Research on the Europeanisation of the Nation-state) in Oslo, in the Summer 1995.
2. The SEMP, introduced formally and legally in the mid-1980s, builds on five documents. 1) The mutual information Directive (83/189/EEC); 2) the Commission white paper on the completion of the internal market (Commission 1985); 3) the Council Resolution of 7 May 1985 on a new approach to European harmonization and standards (85/C 136/01), 4) the 1985 CEN/Cenelec Memorandum, No 4 on the general guidelines for cooperation between the Commission of the European Communities (CEC) and the European Free Trade Association (EFTA) and the European standards institutions; and 5) the Single European Act (1987).
3. The new approach to technical harmonization and standards under the SEMP brought five important principles, to be introduced formally and legally in the Community. Besides majority voting, it is the principle of a formal division between legislative harmonization (art. 100 A) and detailed technical specifications (standards). The latter shall be delegated to the formally entrusted European standards organizations. Third, it is the principle of ‘mutual recognition’, following which all national technical regulation shall be subject to the provisions of articles 30-36 of the EEC treaty. Fourth, it is the principle of ‘prevention of new barriers to trade’, following which the member states are formally obliged to notify draft technical regulations through the ‘Mutual Information Directive’ (83/189/CEE). Fifth, it is the principle of ‘harmonization’, according to which legislative harmonization of national
laws shall relate primarily to areas in which there are elements of the protection of public health, work safety, environmental protection and consumer protection (Brekelmans 1993).

4. Some may find this presentation a little bit polemic. Arguably, it does not do justice to the authors quoted. However, I have found this necessary in order to distinguish what I consider to be the main perspectives on the SEMP.

References
Commission (1985), 'Completing the Internal market', (COM(85)310, final, Luxembourg: Office for Official Publications of the EC.
Mohr, Peter M. (1990) Technische Normen und Freier Warenverkehr in der EWG, Cologne: Carl Heymanns Verlag KG.
Schreiber, Kristin (1991) 'The New Approach to Technical Harmonization and Standards', in Leon Hur-
Explaining the Collapse: A Review of Four Approaches to the Breakdown of the Soviet Union

1. Introduction

This review focuses on various approaches to explain the dramatic, and for many the unexpected, collapse of the Soviet Union. As Malia (1992) puts it: "Nothing about communism ever astonished the world so much as the manner of its exit from history. In a feat without precedent, a great state, and one of the world's two superpowers, abolished itself from the face of the earth, repudiating its name, its sacred symbols, and all its basic institutions." (p. 57).

The natural fascination and academic curiosity stirred by the breakdown of the Soviet Union has provided a fertile ground for speculations and explanations with regard to the question of how this could happen. The purpose here is to review and contrast four different approaches to the collapse: the essentialist, the new institutional, the societal, and the multicausal approach. I seek to discuss and establish a) the merits and demerits of the explanations presented, and b) significant differences and similarities in their focus. Apart

witz and Christian Lequesne (eds.), The State of the European Community, Harlow: Longman, pp. 97-
112.
Traxler, F. and Schmitter, Ph.C. (1994) Prospective Thoughts on Regional Integration, Interest Politics and Policy Formation in the European Communi-
Trottier, H.K. (1986) 'Standardization and harmonization efforts in Europe, the Role of Cenelec and the experience with the Low Voltage Directive', in Pellman and M. Vanheukelen (eds.) Comming to Grip with the Internal Market, Maastricht: EIPA, pp. 35-43.
Yannopoulos, G.N. (1991) Trade policy issues on the completion of the internal market', in G.N. Yanno-