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Democratic Commitments

LEGISLATURES AND
INTERNATIONAL COOPERATION

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Implementing the EU's Internal Market: The Influence of National Parliaments

CHAPTER 6 demonstrated that the institutions created by national parliaments to structure their interactions with governments on EU business respond in a regular manner to incentives to constrain government negotiators. As conflict over European integration has increased in the 1990s, parliaments have developed stronger institutions in an attempt to more tightly constrain governments. In addition, parliamentary committees are strongest in those states with the most conflict of interest about European integration. The Delegation Hypothesis is supported in the member states of the EU. However, the previous chapter did not turn to the next, probably more important, question of whether stronger parliamentary institutions make any difference for the course of European integration. This chapter looks at the effects of parliamentary institutions. It considers the Credibility Hypothesis: institutionalized legislative participation in the process of international cooperation enhances the credibility of states' commitments.

Debates about the role of national parliaments in European Union policy-making usually are framed as regarding a choice *between* democracy and efficiency (e.g., see *Economist*, 7 July 1990, survey 34; House of Commons 1995). Studies of European integration claim that national parliaments are uninterested, uninvolved, and unable to influence the course of European integration. Proponents of integration have generally considered this supposed parliamentary incompetence a good thing, since parliamentary involvement would only slow down integration, perhaps leading to paralysis (Fitzmaurice 1996, 880). However, if we consider the entire process of European integration—implementation as well as negotiation—we gain a new perspective on processes that allow regular parliamentary influence. Because parliaments retain significant authority at the implementation stage of integration, failure to involve them in the negotiation stage can pose severe obstacles to effective adjustment of policies. But where parliaments play an acknowledged and transparent role in EU business, implementation proceeds smoothly. Thus, the apparent conflict between parliamentary democracy and integration disappears on fuller inspection of the cooperation process, since democracy enhances rates of implementation, an important aspect of integration. Closing parliaments out of EU negotiations can only enhance the prospects for cooperation if the credibility of commitments is irrelevant.

This chapter considers the implementation of international agreements in the context of the EU, using implementation rates as a measure of credibility. While the name "European Union" implies a form of political organization that goes beyond an international institution, reflecting the aspirations of the EU's founders and some contemporary policymakers, in many respects the process of reaching and implementing agreements within the Union is like that in any international institution.

Member states have retained influence through their responsibility for implementation of directives adopted through the EU legislative process. The Commission monitors the process of implementation, identifying laggard states and publishing reports on their implementation records. The European Court of Justice (ECJ) also figures in implementation, primarily as a dispute-resolution and standard-setting mechanism. But national governments, in the Treaties of Rome and in practice, are responsible for changing domestic law to conform to European law, a fact that has been reinforced in a series of ECJ judgments. The process of implementation remains the same as that assumed in political theories of international cooperation. While supranational institutions perform monitoring and dispute-resolution functions, states themselves must change their policies.

I argue that parliamentary involvement is not a liability in the process of integration. A well-organized, well-informed parliament, with clear relations of accountability to its government, can play a constructive role by enhancing the credibility of state commitments. Governments constrained by accountability to a parliament are, indeed, more difficult negotiating partners than those free to agree to any deals they like. However, this difficulty at the negotiation stage is offset by an expeditious implementation process, leading to fewer problems of renegeing and renegotiation than we find in governments without transparent parliamentary constraints.

This chapter brings empirical evidence to bear on the connection between institutions and credibility. Here, we see that Denmark stands out in having an excellent implementation record in spite of a well-deserved reputation as a "reluctant European" (Ingebritsen 1997). I argue that this pattern is explained by Denmark's stringent system of parliamentary control of government ministers. Parliamentary control accounts for a good record of cooperation in spite of Denmark's reticence about rushing ahead with European integration; it may also give Denmark advantages at the bargaining stage. Thus, in this case, parliamentary democracy does not seriously impair international cooperation. Evidence from the newest member states, who also have relatively strong parliamentary committees and good implementation records, supports the pattern found in Denmark.

I then consider extensions of the analytical framework to explain further variation in implementation rates and alternative explanations. Since Denmark's system has been unique until recent years, parliamentary involvement cannot

explain all observed variation. The autonomy of regional governments appears to be another major influence on implementation. Unless regional governments with responsibilities for implementation are well-integrated into the negotiation process, as in Germany, they become hindrances to implementation. Thus, the regional story supports the analytical framework developed here, in that institutions that will be involved at the implementation stage are best integrated into the negotiation process as well. Integration of domestic players can happen directly, for example with regional representatives at the international bargaining table, although such a process is cumbersome; it may best occur through domestic institutionalization of accountability. Unless such integration takes place, negotiators will fail to anticipate properly the difficulties of implementation, making them more liable to renege on agreements and threatening the success of European integration.

DOMESTIC INSTITUTIONS AND IMPLEMENTATION

Not all legislatures are created equal in their ability to put effective constraints on executives. The U.S. Congress marks one end of a continuum in stable democracies, one where the division of powers between the executive and legislative branches of government gives Congress more direct influence than that typically enjoyed by European parliaments. However, recent attempts to apply a similar logic of delegation to parliamentary systems suggest that, while the details and mechanisms of control are different, similar lessons about needing to understand the nature and limits of executive power apply (Huber 1992, 1996). The ability of a parliament to influence policymaking depends in large part on the way in which it is organized; that is, on the institutional structure it has created for itself. An unorganized parliament—today's Russian *Duma* is an extreme example, recent Italian parliaments perhaps more relevant—may influence policy in only a negative way, by placing impediments in the way of governments. For parliaments and governments to work together effectively, the internal organization of the parliament and its mechanisms for calling the government to account are extremely important. These institutional features, such as organized and authoritative committees and oversight procedures, will have a substantial impact on a state's ability to cooperate effectively in international settings, including European integration.

The nature of legislative-executive interaction in parliamentary systems is the focus of a new body of work on parliamentary government. A model of parliamentary government that assumed that legislators dictate policy would have executives, i.e., the cabinet, simply implementing policy determined by parliament. Studies have found no evidence to support such a model (Laver and Shepsle 1994) and I do not wish to make that kind of argument here. Instead, as argued in chapter 1, legislative-executive interaction can be understood as an exchange process, one in which both executives and legislatures can benefit

from certain institutional arrangements and in which the level of executive discretion to make policy becomes a central variable. As Laver and Shepsle (1994, 289) argue, executives in parliamentary systems are “constrained optimizers” who interact strategically with parliaments. The analytical task is to understand the nature of the constraints on executives and how they influence executive behavior both toward parliaments and, in this study, other states.¹ The Credibility Hypothesis, consistent with the constrained-optimization approach, posits that without consistent appreciation of parliamentary powers, the commitments that governments make to one another lack credibility. Formal engagement of parliaments may thus prove an asset in international cooperation.

The constrained-optimization approach stands in direct contrast to most work on European integration. Most studies argue that a lack of parliamentary constraints is an asset for integration, allowing it to proceed relatively rapidly. Moravcsik (1993, 515) argues that “ironically, the EC's ‘democratic deficit’ may be a fundamental source of its success.” The logic of abdication models is that needing to convince parliaments to agree to commitments and to take parliamentary concerns into account, rather than simply circumventing them, would put significant obstacles in the way of pro-integration executives and supranational bureaucrats. The EU has been lucky, according to this perspective, in having “parliamentary democracies” that were largely a fiction, a euphemism for “cabinet government.” Parliaments may have some influence over the makeup of cabinets. But once a cabinet is in place, there is little parliaments can do to control its policymaking, particularly EU policymaking.

Designing empirical research to elucidate parliamentary influence is not a trivial problem. If influence is exercised through nonobvious mechanisms such as anticipated reactions, the usual case-study approaches are likely to be misleading, since they are better designed to identify action than influence. However, the empirical problem is not intractable. Often, discovering patterns of influence requires that we search for patterned variation in outcomes. Emphasizing systematic variation allows us to identify evidence that may be obscured if we instead trace individual negotiation processes. Here, I argue that evidence for the Credibility Hypothesis lies in a positive correlation between formal parliamentary enmeshment in negotiations and efficient implementation

¹ Laver and Shepsle (1994, 294) point out that the cabinet in parliamentary systems has generally gained a great deal of control over the legislative agenda, constituting a major source of influence over policy that presidents lack. However, it is unclear how much this agenda-setting power extends to EU business, except in some circumstances in the most powerful member-states. For smaller states, and for all members most of the time, the agenda of EU business is established by a complicated set of negotiations and prior commitments. Governments do not have the power, as on domestic policy, of refusing to open the legislative gates if they anticipate that the outcome of the legislative process will leave them worse off than the status quo. Thus one of the most significant sources of cabinet power in parliamentary systems is substantially attenuated when we consider EU legislation.

of EU legislation. Abdication models, in contrast, give us no reason to expect any consistent correlation between the formal role of parliament and rates of implementation.

The credibility of the commitments that governments make during EU negotiations is at stake in the implementation process. I consider the implementation of EU agreements a key dependent variable, as a measure of credibility. Mechanisms of parliamentary influence often appear during implementation of agreements, especially if no direct avenue of influence is available earlier in the negotiation process. If governments' commitments are credible, we should see little renegeing or foot-dragging at the implementation stage. Thus, the features that encourage credible commitments should lead to good implementation records, even if these features seem to make a state a tough bargaining partner during the negotiation stage (Allen 1992, 244). Theories of credible commitments and policy studies of implementation are thus closely tied to one another. Considering the logic of delegated authority and legislative-executive interaction, I suggest three factors that go into creating a process by which parliamentary involvement increases the credibility of a state's commitments. These three factors are early parliamentary involvement, government accountability, and transparency.²

Early parliamentary involvement is essential if governments are to be able to anticipate the level and nature of opposition to agreements they reach with other countries. The content of agreements that governments reach is typically quite detailed and technical, especially in the EU. The costs of agreements will fall unevenly on different districts back home. Information about the potential difficulties involved in implementation is therefore valuable. Legislative representatives are well placed to provide such information, as well as other information about potential implementation problems. The precise way in which such representatives should be involved during the negotiation process depends on the organization of a state's political system. For example, a system with strong party discipline may meet the requirement of early parliamentary involvement in a fairly simple manner by involving party leaders in the negotiation process. Systems without strong party discipline, such as the United States, are likely to have to rely on other mechanisms for early legislative involvement, such as interaction between the executive and senior members of relevant congressional committees. In either case, if executives fail to avail themselves of the opportunity to consult with the legislature during the negotiation process, they are likely to find themselves surprised by the extent or nature of opposition during implementation. The anticipated relation between early parliamentary engagement and efficiency of implementation repeats a common public-

² These criteria for parliamentary influence are similar to those Neunreither (1994, 304) identifies: early information, governmental obligation to consult parliament, and the binding nature of parliamentary decisions.

policy lesson, that those involved in implementing policies should also be involved in designing them (Wallace 1984).

However, parliamentary involvement alone will do only modest good if government ministers are not *accountable* to parliamentary representatives. One of the key problems national parliaments have faced in EU business, as in foreign policy more generally, is holding negotiators accountable. That is, parliaments have found it difficult to punish ministers who disregard parliamentary preferences by giving assent to international agreements to which parliaments object. They may still undermine the credibility of the government's commitment by refusing to implement agreements. But unless negotiators feel that they will have to pay some penalty for committing the state to an agreement that will not be implemented efficaciously, the risk of involuntary defection remains.

Domestic accountability may have another effect, by encouraging ministers to invest the necessary time and energy to master the details of European legislation. The substance of EU directives and other bargains is complex and full of details. Busy ministers, unless they have clear incentives to study the details, may not fully understand the implications of any specific piece of proposed legislation. The potential for such lack of understanding to hinder implementation back home, as the implications of legislation become clear, is high. In addition, a relatively uninformed minister is unlikely to be a particularly skillful bargainer, and so will not be able to exert much leverage to modify EU legislation in the directions that constituents desire. In states where domestic accountability is strong and transparent, as Danish ministers have noted, the incentives to master the details of complex EU bargaining and legislation process on individual issues are strong. If ministers are later found by interested MPs to have been derelict in their responsibilities to represent Danish interests at the EU table, which requires investing in information about EU legislation, they will pay a political price. In states without such clear mechanisms of accountability, ministers can more easily evade blame and so are less likely to gain the necessary expertise to either bargain well or assure rapid implementation.

Third, ratification processes that are *transparent* are more likely to lead to credible commitments. By transparent, I mean that the steps for implementation, and identification of those who will be involved or have veto power, should be obvious.³ Transparency makes it less likely that negotiators will be able to fool themselves—and others—into thinking that they can circumvent opposition later. Most EU members have not until recently developed a clear system of responsibility for EU business within their parliaments. This failure has led to a great deal of uncertainty about which committees, if any, will be involved

³ I do not mean to imply that all discussions between the legislature and executive should be made public. Such publicity has a number of drawbacks, including potential undermining of strategic advantages that flow from keeping one's reservation point private knowledge. Transparency inheres in the process by which ratification takes place, and is often facilitated by clear, formalized procedures.

in implementation, whether a policy will be treated as “domestic” or “foreign” policy, which interest groups will have access to politicians, etc. These types of uncertainty, while perhaps allowing the government a freer hand during negotiations, will come back to haunt a state when it attempts to put into practice the policies to which the government has committed it.

In sum, a focus on negotiation rather than implementation of agreements has led, in the European context, to downplaying the role of national parliaments in the integration process. Successful achievement of the goals of European integration, such as a “level playing field” for businesses across member states, requires that the bargains to which governments commit themselves are put into place on the domestic level. Once we consider the implementation stage of the cooperation process, we find that parliaments can reassert themselves. Governments’ commitments are more likely to be credible, and so implementation records better, if parliaments are involved at an early stage in the negotiation process, if clear patterns of accountability between governments and parliaments are established, and if the implementation process is transparent. As theories of legislative-executive interaction suggest, indirect mechanisms of legislative influence arise at the implementation stage. This chapter looks directly at the implementation stage. The next section turns to Denmark as an example of how parliamentary democracy can facilitate implementation of EU bargains.

EXPLAINING IMPLEMENTATION RATES

Responsibility for transforming agreed measures for European integration into the necessary changes in domestic law lies with national governments. EU legislation takes two primary forms: *regulations* and *directives* (Nugent 1991, 168–71). Regulations have “direct effect,” meaning that they supersede national legislation and so do not require explicit domestic action in order to be incorporated into domestic law. Direct effect may be an efficient process, but it leaves governments no flexibility to modify legislation to take account of specific characteristics of their own domestic situations. Governments may therefore tend to favor directives, many of which do not have direct effect. Directives must be incorporated into domestic legislation through whatever process is specified in domestic law (Duina 1997).

Incorporation brings in national parliaments, directly or indirectly. Often parliaments must pass the necessary legislation themselves. In another common procedure, governments may use delegated powers to treat EU directives as secondary legislation, so that they can be incorporated through executive action. However, even indirect procedures require parliamentary delegation of the authority to use secondary legislation. Attempts to circumvent usual domestic legislative mechanisms when implementing directives have been found unacceptable in a number of cases brought before the European Court of Justice (ECJ), for example in Ireland, Italy, and Belgium. Parliaments retain at least the formal capacity to influence the implementation of EU legislation, suggesting

that mechanisms exist to create variation in implementation rates. I focus on directives, as they are central to the process of integration and because we have good data available on their implementation.

Implementation Records

Governments’ implementation performance in the EU is monitored through the use of both police patrols and fire alarms (McCubbins and Schwartz 1984). Citizens, businesses, and other member states can ring fire alarms by notifying the Commission of perceived failures to implement EU legislation. This method of monitoring is quite effective, with hundreds of complaints coming in every year. The Commission supplements the fire alarm system of monitoring with its own equivalent of police patrols: investigations and public reports on member states’ performance. The Commission thus provides two types of information: regular reports on the number of directives implemented on the national level and publication of violations it discovers. I concentrate here on the former, as they provide a systematic and simple measure of the rate of implementation.⁴

Prior to the 1992 program to complete the internal market, data on implementation were sporadic, at best. Governments resist providing information on their implementation records and the Commission lacked a standard by which to compare governments to one another. Occasional studies by academics and lawyers indicated which member states had a good or bad reputation for implementation, although these findings were not backed up with hard numbers (Ciavarini Azzi 1985). However, the early studies pointed to one trend that has been confirmed more recently: Denmark has an unusually good implementation record, in spite of its reputation as a reluctant participant in European integration. This observation poses a puzzle that provides insight into the role of national parliaments more generally.

The process of completing the internal market, the major project of the SEA, was spurred on by the adoption of a white paper outlining nearly three hundred specific measures that states should take to remove barriers to the flow of people, goods, and services across borders within the EU. The white paper greatly facilitated agreement and implementation of the internal market by providing transparency and standardization. Its directives made clear what each government committed itself to do, thus reducing fears that some states would be doing more than others. The Commission, under direction from the Council and the

⁴ There may be a regular bias inherent in using the Commission reports as indicators of implementation rates. It is likely that this measure systematically overstates the level of implementation, since it does not ask whether these laws are actually enforced. However, as discussed below, more direct examination of enforcement difficulties suggests similar patterns to those we find with the Commission data. In addition, there is little reason to expect that the level of overestimation of implementation varies much across countries. As long as the bias toward overestimating rates is consistent across countries, we can comfortably use these data to compare countries to one another.

EP, contributed to the transparency of the process by agreeing to publish semi-annual reports on the progress of the white-paper directives. These Commission reports specify exactly which white-paper directives each member state has incorporated into domestic law. They thus allow us to answer a number of questions about the progress of different types of directives and of the success of each government in living up to its commitments. While these measures may not be a complete measure of implementation—they ask only whether domestic law has been changed appropriately, not whether it is being enforced—they provide a systematic survey of each state's behavior.

Through 1991, businesses and other observers expressed a great deal of concern that states were not implementing the white-paper directives on schedule, and that this failure would in practice lead to failure of the single market (Bronckers 1989). Scholars worried about an "implementation deficit." Colchester and Buchan (1990) noted that by the end of 1989, only 14 of the 88 directives that should have been put into national legislation had in fact completed this process in all member states. They worried that "here is where doubts arise about 1992" (p. 131). Following the standard logic about problems of international cooperation, they argued that "uneven implementation of EC rules could distort competition across the market quite as much as having no rules at all" (p. 132), leading to a backlash among the "virtuous" states and potentially escalating into a tit-for-tat, foot-dragging battle. And the situation was only likely to get worse: "The temptation will mount for member states to renege on EC commitments that multiply and become more onerous as project 1992 and its manifold directives bite more deeply into their affairs" (p. 138). In Denmark, which has an excellent implementation record, the failure of other member states to follow suit leads to frequent public complaints, as academic worries about the consequences of nonimplementation would predict (Knudsen 1992, 291).

As of the end of 1989, Colchester and Buchan identified Italy as having a very poor implementation reputation, with a government willing to agree to ambitious integration directives without considering its ability to get them through the bureaucracy and parliament back home. At this point, Italy had converted into national law only 35 of the 88 directives it should have by that time. In part, Italy's poor record was due to constant changes of government, leading to gridlock not only in implementation of EU directives but in the entire national legislative process. Italy also had the most letters of complaint issued against it in 1988: 107, compared to 64 for Greece, the next highest. These findings continue a long, consistent history of Italy dragging its feet until prodded to take action by the Commission.

Following the Commission's reports through time, we can see that the performance of states seems, in general, to vary considerably from year to year. Figure 7.1 traces implementation rates from 1989 to 1992.

Many states seem to pass legislation in spurts, quickly bringing them from a poor record to a good one. For example, as of the end of 1989 Portugal had an

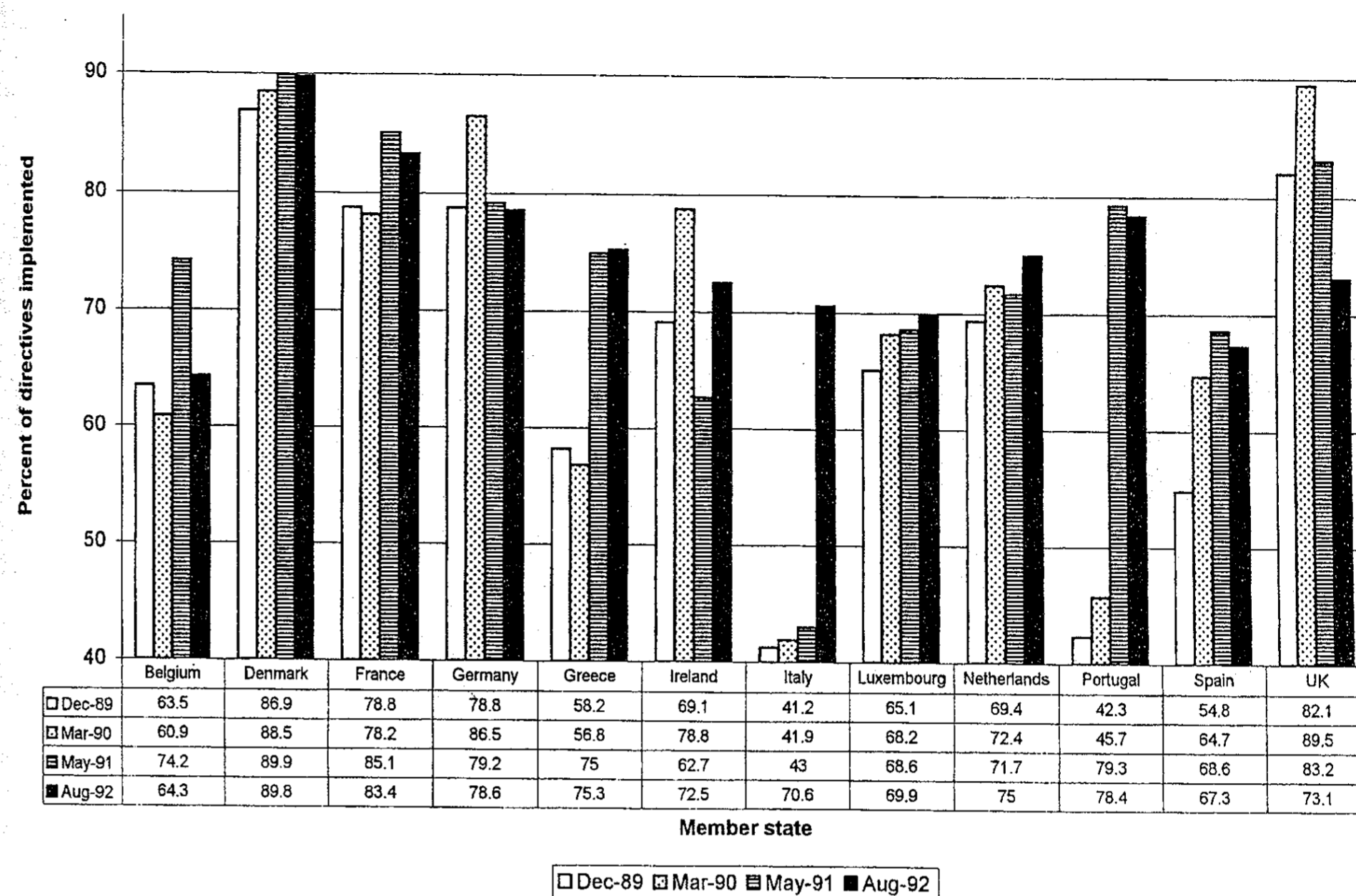


Figure 7.1. Implementation rates, 1989–1992.

implementation record at the bottom of the scale, along with Italy. However, by August 1992 it was in a virtual tie with Germany for the third *best* record in the EU. Between March and October 1990, according to Commission records, Portugal jumped from implementing less than 50% of directives to implementing over 80%, controlling for the deadlines by which directives should have been implemented (Commission of the European Communities 1992, annex 8). In 1989, an apparent inability of the southern members of the EU to pass legislation made arguments about "political culture" an attractive explanation for performance, as the three new entrants (Greece, Spain, and Portugal), plus Italy, had the worst records.

But all this changed by August 1992. Then, Belgium had the worst record; Portugal and Greece had dramatically improved theirs, moving into the top half of the EU. Germany, with a good record early on, fell to ninth place by March 1993, perhaps reflecting the strains and distractions of unification. Figure 7.2 shows implementation records as of August 15, 1992, a date as representative as any and at which we see substantial variation in performance. Figure 7.3 shows average implementation rates for 1990–1997, showing that many patterns observed in 1992 extend to the rest of the 1990s, with very good performance by Denmark. Figure 7.3 also includes data on the three new member states, which began implementing directives in 1995.

Through all this variation and inconstancy, one consistent fact stands out:

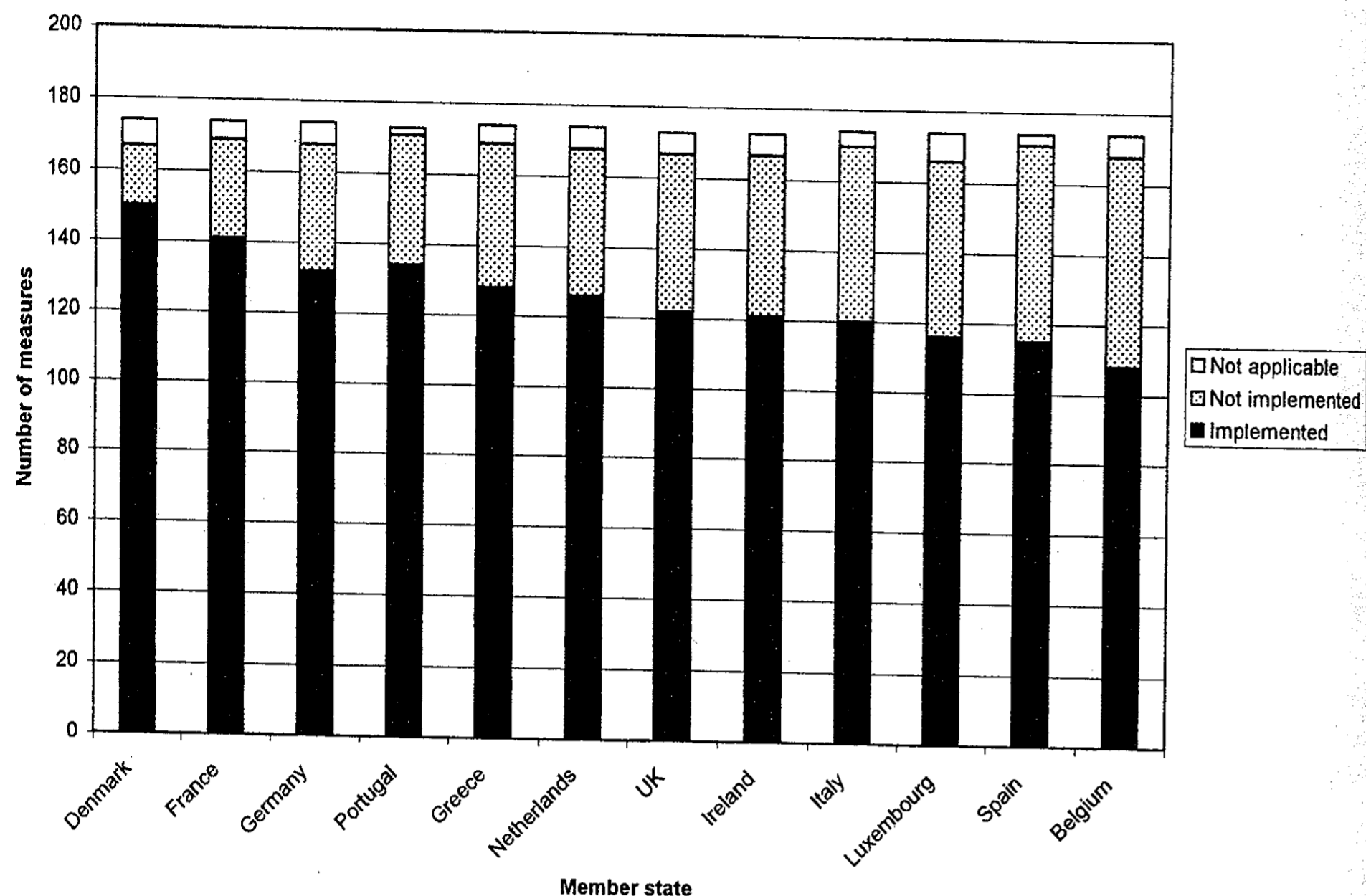


Figure 7.2. Measures implemented as of 15 August 1992.

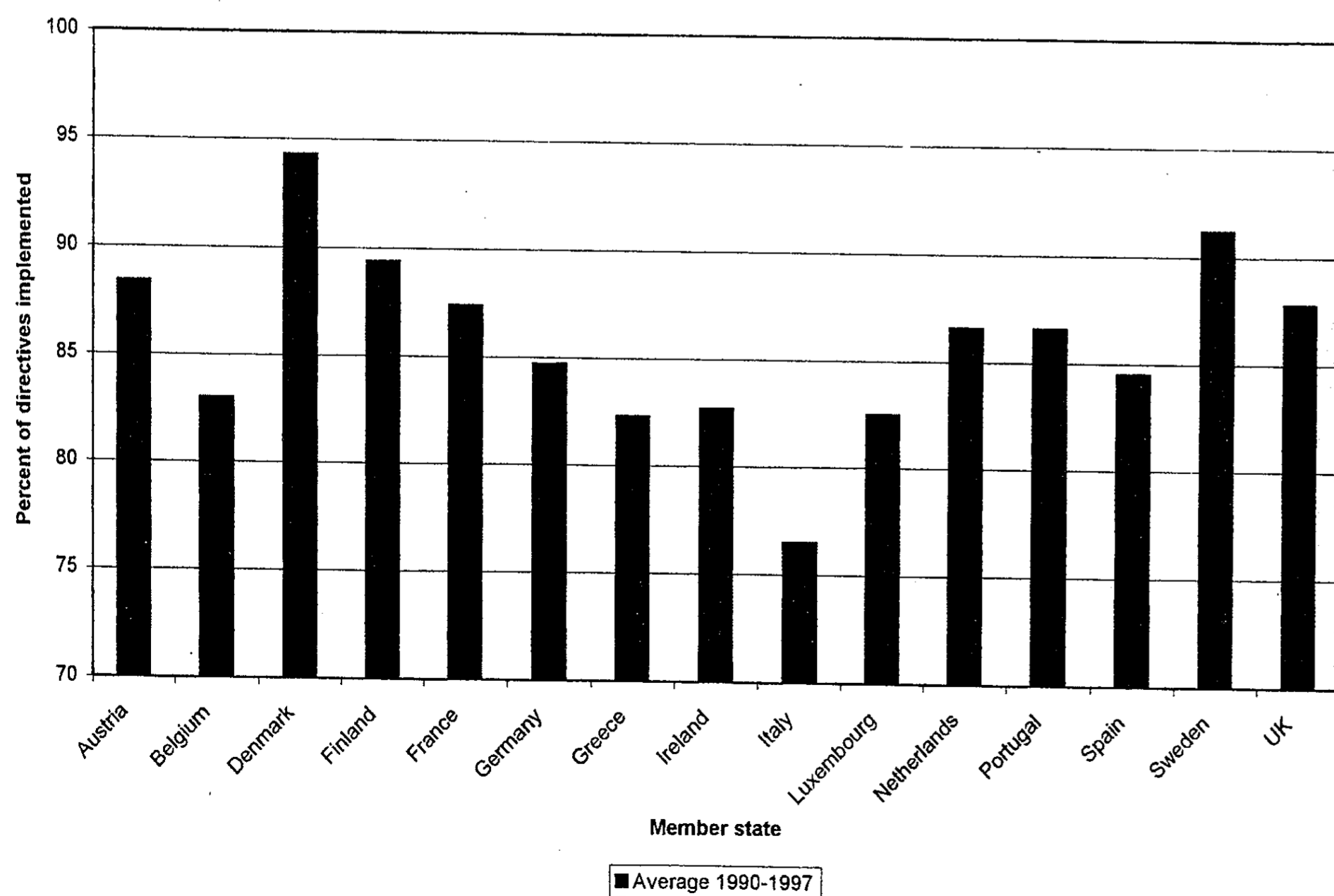


Figure 7.3. Average implementation rate, 1990–1997.

Denmark has the best implementation record. It had the best record in 1989, having incorporated over 70 of 88 directives. As of August 1992, it had implemented 89.8% of the directives it should have (150 of 167), compared to an EU average of 74.8%, and a rate of 64.3% for Belgium at the bottom of the scale. The Commission's figures are supported by Denmark's record on being taken to court for infringements of EU law, which show that Denmark has one of the best enforcement records. It has rarely been taken to court, and the ECJ has rarely decided against Denmark. For example, from 1981–1988 Denmark had 189 letters of complaint filed with the Commission, compared to 376 for Belgium and 253 for the Netherlands (Colchester and Buchan 1990, 140).⁵ During the same period, Denmark was faced with only 13 court cases, compared to 90 for Belgium and 23 for the Netherlands. Audretsch (1986, 356) also finds very few judgments against Denmark. (See also Ciavarini Azzi 1988, 194.)

A report in 1997 found a similar pattern with almost no prosecutions against Denmark in the ECJ, while Belgium headed the list (*Economist*, 17 May 1997, 60). Commission infringement statistics for the mid-to-late-1990s show continuing good performance by Denmark, with the lowest number of letters of formal notice filed against it.⁶ While these data are subject to more difficulties of interpretation than those collected by the Commission on incorporation of European law, they do suggest that Denmark not only transposes European law into domestic law quickly, it also lives up to the commitments expressed in these laws. Thus data on transposition appear to be an accurate indicator of implementation.

The Danish Parliamentary Solution

If one were to suggest the intuitive notion that states' performance in living up to their commitments was a straightforward function of their liking for those commitments, the implementation figures for Denmark would be quite surprising. An explanation based on preferences alone cannot help us understand why Denmark's performance is held up as an example to other member states. Denmark has become known as a reluctant member of the EU, a "footnote country" that is not enthusiastic about ambitious integration schemes and frequently demands (and receives) special treatment in EU agreements. Danish negotiators bargain hard, unlike their counterparts from some of the other small northern member states. Denmark did not join the EU until Britain did in 1973. The initial Danish rejection of the TEU, due to a "no" vote in the first referen-

⁵ The number of complaints is, of course, positively correlated with the size of a state, so I chose other small states for comparison. France, for example, had 606 complaints filed during this period.

⁶ "Single Market: New Scoreboard Reflects Significant Progress," <http://europa.eu.int/comm/dg15/en/update/score/score2.htm>, 12 October 1998.

dum in 1992, symbolized and confirmed continuing Danish skepticism about the process of integration that many Danes perceived to be racing ahead too swiftly.⁷ While by 1992 EU membership had come to be accepted and seen as advantageous by the Danish public, there remained a strong reluctance to move ahead rapidly with extensive transfer of authority to EU bodies (Schou 1992; Branner 1992). It is simply implausible to suggest that Denmark implements EU agreements efficaciously because there is a consistent domestic consensus in favor of EU membership and deep integration. We must turn to other factors to explain the observed pattern.

The Danish political system has always put tight constraints on the government's ability to commit to international agreements. Ratification procedures are stringent, involving either large parliamentary majorities or popular referenda. The Danish constitution specifies that ratification of treaties requires a five-sixths supermajority in the *Folketing*, the Danish parliament. If a treaty is not able to gain this high level of parliamentary support, it can only be ratified by a majority vote in a national referendum in which at least 30 percent of the electorate is participating (Elklit and Petersen 1973, 198). These procedures have influenced the major Danish decisions about EU membership. In 1972, Denmark held a referendum to decide about joining the EC. The accession treaty passed with over 63 percent of the popular vote (Borre 1986, 191). Ratification of the SEA also went to a referendum, since the necessary majority did not materialize in the *Folketing* for partisan reasons. The procedure in 1986 was slightly different than that specified in the constitution, since the referendum was merely a consultative one, not binding. The voters approved the SEA by a vote of 56 percent in favor (Worre 1988). Following the vote, the parliament dropped its opposition and gave the necessary supermajority approval of the SEA.

The Credibility Hypothesis relates legislative institutions to the credibility of states' commitments. Following this logic, the highly activist participation of the *Folketing* in EU business suggests a solution to the puzzle of Danish performance. The Danish example suggests that parliamentary democracy and European integration are not at all contradictory; in fact, they may support one another. States without strong parliamentary control may have governments that are willing to commit themselves readily to ambitious integration schemes. However, these governments will find themselves handicapped at the implementation stage, presenting at least as significant a block to integration as tough negotiating behavior.

Considering institutional constraints helps unravel a paradox noted by students of European integration. Surprisingly, there seems to be little correlation between the general support a member state expresses for the EU and its implementation record. In a comprehensive study of implementation, Ciavarini Azzi (1988, 196) finds that "the Member States which pose basic problems during the

negotiations are not necessarily the ones which will create problems during the implementation." Toonen (1992, 111–12) supports Ciavarini Azzi's view:

Italy has been constantly one of the frontrunners where the high politics of institutional reform and "deepened" integration of the European Community is concerned. The country is, however, notoriously lagging behind where the transposition and actual implementation of Community directives are concerned. Denmark, in contrast, is renowned as being one of the most critical members of the Community. . . . A look at the transposition and the actual implementation of EC directives in the national legal and administrative system shows, however, that Denmark is among the countries with the "best" compliance records.

Earlier studies of implementation have found that Italy's consistently poor record is in part due to the "quasiabsence" of parliament, leaving the government to act unilaterally (Guizzi and Leanza 1985, 62). At least in Italy, government flexibility does not appear to encourage cooperative behavior in any deep sense.

Lack of enthusiasm in the *Folketing* for European integration, which reflects popular skepticism more widely, has led to the development of a structure whereby Danish ministers' ability to make concessions in EU negotiations is constrained tightly by a mandate from parliament. Williams (1991, 159) points out that only Denmark "has managed to retain significant leverage over the Council by dint of closely controlling its own national representatives at Council meetings." Even before formal entry into the EU, the *Folketing* set up a Market Relations Committee (MRC), charged with oversight of EU activities.⁸ The MRC endeavored to constrain government negotiators to agree to bargains only after receiving a mandate from the committee and to keep itself informed about all ongoing business of any importance in the Council. At one point just after Danish entry into the EU, a government minister was perceived to have gone beyond his MRC mandate during Council negotiations. This led to a crisis that threatened to bring down the minority government, which the government resolved by making guarantees to negotiate only within the parameters set by the MRC. The system of consultation and constraint has now been institutionalized, leading to Danish ministers having little flexibility and negotiating with tied hands (Fitzmaurice 1976; Hegeland and Mattson 1996, 210). The system that Denmark has developed characterizes a "strong state" in the revised sense discussed in chapter 2, a state that has a kind of institutionalized decentralism that allows the government to get things done. One analyst describes the Danish state in these terms, noting that it is highly rule-bound and that the center has fairly low powers, but arguing that it has the legitimacy necessary to implement decisions (Knudsen 1992, 275, 284).

In contrast to most other member states, the making of EU policy in Den-

⁷ For analysis of the Danish vote, see Nielsen (1992) and Worre (1995).

⁸ The MRC was renamed the European Affairs Committee after the TEU.

mark is highly politicized and the Folketing is the focus of political activity. The Danish system assures extensive consultation with the legislature throughout the negotiation process. The MRC acts as if it has a binding mandate on its ministers and threatens government viability if ministers neglect the constraints it imposes (Rasmussen 1988, 96). Representation on the MRC is proportional to party representation in the Folketing and representatives are prominent members of their parties (Hagel-Sørensen and Rasmussen 1985; Fitzmaurice 1981, 138). Their assent to negotiating positions thus assures majority support in the Folketing, in spite of the fact that Denmark has in recent years had perpetual minority governments (Marquand 1981, 235). Danish ministers see the credibility that the MRC arrangement gives them as an important asset in EU-level bargaining (Møller 1983). The MRC is in nearly constant session, not meeting sporadically as have EU-responsible committees in other member states. The government provides the MRC with a constant flow of information on proposed legislation and changes that occur during the negotiation process in the Council (European Centre for Parliamentary Research and Documentation 1990, 8–9). Overall, parliamentary institutions allow for a high degree of parliamentary influence. “The Danish committee members also state that they expect, and see it as natural, to exert influence over governmental policy” (Hegeland and Mattson 1996, 204).

Why does this institutionalized mandate procedure matter? Because it assures the three components that were identified above as necessary to effective commitment strategies. The Folketing is involved at an early stage, assuring that potential opposition to policies is anticipated properly by the government. The government is accountable to parliamentary representatives, in this case through the mechanism of MRC oversight. And the procedure is transparent, so that negotiating partners and those affected by the laws have a good understanding of who has leverage in the policymaking process. MRC proceedings and discussions with ministers are not published, for fear that publication would compromise Denmark’s bargaining leverage in the Council. However, the process is transparent in that there is little uncertainty about the process that will be used to determine negotiating positions and to whom the government is accountable.

Domestic institutions thus provide Denmark with twofold advantages. They increase Danish bargaining leverage over that possessed by other small member states as well as improving implementation performance. It is not possible to show conclusively that Denmark has received “more” concessions than it merits, based on its size and economic power. However, a great deal of circumstantial evidence, beginning with the results of the “no” vote on the TEU in 1992, shows Denmark to be an unusually effective negotiator. After the “no” vote, Denmark won a number of opt-outs, allowing it to decide unilaterally not to participate in a single currency, security arrangements, and European citizenship (Worre 1995, 256; Gjørtler 1993, 359; Martin 1993b). Another indica-

tor of Denmark’s strong bargaining power is its ability to transfer EU resources in its direction. Denmark is the only EU member state in the top eight with respect to GNP per capita (with the exception of Luxembourg) that had a positive balance of net receipts in 1994, receiving more from the EU budget than it paid in (Baldwin, Francois, and Portes 1997, 163). In 1994 it ranked third in GNP per capita, behind Luxembourg and Belgium. If receipts from the EU budget responded solely to incentives to offset differences in wealth, this should have put Denmark near the bottom of the net receipt chart. Instead, it ranks sixth in the net receipt chart, receiving more than poorer countries including Italy, Germany, and the UK.

In addition to these statistical indicators, the Danish government has come to see its good reputation for implementation as extremely valuable and takes steps to protect it. According to Siedentopf and Hauschild (1988, 41), the “Danish government would rather sacrifice even important local policy-interests than jeopardize its good compliance record. This is an important factor in the Danish process of EC policy-making and interest groups expect the Danish government to live up to this.” Widespread support for subsuming particularistic interests to maintain a good compliance record suggests that the record itself is an asset for the government. Møller (1983, 258), having been involved in EU negotiations, affirms this impression that the credibility of Danish negotiators provides them with additional leverage and is worth making sacrifices to maintain.

Members of national parliaments interested in EU affairs, as well as the European Commission, have begun to recognize the importance of engaging those parties responsible for implementation at an early stage in the negotiation process. A conference held to study implementation in 1989 concluded that “in fact, the tendency to speed up the decision making through avoiding preliminary negotiations with those ultimately concerned leads to the slowing down of the actual implementation through post-factum ‘re-negotiations’ and a reluctance to put the measures into practice” (Govaere and Hélin 1990, 687). Participants tied implementation failures directly to the “democratic deficit” existing procedures created in most member states. “In contrast, it seems that where the decision making at E.C. level is preceded [*sic*] by consistent and well prepared negotiations at national level, implementation is less cumbersome. . . . *It is now well established that a direct relationship exists between participation in the rule-making and the application of those rules*” (emphasis added).

As other states appreciate the potential advantages of parliamentary involvement, and as parliaments organize to exert influence more consistently on the nature of EU bargains, other states are beginning on occasion to receive some of the benefits Denmark always has had from its domestic arrangements. For example, in discussions about admitting the new Alpine and Nordic members of the EU in 1994, the Spanish parliament held up ratification of the accession treaty, demanding and receiving compromises on provisions for access to fish-

eries, an issue of constant contention and high politicization within the EU (Granel 1995, 131). The recognition that parliamentary institutions were intimately linked to credibility showed up in Swedish deliberations. The commission that prepared the way for accession argued “that, as in Denmark, prior control will ensure that the government always has adequate parliamentary backing, enabling it to implement Community decisions” (Fitzmaurice 1996, 93).

Until the mid-1990s, since Denmark was the only member state with a strong EU committee, there was little point in looking at the overall pattern of implementation rates across the EU, except to ask whether Denmark stood out. However, as the previous chapter related, the early-to-mid-1990s saw a burst of activity within most national parliaments. In addition, the newest member states carefully crafted parliamentary mechanisms to provide them with some control over government activities. As a result, there is now enough variation in the strength of parliamentary committees to begin asking whether we can find a correlation between their strength and their implementation records.

Table 7.1 summarizes evidence on implementation records and the strength of member-state EU committees. The implementation rates included here are the average rate from 1990 through 1997, the same data found in figure 7.3. States are ranked from the best record (Denmark) to the worst (Italy). The third column of the table is a measure of the strength of the EU committee. The measure used is the “degree of binding” from Bergman (1997). Bergman based his

TABLE 7.1
Average Implementation Rate and Parliamentary Oversight, 1990–1997

<i>Member State</i>	<i>Implementation Rate</i>	<i>“Degree of Binding”</i>
Denmark	94.3	3
Sweden	91.2	2
Finland	89.4	2
Austria	88.4	3
UK	87.8	2
France	87.4	1
Netherlands	86.6	1
Portugal	86.6	1
Germany	84.7	3
Spain	84.5	1
Belgium	83.0	1
Ireland	82.5	1
Luxembourg	82.5	1
Greece	82.3	1
Italy	76.5	1

Sources: Implementation rates obtained from European Commission Directorate General XV; rating of parliamentary oversight from Bergman (1997), 377.

calculations of the extent to which committees could bind their governments on a thorough examination of the constitutional and practical powers of parliaments to gain information about negotiations, give ministers a mandate, and enforce their instructions to ministers. He ranked the committees from a high of three, achieved only by Denmark, Austria, and Germany, to a low of one, still the most common ranking.

This table shows a high positive correlation between the strength of the committee and a good implementation record, as the Credibility Hypothesis leads us to expect. With the notable exception of Germany, all states with a ranking of two or three are at the top of the implementation ranks; those with weak committees are at the bottom. The correlation between the implementation rate and the degree of binding is 0.62. The German exception is somewhat surprising, since German implementation rates were good in the 1980s. A number of factors may account for its relatively poor performance in the 1990s. The difficulties of unification, and incorporation of the eastern *Länder* into the consultation system, may have caused unanticipated problems. This could especially be the case in a federal system where the *Länder* have responsibilities for implementation, as discussed below. Another possibility is that a unified Germany, the monetary powerhouse of the EU, feels less pressure to keep up with implementation than the smaller, poorer member states. However, even taking into account the German exception, table 7.1 shows that the pattern begun by Denmark can be generalized across the EU. As member states create more powerful committees to oversee EU affairs, which gain the power to bind their governments, their record of implementation improves.

Overall, evidence on implementation rates bears out the expectations developed from considering the impact of legislative involvement and delegation. If abdication models are correct, we should see no correlation between formal parliamentary involvement and implementation. The Credibility Hypothesis, on the other hand, suggests a positive correlation. The Danish Folketing, which has a more powerful position domestically than other parliaments of EU member states, has organized itself to exercise tight control over government ministers in their dealings with other member states. Far from making Denmark an unwieldy partner in cooperation, the institutionalized involvement of the parliament has led to Denmark’s excellent record in implementing EU-level agreements. Because negotiators have consulted with representatives of interested parties beforehand, they do not commit themselves to agreements that will be difficult to force through back home, and Denmark does not find it necessary to renege on or renegotiate agreements in spite of the potential handicaps of minority government. The Danish experience bears out one of the primary lessons of public policy studies, that early involvement in the negotiation process by those parties who will have to implement agreements assures more efficient implementation (Siedentopf 1988, 171). However, the implications of parliamentary structure and enmeshment go well beyond a technical administrative view-

point, suggesting that European integration is consistent with, and perhaps even supported by, well-organized parliamentary involvement in EU negotiations. It is not surprising, and should not be troubling, that other national parliaments are becoming more deeply involved in EU business.

ALTERNATIVE EXPLANATIONS AND EXTENSIONS

Parliamentary structure is not the only factor that explains rates of implementation. Of the models that could potentially explain further variation in rates, some are extensions of the basic analytical framework developed in this book, while others are best seen as alternative explanations. In this section, I briefly consider other explanations for impediments to implementation of EU agreements. Two extensions that seem particularly promising concentrate on the role of regional governments and the transparency of directives themselves.

The evidence discussed thus far allows us to reject some alternative explanations of rates of implementation. For example, consider what we would expect to see if executive-dominance models were correct. These would lead us to predict one of two patterns. One possibility is that we would expect little relation between domestic institutions and rates, since the formalities of domestic institutions merely disguise the fact of executive dominance. Since we do find significant variation in rates of implementation, and that these are connected predictably to domestic structures, this particular executive-dominance hypothesis does not hold up. An alternative implication of executive dominance, perhaps more consistent with usual treatments of European integration, might lead us to expect that implementation would be *fastest* in those states where domestic institutions clearly delegated authority for implementation to the executive, excluding the national parliament. If there is a marked trade-off between democracy and efficiency, and if European integration is genuinely a process dominated by and responsive only to elites, we should expect a positive correlation between executive discretion and rapid implementation. Of course, we have discovered just the opposite, leading us to reject this hypothesis as well.

Another vast body of work on European integration falls under the label of neofunctionalism (Haas 1958). To simplify drastically a complex and rich literature, the neofunctionalist approach sees integration as a gradual process of transfer of authority to the supranational level. Through a process of spillover, in which supranational policymaking on one issue creates pressures to extend the scope of supranational institutions to other issues, these institutions and supranational decision-makers gain authority at the expense of national decision-makers. Some of this neofunctionalist logic is apparent in the linked pressures for completion of the internal market and monetary union. As other barriers to the free movement of goods and services within the EU fall, the persistence of separate currencies and independent national monetary policies

emerges as an impediment to realization of the full benefits of the internal market. Thus pressures arise to coordinate monetary policies, even to the extent of creating a single currency and a European central bank. According to neofunctionalist logic, as individuals realize that supranational institutions can better protect their interests than national representatives, they will transfer their political loyalties to supranational institutions, leading to the creation of a European political identity.

Neofunctionalism leads to its own predictions about patterns of implementation, predictions that are not as easy to dismiss as those from the executive-dominance perspective. If functions and loyalties are indeed being transferred to the European level, we would expect to see convergence in national implementation rates over time. Domestic structures would come to have little impact on rates of implementation, since important political functions and decisions would take place at the European, not the national, level. Table 7.1 provides some evidence to support this neofunctionalist prediction. In 1989, we see high variance in implementation rates, ranging from a low of 41.2% in Italy to a high of 86.9% in Denmark. At this point, Denmark was outperforming the slowest member by a factor of more than two. By 1992, the variance has dropped. Now, Belgium holds the low position, at 64.3%, while Denmark remains the highest, with 89.8%. In 1989, the standard deviation in implementation rates was 14.8; by 1992, it had dropped to 7.03. It fell further, to 2.14, by 1997, in spite of the addition of three new members. In addition, the neofunctionalist model might lead us to expect a gradual improvement in implementation rates. This pattern also shows up in the SEA data, with a mean rate of 65.9% in 1989, 74.9% in 1992, and 93.8% in 1997.

These results suggest that we should take seriously the possibility that neofunctionalism tells us something important about implementation, at least with respect to the completion of the internal market. The proposition that functions are gradually being transferred from the national to the supranational level has empirical support. However, two observations should suggest caution before substituting a neofunctionalist model for one that considers the domestic characteristics of states. First, it is important to keep in mind that we are indeed examining data on the one issue on which the most authority has been transferred to Brussels. The extent of delegation of policymaking authority away from states has gone much further in the quest to complete the internal market than on any other issue. To provide a more rigorous test of neofunctionalism, we would need to examine a range of different issues, to see if similar patterns of convergence hold. Given the extent of variation remaining on even the internal market, it does not appear that the time has yet arrived to abandon analysis of domestic institutions in Europe. Second, convergence and improvement of implementation rates over time are also consistent with the Credibility Hypothesis. As discussed in the previous chapter, national parliaments have been strengthening their oversight mechanisms in the 1990s. This domestic-level

process predicts the same trend in implementation rates as does neofunctionalism, and provides a strong alternative explanation.

Regionalism and Federalism

The experience of federal systems (as in Germany), or political systems that give significant autonomy to regional governments (like Spain and Belgium), suggests lessons that support the Credibility Hypothesis. States where those responsible for implementing agreements, whether in the national parliament or regional governments, are involved in the negotiation process have better records of implementation. In some systems regional governments are the key actors at the implementation stage. While the role of the national parliament set Denmark apart from the rest of the EU, other features of domestic political institutions are likely to have their own effects on the implementation of international agreements. In particular, studies have suggested that federal systems and, similarly, those that give significant autonomy to regional governments, are likely to have difficulties implementing directives efficaciously (From and Stava 1993). The reasons are similar to those for the logic of parliamentary involvement. Under a federal system, subnational governments have responsibility for much implementation of legislation. In Germany, the Länder actually implement most EU directives, rather than the federal government (Goetz 1995; *Economist*, 21 June 1997, 52). In Spain and Belgium, regional governments have acquired authority for much implementation. Following the logic developed above, we can expect that unless these regional governments are integrated into negotiations early and have a clearly specified role in the entire integration process, problems would arise during the implementation stage.

In fact, this seems to be the case. Belgium, although an original member of the EU, a strong supporter of integration, and home to the major EU institutions, has a very poor implementation record. As of August 1992, it had the worst in the Union. Earlier studies found that implementation deficits were a long-standing Belgian problem, and noted that since ministers did not consult the regions, the regions did not feel bound by the results of EU-level negotiations (Defalque 1985, 19). Spain's performance, like that of other new members, started out quite weakly. It is not surprising that new members, particularly those just going through processes of democratic consolidation such as Spain and Portugal, find it difficult to adapt quickly to the slew of major changes in domestic legislation required by EU membership. However, over the last few years Portugal and Greece have dramatically improved their records. Portugal, in particular, is striking for its rapid adoption of the internal market, considering its backward economic structure and lowest per-capita GDP in the EU. The completion of the internal market was seen by both the prime minister, Aníbal Cavaco Silva, and the president, Mário Soares, as an opportunity to force modernization of the Portuguese economy. The fact that these two leaders represented the two major parties meant that support for modernization and consul-

tation with affected groups was widespread. By 1992, Portugal's performance at implementing directives was exemplary, the third best in the EU.

Spain, in contrast, has continued to be a laggard in spite of starting from a stronger economic position than Portugal and having similar economic goals. As in Belgium, regional autonomy without consultation greatly complicates the implementation process. The Spanish court system recently considered whether regional authority to implement legislation might be circumvented by the national government in the case of EU law, but determined that the procedures specified domestically remained in place in spite of the demands of EU membership (Santacruz 1991). The ECJ reached a similar decision for Belgium, going on to argue that these difficulties did not excuse the national government from its responsibility to assure implementation of directives. Responsibility without authority creates severe obstacles: "As there is no coercive [*sic*] power of the Government *vis-à-vis* the 'Regions' or 'Communities,' quite a number of Community directives remain unimplemented" (Lenaerts and Copenholle 1992, 452). Belgium is considering a number of measures to improve its implementation capacity, including the creation of a "European cell" within the Council of State. "This substitute for full parliamentary democracy within the Community itself would at the same time facilitate the later implementation of the outcome of the Community's legislative process at national level" (p. 453).

Germany, at least up until 1993, does not appear to have been so handicapped by its federal structure as Spain and Belgium, although the German Länder have responsibility for implementation of EU directives (Goetz 1995, 95). Perhaps this record is not surprising, as Germany is one of the three most influential states within the EU and generally pro-integration. However, another distinction stands out that helps to explain how Germany overcomes the potential obstacles posed by federalism. In contrast to Spain and Belgium, where the subnational governments are closed out of the legislative process until the implementation stage, the Länder have gained a seat for themselves at the negotiating table and the ability to constrain the federal government (Hrbek 1992; Neunreither 1994, 306). The points at which the Länder have influence have increased over time (Goetz 1995, 105). Constant institutionalized interaction, at the federal level and in Brussels, allows information to flow in both directions, from the Länder to the national executive and back again. In Germany, constraints on the government flow more directly from regional representatives than from the parliament. Because the Länder are involved in the negotiating process early on, the government can anticipate and bargain around potential implementation difficulties. The Länder are also warned about upcoming directives, allowing for more efficient implementation (Goetz 1995, 103).⁹

⁹ For a detailed study of the contrast between Belgium and Germany, see the analysis of implementation of directives on the quality of bathing waters in Ciavarini Azzi (1985, 148–71). In Belgium, the decentralization of power created great difficulties. In Germany, the Länder were consulted from the beginning, leading to a smooth implementation process. However, it is worth noting

The regional story thus fits closely the logic of the parliamentary account. Those with authority for implementation, whether national parliaments or regional governments, should be involved in the integration process early. The alternative is to allow governments to behave as if they are unconstrained and to deprive them of information about potential difficulties of implementation, leaving them to confront serious domestic resistance to implementing EU directives and making them unreliable partners in international cooperation.

Transparency of Directives

The substance of directives is likely to provide additional leverage to explain patterns of implementation. The delegation framework implies that transparency will improve implementation. Transparency inheres in the characteristics of directives themselves, as well as the procedures by which they are ratified. In its reports to the Council and EP on the implementation of the white-paper directives, the Commission divides the directives into three major categories: removal of physical barriers, removal of technical barriers, and removal of tax barriers. Of the directives states were to have implemented by 15 August 1992, only five fell in the tax category. Three of these had been implemented in all member states on time (Commission 1992).

Turning to the first two categories, the Commission considered 77 directives to regard physical barriers and 124 to regard technical barriers. The technical-barriers category can be further broken down. The majority, 73 of these directives, involved the free movement of goods, and included directives on transportation and health standards for foodstuffs. The rest of the technical-barrier directives dealt with less observable barriers than those to the free movement of goods, involving public procurement, a common market for services, industrial cooperation, etc. We can thus divide the nontax directives into three groups: physical barriers (77), technical barriers to the movement of goods (73), and other technical barriers (51).

Table 7.2 shows the number of directives that had been incorporated into domestic law in all member states by 15 August 1992, broken down by the substance of each measure. A clear pattern emerges, one that is tied to the discussion of transparency. Directives dealing with physical barriers and those dealing with technical barriers to the movement of goods were implemented at nearly the same rate, 35.1% and 38.4%, respectively. Other technical barriers, however, were implemented at a much lower rate, 15.7%. These data suggest that rates of implementation are tied to the transparency of the issues that the directives involve. Physical barriers are easily observable, involving explicit con-

that the German implementation record has declined relative to other states since the mid-1990s, suggesting that the process of coordination is working less smoothly than it did previously.

TABLE 7.2
Implementation of White-Paper Directives by 15 August 1992

	<i>Total</i>	<i>Number of Measures in Place in All Member States</i>	<i>Percent Implemented</i>
Removal of physical barriers			
Controls on goods			
Miscellaneous controls	2	1	50.0
Veterinary and plant health controls	69	23	33.3
Controls on individuals	6	3	50.0
Removal of technical barriers			
Free movement of goods			
Technical harmonization and standards	10	1	10.0
Motor vehicles	11	5	45.5
Agricultural machinery	3	3	100.0
Foodstuffs	18	7	38.9
Pharmaceuticals	14	5	35.7
Chemical products	6	4	66.7
Construction products	2	1	50.0
Other items	9	2	22.2
Other technical barriers			
Public procurement	4	0	0.0
Labor and the professions	8	1	12.5
Common market for services	26	4	15.4
Capital movements	1	1	100.0
Industrial cooperation	12	2	16.7
Removal of tax barriers			
VAT	4	3	75.0
Excise duties	1	0	0.0
Physical barriers	77	27	35.1
Technical barriers to flow of goods	73	28	38.4
Other technical barriers	51	8	15.7
Tax barriers	5	3	60.0

Source: European Commission (1992).

trols on the movement of goods and individuals such as customs charges or restrictions on importing personal effects. Technical barriers to the movement of goods are also quite visible, often taking the form of conflicting standards or restrictions on the means used to move goods, such as product-safety standards or regulations on the capacities of trucks. The very visibility of these measures may explain why they are removed rather quickly once a directive is negotiated requiring states to dismantle them.

Other technical barriers are less transparent, however. These include, for example, coordinating procedures on public-procurement contracts or vocational-training qualifications. Lack of transparency means that it is either more difficult for states to implement these directives or that they are more tempting targets for cheating. Either way, we would expect to see lower implementation rates, and do. Technical barriers are harder to identify, being buried within domestic legislation on the treatment of labor, banking regulation, etc. Until they are clearly identified and their impact on the internal market assessed, it is easier for states to overlook their implementation, either intentionally or through lack of information. The pattern suggests that a promising area for further research on the implementation stage of international cooperation lies in consideration of the impact of the transparency of the agreed measures for cooperation.

CONCLUSION

The Credibility Hypothesis posits that institutionalized legislative participation increases the credibility of states' commitments. This chapter provides a direct test, using implementation rates as a measure of credibility. With the TEU, the EU took a major step toward making policy in areas of daily concern to businesses and individuals in all the member states. With this development, national parliaments have rediscovered their latent powers to influence the activities of governments in European integration, as initially argued in the last chapter. What appeared to be a lack of parliamentary interest and/or capacity to constrain governments earlier now appears more likely a case of congruent interests between parliaments and their governments. But once governments began to commit themselves to making more controversial policies at the European level, parliaments found their voice once again and are now organizing themselves to influence the course of European integration.

Many students of European integration find this development troubling, leading them to minimize the consequences of the democratic deficit. Their legitimate concern is that reassertion of direct parliamentary involvement in EU affairs would greatly impede, if not halt, the integration process. However, examination of the records of the member states when it comes to implementing EU directives suggests that parliamentary democracy need not be such a threat, after all. The benefits of high levels of executive flexibility are short-term and illusory. Parliaments matter *ex post*, since they have not relinquished implementation authority. Therefore, governments are well-advised to take account of potential parliamentary opposition *ex ante*.

Major negotiations in the EU have always been an elite-driven, closed process. Only recently have governments been forced to begin breaking open this insularity. Negotiations on the SEA involved very few private or domestic actors; those on European Monetary Union excluded all but finance ministers and central bankers. The evidence presented here should lead us to wonder

whether such intentional creation of a democratic deficit has been a shortsighted strategy on the part of governments. It has increased their autonomy, but at the cost of decreasing their ability to implement agreements effectively. Correction of the democratic deficit through organized integration of national parliaments will force governments to change their negotiating styles, but is probably a necessary condition for further integration.

The Danish experience in particular bears out this logic. Denmark's parliament, the Folketing, is deeply involved in every step of the integration process. It holds government negotiators to account for their actions, handing down a negotiating mandate to them. And everyone, including other member states, recognizes the nature of this process. This puts Denmark in an excellent position to make credible commitments. The credibility asset shows up in increased bargaining leverage, at least according to anecdotal evidence, and robustly in the best implementation record in the EU. If parliaments had indeed abdicated to governments their ability to influence policy, we should see no correlation between implementation records and formal provisions for consultation with parliament. Instead, we find a positive correlation, suggesting that national parliaments have delegated rather than abdicated their powers and continue to influence realized levels of cooperation. Both across countries and over time, parliamentary mechanisms that are more binding on executives lead to better implementation records.

International cooperation does not stop when governments commit themselves to a particular agreement. They must always concern themselves with the potential for others to renege on these agreements, voluntarily or not; thus the implementation process is as essential a component of integration as is negotiation. Economic actors in the EU appreciate this fact, since they care about the policies governments actually adopt, not only those they promise to adopt. An implementation deficit thus threatens integration. Beyond problematic executive-legislative relations, obstacles to implementation arise from lack of transparency in directives and from regional governments with authority to implement directives but which are closed out of the negotiation process. The power of parliaments, even if exercised through subtle patterns of accountability rather than direct legislation, should become a more prominent part of studies of European integration as well as other forms of international cooperation. Within the EU, institutionalized parliamentary engagement leads to more credible government commitments.