

DUAL NETWORKS IN THE EUROPEAN UNION

**Christopher K. Ansell, Keith Darden and Craig Parsons
University of California, Berkeley
Department of Political Science**

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Thinking on European integration has long been dominated by the so-called "intergovernmentalist" vision of the European Union. Intergovernmentalism privileges the role of national governments in the integration process, and downplays (or denies) the roles of other actors. EU politics are understood as an interaction between states in the rational pursuit of their national interests. For the intergovernmentalist school, international cooperation in the EU is fundamentally similar to any collective action problem for the provision of public goods.

Several alternative perspectives have been put forward in response to intergovernmentalism. In the early years of European integration, neofunctionalists posited that the collusion of subnational interest groups and supranational organizations would make national governments obsolete. Supranational institutions, they argued, create dynamics that reinforce their autonomy from their national creators. EU institutional actors, in cooperation with subnational interest groups, could be expected to supplant the sovereignty of the nation-state.

More recently, politicians and scholars have debated the possibility and desirability of a "Europe of the Regions," in which subnational regions basically replace states as the units of a federal Europe (Granrut, 1994; LaBasse, 1991). In this vision, regions – geopolitical units closer to "natural" economic and environmental boundaries than "artificial" national borders – replace the nation-state as the basic unit of economic

planning, service provision, and cultural identity. As an integrated geopolitical unit, the EU becomes a strong federation of regions.

Each of these approaches locates the important dynamics of European integration within a certain group of actors and the relations between them. The intergovernmentalists have marshaled considerable evidence of the continued importance of national governments in outcomes. Challengers to state-centric theories have pointed convincingly to the influence of supra- and subnational actors in certain arenas and at certain times. Both intergovernmentalists and their opposition claim to be highlighting the essential dynamics of integration; all the approaches aspire to be totalizing models of how the EU works. But if each approach can point to evidence of a certain importance for the actors it privileges, none of them can establish that those actors alone are and will continue to be the locus of EU politics. The result is an ontological dialogue of the deaf, with each school dismissing the other's evidence as unsound or inconsequential.

In order to escape these debates, our approach does two slightly paradoxical things. First, it claims greater ontological breadth than previous approaches, incorporating state actors and supra- and subnational actors, as well as the relations between all three. Second, however, it doesn't pretend to capture *the* dynamic(s) of European integration, but only *a* dynamic, which we argue may be an increasingly important one.

The three core theoretical concepts of our approach are networks, duality, and structural balance. *Networks* emphasize a relational view of actors and their interaction. While previous approaches to European integration (and most of traditional political science) take actor identity and interests as defined by the actor's categorical attributes,

sociological network theory portrays identities and interests as structured by the actor's position in various networks of relations with other actors (Wellman, 1988). This relational perspective raises the possibility that a single actor may derive multiple identities and interests from multiple relationships (Simmel, 1955). Empirically, we point to the growth of networks of relationships connecting the EU Commission to subnational government within the context of EU regional policy.

Duality helps us to understand the effects of these new relationships on European integration. Dual networks of relationships – such as the triangular relationship we sketch between national, supranational, and subnational actors in EU regional policy – have special properties. Duality creates the possibility for actors to play off the two relationships against each other. The existence of an alternative source of resources or political support external to a bilateral relationship changes the internal dynamic of that bilateral relationship. We argue that the duality of regional policy networks has bolstered the importance of both the EU Commission and subnational governments in this issue area – and suggest that this dynamic may be replicated across other parts of the EU.

Finally, we use the concept of *structural balance* to give theoretical support for a "middle ground" prediction for the development of European integration, in which important roles remain for national, supranational, and subnational actors. While actors may play dual networks off each other, such alternating alliances do not necessarily produce an unstable situation. Rather than undercutting each other, dual networks may support each relationship, as each actor increases its own autonomy by maintaining *both* relationships in the long term. The result may be a structural balance, in which no actor

profits from seriously undermining the position of any other. In the EU, this perspective suggests that the evidence for the neofunctionalist and regionalist visions does not augur the demise of the nation-state. Instead, dual networks may maintain an EU which continues to combine intergovernmental, neofunctionalist, and regionalist elements.

To conclude this introduction, we add a precision and three attempts to defuse the inevitable "so what?" criticisms of the dominant intergovernmentalists. The precision is that the networks we address are relations between *public territorial actors*, not the interest groups privileged by neofunctionalism. While similar "dual network dynamics" clearly exist linking EU institutions to sectoral groups or functional ministries in the member-states, we believe that it is ultimately the networks of public territorial actors which most fundamentally structure contemporary European politics (Ruggie, 1986). This leads directly to our first response to "so what" dismissals: As intergovernmentalists remind us, public territorial actors have defined the framework of European politics for four centuries. The new triangular relationships within EU regional policy – even if they channel relatively minor resources – represent an unprecedented departure from the tradition role of national governments as sole *public* "gateways" to the world outside of national territory (Hoffman, 1966).

Our argument's second claim to importance is that we provide reasons why this symbolic departure – the appearance of an EU-subnational channel – may expand to channel more resources, as well as political interaction over other substantive issues. The Structural Funds more than quadrupled from 1988-1993. Subnational participation in EU regional policy has already led to pressure for subnational representation in EU institutions,

of which the Maastricht Treaty's consultative Committee of Regions is the first result. Coupled with the ongoing waves of administrative decentralization and economic "regionalization" in most of the member-states, these developments may strengthen and broaden dual networks in the EU.

Finally, in the realm of theory, our dual networks approach is important because it accesses the commonsensical middle ground in the polarized debates on European integration. Any observer whose career is not built on a theoretical cartoon of Europe can see that pieces of the intergovernmentalist, neofunctionalist, and regionalist visions are present in today's EU. By combining dual networks and the concept of structural balance, we can begin to see how Europe might reach such middle ground; how it might look while there; and why European political institutions might stably remain there.

The essay has three parts. In the first section we set the empirical scene, summarizing the development of the Structural Funds and the creation of direct relations between the European Commission and subnational governments. The central section lays out our theoretical approach in greater detail. The last section combines the empirical setting and the theory to explain the present dynamics of dual networks in the EU. Finally, our conclusions suggest how these dynamics may expand and impact other parts of European integration.

I. Formation of the Second Network

The Structural Funds originally emerged as a series of subsidies from rich EC

members to poor. GDP per capita levels vary by as much as a factor of six between EC regions, and by the late 1960s this was recognized as a serious impediment to further integration. This led to the creation of an ostensibly "European" regional policy. In its initial incarnation, however, European regional policy was little more than a channel for relatively minor side-payments between national governments.

In the past fifteen years the EU Structural Funds have developed from a simple mechanism for the transfer of funds between states into a complex process of negotiation between supranational, national, and subnational authorities (Marks, 1992 and 1993; Keating, 1993). Furthermore, the volume of funds distributed in EU regional policy has grown from xx in 1984-88 to xx in 1994-99, and now covers a third of the EU budget.¹ The quantitative growth, like the initial creation of the Structural Funds, has been the product of bargains between national governments. Europe's poorer members (principally Spain, Portugal, Greece, and Ireland) successfully demanded a doubling of the Funds as condition for their acceptance of the deeper integration of the Single European Act in 1987; the same demands doubled the Funds again in 1993. But the qualitative development – the growing involvement of sub- and supranational authorities in the distribution of the Funds – has been driven not by national governments, but by the European Commission. Mostly through functional arguments for the need for transnational coordination of regional policies, the Commission has steadily expanded its own discretion. At the same time – and also largely through functional arguments – the Commission has successfully pushed for a subnational role in European regional policy.

¹NOTE TO PANEL MEMBERS these numbers will be available at the presentation Please excuse the delay.

The major qualitative and quantitative leap for the Structural Funds (SF) came in 1988. As noted above, the quantitative increase was the product of national bargains. But in qualitative terms, the 1988 reforms confirmed and formalized changes in the process of SF distribution which the Commission had sought throughout the 1980s. Five main developments enhanced the supra- and subnational role. After 1988 regional eligibility for EU funds would be decided by EU-wide *technical criteria* rather than through member-state agreements; better monitoring would ensure that EU regional aid would be matched by national funds, and could not be used in replacement of it (the principle of *additionality*); there would be a new emphasis on the *programmatic* coherence of EU aid to a given region; the Commission would distribute more funds directly through an increase in the *Community Initiatives*; and subnational authorities were given an explicit role in planning and implementation in a new policy-making *partnership*.

Since 1988, regions eligible for EU aid are designated by "technical" criteria (GDP per capita, unemployment rate, etc.) set by the Commission and approved by the Council. There are five categories of eligible regions, corresponding to the five objectives of EU regional policy. "Objective 1" regions are generally underdeveloped; "Objective 2" regions suffer from industrial decline; "Objective 3" and "Objective 4" regions require unemployment and training aid; and "Objective 5" regions receive aid for rural development. The obvious political effects of these "technical" criteria – setting the basic orientations of EU aid – greatly enhance the Commission's ability to target specific regional recipients of aid.

Respect for the principle of additionality and the new programmatic emphasis also

increase Commission discretion. Rather than approving various projects with unconnected goals, the Commission now approves general aid programs for a given region, called "Community Support Frameworks" (CSF). As we develop in detail in our third section, this clearly augments the Commission's ability to channel the impact of EU funds. Still more importantly, improved Commission monitoring of the additionality principle has helped assure a real benefit from EU funding for targeted regions. The previously common national practice of subsidizing pre-planned regional spending with EU funds has been sharply curtailed (Commission, 1992).²

The expansion of the share of the Structural Funds allocated through "Community Initiatives" from five to fifteen percent was the most explicit increase in Commission discretion. The majority of SF programs are proposed by national authorities for Commission approval³; "Community Initiatives" are proposed by the Commission itself, and typically target transnational problems.

Lastly, the 1988 reforms stipulated that all aspects of SF allocation be produced by what Commission documents now simply call "the partnership": "Community operations...shall be established through close consultations between the Commission, the member-state concerned and the competent authorities designated by the member-state at national, regional, local or other level with each party acting as a partner in pursuit of a common goal....The partnership shall cover the preparation, financing, monitoring and assessment of operations" (Commission, 1993).

²Structural Fund aid has ostensibly been additional to national spending from the very beginning, but the 1988 reforms mandated more transparency in accounting to make additionality enforceable

³But these programs too are mediated and heavily influenced by the Commission, see section III below

The conjunction of national quantitative deals with these qualitative changes vastly magnified the significance of the latter. Together they have put a third of the expanded EU budget under partial Commission control. More importantly for our argument, the Commission has consciously used its new discretion to increase its own autonomy – in tandem with an expanded policy role for subnational regions.

The Commission has diversified the use of SF resources to develop its own direct links with all EU regions. The second doubling of the Structural Funds in 1993 was accompanied by a redirection of the Funds to regions in the richer EU members, prompting many observers to posit a reassertion of large-state interests over the growing volume of funds. While this fits the widespread interpretation of the Maastricht Treaty as a swing back towards large-state intergovernmentalism, it misses the fact that EU funding has not been taken away from poorer states and redistributed to France, Germany, and Britain. Instead, the entire pot of Structural Funds has been expanded. Furthermore, the funds going to regions in "core" states come almost completely from the Community Initiatives, over which the national governments have the least control.

By focusing on specific problems rather than general economic backwardness, the Commission has been able to engage wealthier regions previously excluded from (and therefore often opposed to) the use of the Structural Funds. For example, the new "KONVER" Community Initiative provides aid to regions undergoing conversion of defense-related industries. Regions in all (pre-1995) twelve member states are involved, including many of the richest regions in Europe; in Germany alone, KONVER programs have been initiated in Baden-Wurttemberg, Rhineland-Palatinate, Hesse, Brandenburg,

Berlin, Saxony, Thuringia, Saarland, and Schleswig-Holstein.⁴ Other programs such as INTERREG I and II (transfrontier development cooperation), REGEN (transfrontier energy projects), and several other innovative Initiatives have directed a steadily increasing amount of aid to richer regions. Overall, while the original "cohesion" funds gave the Commission access to the poorer regions, the augmented Community Initiatives have been used by Brussels to build contacts with the wealthier regions, cultivating regional allies in the more powerful member-states.

This Commission diversification strategy has been complemented by its active promotion of the regional role in planning and implementation of EU regional policy. The original push for direct Commission interaction with subnational authorities came in the early 1980s, and was sanctioned by the richer national governments. Administrative inadequacies in planning and implementation of SF programs in the poorer member-states (as well as diversion of EU funds to national purposes) led to the suggestion that direct Commission-subnational interaction was the only way to ensure that EU funds would profitably be used in the poorest regions.⁵ The Commission has since stressed the functional importance of subnational involvement at every turn, successfully formalizing the integral regional role in the "partnership" in 1988. As the Funds have grown in quantity and territorial breadth to offer significant opportunities to all EU regions, so too has the importance of subnational inputs to SF planning and implementation. The result is an unintentional concession of sovereignty by the richer national governments: by

⁴European Press Release, IP/94/14, "Commission Grants 14 2 m Ecus for KONVER Programmes in Germany," January 12, 1994.

⁵This explanation was suggested to us by Fritz Scharpf.

accepting a subnational role in SF allocation when the Funds were active only in the poorer member-states, the richer states have had to concede a greater role to their own subnationals as SF spending has been directed to their own regions.

The widely noted secular trend of "regionalization" in many EU states – combining elements of administrative decentralization, the appearance of concentrated "industrial districts," and intense interregional capital competition – has increased the abilities of many regions to participate in the EU partnership. While the formal institutional heterogeneity of European subnational government remains enormous, the largely informal incorporation of regional authorities into EU policy networks has led to a common subnational role for actors as different as British counties and German *Länder*. Most importantly, the opening of a policy role for subnational authorities has spurred the appearance and rapid growth of institutionalized relationships between the Commission and regional government throughout the EU.

The most obvious sign of this institutionalized relationship is the proliferation of regional lobbying offices in Brussels. The earliest regional lobbies came in direct response to the gradual expansion of SF aid in the late 1970s. By virtue of their considerable autonomy and resources, the few German *Länder* eligible for such aid led this movement, but they were soon joined by less powerful subnational representatives.⁶ In the mid- to late 1980s, competition among regions for political and financial positioning in Brussels began to build. The rising disadvantages of exclusion from expanding networks influencing both regional aid and policy-making on other issues gradually led almost all EU regions to see

⁶Initially Bremen and Saarland, both deindustrializing regions, were the only German *Länder* to receive SF aid.

direct representation in Brussels as an imperative (Le Galès and Oberti, p. 123). In 1989 all the German *Länder*, six French regions and two departments, and four British local authorities were operating in Brussels; as of July 1994, 76 regional offices were lobbying the Commission.⁷

These offices serve primarily to pursue funding and influence EU regulations, but also represent smaller regional firms and interests who lack functional lobbying channels. Commission bureaucrats and regional representatives consult routinely on all areas of regional interest. In interviews, regional representatives noted that their access to the Commission is in many ways superior to their access to their own central governments. The Regional Policy Commissioner (DG XVI) makes time for regional representatives even on short notice. Nor are regional connections limited to DG XVI. The regulatory authority of DG IV (Competition) monitors regional attempts to attract investment through tax and real estate incentives (Anderson, 1990, p. 430). Requirement of DG IV approval for regional investment incentive programs has been a strong inducement for regions to build links to Brussels. DG V (Employment, Social Affairs and Education) has also linked itself to a network of municipalities through its local economic development program, LEDA (Goldsmith, 1993, p. 696). Other DGs, such as DG XI (Environment, Consumer Protection and Nuclear Safety) hold regular briefing sessions for regional offices. On a more informal level, Commission-region relationships are underpinned by regular social events. Participants noted that these meetings, more than simple cocktail parties, serve as important fora for the discussion of strategies on various policy issues, as

⁷Interview with DG XVI official, July 1994 This number includes UK county and municipal offices, which might not be defined as regions per se

well as direct conduits for information. As separate events for regional representatives, they also foster the development of a common "region-ness" among the diverse group of local and regional authorities in Brussels.

The emergence of direct Commission-region links has been paralleled by the expansion of transfrontier interregional cooperation and EU-wide regional associations. With active Commission encouragement (and sometimes leadership and participation), a large number of interregional alliances have developed. These groupings provide regions with both technical resources and political alliances, and give the Commission opportunities for interaction with increasingly powerful interlocutors. Through its special aid programs, the Commission has created groups of regions confronting similar problems, such as EXCHANGE (the EU poverty program), GREEN LINKS (non-polluting transport issues), HORIZON (opportunities for the handicapped), and the above-mentioned LEDA (Goldsmith, 1993, p. 697). RETI (*Régions de tradition industrielle*), a grouping of Objective 2 regions, has quickly developed into both a research organization and a collective lobby (LaBasse, 1991, p. 224). The "Euro-region" connecting Nord-Pas de Calais, Kent County, and West Flanders (Belgium) through the INTERREG program has created a similar lobbying entity.

Outside specific Commission programs, Commission encouragement and regional initiative have formed a web of networks of regions with similar interests. MILAN unites motor industry regions; the Coal Communities Campaign, originally purely British, includes North Rhineland-Westphalia since 1990; the "Atlantic Arc" grouping of 21 regions from Scotland to Spain has lobbied for major highway construction linking its members;

the well-known "Four Motors" partnership unites the powerful high-tech and industrial leaders Baden Württemberg, Lombardy, Rhône-Alpes, and Catalonia; and associations exist for frontier regions, mountainous regions, peripheral maritime regions, and capital regions, among others (Goldsmith, 1993; Le Monde 8-9.3.92). Even modest regions like French Picardy and the English county of Essex have opened a joint office in Brussels (Rangeon, 1993, p. 61). Since 1984, the association BLORE (*Bureau de liaison des organisations régionales européennes*) has operated as a link between the myriad interregional associations (LaBasse, 1991, p. 121). And at the most general level, broad organizations link all EU regions and cities to Brussels and provide independent research and consulting to their members: the *Council of European Municipalities and Regions* and the *European Local Authorities Research and Study Center* represent large cities and regions; the *Committee of European Cities* (or EUROCITIES) groups large but less central cities; and the *Commission des Villes* brings together smaller cities and towns.

These complex improvised networks provide extra-national sources of information, technical consulting, and political help to bolster both regional and Commission autonomy. Additionally, regional associations allow the Commission to support regional autonomy without intruding directly into any specific national-subnational relationship.

The final element in the network linked supra- and subnational authorities in the EU is the recent creation of a formal *Committee of the Regions* in Brussels. The 1988 reforms gave regions their first formal institutional toehold, when the Commission attached a *Consultative Council of Local and Regional Authorities* to itself. This was largely an official version of preexisting unofficial consultative networks, but was significant as such,

providing a more structured forum for regional involvement. The major leap to constitutional recognition came with the 1991 Maastricht Treaty on European Political Union. As a result of considerable pressure from a regional coalition led by German, Spanish, and Belgian regional authorities (Scott et al, 1994), the Consultative Council was replaced by a Committee of the Regions with a statute equal to the EU's Economic and Social Committee. The new Committee numbers 189 nationally-selected representatives, and is automatically consulted on Community policy in the areas of social policy; education; culture; public health; trans-European networks, transport, telecommunications and energy; and economic and social cohesion. Both the Council and the Commission may solicit the Committee's opinion on any other issue, and the Committee may issue opinions on its own initiative.

Despite being modelled on the weak Economic and Social Committee, the Committee of the Regions has the potential to become a much more significant EU player. After initial attempts by several countries to nominate non-elected officials to their delegations, the Committee convened for the first time in March 1994 with only subnational elected officials as members (Granrut, 1994, pp. 185-95). Many representatives are important office-holders, such as German *Länder* governors, and this electoral base suggests a legitimacy which is unique among Brussels institutions.

The Committee remains only a consultative body. The large power disparities between regional representatives – German *Länder* governors sitting with English County Council members – creates an unbalanced context for deliberation. In addition, the persistence of national perspectives within the Committee reveals the enduring limits on

regional autonomy: in the initial sessions, national delegations have brought unified positions to Committee meetings. Nonetheless, future developments may be foreshadowed by a regional official's comment that the Committee was created "because the member-states could no longer resist it." The improvised networks of regional action which undergird the Committee suggest that it is not institutional window-dressing, as some have accused. Instead, the Committee's minimal formal powers understate the actual influence of subnational authorities in Brussels.

This section has set out the empirical developments which we wish to understand. They can be summarized as the formation of networks of political and functional relationships connecting the EU Commission to subnational regions, and regions to each other across national borders. But how should we interpret these developments? What is their significance for the broader evolution of the European Union? We now develop our theoretical approach in detail.

II. The Analytics of Dual Networks

In theoretical terms, our argument that networks matter in European integration rests on a distinction made in the networks literature between "exchange theory" and "structuralism" (Ekeh, 1974). In exchange theory, relationships between actors are conceived in terms of the gains from trade, whether psychic or material resources are exchanged. The relationship is inferred from the reciprocal interdependence of actors; each actor provides something that the other actor needs or wants. For exchange theory, the

network relationship itself does no independent explanatory "work." It is a dependent variable endogenous to the needs and desires of actors. With structuralism, in contrast, relationships are considered a parameter or even constitutive of behavior. In causal terms, the network is treated as prior to the actors' conceptions of opportunities, strategies, cognition, and even preferences. Much as neofunctionalists or institutional theorists in general argue for institutions, structuralism suggests that once relationships have been created they tend to produce important unintended or spillover effects on future behaviors.

With respect to the Commission-region networks described above, we see their *creation* primarily in terms of exchange theory. The regions have cultivated links to the Commission and to other regional actors in order to access to important resources. The Commission views its links to the regions in similarly instrumental terms: administrative links with the regions enhance their capacity to encourage European integration and to target Structural Fund aid. In keeping with structuralism, however, we suggest that once this network infrastructure is in place it is likely to alter the character of future strategic interaction between EU institutions, nation-states, and regions. Ultimately, these networks may gradually lead regions in particular to reconstruct their cognitive maps: in addition to seeing themselves as units of nation-states, they may also come to see themselves as regions of Europe.⁸

The essence of our argument is that the *dual networks* linking regions to the EU and

⁸Many EU regions are already loudly proclaiming their "European-ness." This is frequently dismissed by political scientists as rhetoric which does not reflect any major change in national control. We accept that it is mostly rhetoric, but are unwilling to dismiss the role of rhetoric in structuring politics. Dual networks make this rhetoric possible and encourage it, and political use of the rhetoric may feed back to enhance the importance (in more traditional terms of resources and capabilities) of the networks.

to their respective nation-states are likely to enhance the relative strategic and cognitive autonomy of both the regions and the Commission. Structuralism suggests that actors strategies and identities are constituted through their relations with others. In the particular case of dual networks, this implies that the behavior of an actor in any one relationship is conditioned by the parallel relationship.

The importance of parallel relationships is suggested more generally by the idea of "dual hierarchy" in organization theory. Philip Selznick brought the dual-hierarchy conception to the attention of the organization theory community with his book The Organizational Weapon (1960). He described the means by which political control was achieved over other non-party organizations (e.g., unions) through the creation of a chain-of-command paralleling and mirroring the existing operational chain-of-command. This parallel chain-of-command gave its loyalty to the party rather than to the existing organizational leadership. In this version of the dual hierarchy model, it is only one actor at the nexus of dual networks who benefits from two channels of information and control. Control is seen as accruing to an external or centralized agency either by virtue of providing superior coordination via dual hierarchy (Schurmann, 1968, pp. 188-194) or by playing one network off against another (White, 1992).

Peter Evans has suggested a model of dual hierarchy that emphasizes its value for information flow (Evans, 1975). He argues that dual channels of control helps to reduce "control loss"—the slippage in compliance at each successive step in a chain-of-command. The presumption is that the greater the number of steps in a chain-of-command, the greater the distortion of initial commands. With a simple mathematical model, he has shown that a

parallel chain of command can reduce control loss by providing a dual supply of information from all hierarchical levels. This parallel chain-of-command reduces the dependence of leaders on the information monopolies of lower-level operatives.

But it is far from clear that the EU can be treated as any sort of "hierarchy." More appropriate for our subject is a more general version of the dual networks concept provided by Georg Simmel's idea of *tertius gaudens* – "the third who benefits" (Simmel, 1950, pp. 154-162).⁹ Simmel emphasized that conflict between two parties in a triangular set of relationships may be resolved to the benefit of the third party. We suggest that as long as one of the basic political conflicts over the construction of Europe is between those promoting European federalism and those protecting national sovereignty, autonomy is likely to flow to the regions. In conflicts that arise between the Commission and the member states over issues such as the "democratic deficit" or "subsidiarity", both have an incentive to play the regional card. Commission and states may find compromise solutions to EU problems by allocating responsibilities to regions; both would prefer regional responsibility over the concession of a given responsibility to the other. This places the regions in a position to play one administrative channel off the other. In some issue-areas, as in the negotiations on regional policy we discuss below, the argument can be flipped over the show how the Commission may play the *tertius gaudens* role.

Adequate descriptions of Europe as a hybrid institution—as having features identified by intergovernmentalism, neofunctionalism, and regionalism—require the ability to describe this hybrid as a distinct and stable institutional form. If the dual network concept describes

⁹For a discussion of the *tertius gaudens* role in the context of modern network theory, see Burt, 1992.

the distinctiveness of one such hybrid form, the idea of *structural balance* suggests how it might be stable. The basic argument is that cross-cutting allegiances can yield a stable structural balance between opposing forces. Max Gluckman has described cross-cutting allegiances in the following terms:

Certain customary ties link a number of men together into a group. But other ties divide them by linking some of them with different people who may be enemies to the first group (Gluckman, 1964, p. 10).

Gluckman analyzes Evans-Pritchard's classic study of the "stateless" Nuer tribe as an example of social cohesion resulting from cross-cutting allegiances.

In a study of social networks in an English county prior to the Civil War of 1640, Peter Bearman has provided an example of how cross-cutting allegiances can lead to structural balance (Bearman, 1993). Bearman describes two forms of alliance: on the one hand, conflict between regionally-distinct forms of agricultural production (corn-cattle versus wool-sheep) led to one channel of interest aggregation; on the other hand, status and land disputes within a region led to a second channel of aggregation. These two channels were connected by the strategic behavior of actors embedded in both channels: in the context of intra-regional conflicts, landowners sought alliances outside the region with their erstwhile inter-regional enemy (and vice versa). An equilibrium is created when actors, by their strategic behavior towards one channel or the other, generate a structural balance between alternative modes of mobilization. This balance might be achieved in any number of ways—for instance, the threat of being locked in and subordinated to one coalition may induce actors to defect in support of the alternative channel. In Bearman's case, the breakdown of this structural balance ultimately led to civil war.

From the structuralist point of view implicit in both the Gluckman and Bearman discussions, structural balance is predicated on the prior existence of social relations that cross-link actors. Gluckman suggests that societal cohesion is achieved among the Nuer by virtue of common third-party relations that check conflicts between any two parties. We would suggest that the more relevant mechanism in Europe is described by Bearman: the existence of dual relationships creates the possibility of "exit" opportunities in any one relationship. Given two long-term relationships, an actor can exercise a short-term "exit" in one of the relationships by turning to the other. This enhances the autonomy of the exiting actor. In the EU context, the dual networks linking the regions to the Commission and to their respective nation-states enhance the autonomy of regions; the dual networks linking the Commission to national and subnational actors enhance its independence. By exercising these exit options whenever the Commission or states wield their muscle over subnational actors, regions are likely to preserve both channels. Similar action by the Commission in response to national or regional attempts to exert pressure on it also bolsters the durability of dual networks. Thus the creation of dual networks may encourage subnational and supranational strategies that lead towards a stable structural balance between the two networks.

III. Dual Network Dynamics in the EU

Our first section described the development of networks connecting the EU

Commission to subnational regions, forming a second channel of institutional relationships alongside the traditional mediation of external ties through the national government. The second section offered some theoretical tools for understanding what the meaning and impact of this second network may be in the EU. This final section provides evidence from inside the dual networks to argue that the hypothesized theoretical dynamics are present.

As for the paper as a whole, this section's task is twofold. First, in pointing to a new network of relationships between the EU and regions, we must try to convince intergovernmentalists that this could possibly be of consequence. We do not contest that the primary legal-institutional authority and the vast majority of institutional capabilities remain in the traditional network of the EU, centered on national governments. We are well aware that sketching the existence of a second network of relationships is not evidence that it is consequential. Drawing on a series of interviews in Brussels, this section provides evidence of the policy impact of the second network.

Second, while arguing that an EU-region relationship matters, we want to distinguish ourselves from the more traditional critics of intergovernmentalists. This section uses network theory and empirical evidence to argue that regions can matter without engendering a transition to a "Europe of Regions." Our interviews in Brussels found that supranational and subnational participants in EU regional policy-making adopt dual roles and are careful to preserve both. National governments remain central to dual network dynamics in the EU.

The Significance of the Second Network

The emergence of direct ties between regions and the Commission has enhanced the ability of both to formulate and implement policies which do not entirely conform to the priorities of national governments.

For the Commission, new flows of information are the key development. As Michael Goldsmith points out, the Commission (like all bureaucracies) needs information to make and police its policies (Goldsmith, 1993, p. 689). Its small organizational size makes both tasks difficult to undertake on its own. Dependence on information from a single source – whether national or regional government – would lessen the Commission's ability to formulate policies. The appearance of dual networks allows the Commission to prevent both states and regions from withholding or distorting information. As a result, the Commission is better able to carve out an autonomous policy role.

A good example comes in the Commission's efforts to enforce the principle of additionality in EU aid. Structural Fund aid is supposed to be additional to national spending on regional development, rather than permitting national governments to spend their own money elsewhere. For the first fifteen years of EU regional policy this principle was often ignored; Commission monitoring of national implementation was generally ineffective, and EU funds were frequently diverted to unintended uses. This diversion has become much more difficult (and much more rare) with the development of an EU-regional relationship. In January 1992, for example, the Commission blocked the release of funds to British regions because the national government provided insufficient evidence of national

co-financing. Local authorities had communicated to Regional Policy Commissioner Bruce Millan that national reticence left them unable to co-finance the projects. After the national government rendered its spending procedures more transparent, Millan released the funds. But in 1993 EU funding was again halted until the national government further revised its procedures to guarantee additionality.¹⁰ Without access to regional sources of information, the Commission would have been unaware that the national government was side-stepping the principles of SF aid. Without direct access to the Commission, regional actors might have been unaware of the obligations of central government.

For the regions, the main benefit of direct connections to the EU comes in the support the Commission lends to regional priorities which diverge from national priorities. Our interviews suggest that national governments are often unwilling to challenge the legitimacy EU and regional authorities extend to each other. While national officials could be dismissive of either supra- or subnational authorities in bilateral dealings, an EU-region alliance cannot be so easily ignored. Take, for example, the process of developing a Community Support Framework (CSF) for the city of Lyon, which one of the directors of DG XVI claimed was characteristic of CSF development in general.¹¹ The French government wished to use EU money for road-building and other physical improvements. Commission officials note that this is a common national priority, since road-building conforms with general national spending in regions and makes adherence to additionality

¹⁰"Divergence Between the Commission and the British Government On Practical Application of Additionality Continues to Block Financing," Agence Europe, 19 February 1993. The initial controversy over the funds (within the RECHAR program) is developed in depth in Marks, 1993.

¹¹Interviews in Brussels, July 1994.

difficult to determine.¹² The representatives of Lyon, however, were more concerned with funding training programs and regional banking and management services. The Commission typically favors this sort of program, as they directly profit the regional economic base rather than simply improving the regional link to the core through transport investments. Although the French central government submits the initial CSF proposal, the end product of the policy-making process was a program for Lyon that conformed to Commission and regional priorities.

To see how this reorientation took place – and to appreciate the importance of dual networks in the outcome – we must descend into the details of EU policy-making. The development of a Community Support Framework occurs in three basic stages. First, the member-state bargains with the Commission over the general approach to the development of a region. Regional authorities do not have a powerful voice at this stage. The national governments are primarily concerned with getting as much money as they can out of the EU (in the case of the rich countries, *back* from the EU). They draft proposals which they basically see as withdrawal slips to get EU money; they are relatively unconcerned with developing detailed programs for the regions. The end product of haggling between the national government and the Commission is a document which sets the amount of funding and general program orientation, but does not lay out specific projects.

The opening for regional influence comes from the broad margin for interpretation left by the general language of these documents. In the second stage of the process, development of concrete programs is undertaken by a committee in the region. Important

¹²This is true of most member-states, but Germany was cited as an exception

regional economic actors (Chambers of Commerce, unions, etc.), local elected officials, a Commission representative, and a national government official participate. The national government representative generally chairs the committee.¹³ This official, however, is never the same person who negotiated with the Commission in the first stage.¹⁴ This fact, combined with the vague language of the initial agreement, often means that the original intent of the agreement is not carried over into the committee's deliberations. All that passes from the national-Commission negotiations is a document whose language can be interpreted in a variety of ways. Without the presence of one of the original drafters to explain exactly what was *meant* by the words, the "implementers" must come up with their own meanings. The Commission brings experience and expertise to these committees; regional representatives bring intimate knowledge of the local situation. Especially when they act together, the Commission and the regions are often able to direct the specific interpretation and implementation of the CSF toward their own priorities.

Maintaining a National Role

While the EU-region relationship sometimes circumvents national control, the persistence of more important subnational-national and national-EU relationships is

¹³Except in Holland and Belgium, where the chair is a regional official

¹⁴According to a director of DG XVI, the Commission consciously ensures that the original negotiators are never involved in the later stages of the CSF process. In organization theory terms, the Commission employs a *segmentation strategy*. the selective distribution of tasks and information for purposes of control. By segmenting the initial negotiations and specific implementation in time and between groups of national representatives, the Commission maintains a maximum degree of influence over the final output. Again, interviewees stated that this was a conscious strategy on the Commission's part.

indisputable. Despite the changes detailed above, the Commission still relies on the resources of the national governments for the vast majority of its information (Goldsmith, 1993, p. 689). The information-gathering and processing capacities of the states are unmatched. Information from the regions can be used to confirm or dispute information from the states, but national channels remain the major source of Commission information. The states are also the Commission's major ally in the implementation of policy, implementing and enforcing EU directives. These directives often clash with opinions in the regions, as subnational governments are often reluctant to comply with regulations over which they have had little or no influence (Majone, cited in Goldsmith, 1993, p. 689).

Nor are regions by any means in general conflict with their national governments. Independent regional lobbying in Brussels is a relatively new development; regional lobbying of EU developments through national representatives has been part of EU policy-making since its creation. Due to its superior administrative resources, political power, and privileged insertion in the Brussels machinery, the national channel is still the most common route for mobilization by regional actors (Goldsmith, 1993, p. 698). In fact, regional representatives are usually somewhat surprised by the suggestion that they might be seeking to undermine national authority.¹⁵

Given the threat to national control posited by the Europe of Regions perspective, one would expect national governments to strongly oppose any regional representation in Brussels or in EU policy-making. Yet the regional offices are not in Brussels against the wishes of national governments, even though they often pursue goals which diverge from

¹⁵Interviews with regional representatives in Brussels, July 1994

national interests. Even the UK – the member-state which has experienced the most open conflict with its subnational authorities over EU policies – encourages and supports regional representation in Brussels.

In sum, all of the relationships matter within the dual networks of EU regional policy. Commission and regions profit from the information and political support which now flow directly between them. But the result is not to *undermine* the connections of both to national governments; these connections are simply *changed*. National governments remain at the center of European integration, but their role in that process is evolving towards one of regular negotiation with supra- and subnational government.

IV. Conclusions

We have argued that the development of EU-region relationships in the context of the Structural Funds matters for Commission autonomy, regional autonomy, and EU policy outcomes. The organization theory concept of structural balance suggests that this situation of dual networks may be stable: EU regional policy will continue to take shape in a process of three-way negotiations. But EU regional policy, while interesting, is not of enormous significance when considered by itself. What reasons are there to think that the appearance of dual networks in regional policy might foreshadow the spread of this dynamic across European integration more generally? We offer three reasons to expect the replication of dual networks in other parts of the EU.

First, the incorporation of subnational government into a single sector of EU policy-

making is fundamentally different from the incorporation of business associations or other private groups. As noted in our introduction, public territorial actors have defined the basic frameworks of modern European politics. These organizational actors enjoy a unique public legitimacy, allowing them (or assigning them) responsibility for a tremendous diversity of multi-functional actions in European society. Precisely because their territoriality implies multi-functional action, the role of regions in EU policy-making will be difficult to confine to the sector of regional policy. The more autonomous EU regions have the legitimacy, broadly-defined responsibilities, and capabilities to strengthen their foothold in Brussels, and so to weigh in on EU policy-making more generally.¹⁶ In theoretical terms, the creation of sectorally-defined networks between multi-sectoral actors is likely to spill over into effects in other sectors.

Second, an expanded regional role seems a likely resolution, if only partial, of several of the major problems in European integration. Our second section presented the idea that regions may profit from national government-Commission conflict through the structural role of *tertius gaudens* – "the third who benefits." In regional policy, the states were reluctant to give the Commission responsibility for direct administration of SF aid, and the Commission opposed allowing the national monopoly to continue. Giving some responsibility to regions appeared as a kind of compromise acceptable to both. In simple terms, both states and Commission resolve their conflict by ceding power to the lesser of two evils. The result is a quasi-federalist mode of integration, in which subnational

¹⁶And we can speculate that, as with the Committee of Regions, the push of stronger regions for greater EU involvement may obtain a role for weaker regions too, adding an EU drive to the regionalization of Europe's more centralized members.

devolution is at least as pronounced as supranational recentralization.¹⁷

More broadly, consider the widely-noted EU challenges of the "implementation deficit" and the "democratic deficit." In policy implementation, the "deficit" derives from the gap between the Commission's regulatory power and its administrative dependence on often-uncooperative national organizations. In areas such as transport, the environment, telecommunications and energy (for example),¹⁸ states recognize the desirability of coordination but are often unwilling to give responsibility to the Commission at the supranational level. As with the Structural Funds, a compromise between the Commission's push for integrative solutions and national reticence may be greater reliance on cooperation between subnational governments. The "democratic deficit" comprises the criticism that EU institutions are politically opaque, and only weakly (if at all) responsible to directly elected bodies. All actors in the EU acknowledge that something must be done to correct this problem. But many of the states are hostile to an increase in the powers of the European Parliament, over which they have no control. Furthermore, while many parts of the Commission are enthusiastic for the deeper integration a more powerful Parliament would represent, such a development would probably weaken the Commission more than any other institution. An expansion of the powers of the Committee of the

¹⁷This argument can be reproduced in the world of theory. Intergovernmentalists analytically privilege the states, neofunctionalists privilege the Commission. Both capture part of what is happening in the EU, and both access one of the drives to European integration: cooperation between states, and leadership by a supranational organization. But our argument suggests a third drive to integration: it is not either group of actors but the conflict and cooperation between them which pushes European integration forward. Only by encompassing both in a single approach can the possible results of their compromise become visible.

¹⁸These happen to be three of the five areas of EU policy on which the Committee of Regions must be consulted.

Regions might help shore up the EU's democratic appearances without directly challenging either Commission or the states.

Lastly, an expanded regional role may come about from political pressure from subnational governments.¹⁹ We have noted that the Committee of Regions resulted from a concerted campaign led by German *Länder* and Spanish and Belgian regions. As EU directives regulate more and more of European life, the subnational governments who have attained greater autonomy from the national level are increasingly demanding a louder voice in EU policies. The last twenty years have shown that national governments are often willing to decentralize (or abdicate) responsibility for difficult (fiscally expensive and politically volatile) issues such as welfare and public health. When combined with the potential appeal of a *tertius gaudens* compromise for both states and Commission on many issues, subnational pressure may well obtain its goal of greater representation.

If any of these processes indeed lead to a greater regional role in EU institutions, network theory and structural balance suggest that much of European integration could be characterized by the dynamic of dual networks for a long time to come. Other dynamics will undoubtedly also shape Europe's future; we reiterate our refusal to proclaim the creation of a new "model" of Europe. But we also believe that understanding European integration – present and future – requires understanding dual networks in the European Union.

¹⁹Or from political realignments at the national level. National governments which favor both European integration and national decentralization – as do parts of the British Labor Party, for example, or the French UDF – could themselves undertake policies which would produce dual networks in the EU.

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