

Europe's Foreign and Security Policy

The Institutionalization of Cooperation

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1 The institutionalization of cooperation: an analytical framework

Foreign and security policy cooperation has long been one of the most ambitious goals of those who favor a more united Europe, yet the original mechanism to achieve this goal, European Political Cooperation, was vague in its scope and severely limited in terms of institutional design.¹ By the time of the Treaty on European Union twenty years later, however, the limited “talking shop” of EPC had been formally institutionalized into a legally binding policymaking process capable of producing common positions and joint actions on a wide range of global problems. Today virtually no major foreign policy issue goes unexamined by the EU, and cooperation is under serious consideration in related areas such as security and defense. How can we explain this cooperation, and in what ways did institutionalization affect EU foreign policymaking? The key challenge here is to understand the various processes by which an informal, extra-legal, ad hoc, improvised system gradually fostered the achievement of cooperative outcomes *and* progressively enhanced its own procedures to improve the prospects for those outcomes.

As much of this activity took place outside the institutions and procedures of the European Community, an explanation of EU foreign policy may benefit from more general explanations of institutional development rather than other theories, such as functionalism, specifically developed to explain European economic integration. This means taking into account the reciprocal links between institutional development and the propensity of states to cooperate to achieve joint gains. This relationship is dynamic and circular: cooperation can encourage actors to build institutions, but institutions themselves should foster cooperative outcomes, which later influence the process of institution-building through feedback mechanisms. Causality runs in both directions, and institutionalization and cooperation can be treated as either dependent or independent variables

¹ Note that my focus on EU foreign policy cooperation differs from an analysis of political *integration*, which involves foreign policy cooperation plus a host of other factors, such as electoral practices and judicial cooperation.

depending on one's research interests. To capture the feedback dynamics between these behaviors, we can assess both causal paths separately, but in sequence. In other words, by analyzing the entire history of institutionalized foreign policy cooperation in the EU, I can first demonstrate that, in general, institutionalization improves the prospects for cooperation. Of course, this is not to say that *every* new institutional procedure directly promotes cooperative state behavior, only that, other things being equal, international cooperation is more likely to be found within an institutionalized framework than outside of one. Second, by breaking down the analysis into clear stages, I can also demonstrate how individual institutional elements encourage specific cooperation-inducing behaviors. Third and finally, I can then examine cooperative outcomes more closely to show how they (along with other factors) encourage debates and reforms regarding institutional design.

Why an institutional approach to EU foreign policy cooperation?

The primary outcome to be explained in this study is the progressive development and impact of institutionalized cooperation in foreign policy among EU member states. In general, this cooperation, or policy coordination, requires deliberate, active efforts on the part of states to achieve a certain end. This is particularly true in "mixed motive" situations, where states have incentives both to cooperate and to defect, or in situations (such as EU foreign policy) where it is difficult to determine the costs and benefits of cooperating. To know that cooperation is taking place, we must show that states did not perceive themselves as having identical interests in a given choice situation, yet they still attempted to adjust their foreign policies to accommodate each other (Keohane 1984: 51–52). I provide more specific empirical measures of EU foreign policy cooperation in the next chapter; for the moment, I define such cooperative actions as those which are: (1) undertaken on behalf of all EU states toward non-members, international bodies, or global events or issues; (2) oriented toward a specific goal; (3) made operational with physical activity, such as financing or diplomacy; and (4) undertaken in the context of EPC/CFSP discussions (although the EC can also be involved).²

What causes such cooperation? I should first note that cooperation can emerge in the absence of institutional structures, or even in the absence of deliberate efforts to coordinate policy. Even in "Prisoner's Dilemma" type situations explored by realists, where two actors are

² These are based on my slight revision of criteria found in Ginsberg 1989: Chapter 1.

assumed to be held incommunicado from each other, cooperation can emerge spontaneously through mechanisms such as iteration (Axelrod 1984). Prisoner's Dilemma, however, does not accurately reflect the politics of the EU: it is a highly transparent and multilateral (rather than bilateral) network of states and involves a dense web of policy issues and actors bound by complex institutional mechanisms. Various forms of realism thus generally fall short in attempting to explain cooperation in this setting.

For example, structural (or neo-) realism stresses the international distribution of power, largely defined in material terms, to explain how order can emerge out of the behavior of self-interested actors (Waltz 1979). In this view, such order often results from the presence of a dominant state (hegemon) or set of states engaged in a larger struggle for power. However, although the dynamics of the Cold War rivalry and the security guarantee provided by the US certainly encouraged the initial drive for European integration in the 1950s, EU foreign policy in particular cannot be understood solely by reference to the global balance of power. The US military guarantee undoubtedly created an atmosphere conducive to European cooperation, but the US was still unable to dictate the terms of that cooperation.³ Nor can fluctuations in US–Soviet rivalry account for the persistence and gradual expansion of EU foreign policy. Cooperation in the EC/EU has taken place under bipolarity (during the Cold War) and unipolarity (if one assumes that the collapse of the Soviet Union in 1991 resulted in a “unipolar moment” dominated by the US). EPC progressed in part because of its usefulness as a third way between the superpowers; it allowed for both a military alliance with the US and a sociopolitical dialogue with the Soviet Union and its successor states. More generally, as critics often observe (Haggard 1991), a single international condition (the relationship between the superpowers) can hardly explain the wide variety of outcomes in world politics, whether conflict or cooperation. Thus, structural realist theory is inadequate to explain the development of foreign policy cooperation in Europe over the past three decades.

Similarly, realist theories involving perceptions of *specific* external threats as a motivating factor for cooperation are not very useful for understanding EU foreign policy (Walt 1988). Major fluctuations in the US–Soviet relationship, for example, are weak predictors of changes in EU foreign policy cooperation: Europe has made specific efforts to cooperate in this domain before and after the demise of the Soviet Union, has not always acquiesced to the US and NATO, and continues to develop its own efforts in this area despite the robustness of NATO. In

³ For one example, see Mastanduno 1988.

short, there has been no systematic relationship between policies of the superpowers and the response of the EU. Even within the EU we cannot explain cooperation by focusing primarily on the behaviors of three regional hegemonies (France, Germany, and the UK).⁴ These states have not always seen their goals realized, nor have they always taken the lead on every major policy or institutional innovation. The smaller EU states have in fact played more important roles in the development of European foreign policy in terms of its policies and procedural development than a realist would expect. As we shall see, agreements between the big states (or at least between France and Germany) have usually been necessary to *codify* EPC/CFSP institutional changes in the form of a report or treaty, yet the *character* of such changes is usually a product of existing habits and procedures worked out among the officials responsible for EU foreign policy on a daily basis. Most importantly, we have seen the gradual construction of the EU's external capabilities despite the efforts of the US and even of some EU states (such as France and the UK) to resist this process.

In sum, leading versions of realist theory are inadequate to address fully the key questions about EU foreign policy discussed in the introduction to this study: why it persists, its performance record, its relationship to European economic integration, its procedures, and its impact on the domestic politics of its member states.⁵ Certainly we must remain attentive to the concern for power and sovereignty that permeates many EPC/CFSP decisions. But we also need to be sensitive to occasions where concerns about power are balanced against competing objectives, or even muted altogether owing to other factors. External forces or pressures such as anarchy, the distribution of power, or hegemonic leadership do not dictate state behavior. Such forces or problems must always be defined before they become objects of action, which requires human choice (or agency). Nor do the largest states within the EU dominate the processes of either cooperation or institution-building, whose rules specifically allow all states to play a leadership role and to veto actions they oppose.

⁴ This argument is closely related to "alliance dependency" theories, where fear of abandonment or exclusion leads weaker members to support any cooperation advocated by stronger powers. By this reasoning, cooperation is difficult because states must balance the risks of entrapment (being drawn into a conflict because of another state's ambitions) with the risks of abandonment (having no support from others when their own security interests are threatened). Thus the dominant power must be able to raise the costs of non-cooperation (with threats) or lower the costs of cooperation (with payoffs) to produce alliance cohesion with other member states. See Christensen and Snyder 1990.

⁵ For an opposing view, see Pijpers 1991.

These problems make the application of mono-causal theories of cooperation, such as realism, to EU foreign policy extremely problematic. Although we should always be sensitive to the role of material power in explaining international cooperation, realism by itself offers no deductive hypotheses, only *post hoc* "explanations" based on general assumptions about national interests.

Liberal theories involving interdependence and institutions attempt to confront these limitations of realist theory. For example, interdependence theories suggest that as security concerns diminish among a set of states, and as issues become increasingly entangled with each other (owing in part to increasing transnational and transgovernmental contacts), then states are more likely to cooperate to manage the costs and benefits of those issues. Complete national autonomy becomes harder to sustain, and states recognize the potential for joint gains in many situations (Keohane and Nye 1977). To the extent that this general tendency toward international interdependence is complemented by an increasing number of regional links and contacts at the European level, it would explain a general convergence of foreign policy interests within Europe. Complex transnational links create common problems and preferences, which induce cooperation among states.

This view provides a key rationale for the persistence and expansion of European foreign policy cooperation and European integration in general. Ginsberg, for example (1989: Chapter 2), finds that most foreign policy actions taken by the EU can be explained by two causal logics: the "regional integration logic" and the "interdependence logic." The regional integration logic involves situations where outside actors make demands on the EU as a result of its efforts to create common policies, primarily in terms of completing the single European market. The EC's Common External Tariff, for example, triggers a response from external actors who in turn require a common response from the EC. According to Ginsberg, this logic explains all but two of the 167 foreign policy actions taken by the EC between 1958 and 1972 (prior to the regular operation of EPC), most of which naturally involved economic issues. The interdependence logic involves international (as opposed to regional) pressures that can encourage a collective response by the EU. This logic became especially relevant to the EC after 1972, when political and economic upheavals involving the Arab-Israeli conflict and the oil crises challenged the EC to find a common external policy.

Yet with many issues a general appreciation of common values or preferences (such as support for democracy and human rights, anti-communism, and a respect for law) masks serious disputes over specific

strategies and means – economic, political, or military – to achieve the desired ends. In other words, liberal interdependence theories are somewhat vague on the way these preferences are related or prioritized, and on how they change state policies in specific cases to produce a common response (i.e., cause cooperative actions). Efforts to cooperate can be narrow or comprehensive in scope; they can be weak or strong in their ability to bind state behavior; and they can take the form of “one-shot” deals to long-range plans (Haas 1990). We should be able to explain this variation in the form or nature of cooperation, particularly across issues and over time. To explain cooperation, then, we need to explain choice among competing alternatives; to explain choice, we need to focus on how EU states make collective decisions. Thus, like realism, liberal interdependence theories of cooperation are too indeterminate to understand fully the progressive development of EU foreign policy. A secure environment and a belief in common interests (or a common destiny) are most likely necessary but still insufficient conditions for the increasingly extensive foreign policy cooperation found in the EU.

Given the limits of these general explanations of cooperation, we must take a closer look at the decision-making process within the EU foreign policy system. As Ginsberg notes, a third “self-styled” logic of EU foreign policy action became more prevalent starting in the 1970s, which involved EPC actions (or EPC actions taken in conjunction with the EC):

(Self-styled actions) reflect the EC’s *own internal deliberations*, both within the EC bodies themselves and between the member-states and the EC bodies. Self-styled actions reflect the EC’s *own sense of mission and interest in the world*. They are not solely dependent on the need to respond to external stimuli but instead are the products of (A) habits of working together; (B) EC and member-state initiatives; and (C) a sense of what Europeans want in foreign policy questions. EPC enables members to reach into all areas of international politics and has served to create an atmosphere conducive to fashioning, since 1974, a foreign policy style that reflects the members’ convergent interests in foreign affairs.⁶

As I demonstrate in the next chapter, EU foreign policy actions reflecting the “self-styled logic” began to take place following the creation of EPC. The key point here is that such self-styled actions are driven not only by external forces impinging on the EU, but also by an internal decision-making dynamic increasingly bound by institutionalization. They are the result of EPC/CFSP becoming, over time, much greater than the sum of its parts. EU foreign policy developed its own internal momentum which is not captured by most theories of international cooperation.

⁶ Ginsberg 1989: 59 (emphasis added).

Institutional change and cooperation: competing paradigms

Theories of institutional development have become increasingly complex and diverse in the past decade. While many realists remain skeptical of the relationship between institutions and cooperation (Grieco 1988; Mearsheimer 1994–95), other theories may shed more light on this question. These include neo-liberal institutionalism (Keohane 1984; Stein 1990), regime theory (Krasner 1983a), and in the specific case of the EU, liberal intergovernmentalism (Moravcsik 1993). These theories generally adopt the realist assumptions of anarchy, state-centrism, and states' concerns with security and cheating, yet they also accept that institutions can serve as bargaining arenas to help states conclude agreements with each other, thus promoting cooperation. Institutions do so by providing opportunities for linking disparate issues into package deals, making side-payments, and by helping states share information about their behaviors. For these theorists, the concern about being cheated by other states is the primary obstacle to relying on institutions to achieve international cooperation,⁷ and adherents of this approach tend to focus on economic or environmental cooperation, which invites criticism from realists about the applicability of the theory to "high politics" issues of foreign policy and security.⁸

Although many of these ideas can be applied to an analysis of European foreign policy, and I rely on them in later chapters, the overall approach is still far too narrow. First, as I will discuss in more detail below, it is very difficult to conceive of EU foreign policy as a distinct issue-area of international relations, particularly at its inception in the early 1970s. Regime theory is predicated on convergent expectations regarding the common goals of the institution, yet EU foreign policy cooperation more often than not did not enjoy this convergence of views. It is therefore both a regime for creating common views and actions in an emerging, aspirational issue-area, *and* a "meta-regime" to create additional forms of institutionalized cooperation (such as political dialogues) to handle specific problems. Second, many (though not all) regime theories stress formal obligations and organizations, yet EU foreign policy in its original form (EPC) was an informal, extra-legal arrangement for most of its history, and did not involve organizations to the extent suggested by

⁷ This view is not exclusive to international relations, of course. For example, in organized crime and other domains where state authority cannot be relied upon, hostage-taking is a rational way to enforce agreements (Williamson 1983).

⁸ In their defense, neo-liberal institutionalists have claimed their theories apply equally to foreign/security and economic issues (Keohane and Martin 1995).

regime theory.⁹ Third, regime theory is fairly static in its orientation; it may help explain the particular constellation of forces that led to the creation of an institution (or the “demand” for a regime) but says little about regime development over an extended period of time.¹⁰ Fourth, the heavy neo-liberal focus on reducing transactions-costs, where common interests are predetermined and issues are linked (or side-payments are made) to induce cooperation, does not generally apply to EU foreign policy cooperation. As we shall see, most problems within EPC/CFSP are treated as separate issues and cannot be made into package deals with other EPC/CFSP or EC issues.

Given the limitations of neo-liberalism in explaining institutionalization, I draw upon other approaches in this study. For example, classical liberal theories of institutions (often called “Grotian” perspectives because of their emphasis on law) question many of the fundamental assumptions of realism and hold a more optimistic view of institutionalized international cooperation. For classical liberals, institutions can do more than just act as passive bargaining arenas. Institutions can have an independent effect on world politics, such as providing technical expertise and policy-relevant knowledge. They help bring about the creation of international norms which are then internalized in member states and influence their behavior. In some cases, institutions can develop meaningful autonomy, by supplying new ideas and political leadership to help states reach agreement on potentially contentious issues. Especially in situations where democratic states are highly interdependent, institutionalized cooperation should develop and expand. For some liberals, interests and preferences can even be fundamentally changed by institutionalized interactions among states, thanks to a common respect for law and the harmonization of interests (Young 1989; Sandholtz 1996).

In sum, liberal theories recognize that institutionalized cooperation does not just involve periodic bargaining between unitary, undifferentiated, self-interested actors. Other ways to induce cooperation exist,

⁹ These points regarding legal obligations and formal organizations are addressed in more detail in Chapters 5 and 6.

¹⁰ Nadelmann (1990: 484–86) does suggest a multistage evolutionary pattern in his study of prohibition regimes, or those which attempt to eradicate certain behaviors (such as piracy and slavery) in international society. These stages involve (1) a pre-regime stage, in which there are no constraints on behavior; (2) the targeting and redefinition of behavior as evil, often by “moral entrepreneurs”; (3) activism by states and non-state actors for the criminalization of the behavior; (4) the use of formal laws and police patrols to control the prohibited behavior; and (5) the reduction or elimination of the prohibited activity. As we shall see, however, these stages are not applicable to the development of European foreign policy cooperation, which increasingly stresses positive action rather than the prohibition of certain behaviors (i.e., positive integration rather than negative integration).

and these can be deliberately encouraged by institutional arrangements. Norms matter for a variety of reasons, and states have some ability to learn and thus change their behavior. However, liberal approaches are largely silent about the sources of norms, how norms change, and why norms develop in some areas but not in others. Liberalism asserts that certain conditions (such as democratic governments, or growing interdependence) favor institutionalized cooperation; however, it stops far short of specifying the precise mechanisms or processes by which institutional development occurs.

The same generally holds true for more recent social constructivist theories of state behavior, which focus on intersubjective ideas, knowledge, and discourse. As critics point out (Checkel 1998), constructivism is vague on the ways by which some ideas achieve dominance or permanence (that is, become *institutionalized*) over others. It also tends to favor structure over agency, in the sense that it treats actors as passive, rule-following entities with little or no capacity to influence their own social environment. More importantly for my purposes, I am attempting to demonstrate cooperation in terms of specific rules and policy changes, which can be documented in the empirical record and, I argue, directly linked to institutional development. Constructivism tends to stress changes in general preferences, interests, or identities, none of which *directly* concerns me here (although I return to this question in the conclusion to this volume).¹¹ However, constructivism does have the merit of being neither optimistic nor pessimistic about institutions; it thus considers the possibility that institutionalization can have both positive and negative effects on cooperation.¹² This point will become increasingly relevant in the chapters to follow.

Toward a theory of institutionalization

To gain a fuller understanding of the relationship between institutions and cooperation we must move beyond the analysis of *static* institutions

¹¹ Although I do assume a link between changes in preferences and changes in policies, I focus on policy adaptation (i.e., cooperation) because of the methodological problems involved in determining the “actual motivations” of relevant officials from up to fifteen EU states across numerous policy issues over thirty years. Clear evidence of policy coordination is a necessary first step to exploring whether institutionalization changes fundamental national preferences or interests; this study attempts to provide and explain that evidence.

¹² Wendt 1999. Again, this approach stresses general structural conditions (common fate, interdependence, homogeneity of actors, and self-restraint) that apply to EU states and might affect their general propensity to cooperate. However, to explain actual institutional and policy outcomes in the area of EU foreign policy we need to supplement these conditions with more specific factors at work in the EU.

or structures and *single* collective outcomes and consider the cumulative impact of decisions regarding cooperative outcomes and institutional change, or the process of institutionalization. Powerful actors are certainly important in institution-building, as realists argue, but institutions can also constrain those actors and empower others at different stages of institutional development. As we shall see throughout this study, smaller states such as Belgium and the Netherlands have been able to discourage or encourage institutional change in ways that cannot be predicted by an emphasis on material power alone. Thus, European institution-building cannot be wholly explained by examining only history-making intergovernmental deals, such as the Single European Act (Peterson 1995), and EU foreign policy cannot be understood by considering collective actions in isolation from each other, or from the construction of the European Community itself. In other words, we need to consider both the temporal dimension of change (or the key events between each major intergovernmental bargain) and the decision-making locus of change (or the way national, regional, and global processes are reconstituted as policies and procedures at the EU level). This involves "middle-range" theory-building (Merton 1957), where we move from very general propositions about international institutions and cooperation to specific decision-making structures, their mechanisms of change, and the outcomes they produce.

Thus, a primary distinction must be made between "institution" and "institutionalization." In general, institutions are the "rules of the game" of a particular social group, or a set of norms that shape behavior in a social space. They define and condition the choices of individuals (North 1990: 3). Institutionalization is the process by which those norms, or shared standards of behavior, are created and developed. Understanding institutionalization requires us to consider how norms change over time. Although some institutional theories, particularly those derived from examinations of bureaucracies, emphasize the static character of institutional arrangements, institutions which do not exhibit some degree of development or adaptation during their life span are quite rare.¹³ For most institutions, change is a constant feature, and rather than simply defining what an institution *is*, we should also attempt to explain what an institution is becoming, or how its norms adapt to each other and to their larger environment over time.

At a minimum, institutionalization means several things, which can serve as a point of departure for the analysis to follow. First and most generally, institutionalization means that certain behaviors of a set of actors persist over time; these actors thus adapt together (though to different

¹³ For a more extensive examination of this point, see Powell and DiMaggio 1991.

degrees) in the face of internal and external challenges. Institutionalized behavior is thus fairly well bounded, or qualitatively different from its environment. In other words, state behavior conducted within EPC/CFSP is qualitatively different from that in other arenas (such as the EC or NATO) although there may be some similarities.¹⁴ In this way, institutions also help promote stability, even though this stability is not necessarily efficient in terms of relating means to ends (see below). Second, institutionalization also means increasing complexity, in that collective behaviors and choices are more detailed and closely linked, thus applying to more situations. This complexity can be measured in terms of an increase in the number of norms, the clarity of those norms, the change from norms into laws (or formalization), and the bindingness of those norms (i.e., a change from behavioral standards or expectations to behavioral *obligations*). These common behaviors, and the shared meanings on which they are based, create a social space with its own internal dynamism, as norms are preserved, interpreted, and applied in a range of situations, thus both simplifying and complicating collective decision-making depending on the stage of institutional development. There is also likely to be some sense of appropriate roles that actors are expected to play in the process of collective choice (i.e., who leads and when), and often a division of labor involving those roles.

Third, it also means that actors attempt to apply increasingly broad, general criteria in addition to particular norms to make certain decisions; outcomes are not determined exclusively by each set of constraints and opportunities faced by the actors at a given time but are also conditioned by larger principles which apply to all actors in all situations. Decision-making thus becomes more automatic than discretionary as the institution develops (Polsby 1968: 145). Rather than tending to adapt to new circumstances, increasingly institutionalized behavior becomes more instinctive (but not necessarily mechanical). Actors do have a capacity to help redefine and reorient institutions, but this capacity diminishes once institutionalization reaches a certain level of formality and bindingness. This level varies depending on the policy domain and the actors involved, and maintaining a balance between flexibility and stability (or between agency and structure) has been a major hurdle for EU foreign policy considering that it began as a vague and open-ended process, yet also encouraged an improvised, creative style of decision-making. However, these hard-to-reach individual decisions would mean little if they were

¹⁴ This is not to say that there are barriers between institutionalized domains. As we shall see later, a key source of institutional change involves functional, social, and political linkages to other institutions.

not preserved and used to help guide state behavior in similar situations later on.

Yet how could this institutionalization occur in a system which was clearly founded on the basis of intergovernmental principles that privileged actors over institutional structures? How did change take place in a system that explicitly controlled any involvement of EC bureaucracies and prevented the establishment of a central EU foreign policy organization for well over a decade? And to what extent could such a weakly institutionalized system actually influence the EU foreign policy cooperation? As we have seen, regime theory may provide some clues in terms of describing the principles, norms, rules, and decision-making procedures that initially define a given issue-area.¹⁵ Similarly, it might be possible to specify the functions of institutions and measure the extent to which any set of cooperative outcomes matches those functions.¹⁶ Yet institutional architects are rarely as far-sighted as these standards seem to require (especially in the area of EU foreign policy), and a description of norms and functions does not by itself explain their emergence, usage, growth, and impact on the actors involved.

Neo-functional theories of integration suggest another process: the logic by which institutionalized cooperation in one area requires cooperation in other domains via "functional spillover" between issue-areas (for example, creating an internal market requires a common external tariff), or via "political spillover" involving the activities of supranational EC actors, chiefly the Commission and the European Court of Justice (Caporaso and Keeler 1995). As we shall see, both of these processes have played important roles in EU foreign policy. EPC was established in part to help protect the economic policies of the EC, which suggests a type of functional spillover (although it is arguable whether economic integration *requires* foreign policy cooperation), and it did involve certain EC organizations, which suggests political spillover. Yet functionalism cannot explain the expansion of EPC into many areas, particularly where the EC has little or no economic interests (such as Central America) or where the attempt to cooperate on foreign policy actually disrupts or interferes with the EC's economic policies (such as South Africa). Functional spillover mechanisms are overwhelmingly directed toward economic policies, where the costs and benefits are easier to measure. Political spillover is similarly limited as an explanatory tool as EC actors have played far

¹⁵ This is the standard definition of a regime. See Krasner 1983b: 2.

¹⁶ For example, Bull (1977: 56–57) argues that the function of institutions is to make, communicate, administer, interpret, enforce, legitimize, and protect rules, which themselves must be capable of adaptation to changing needs and circumstances.

smaller roles in EPC/CFSP than in other EC policy areas.¹⁷ The exclusion of the Court in particular has severely limited its institution-building role in EU foreign policy to a mere shadow of the key dispute-resolution role it plays in the EC, which often leads to new rules.¹⁸ Thus we cannot look to spillover processes alone to account for the institutionalization of EU foreign policy cooperation, although they do play a role in the analysis.

In short, existing approaches to international or European institutions, while extremely insightful, address only isolated parts of the question of institutionalization: the role of norms, the functional goals of institutions, and the political role of organizations. Theoretically, we need a way to structure these diverse elements as part of a broader, more general process. Fortunately, a number of relevant insights can be found in the literature on comparative politics.¹⁹ Although there are a number of permutations of this so-called new institutionalism, sociological institutionalism, or historical institutionalism, some common features exist. Together, they provide us with a set of causal mechanisms derived from the environment in which the institution exists and from within the institution itself. It should be stressed at the outset, however, that a focus on institutional processes does not take the place of other important variables in politics: actors, power resources (material or otherwise), and strategies. Rather, an institutional analysis helps to place these variables in context and illustrate the various linkages between them, so that the outcomes with which we are concerned – patterns of institutional change and cooperation – can be better understood (Thelen and Steinmo 1992: 12–13).

Before turning to the specific mechanisms of such change, it will be helpful to review the basic assumptions of the new institutional theory. First, the perspective generally implies bounded rationality, in the sense that while actors may have certain self-serving goals when they first choose to participate in EU foreign policy, they do not have all the information necessary to make optimal decisions, or they have far too much information to process, or they cannot consistently process the information they do have. When actors are uncertain about both defining the issue or problem to be addressed and measuring the costs and benefits involved, processes other than discrete, self-interested calculations about power

¹⁷ For more on this point, see Ifestos 1987: Chapter 3; Øhrgaard 1997.

¹⁸ The role of the ECJ in constructing the EC's institutional space is very well documented. For an overview, see Stone Sweet and Brunell 1998.

¹⁹ The following discussion draws upon March and Olsen 1984, 1989; North 1990; Powell and DiMaggio 1991; Steinmo, Thelen, and Longstreth 1992; Finnemore 1996.

and interests may play a role in promoting change. Actors often seek to change institutions, but these information problems prevent a direct calculation of ends and means when attempting institutional change.²⁰ Moreover, information itself is rarely neutral; it can be manipulated or interpreted for different purposes (March and Olsen 1989: 10).

Second, actors often hold conflicting preferences, or preferences that are not as fixed or ordered as rational-choice theories imply. These preferences or interests – what actors want in a certain social setting – can be shaped by institutions. It is on this key point that the work of the new institutionalists and social constructivists starts to converge: the possibility that interests, and even the identities on which those interests are based, are conditioned by institutional or social structures. Institutions can thus shape the processes of goal selection and the strategies adopted to achieve those goals. This also suggests the possibility of the formation of a distinct polity, as actors reconstitute their behaviors and interests in terms of European norms rather than national ones, although there are certainly overlaps between the two. Identity is not necessarily a zero-sum characteristic, and the nation-state certainly does not have a monopoly on how agents identify themselves. In other words, institutional development and identity change do not require a “transfer” of loyalty to the EU, but only a redefinition (or expansion) of national identity to also include the collectivity symbolized by the EU (Mercer 1995). Thus, although this study is oriented toward explaining *policy* change (i.e., cooperation) rather than *preference* or *identity* change, I am sympathetic to the possibility that increasing participation in the EU project conditions how states define their goals and how they behave in order to achieve those goals.

Third, institutions do not change automatically in response to external or internal pressures. There are lags, contradictions, and gaps between the conditions which helped establish the institution and later circumstances. These dynamics can result in inefficient institutional forms and sub-optimal behavioral outcomes, at least temporarily. They also help stimulate a demand for institutional change. Fourth, institutions exhibit feedback effects, in the sense that today’s decisions can influence future behavior, whether actors intended this to happen or not. Although actors often attempt to control institutional change, this is not always possible.

²⁰ As North (1990: 17) notes, “Individuals make choices based on subjectively derived models that diverge among individuals, and the information the actors receive is so incomplete that in most cases these divergent subjective models show no tendency to converge. Only when we understand these modifications in the behavior of the actors can we make sense out of the existence and structure of institutions and explain the direction of institutional change.”

Especially in complex policy areas where the costs of institutional change are high, decisions made in one context have long-term consequences (often unexpected consequences) that shape later behavior, even to the point of preventing alternative choices. The effects of decisions made at one point in time constrain future decisions. As cooperation (or the production of common policies) develops, those policies are preserved and future choices are based on those common policies. These “path-dependent” and “lock-in” effects,²¹ which effectively limit the capacity of actors to control change, make the temporal dimension of institutions extremely important. One cannot understand the effect of institutional arrangements without comparing behavior at different points in time, preferably over a fairly long period.

In addition to these general assumptions, new institutionalists recognize that certain policy domains or issue-areas invite certain types of political behavior (Evangelista 1989); sociologists make the same point about “organizational fields” (Powell and DiMaggio 1991; Fligstein 1997). The way such fields are originally defined – whether part of a calculated or accidental process – affects the actors who are involved (or excluded) in the collective process, and creates boundaries regarding the appropriate behavior of those actors. The variation among the original EC policy sectors established by the 1957 Treaty of Rome demonstrates the weakness of theories which imply some fundamental agent for institutional change: depending on the policy sector, there are different legislative procedures, different levels of involvement by EC organizations, and different mechanisms to ensure compliance by EC member states (Fligstein and McNichol 1998). The areas most difficult to institutionalize (such as foreign policy cooperation) are those which are extremely sensitive to governments, or those where it is difficult to measure costs and benefits, or those where there are fewer transnational actors whose interests would be directly served by further institutionalization.

To summarize, new institutionalism recognizes that there is no *single* process or agent of institutionalization, just as there is no single path to international cooperation. The trajectory of change varies depending on the policy area, the original agreement to institutionalize cooperation in the policy area and the actors involved in that agreement, and later historical and environmental conditions. Institutional problems often result, and these problems encourage future changes. And since institutional change itself is usually incremental, not revolutionary, it is necessary to analyze

²¹ More specifically, lock-in effects refer to the difficulty of exiting from an agreed solution, and path-dependency refers to the way small decisions and chance circumstances can, over time, constrain future choices. See North 1990: 94; and Pierson 1993.

small decisions in detail to understand the logic of institutional change (North 1990: 6). This logic can often be described as one of *appropriateness* rather than efficiency, meaning that decisions about institutional change are defined more in terms of existing institutional elements than in terms of finding an optimal fit between means and ends (March and Olsen 1989: 160). Institutions themselves thus provide many clues about the future path of institutional change.

It is possible to go even further along this line of thinking. Historical institutionalism tends to view institutional development in negative terms: institutions take a different path from that intended or expected because states *lacked* the capacity to control them, owing to short time horizons, a prevalence of unanticipated consequences, shifting member state policy preferences, or because EC organizations (chiefly the Commission and the European Court) did not possess enough autonomy to control change (Pierson 1993; Pollack 1997). Yet I argue that institutionalization can involve behavioral change in more positive terms: institutions develop because they have an added-value that states discover in new and unexpected ways. They can develop a power and a legitimacy of their own that make their member states unwilling (not just *unable*) to control or reverse the process. This can be due both to a demonstrated level of efficiency and to the fact that they are embedded within a broader normative, legal, or bureaucratic structure (such as the EU) that also has value for member states. Finally, national policies, preferences, and even identity can be reshaped by institutional cultures in ways that functional approaches to institutions ignore.

Processes of institutionalization

If there is no single mechanism or agent of institutional change, what leads to institutionalization? To be sure, power is often assumed to be the most important factor in explaining change: the most powerful actors tend to get what they want. This argument is behind realist-based intergovernmental theories (where the power and interests of large states determine outcomes) and notions of political spillover developed by regional integration theorists (where powerful EC actors, such as the Commission and European Court, can influence outcomes). These factors do play a role in my analysis. However, since they do not explain everything about institutional change (such as the small-scale innovations created in between intergovernmental summits, or the role of small EU states in European foreign policy cooperation), we must supplement power-based arguments with other theories.

In general, the literature on institutions suggests three additional general logics to explain institutional development.²² First, a *functional logic* shows that institutional development can help actors achieve goals in the midst of changing circumstances. In other words, to the extent that actors believe that institutional arrangements will help them achieve desired goals, these actors will encourage institutional change. This logic is also behind the functional spillover arguments of regional integration theorists: actors may have to push for institutionalization in one domain to achieve goals in another domain. Second, a *logic of normative appropriateness* is at work here, in the sense that new institutional elements (norms) are often defined in terms of previous ones. Ambiguities, inconsistencies, and contradictions within institutions (and between institutions with similar goals) must constantly be resolved. This leads to the production, clarification, and formalization of other norms, or institutional change. Third, a *sociocultural (or socialization) logic* can emerge, in the sense that actors learn to reorient their attitudes and behavior to an institution's norms as they regularly participate in the system. Actors (particularly ones new to the institution, as occurs during enlargement of the EU) must constantly adjust their own perspective to that of the institution (and vice versa), which adds dynamism to the process of institutional development.

Thus, for the functionalist logic to take precedence, the key question for actors is: will the institution help me achieve goals at an acceptable cost? For the logic of normative appropriateness to dominate, the key question is: to what extent does the institution fit with existing institutions and goals? And the socialization logic comes into play when actors (particularly those who are new to the institution) ask themselves: how do others behave in this social space? A complete explanation of institutional change involves all three elements in addition to conventional notions of power, though often at different stages: some event or episode encourages an evaluation of how to achieve goals, and that evaluation is based on both the existing institutional structure (or set of norms) and the experiences of the actors involved in the institution. Although institutional change can appear to be regressive at times (owing to short-term uncertainties raised by institutional change, normal lag effects resulting from institutional change, and the fact that new rules sometimes displace old ones), these logics allow us to treat institutional change as a cumulative process involving several different internal dynamics. Moreover, these are

²² As noted earlier, Ginsberg (1989: Chapter 2) also discusses three logics to explain EU foreign policy: the integration logic, the interdependence logic, and the self-styled logic. However, these logics provide a rationale for individual EU foreign policy actions, not for institutionalization in general.

all “rational” dynamics, in the sense that actors can ultimately justify the changes on the basis of serving some utility function: the need to solve a common problem, the need to clarify the relationships between increasingly complex rules, and the need to tighten the bonds to one’s social group. However, pressures for change intensify, and must eventually be resolved, when actors disagree over *which of these rationales*, if any, should take precedence, and over *what form* the ultimate rule should take based on that rationale.

These arguments about institutional development can tell us a great deal about institutional changes that are not wholly based on power, but what *specific* processes encourage institutionalization? Fundamentally, institutionalization means *change*, and both regime theorists and new institutionalists have suggested a number of change mechanisms located outside of institutional processes, such as broad changes in the socioeconomic or political context; changes in power resources of actors (owing, for example, to economic growth or technology); and crises.²³ These exogenous factors are important for my analysis. For example, it is no accident that “institutional moments” or “critical junctures” in the history of European integration (such as enlargements and Intergovernmental Conferences), where institutional reform is an explicit part of the agenda, are associated with institutional developments in foreign policy cooperation. Changes in the relationship between the superpowers undoubtedly affected foreign policy cooperation in the EU. Similarly, external crises such as the Afghan and Iranian crises of the late 1970s, and the Persian Gulf War and collapse of Yugoslavia in the early 1990s, encouraged serious debates about the means and ends of foreign policy cooperation.

Yet it must be emphasized that major events such as Intergovernmental Conferences usually only codify existing arrangements; they rarely lead to major innovations. And although crises may also stimulate change, they do not by themselves explain choice or the character of change. Actors respond to such events in different ways and draw different lessons from them; these processes can be conditioned in part by institutional arrangements.²⁴ Thus, it is also necessary to focus on endogenous sources of institutional change (March and Olsen 1989: Chapter 5). The literature on institutions has suggested a number of such internal mechanisms that can induce institutional change, such as:

²³ For an extended discussion, see Krasner 1983b: 10–20; Thelen and Steinmo 1992: 16–18.

²⁴ For example, during the Suez crisis of 1956, when the US pressured Britain and France to end their war against Egypt, the British “learned” that they should never be on the wrong side of the US, while the French “learned” that they could not always rely on the US for foreign policy support.

1. Bargaining regarding the future course of institutional change.
2. Intendedly rational problem-solving (whether to meet internal goals or handle external problems) to find new solutions to problems; those which are perceived as successful are then preserved as norms.
3. Experiential learning-by-doing as actors adapt to different situations.
4. Imitation, as actors learn from each other and from other institutions.
5. Turnover, which can involve normal bureaucratic turnover within institutions, changes of government, changes of EU presidencies, and when powerful new actors (EC organizations or new EU member states) are introduced into an institution.
6. Policy failures which can lead to a search for new solutions to problems.
7. New policy ideas which have also been identified as sources of change; these can be introduced from the outside or generated within institutions.²⁵
8. Internal contradictions and crises (e.g., institutional breakdowns), which of course can be stimulated by external crises and can also induce change.²⁶

These change-inducing factors are often related, as we shall see in the chapters that follow. In addition, a key source of institutional change involves the way institutionalized domains relate to each other over time. Institutions rarely exist in isolation from other institutions; the actors, resources, policies, and norms of one institution can affect another. These linkages can be functional, in the sense that when institutions share similar tasks they must coordinate their approaches to those tasks, or social, in the sense that the actors closely involved in several institutions tend to exchange knowledge and expectations among those institutions. As institutions become more embedded in complex networks involving other institutions, they can change through imitation or turnover, as I suggested above. The need to resolve inconsistencies or divisions of labor between institutions also can act as an incentive for change. The interpretation and codification of norms in light of other institutional goals, and norm-generated problems in general, serve as constant stimuli to institutional development. Thus, throughout this study I pay close attention to the relationship between foreign policy cooperation and the development of related domains, particularly the EC.

Summary

In this chapter I defended my choice of an institutional perspective over other leading theories of international cooperation. I also presented some

²⁵ For an extended analysis of this school of thought, see Yee 1996.

²⁶ This idea is similar to Krasner's (1984) notion of "punctuated equilibrium" in institutional change.

alternative conceptions of international institutions to those offered by dominant theories of international relations. The institution of European foreign policy cooperation was not established like most formal regimes, to be used as a relatively passive forum to make deals over policy. Both cooperation and institutionalization occurred at the same time over a period of years. Agreements reached in EPC/CFSP had value in and of themselves, and they were preserved as a guide to future policy. As this was not always a deliberate, efficient process, I suggested how certain insights based on historical institutionalism might be useful in understanding the complex process of EU foreign and security policy cooperation.

Despite some inefficiencies in parts of the process, as institutions develop they generally make it easier for states to reach decisions and make judgments about the scope, means, ends, duration, effectiveness, and desirability of cooperation. I argued that institutionalization and cooperation are related, dynamic processes, and satisfying explanations of the relationship between them must be sensitive to the way issue-areas or policy domains are defined, and how uncertainty about such definitions affects the process. We must also be open to the ways state preferences can be altered by institutionalized interactions with other states, meaning domestic and international politics are linked in complex ways. Such interaction, in turn, implies that other actors are included in the process besides heads of government and foreign ministers; states act as unitary rational actors only in tightly circumscribed situations. As we shall see throughout this study, the increasing involvement of more state and EU-level officials profoundly influences institutionalized cooperation.

Cooperation, in turn, can involve an array of possible outcomes, from lower order ones (sharing information) to higher order ones (pooling resources for joint action). As these outcomes accumulate over time, they change from effects into causes as actors use them to justify additional institutional changes. This results in a dynamic process that influences future cooperation while also helping to institutionalize it. These observations ultimately call into question many assumptions about international relations based on material power alone. But what kinds of cooperative outcomes actually appear in the historical record of EU foreign policy, and how can they be linked, at least superficially, to empirical evidence of institutional change? And how has the EU foreign policy system in general changed over time since it was created in the early 1970s? These questions are taken up in the next chapter.