

THE GOVERNANCE OF THE EUROPEAN UNION

A NEW INSTITUTIONALIST APPROACH

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The hypothesis: The main aim of this paper is to analyse three central issues of the governance of the EU. It seeks to locate the EU institutions in a comparative politics context, which allows us to go beyond the detailed configurative studies of the EU institutions that already exist and place them in a context, which allows differentiation between formal political institutions, informal conventions and the norms and beliefs embedded within those institutions.

The shortcomings of employing the new institutional approach to the study of the EU are more related to the general weaknesses of this particular perspective. The problem is that little but common scepticism toward atomistic accounts of social processes and a common conviction that institutional arrangements and social processes matter unites various branches of the new institutionalism. New institutionalism seeks to impose a unity of perspective on a set of figures that actually have little in common.

Introduction

The institutionalist turn in European studies dates back at least to Scharpf's seminal articles (1985, 1988) on the joint decision trap. His lament that traditional approaches such as neofunctionalism have largely ignored the impact of decision making rules on the integration process coincided with the publication of March & Olsen's (1984) pioneering piece which heralded the institutionalist turn in political science. In the meantime, institutionalist analysis has been turned into the mainstream approach in political science. Even though integration studies have always been rather slow in adapting to conceptual changes, they too were finally reached by the disciplinary change of tide. Since the early 1990s we have witnessed a proliferation of studies on the relative power of institutional actors, examina-

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tions of the complexities of bargaining between actors from different levels, and evaluations of the role that norms and socialization play in the process of European politic.

Despite these impressive achievements almost no convergence towards a common understanding of European institutions has occurred. On the contrary, a considerable promiscuity characterizes the way in which researchers deal with different facets of rule-based behaviour. This partly reflects the state of the art in the general discussion where no consensus definition of institutions and their salient attributes has been reached. The conceptual indeterminacy matters more, however, in the relatively volatile field of European studies where only a gradual turn towards theoretically innovative and empirically systematic research designs can be observed. Instead of offering insights to other subdisciplines, EU governance and integration research is still heavily dependent upon imports from other disciplines.

New institutionalism is usually divided into three major variants: rational choice, historical and sociological. There are important differences between these issues, which I try to draw out and clarify in the first part of this paper. As detail analysis of all the variants of institutionalism is beyond the scope of this position paper (the main object of this paper is the analysis of EU government), the rest of it will be devoted to historical institutionalism.

So, other parts of this paper are designed for analysis of EU governance through historical institutionalists issue. First of all, attention focuses on the range of institutions and tools available for EU governance, illustrating the different ways the EU can address particular policy areas. Then, the paper offers a framework for comparing the sub-system of EU governance, namely the notion of governance regimes. Finally, the paper identifies a regulatory pattern of politics as a feature lending coherence to the collective policies of the EU.

This paper does not aspire to examine the grand issues of macro-social change associated with development of governance, state identity and democratic legitimacy. It aims to analyze three central issues of the governance of the EU. It seeks to locate the EU institutions in a comparative politics context, which allows us to go beyond the detailed configurative studies of the EU institutions that already exist and place them in a context, which allows differentiation between formal political

institutions, informal conventions and the norms and beliefs embedded within those institutions.

New institutionalism approach: the main points

As the term of “institutionalism” already suggests, this is an approach, which is based on the premise that “institutions matter”. However there are important differences between the old and new institutionalisms. “Old institutionalism” studied government as a set of formal institutions, legally defined roles and positions. New institutionalism analyzes institutions in much wider perspective. Institutions are seen as persistent and connected sets of rules - both formal and informal - that prescribe behavioural roles, constraints and shape expectations. (While old institutionalists were interested only in legal, constitutional, formal structures ignoring the role of the informal structures.)

The basic premise of neo-institutionalist analysis is that institutions affect outcomes. Institutions contain the bias individual agents have built into their society over time, which in turn leads to important distributional consequences. They structure political actions and outcomes, rather than simply mirroring social activity and rational competition among disaggregated units (March & Olsen 1984; 1989).

Here it is important to note, that new institutionalism is first of all an umbrella term for many variants of institutionalism: rational choice, historical institutionalism, organization theory, etc. In such a way it is possible to discern a “thin” end of new institutionalism that cares little about normative dimensions (like rational choice institutionalism) and a “thick” end, which is particularly sensitive to cultural and normative aspects of the decision-making process.

Table 1 shows accordingly that all approaches understand institutions as rules and norms. Our standards of assessment fall basically into three categories. We first distinguish between the approaches of the different institutionalist schools of thought, particularly with reference to their scientific world-view; we then move on to their understanding of institutions and the time frame, which characterizes the typical research designs. Finally, we highlight the ways in which the

approaches deal with three general problems: preference formation, the creation of institutions, and their evolution.

Table 1. Main features of the three institutionalist approaches¹

	<i>Sociological institutionalism</i>	<i>Historical institutionalism</i>	<i>Rationalist institutionalism</i>
<i>Scientific world view</i>	Holism; Constructivism; Group identity; Shared past/common experience.	Modified egoism; Agency constrained or structured by common agreement.	Methodological individualism; Optimising and strategic behavior.
<i>Typical research design</i>	Case studies of cultural, cognitive links.	Historical sociology, case studies.	Casual illustrations of hypotheses, macro quantitative tests.
<i>Time horizon</i>	Long term.	Long term.	Short term.
<i>Definition of institutions</i>	Norms, rules, culture.	Informal and formal rules.	Rules, procedures.
<i>Role of institutions for human action</i>	Major independent variable; cultural constraint.	Intervening variable. Grown constraint and opportunity.	Intervening variable. Situative constraint and opportunity.
<i>Preference formation</i>	Constitution of actors through institutions; endogenous process.	Endogenous. Institutions affect preferences.	Exogenous to the model or decision-theoretic explanation.
<i>Creation of institutions</i>	Evolutionary; occasional abrupt changes caused by new events or reinterpretations.	Delegation; self-maintaining and potentially expansive.	Distributional conflict, reduction of transaction costs or collective dilemma as driving force.
<i>Evolution of institutions</i>	Cognitive/memory – process of mythologizing common events.	Contingent processes with path dependency unintended consequences	Bargaining process, evolutionary selection

¹ Aspinwall M.D., Schneider G. (2000) “Same menu, separate tables: The institutionalists turn in political science and the study of European integration.” *European Journal of Political Research* 38: 6-7.

The main differences between the issues (rational choice, historical and sociological) are the *basic goals and scientific orientations*. Historical and sociological institutionalism aim at “thick” description, at least in the field of European studies, though large quantitative studies of the emergence of a homogenous world culture have also been undertaken. On the other hand, rational choice approaches have an inbuilt bias towards parsimonious explanation.

The other differences between the approaches are a consequence of this basic epistemological division. Historical and sociological institutionalists typically describe how such changes take place. Rationalists, by contrast, put much higher emphasis on the establishment of a causal mechanism under which an endogenous change of taste becomes more likely. If they cannot come up with a convincing model, the topic disappears from their research agenda.

Many of these divergences are based on one fundamental ontological difference: rational choice and certain historical institutionalists believe in the human as a distinct, survival-conscious unit; sociological and some historical theorists start from the holistic premise that humans are part of a whole and that they do not exist in a meaningful way outside that whole.

One of the most important underlying differences between issues concerns the *time horizon*. Rational choice theorists tend to concentrate on short-term decision-making. Sociological institutionalists concentrate on long-term institutional effects. Likewise, historical institutionalists concentrate on the long-term effects of specific (possibly rational) decisions. Closely related to this (and indeed probably co-varying with temporal differences) is the extent to which institutional effects are “*internalized*” by agents. From the rational choice perspective, institutions are most often external to the agent - including voting procedures and conflict resolution mechanisms - unless actors are engaged in the conscious creation of rules. One basic distinction in the rationalist literature is accordingly between games *on* rules and games *within* rules. From the sociological perspective institutions are internalized - including identitive institutions such as nationality or religion. It follows that these different emphases will cause observers to stress alternative explanations for the logic of action, the interpretation of rules, and the formation of preferences and strategies.

In the context of European collaboration, institutions can function as *independent, intervening or outcome variables*. As independent variables, they include bedrock values, ideas, and norms at the national, organizational, or some other level. As intervening variables, they may comprise codified, clearly visible rules or they may be routines and Standard practices which are less visible but equally important determinants of social behavior. As dependent variables, they include those equilibrium and patterns of behavior that characterize the process of European collaboration.

Preference formation. The historical and sociological institutionalist approaches take a different cut on institutional dynamics and decision making in the EU. In historical institutionalism the focus is on the ways prior institutional commitments condition further action, limit the scope of what is possible, and cause agents to redefine their interests. Institutional and policy change become “path dependent” as actors define their preferences endogenously, based upon what has occurred in the past. The image is one of a ratchet, in which institutional arrangements are winched into place slowly over time, thus constraining human behaviour. History creates context, which shapes choice.

Rational choice institutionalism consequently sees institutions as providing a context within which individual decisions are set, but places the emphasis on “individual” rather than “context”. They are, “equilibrium theories”. They seek to explain characteristics of social outcomes on the basis not only of agent preferences and optimising behaviour, but also on the basis of institutional features. Institutions provide a set of formal rules and procedures, or informal practices that structure relationships. Rational choice theorists generally start from preferences that are exogeneous to their model. This general assumption is made because one element has to be fixed in order to reach explanatory power. If a model allows every variable to change, nothing can be explained. Preference change can thus only be modeled if other factors are held constant. This is the analytic trick decision-theoretic extension of the basic economic model with which he can rigorously account for socialization and addiction.

Institutions of governance in the EU

In this part of paper I would like to analyse the institutions of EU, functioning of the institutions and how this may be affected systematically by constitutional reform (new treaties, special provision for qualified majority voting and decision making procedures). This analysis is go beyond the detailed configurative studies of the EU institutions that already exist, it allows differentiation between formal political institutions, informal conventions and the norms and beliefs embedded within those institutions.

The supranational/intergovernmental institutions

The main institutions of EU can be adduced from the treaties. But not all activities may fall within competences set dawn in the treaties. For example, informal meetings of ministers. The principal legislative institutions of the EC are well known. Thus the Commission, the European Parliament, the Council of Ministers, the Economic and Social Committee (Ecosoc) are involved in legislation primarily through the formal decision-making. Informal ministerial meetings are very important too, especially in EC pillar. The European Court of Justice (ECJ) activities are confined to those policy areas, which are governed by supranational treaty. Whilst it is not part of a policy network, it can have a major impact on network activities. Jurisprudence of ECJ might grant the EC institutions a form of regulatory authority, for example, implementation of single market programme. Whether the court's ruling is fundamental, or related to clarification of more detailed points of legislation, its cumulative impact upon the governance of the EC is of great importance. However, outside the EC pillar of EU activity it is virtually powerless to act (unless states voluntary certify the jurisprudence of ECJ in this area).

Inter-institutional relations are important, for they define the power balance between the bodies concerned. For example, the power of the European Parliament is enhanced significantly. With implementation of the Treaty on EU, its power is enhanced still further in areas governed by the co-decision procedure for, under

specified conditions, the European parliament is able to veto legislation. The consultation, cooperation and co-decision procedures each give a different profile to the European Parliament in the overall institutional balance. This changes had important implications for the position of the Council of Ministers. The European Parliament was able to influence policy significantly by calculations of inter-institutional interest. This has alerted the Council to the fact that it may be advisable to reach decisions consensually to avoid the European Parliament increasing its influence in this way. The role of Commission in inter-institutional relations varies from one area of governance to another. Where the cooperation procedures applies, it may have to act as mediator not only between member governments but also between the European Parliament and the Council. Its role may be relegated to that of observer, for example in Justice and Home Affairs. Like the European Union the Commission is concerned with constitutional details these might strengthen its political position. The ECJ's importance to inter-institutional relations is rather more confined since it is not a participant in the legislative process. Nevertheless, it occasionally has an impact, most strikingly when it issues a judgment concerning inter-institutional obligations.

Institutional organization and institutional procedures

The distinction between these institutions is rather difficult to identify but the former is perceived here as essentially static in nature, whereas the latter is more dynamic. Institutional procedures are often devised in order to maximize the effectiveness of the institution's organizations. The simplest way to illustrate the distinction is by taking a specific example, the case of the European Commission. The predominantly vertical nature of the Commission's chain of command is often referred to, and it is suggested that this may be to the detriment of policy coordination across directorates-general. Thus Commission administrators may see their loyalty as being to "their" director-general or "their" commissioner rather than to a more collegiate notion of the Commission. This has a fragmenting effect for the coordination of Community policy as whole. As decision-making takes place, institutional procedures come into play.

There is a strong reliance in all formal organizations on standard operating procedures. In the Commission decision-making start at the middle ranking level of officials and then pass upwards through superiors to the Commissioner and his cabinet. On the way up, inter-service consultation, the coordination between staff in different directorates-general is sometimes *ad hoc*.

Institutional norms and values

As already mentioned above, historical institutionalists hold the view that institutional norms greatly affect the way in which the functions ascribed to institutions are actually exercised. Political actors are driven not only by self-interest, but also even more by institutional duties and roles. Collective organizations and institutions shape actors' interpretations of their interests and preferences. Preferences are not fixed and exogenous, but may change as a function of political learning in a given institutional and historical context. (I.e. Commissioners, judges in the ECJ who come from national states adopt a supranational, communitarian perspective while ministers in the CM continue to pursue national preferences. "Where you stand depends on where you sit" Logic of appropriateness guides the behaviour of political actors.)

The influence of institutions on decision making

The historical and sociological institutionalist approaches take a different cut on institutional dynamics and decision making in the EU. In historical institutionalism the focus is on the ways prior institutional commitments condition further action, limit the scope of what is possible, and cause agents to redefine their interests (Bulmer 1994: 355). Institutional and policy change become "path dependent" as actors define their preferences endogenously, based upon what has occurred in the past. History creates context, which shapes choice.

From historical perspective institutions provide an environment in which political struggles are played out and which structure the game by providing a set of rules. In fact, there is common ground with the rational choice institutionalism in the most basic assumption,

namely that institutions influence individual action. Historical institutionalism sees institutions as providing a political environment or cultural context, which alters the individual's sense of what, is in her best interests -in other words, actors are conditioned by the accumulation of procedures, rules, and norms over time. Identities, priorities, interpretations of reality are all created by this context. Actors have less ability to set priorities independent of the institutional context. In this view individual action is more context – driven than goal-driven.

Institutions matter in the decision-making process can be analysed as:

institutions structure access of political forces to political process. Institutions do not provide equal access for influencing the policy process. (I.e. CM privileges national governments. White paper on EU governance states: systemic Commission's dialogue with regional and local governments is still lacking);

institutions themselves initiate or block policy change. (I.e. Commission initiates policy. EU legislation is dependent upon its proposals.);

institutional configuration and policy instruments predispose the certain types of activity and limit scope for others. (I.e. EC pillar has a regulative character while the 2nd and 3rd pillars have coordinating character.)

Holding that institutional arrangements shape the outcome of decision-making process, it becomes inevitable to concentrate on them asking how different institutional configurations impact upon governance and decision-making capacity? The followed detailed presentation of the institutional components of government illustrates the range of institutions and policy instruments that can be employed in the context of community governance, both within and outside a supranational treaty framework.

Treaties (supranational or intergovernmental)

The most fundamental basis of governance is by means of treaties, especially the EC treaties themselves. Their importance is three-fold:

1. Firstly, the treaties set out the decision-making arrangements and formal institutions. But not all institutions need be set out in the treaties;
2. Secondly, the treaties set out rights and duties for individuals;
3. Thirdly, the treaties set out policy responsibilities.

The supranational treaties have a significant influence upon the nature of governance in individual areas of activity. For instance, they may determine the level of competence possessed by the EC. Explicit reference to a policy area in a treaty will give greater authority to the Commission in proposing legislation. By contrast, resort to Article 235 of the Treaty of Rome, puts the Commission in a weaker role in proposing legislation. The treaty base can have a major impact on inter-institutional relations and thus on the strategies of other policy actors.

Politically, there is clear interaction between the three pillars but this is hardly the case in terms of constitutional law. There is the possibility of geographically wider treaties with an impact upon governance. These could include treaties between the EC and third parties, i.e. where the EC is an international legal actor. They could also include international treaties or Council of Europe conventions, which shape the collective governance of the member states in some particular issue area, particularly in the Justice and Home Affairs pillar.

Constituent agreements

These lack the formal status of treaties and indeed it is usually precisely because of their non-binding character that they come into being. Nevertheless, they may result in the member states undertaking new activities, developing new institutional roles and so on.

International law

This largely relates to areas outside the supranational treaties but not exclusively so. International law has a limited role to play within the domain of the supranational treaties when the European Court of

Justice uses principles of international law in arriving at its judgments on cases it is examining. The EC itself may become subject to international law where it becomes party to a treaty in its own right. In addition to such cases, law comes into play when the EU interacts with activities of the Council of Europe and its conventions, or other such organizations.

Secondary EC legislation and decisions

They include: regulations, directives and their equivalents under the terminology of the Treaty of Paris. The decision to using a Directive or a Regulation is likely to be closely linked to the prevailing form of governance for the particular subject matter. Another form of legislative act is the Decision. This is the way, in which the EC institutions – principally the Commission – implement their own legislation. Generally, the Commission employs Decisions where it enjoys a regulatory role, i.e. where it has some discretionary power of its own.

ECJ jurisprudence

Court decisions can be seen as having different kinds of effect upon governance, but the unifying feature, as with EC legislative acts, is that they are confined to those areas subject to the supranational treaties. There are some kinds of decisions:

The first kind is decisions that clarify legal principles across a range of policy areas. (Decisions on direct effect of directives).

The second kind of decision are decision that clarify a point of law, what the treaty intended, whether an institution has acted within its powers, whether a member state is breach of its obligations, or something similar, with an impact confined to a particular policy area. Sometimes such judgments have a rhetorical effect upon their immediate legal circumstances.

“Soft” law; political agreements

Soft law is somewhat elusive and not easy to delineate from hard law on the one hand, and purely political agreements, on the other. Soft

law in simple terms relates to rules of conduct that are not legally enforceable but nonetheless have a legal scope in that they guide the conduct of the institutions, the member states, individuals and undertakings. Examples of soft law include Commission practice notes and memoranda, declarations attached to the treaties, and the statements recorded in the minutes of the Council of Ministers but not normally published. Soft law is perhaps the principal means of operationalising policy principles outside the domain of the supranational treaties. Political agreements are seen as trans-sectoral in nature and set out, in a manner analogous to soft law, as clarification of political conventions. Where the exact divide is drawn, therefore, may be somewhat arbitrary.

Governance regimes and policy specific

The pattern of governance differs between issue (policy) areas. The particular contribution of historical institutionalism is to attribute varying policy outcomes to the different institutional arrangements. In order to highlight the different character of these arrangements, we term them “governance regimes”. New legislation may be proposed, reflecting pressure from affected interests and incorporating the benefits of institutional learning. And so policy evolves in a manner, which is structured by the institutional capacity of the EU generally, and of the specific governance regime as well.

There are three points of institutionalist explanation of interest to studying governance of the EU.

First is the threefold identification of *the role of the state*:

1. The state is conceived as an institutional arena, which provides unequal access to societal groups for influencing the policy process.

2. The state is not just an arbitrator but also a “player” in governance itself.

3. The state has its own distinctive configuration, which predisposes it to certain types of activity.

Member state preferences are conditioned and shaped by what they have already agreed to within Europe. Therefore, causality flows both ways - while agents choose institutions, institutions then con-

strain agents. EU institutional and policy development may ultimately follow one of any number of “paths”, and historical institutionalism does not show favoritism for one path over another. There is no reason why agents may not subsequently alter institutional arrangements to better suit their needs, but extant research points to the 'stickiness' and longevity of prior structural arrangements.

This is illustrated in work by Pierson (1996). He argues that intergovernmentalism neglects the evolution of cooperation over time and the importance of past decisions on interstate negotiations. Gaps emerge in member state control over institutional evolution, and these gaps are extremely difficult to close. Using the development towards a European social policy as an illustration, he shows the path-dependency of collaboration within the EU: “In a number of instances, the short-term preoccupations of institutional designers have led them to make decisions that undermined long-term member-state control.”² The ubiquity of unintended consequences, the autonomy of supranational institutions, and the instability of policy preferences in member states are further factors that have contributed to the inadvertent loss of control. Pierson points out that member state power is increasingly constrained by a “partial but nonetheless significant development of European-level social policy”.³

The second contribution underscores *the role of culture and norms* embedded in the state as shaping the selection of policy. As already mentioned above, historical institutionalists hold the view that institutional norms greatly affect the way in which the functions ascribed to institutions are actually exercised. Political actors are driven not only by self-interest, but also even more by institutional duties and roles. Collective organizations and institutions shape actors' interpretations of their interests and preferences. Preferences are not fixed and exogenous, but may change as a function of political learning in a given institutional and historical context. (i.e. Commissioners, judges in the ECJ who come from national states adopt a supranational, communitarian perspective while ministers in

² Pierson, P. (1996). “The path to European integration: A historical institutionalist analysis.” Comparative Political Studies 29: 156

³ Ibid: 157

the CM continue to pursue national preferences. “Where you stand depends on where you sit” logic of appropriateness guides the behaviour of political actors.)

In the EU context, culture is likely to be about shared procedural norms rather than shared views towards, the conduct of economic governance. It can be explained through the following facts: culture develops over a long period; European integration is still a recent phenomenon. The EU has quite different cultural bases, for example, Rhenish, Mediterranean and Anglo-Saxon. The cultural context embedded within the national policies is one of the factors that make the development of supranational policy so fraught: indeed, so much more fraught than in comparable federal systems, such as Germany or the USA.⁴

The third contribution is to give attention to *compliance mechanisms in economic governance*. These mechanisms are quite diverse across the policy of the EU, from legal sanctions in many EC activities to a kind of peer pressure amongst state elites in respect of CFSP activities. The compliance mechanisms are also important to ensuring whether policy works. Because trial and errors are an integral component to policy evaluation, they emphasize the process element of the term governance. If policy is perceived to be deficient in its implementation, this may provide new impulses for reform.

S. Bulmer set out five different components that enable to operationalise governance regimes as a tool for analyzing sub-system governance in the EU⁵:

1. Identifying the boundaries of the sub-system. The policy programme approach generally facilitates identification of policy in the key executive agencies within the EU, namely the Commission and the Council hierarchies;

2. Mapping the policy participants. This identifies the institutions and the socio-economic interests, political parties, etc. that are involved. It is important to consider not only EU-level institu-

⁴ Bulmer S.J. (1998) “New institutionalism and the Single European Market.” Journal of European Public Policy 5(3): 372

⁵ Bulmer S.J. (1998) “New institutionalism and the Single European Market.” Journal of European Public Policy 5(3): 373-375

tions, but also their interaction with domestic level in the member states. Institutional traditions and their cultural dimension are more embedded at that level than at the EU level. Non-governmental actors continue to use the national level as one of their channels of lobbying, reflecting the Council's continued importance. Hence this potential source of power must be examined. The institutions engaged in policy implementation must be included in this mapping exercise. It must be borne in mind that the institutional configuration of governance regimes, and the norms associated with them, will place some policy participants in a privileged position;

3. Sub-system comparison. Comparative static entail comparing the findings established in the mapping of different governance regimes. The most interesting is analysis of transformation of governance at various levels of analysis;

4. Implementation. Since governance is an iterative process, it is important to incorporate examination of compliance mechanisms, for any shortcomings are likely to feed back into the governance regime. It is necessary to point an important role of the European Court of Justice;

5. The impact of policy outcomes on the distribution of power;

6. The governance regime approach to sub-system governance in the EU retains a clear methodological link with wider context of EU governance. For example, policy programmes become subject to horse-trading in the Council of Ministers, so it is crucial to encapsulate the embeddedness of governance regimes in the institutional superstructure of the EU.

EU institutional configuration

In recent years as social scientists have begun to reflect on Community governance one particular theme that has emerged from empirical observation is the regulatory pattern of governance.

From an *economic perspective* the governance of the EU is striking because, compared to other multi-tired systems of governance, the European framework has strikingly modest resources of its own. In EC activities expenditure lacks the measure of autonomy

possessed in other multi-tiered or federal systems. Outside the EC pillar, activity is further constrained because budgetary provision at the international level is more limited or even non-existent.

An important characteristic of regulatory policy - making is the limited influence at the budget on the activities of regulators. The size of non-regulatory, direct expenditure programme is constrained by budgetary appropriations and, ultimately, by the size of government tax revenues. The real costs of most regulatory programme are borne directly by the firms and the individuals who have to comply with them. Compared with these costs, the resources needed to produce the regulation are trivial.⁶ Given the small size of the EC budget, and the large share taken by agricultural spending, the only way for Commission to increase its role is to expand the scope of its regulatory activities.

A final point on economic aspects concerns regulation and the state-market relationship. The size of the budget restricts subsidies and restricts using the awarding of contracts as a means of intervention in the market.

Political dimension of regulation examined the key characteristics of regulatory politics. Regulatory politics is typically group bargaining and interest-oriented politics. It again vindicates historical institutionalists' view that institutions shape the strategies of political forces.

The administrative-legal aspect of EU governance analyses the levels of policy implementation. The central administration of the EC is small. It is not a full-blown federal civil service, for it lacks the resources and manpower. The predominant method of regulation relies on the member states for the share of implementations, with all the problems that this raises for the legal issue of compliance. And it relies upon the member states to play a major role in the committees assisting the Commission in its executive role.⁷

⁶ Majone, G. (1991) "Cross National Sources of Regulatory Policymaking in Europe and the United States." Journal of Public Policy 11(1): 96.

⁷ Dehousse, R. (1992) "Integration vs. Regulation? On the Dynamics of Regulation in the European Community." Journal of Common Market Studies, vol. XXX, (4): 390

By virtue of these economic, political and administrative-legal characteristics, a centripetal feature of Community governance is its tendency towards a regulatory approach to governance.

Conclusions

In this term paper I presented the new institutionalists approach and EU governance analyses.

First of all, I presented three issues of new institutionalism: rational choice, historical and sociological. Assessment falls basically into three points: scientific world-view; understanding of institutions and the time frame; preference formation, the creation of institutions, and their evolution.

So, other parts of this paper were designed for analysis of EU governance through historical institutionalists issue. First of all, attention focuses on the range of institutions and tools available for EU governance. The EU can address particular policy areas in a different ways: treaties; constituent agreements; international law; secondary EC legislation and decisions; ECJ jurisprudence; “Soft” law and political agreements.

Then, the paper offered a framework for comparing the subsystem of EU governance, namely the notion of governance regimes. There are three points of institutionalist explanation of interest to studying governance of the EU: the role of state; the role of culture and norms; compliance mechanisms in economic governance.

Finally, the paper identifies a regulatory pattern of politics through three perspectives of governance: economical; political and administrative – legal.

Analysis of EU governance highlighted the main advantages of the historical institutionalism. New institutional perspective provides with valuable insights of how the day-to-day decision-making process of the EU operates. By adopting a broad interpretation of institutions it is possible to analyze interaction and power sharing among multiple levels of EU governance. It also allows analyzing, how different institutional structures contribute to the different dynamics of various sectoral policies. Furthermore, if we conceive EU as normative and cognitive structure, new institutionalist (especially

its historical variant) approach is useful in being sensitive to normative and cultural dimensions of decision-making process.

The shortcomings of employing the new institutional approach to the study of the EU are more related to the general weaknesses of this particular perspective. The problem is that little but common scepticism toward atomistic accounts of social processes and a common conviction that institutional arrangements and social processes matter unites various branches of the new institutionalism. New institutionalism seeks to impose a unity of perspective on a set of figures that actually have little in common.

What is more, the historical-institutionalist approach suffers from the contradictory aims of trying to provide systematic explanations, all the while insisting upon particularism, context, and contingency. Likewise, attempting to be a middle-range, middle-ground theory, linking multiple levels it encounters the structure-agency problem, which is not yet solved in social sciences.

New institutionalism is criticized on its explanation of the feedback conceptualization of institutions and states: "Individuals are not helpless when it comes to institutional choice, but historical institutionalists insist that institutions guide their choices. In the end, it is unclear whether the intentions of individuals or the constraints imposed by institutions shape outcomes". In historical institutionalism, structure may indeed be created by agents; but subsequently, like Frankenstein's monster, structure takes on a life of its own.⁸

With these thoughts in mind, we offer a set a guiding question that could serve to channel future research in research of European Union politics. First, under what circumstances do certain institutions arise, and how much can we attribute in this emergence to intentional behavior and the passage of time? Second, how are institutions altered or maintained, and how do EU institutions affect institutions at other levels and vice versa? Third, how do EU institutions impact on decision - making?

⁸ Aspinwall M.D., Schneider G. (2000) "Same menu, separate tables: The institutionalists turn in political science and the study of European integration." European Journal of Political Research 38: 10

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