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## Explaining the Treaty of Amsterdam: Interests, Influence, Institutions\*

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### Abstract

This article offers a basic explanation of the process and outcome of negotiating the Treaty of Amsterdam. We pose three questions: What explains the national preferences of the major governments? Given those substantive national preferences, what explains bargaining outcomes among them? Given those substantive bargains, what explains the choice of international institutions to implement them? We argue in favour of an explanation based on three elements. Issue-specific interdependence explains national preferences. Interstate bargaining based on asymmetrical interdependence explains the outcomes of substantive negotiation. The need for credible commitments explains institutional choices to pool and delegate sovereignty. Other oft-cited factors – European ideology, supranational entrepreneurship, technocratic considerations, or the random flux and non-rational processes of ‘garbage can’ decision-making – play secondary roles. Remaining areas of ambiguity are flagged for future research.

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## I. Introduction

The Amsterdam Treaty signed in June 1997 is not likely to be remembered in the history of the European Union (EU) as the kind of watershed represented by its predecessors. It contains few controversial provisions and is being ratified in all Member States without much public debate. Most assessments have been highly critical of the results, primarily because of their insignificance when held up against the benchmark of federalist ambitions. We have argued elsewhere that there is more to the Amsterdam Treaty in the areas of foreign policy, internal security and immigration powers, and parliamentary powers. Its uneven outcome constitutes a sophisticated response to the current needs of the EU and the expectations of its citizens (Moravcsik and Nicolaïdis, 1998a; European Policy Centre, 1997).

In this article we move beyond evaluation to explanation. We seek to account for the process and outcome of the Intergovernmental Conference (IGC), subject our explanation to empirical testing, and draw broader theoretical implications. We pose three questions: What explains the national preferences of the major governments? Given those substantive national preferences, what explains bargaining outcomes among them? Given those substantive bargains, what explains the choice of international institutions to implement them?

In response to these questions, we argue that the process and outcomes of the Amsterdam Treaty negotiations, like the previous 'grand bargains' in EU history, support an explanation based on three elements: issue-specific interdependence that explains national preferences; bargaining based on asymmetrical interdependence (the core of mainstream bargaining theory); and institutional choice based on the need for credible commitments. Its specification as outlined above is often referred to as a 'liberal intergovernmentalist' (LI) explanation (Moravcsik, 1998).<sup>1</sup> Due to the secondary importance of many issues discussed and the desire of governments not to disturb progress in more important areas (such as EMU), one would expect rationalist theories like LI to be weaker in this case; thus the fact that it nonetheless performs well is striking. At the same time, however, we explore some limits and ambiguities of the LI argument.

## II. National Interests and Issue-Specific Interdependence

What are the sources of underlying substantive national interests and thus preferences for or against policy co-ordination? How are these preferences translated into national positions on alternative options for Treaty reform? We argue that states acted rationally in the Amsterdam negotiations, seeking

<sup>1</sup> This, it should be noted, does not constitute a general theory of European integration. Neither one of us believes such a theory exists, any more than there exists a theory of American politics.

agreements that most efficiently realized relatively stable issue-specific *national preference functions*, which in turn reflected pressures from domestic constituents in response to international policy externalities. By preferences we mean an ordering among states of the world, invariant with respect to the strategic circumstances.

To avoid simply fashioning an *ex post* explanation for national positions, we need to specify general structural theories of national preferences. Structural explanations for national preferences in EU negotiations fall into three broad categories (Moravcsik, 1998). The first and most widely held view about the Amsterdam negotiations – an application of ‘garbage can’ theories of decision-making – is that governments enter such negotiations ‘without a fixed or fully developed view of what they want’. International negotiation ‘helps shape what actors want in the first place ... preferences are only partially formed in the domestic arena and predecisional rituals at the Union level are needed to complete the formation of wants through common problem solving, social learning, and exacting norms of mutual justification’ (Lord and Winn, 1998, p. 1; also Mazey and Richardson, 1997). As evidence for their view, ‘garbage can’ theorists point to the apparent instability of national positions: not all governments in the Amsterdam negotiations had public positions on all issues from the beginning, but announced them as the negotiations progressed. Some have argued that, in EU negotiations, like-minded functional officials tend to collude against national governments.

The second view, probably the most widely held interpretation of previous treaty-amending negotiations, is that governments define their preferences on the basis of geopolitical interests and ideologies largely independent of the issue area concerned. European integration is primarily about the geopolitical stabilization of the region or ideological realization of federalism. Each country will thus have relatively uniform preferences across issues, but there should be considerable cross-national variation between ‘federalist’ and ‘non-federalist’ countries.

The third view is that preferences reflect issue-specific patterns of substantive interdependence. Economic interdependence is the primary determinant of state policy within economic areas, political-military interdependence within traditional foreign policy issues. Governments with attractive and effective unilateral policies tend to be sceptical of co-operation, while governments able to achieve policy goals only by altering the pattern of externalities imposed by the policies of foreign government policy tend to favour it. Where the substantive implications of a choice are highly uncertain, as for example in assigning powers to the European Parliament (EP), national preferences are less predictable or more dependent on ideology. Thus, national positions tend to vary both across

countries and issues as a function of issue-specific interdependence and uncertainty.

The available evidence on the process of preference formation preceding and during the Amsterdam negotiations, we believe, strongly supports the primacy of the third explanation, though with a few intriguing ambiguities. We believe this is consistent, moreover, with much of what ‘garbage can’ theorists, who have offered most published analyses of the negotiations, cite as contrary evidence. They are quite correct to point to the importance of ‘learning’ during such negotiations; bargaining is, as they say, a process of ‘collective problem-solving’. As new policy proposals are put on the table, negotiators ascertain their impact on the state of the world. In short, they map these options onto preference functions. This requires ranking alternative options for each issue area in a preference ordering, assessing the intensity of preference for each, and for obtaining a preferred solution in one area over another. Such learning is both substantive and strategic (Nicolaidis, 1989). In the Amsterdam negotiations, with hundreds of obscure issues – the ‘flotsam and jetsam’ of the negotiations, one insider termed them – it took considerable time to achieve all this. This process led, moreover, to a divergence between the perceptions of the media and consultants, many of whom reported indecision, and diplomats, who expected and perceived steady and near the end accelerating incremental movement toward agreement (McDonagh 1998, pp. 187, also 96–101).

Yet we believe this is consistent with, indeed essential to, the rationalist bargaining theory we espouse. If governments did not need to assess proposals, ascertain the views of domestic groups, learn about one another’s positions, and develop technical options and compromises, negotiations would take place instantaneously – on a ‘spot market’ as it were. There are, in short, transaction costs. The key difference between the ‘garbage can’ and rationalist analysis, then, lies not in the belief that it takes time for governments to develop concrete positions, but in the explanation of how they go about doing so. ‘Garbage can’ theorists argue this is an essentially unpredictable process of matching problems, solutions, and politics, while rationalists argue that it can be analysed as a search for the most efficient means of identifying and realizing stable sets of preferences. By specifying more precisely what is meant by ‘wants’ – underlying ‘preferences’ or shifts in ‘positions’ – some, though not all, differences among competing theories may dissipate.

Four categories of evidence confirm the overriding importance of a rational ranking of concerns about issue-specific interdependence in the formation of national preferences and positions.

First, *positions of major governments on major issues are consistent with the most widely-held theories of issue-specific incentives for co-operation*. Each government – Britain while under the Tories being a partial exception – held a

set of highly varied positions across issues. There were no uniformly 'federalist' or 'nationalist' governments, as a geopolitical or ideological explanation of national preferences for integration would predict (although Italy deserves special attention, as discussed below). This pattern, moreover, was consistent with widely-held theories of the origin of such preferences, based on the benefits of policy co-ordination, as compared to unilateral policy. We consider the following substantive areas, while leaving general institutional issues for a subsequent section.

- *Co-ordinated immigration and policing policies.* Germany, the government most vulnerable to external interdependence since it takes a disproportionate share of EU immigrants, was the most adamant promoter of greater EU involvement. It sought in particular to have the EU endorse its bilateral agreements with countries of eastern and central Europe on policies of returning immigrants to transit countries. Governments with stronger control over their borders, like Britain and Ireland, were most strongly opposed to greater supranational involvement – Britain signalled a veto – though they were keen on strengthening intra-EU networks of police co-operation. France fell between the two but remained generally concerned to prevent a strong role for supranational institutions in the sensitive area of migration.
- *Social and employment policies.* National preferences in this area have traditionally divided according to levels of income and the particular party in power, which in turn represents distinctive constituents. Poorer countries and conservative governments tend to oppose common social policy co-ordination, in the expectation that it will tend to raise social benefits; richer countries and leftist governments tend to support them (Lange, 1993). Predictably, a Socialist government in wealthy France sought special provisions on employment; a Christian Democrat government in wealthy Germany promoted cautious progress; Tory government in poor Britain opposed all concessions. Even the advent of a Labour government, while predictably reversing British opposition to membership of the social charter, did not lead to major substantive shift in preferences on labour market policies. With European levels of unemployment high, most governments sought the symbolic move of including a new chapter on unemployment in the Treaty; but while allowance was made by all – including Britain – for information-sharing and emulation, there was no chance of co-ordinating financial transfers or fundamental labour market reforms, meaning that co-operation could, in the end, be little more than symbolic.

- *Foreign policy.* Powerful Member States agreed on the utility of seeking ways to overcome the vetoes of outliers or neutral countries in cases where they would want to act. Germany, with limited unilateral foreign policy autonomy and no prerogatives such as a seat on the UN Security Council, favoured deeper binding co-operation in foreign policy. States with a viable unilateral policy and distinctive policy preferences – such as Greece and Britain – were keen to preserve some unilateral veto. The French sought *both* options at once – a strengthened collective European foreign policy option *and* maintenance of unilateral prerogatives, not least its seat on the UN Security Council. In line with its traditional support for intergovernmental institutions and its preference for using the EU as a means to enhance French international prestige, it championed the creation of a post for a ‘Mr CFSP’ – a more visible external personality for the EU and, many said, earmarked for Valéry Giscard d’Estaing. Germany – and for that matter all other Member States – predictably opposed this alternative, arguing instead for a permanent representative inside EU institutions. The Benelux and Nordic countries, with no unilateral alternative to speak of but in some cases a strong neutralist legacy, supported moves that would increase the foreign policy capacity, including through the expansion of the use of qualified majority voting (QMV) for second-level decisions but, like all other governments, reserved the right of unilateral non-participation.
- *Defence policy.* The spectrum of views was defined, on the one hand, by governments with pan-European aspirations, such as France, who strongly favoured the deepening of Western European Union (WEU) integration with the EU and, on the other, by governments like Britain, with a credible unilateral policy and a commitment to NATO, who adamantly opposed any such policy unco-ordinated with NATO. Germany, traditionally in the middle, publicly sided with France on WEU matters, but its degree of commitment to their joint proposal can be questioned. A new development was the entry of the neutral countries, especially the Nordics, whose underlying interests expressed in a Swedish–Finnish proposal lay both in a strengthened role for the EU in the peace-keeping realm (the so-called Petersberg tasks) and in prevention of a communitarization of traditional defence functions that undermine their traditional neutrality.
- *Other substantive issues, including EC policies on tourism, civil protection and the environment.* Countries promoted narrowly national issue-specific interests. Mediterranean countries defended an expansion of EU competence over co-ordination to promote tourism, hoping to gain funding. Wealthy and ‘green’ Nordic countries, most affected by pollutants from elsewhere, sought strong environmental policies. Similarly, coun-

tries with high labour standards sought a right to derogate from community standards. Greece sought to obtain a special status for its islands and a Treaty clause on solidarity over 'external' borders.

There remain exceptions. Traditionally federalist countries like Italy supported a rather broad version of enhanced co-operation and QMV in the first pillar – an institutional choice that may have increased the risk of being excluded from policy developments following the start of EMU. In the area of commercial policy, France and the UK opposed exclusive community competence over trade in services liberalization negotiated under the World Trade Organization (WTO) umbrella, though on purely substantive grounds both countries ought to have favoured such a move, given their sectoral competitiveness. Their distrust for the Commission as an international negotiator, however, appears to have proved a sufficient counterweight. The UK, to be sure, wavered at the end of the negotiations, as service industry pressure mounted, but its position did not reverse, as occurred in Germany. Thus we suspect that this last position may be open to future revision (Meunier and Nicolaïdis, 1998).

Second, *rational, issue-specific preferences are what national and supranational officials assumed at the time and reported subsequently*. The most detailed analysis of the negotiations, by Bobby McDonagh, a diplomat who headed the team managing the influential Irish Presidency during the second half of 1996, concludes that 'the simple fact is that the pursuit of national interests remains at the heart of the EU. The challenge is to be aware of national interest ... , to accommodate them, and to encourage their gradual sea-change' (McDonagh, 1998, pp. 14–16). Strategy documents from the Commission's planning office – led by Delors' hand-picked forecasting chief, Jérôme Vignon, and prepared long before the negotiations began – were based on the assumption that governments had enduring interests and crafted their recommendations accordingly. The analysis mapped out – quite literally in graphical form and, with hindsight, for the most part accurately – the zone of possible agreement based on the nature and intensity of national preferences (Cellule de Prospective, 1996) Scholars reached similar conclusions (Edwards and Pijpers, 1997).

Government representatives themselves did not interpret informal exchanges of ideas in forums like the Reflection Group as leading to changes in underlying preferences, but as means to get all the information on the table so that governments could identify areas of potential agreement among stable preferences. Accordingly, prenegotiation brainstorming was optimally to generate information and policy options without the need to make commitments. McDonagh describes:

In the case of every Member State ... the choice of its representative and the negotiating flexibility afforded to that representative reflected that Member

State's perception of its interests. No national position of importance was conceded in the course of the Reflection Group. (McDonagh, 1998, p. 39)

At the very first meeting of the group, it became clear that employment, institutional reform, flexibility, immigration, foreign policy, and parliamentary co-decision were to be priorities of the negotiations – precisely as they turned out to be (McDonagh, 1998, pp. 31–7; Oreja, 1995). Many subsequent additions and subtractions were more semantic than substantive, reflecting in particular a convergence of interest in appearing to address the issue of democratic legitimacy – with only some governments interested in genuine democratic moves.

Most negotiations were among national representatives, rather than ministers, and we found no evidence that they exploited common negotiating to diverge significantly from their domestic instructions. As principal–agent theories of bargaining would predict, in the EU as in other instances, principals devise ways to control their agents and minimize agency costs (Nicolaidis, 1999). When instructions were vague, they were refined in the capitals. As the chief of the Commission's task force put it: 'the real negotiations were at home. The full range of ideas were put on the table quickly, then governments determined how much they could support' (Interview with Michel Petite, 1997). Even where government representatives laboriously crafted potential agreements, they could be set aside by chief executives in an instant. This was the fate, for example, of the German chief negotiators' admirable efforts in the final weeks of the negotiation to craft an institutional compromise, only to see it vetoed by Kohl for domestic reasons. Nor did the structure of the negotiations permit particular ministries to collude in support of particular positions. Successive Presidencies worked hard to maintain the 'unicity' of the negotiations, that is, to make sure that negotiations 'take place within a single structure' overseen by foreign ministers. The unicity principle was enforced at all levels, down to the lowest officials. The result: 'what mattered in the IGC negotiations was not what, say, the Environment Ministers said to each other, but rather how each Environment Minister influenced the position taken by his own delegation within the negotiations themselves' (McDonagh 1998, p. 208).

Third, *national positions were relatively stable during (and prior to) the negotiations*. Whereas variable national positions do not necessarily imply underlying preference changes, stable positions create a strong presumption in favour of stable fundamental preferences.

Once governments in the Amsterdam negotiations developed a public position, they tended to stick to it. We have seen that the very broad outlines of national positions were clear at the first meeting of the Reflection Group, and even in prior Commission documents. Here we limit the analysis to the British, French and German positions. If we examine bi-monthly reports of the positions of national governments on the most important issues considered in the IGC from



April 1996 to May 1997 – eight reports for three countries across 40 issues – we find remarkable stability. In only 5 per cent (six of 120) of the country positions do we observe a reversal.<sup>2</sup> This is consistent with McDonagh's recollection that:

Each delegation had subjects to which it was devoted or allergic or indifferent. Each delegation had its preferred phrasing for virtually every provision. It would have been futile to ask individual delegations '... to change their preferences'. (McDonagh 1998, p. 27)

Governments explored options, considered their positions, then very selectively compromised at the end of the negotiations – precisely as the rationalist view of bargaining predicts.

To be sure, governments often failed to announce public positions in advance, and sometimes they did not even have provisional and confidential positions on the many hundreds of issues under consideration until domestic consultations were complete. In this specific IGC, it is worth noting, the need to preserve a wide margin of manoeuvre was greater than normal. First, some compromises and linkages (mostly within, not across issues) depended on the shape of the final package. National positions on specific flexibility provisions, for example, depended on the nature of substantive bargains reached in second and third pillar matters; taken together, these would then determine the scope of the flexibility clause required. Second, many governments reserved their national positions until it was clear what position would be taken by the new British government, the election of which was long anticipated. The Council Presidency also hesitated to publicize positions before the election for fear of aiding the Tories. Third, governments had to resolve complicated disputes at home. On complex, second-order issues – and almost all issues in the IGC were both – the general direction of a government's policy was clear, but the precise national position could not be determined until important domestic groups were consulted and the evolving political situation assessed. We know of precious few examples where persuasion exercised at the level of national representatives seemed to have led to significant changes in national positions. One may be the case of the declaration on extradition and asylum whereby the Spanish request for disallowing intra-Community asylum was close to general acceptance until the principled argumentation of one of the representatives that such a move would be against international law and the high standards the EU was trying to set. Such developments were, however, very much the exception (McDonagh, 1998, pp. 53–7, 138, 142–3).

Fourth, *exceptional cases of salient policy reversal during the negotiations – leaving aside overt compromises – were connected to salient, predictable and*

<sup>2</sup> See successive issues of European Policy Centre (1996–97). The percentage for smaller countries was slightly greater. Whether this is because their weakness requires greater compromise or because their information-processing capabilities are lower, remains to be investigated.

*structural changes in domestic politics.* Consider the three most influential EU Member States:

- *Britain*, as anticipated by almost all the participants, shifted its position immediately after the Labour government entered office. As an issue-specific theory predicts, the shift involved greater support for co-operation on social policy and employment (to a lesser extent), and a softening of its position on the Parliament. Britain was able to moderate its position, ceding the Council-level veto and allowing for communitarization, without undermining fundamental interests. Yet, contrary to what many had hoped, there was little movement in areas such as border controls or defence. These British positions reflected structural realities, rather than partisan ideology, although the Labour Party had signalled that structural adaptation on these fronts might be desirable in the longer run.
- *France* shifted to support parliamentary co-decision after election of a Socialist government. The government named Elisabeth Guigou, formerly one of two EP representatives to the negotiations, to be French Minister of Justice. She reportedly pressed strongly for greater parliamentary powers. In the end, President Chirac agreed, noting that it was in any case an issue of 'secondary' importance – a point to which we shall return (Petite Interview).
- In *Germany*, nearly all commentators agree, Chancellor Helmut Kohl's decision in the final weeks of the negotiations to support only modest institutional reforms, rather than the more radical proposals Germany had earlier backed, stemmed from his last-minute concern about domestic political opposition, particularly given concurrent movement forward on EMU. This was combined with his understanding – shared by all participants we questioned – that a similar agreement could be feasible at any time over the next eight to ten years.

These changes in preferences were not simply predictable on issue-specific grounds, but in most cases were actually expected in advance by national governments – suggesting that our coding of preference changes is not simply a set of plausible *ex post* attributions. Changes lie, moreover, disproportionately in two areas: institutional reforms where the substantive consequences of policy were both modest and difficult to calculate (e.g. parliamentary co-decision) and social policy, which is of modest importance.

In sum, the available evidence all points to a similar conclusion: national preference functions were relatively stable and finely differentiated across issues in a pattern predicted by a rational, issue-specific explanation. In the rare cases where preferences shifted, they did so in ways consistent with the existence of stable underlying preference functions grounded in structural characteristics of

domestic politics, such as patterns of interdependence and, more rarely, the party in power. Rather than serving as a source of random and fundamental preference change, the negotiation process itself served as a rational learning process in which governments transformed those preferences into positions, then transformed positions into agreements by encouraging countries to canvass domestic groups, ascertain the preferences of their foreign counterparts, and examine the full range of technical solutions.

### III. Influence over Outcomes: State Power and Asymmetric Stakes

Given relatively stable national preferences and strategically determined negotiating positions, what factors determine EC bargaining outcomes? Here two dimensions matter: What determines the *efficiency* of bargains, and what determines the *distribution* of gains?

There are those who believe that bargaining in the EU is subject to massive uncertainty – a view consistent with the ‘garbage can’ model of preference formation. There are others who believe outcomes are decisively shaped by the intervention of supranational actors. In our view, the outcomes of this IGC were to a large extent predictable, negotiations were efficient even without supranational entrepreneurs, who played a marginal role, and were dominated by national governments. Evidence of sub-optimality in these negotiations is limited to a few, less important, areas, mostly involving the precise institutional form of agreements. The distributional bargains reflect, above all, the pattern of asymmetrical interdependence among governments. The intensity of national preference for co-operation, compared to the best unilateral alternative, decisively shaped the distributional outcomes.

#### *Assessing and Explaining Efficiency: Agenda-Setting, Mediation, Mobilization*

Observing that supranational actors contribute to the core entrepreneurial functions necessary for the successful outcome of a negotiation – initiation, mediation and mobilization – tells us little. Activity is not influence. The real question is whether such involvement alters outcomes by performing entrepreneurial functions that would not otherwise be performed. This claim rests, in turn, on the assumption that these officials possess important information or ideas unavailable to some or all national governments, the provision of which is critical to efficient negotiation. It rests, in short, on asymmetrical information (Moravcsik 1998, 1999).

This does not seem to have been the case. Never was an IGC so carefully, comprehensively, and collectively prepared and publicized. Most governments

floated proposals and engaged in extensive domestic consultations to minimize the possibility of subsequent ratification difficulties. Extensive debates were held in bilateral meetings among chief executives and ministers, informal groups of national, Council and Commission officials, members of the official intergovernmental Reflection Group, and the negotiators themselves, starting years before formal negotiations were convened. In the course of 1996, each Member State submitted an initial in-depth paper containing its overall approach to Treaty reform. The Commission itself produced an overall review of the negotiation agenda a year before serious negotiations began. (Commission, 1996). Numerous private, public, and non-profit bodies tracked the positions. A year before the negotiations ended, a widely circulated Parliamentary report listed the national positions for 15 countries, the Commission, and Parliament, across 237 separate issues. McDonagh reports that 'throughout the process there was no shortage of proposals and papers from national delegations' (McDonagh 1998, p. 209, also pp. 206–9).

We find, moreover, little evidence that either Commission or Parliament provided either initiatives or compromise proposals that were unique and thereby altered the outcomes of the negotiations. Some critics attribute this pervasive sense of caution to the reportedly passive personality of Jacques Santer, but the strategy in fact reflected a conscious, carefully debated strategic decision within the Commission. At the time, Jacques Delors stated that he would have done precisely the same (Delors, 1996). The Commission had tabled many ambitious proposals in the run-up to the Maastricht Treaty, only to see them ignored and its own motives questioned – an unpleasant experience Commission officials were reluctant to risk repeating. Their discreet operating style in the negotiations self-consciously reflected their normative claim that the agenda ought not to be about extending Community competence – especially Commission competence (Interviews with five Commission officials).

Accordingly there is little evidence to suggest that either the Commission or the Parliament – except in relatively minor or technical matters – advanced any major initiatives in the IGC that were both unique and successful. The Commission did succeed in its demand for greater powers for the President, but as one participant commented, 'we all agreed, this was like pushing an open door'. The Commission's failed to achieve its 'major priority', namely to assure that Art.113 – which consolidated (or created, depending on one's perspective) legal competence, Commission representation, and QMV for services trade negotiations – be officially extended to services trade (Meunier and Nicolaïdis, 1998). There appears to be no correlation between Commission support and the final outcome. No government backed the Commission's proposal for across-the-board QMV. In selecting areas for co-decision – an area about which, of course, the Commission position has never been entirely without ambivalence – it did

considerably worse than random chance would lead one to expect. The Commission proposed 23 specific issues for co-decision – many of which were also proposed by the Parliament or individual Member States – of which only eight were accepted. Fifteen other areas not mentioned by the Commission were designated by the Member States for co-decision (Commission, 1997).

By all reports, the Parliament, like the Commission, acquitted itself in a constructive and professional manner. Most Member States wanted to grant the two parliamentary representatives more access to the negotiations than had been the case in previous IGCs. Where EP representatives did participate, they were, by all accounts, effective. Yet France and the UK blocked their presence in critical decision sessions. As with the Commission, moreover, few successful Parliamentary initiatives were unique. The surprisingly large increase in EP co-decision and the abolition of the third reading reflected instead concern shared by many Member States about democratization. The fact that the three Presidencies – the Italian, Irish, and Dutch – were well disposed toward the Parliament helped keep such issues alive, and last-minute changes in the French and British governments facilitated final agreement (Interviews with Michel Petite and Richard Corbett).

Some analysts further argue out that governments lost control of *policy initiation and agenda-setting* simply because the timing and, to a certain extent, the agenda of the negotiations were dictated by the Maastricht Treaty. Certainly some items – EP powers, third pillar issues, adjustment of the CFSP – found their way onto the agenda automatically, due to the failure of the Maastricht negotiators to agree. Yet it would be incorrect to view this as an abdication of national control. The calling of the IGC itself reflected the national interests of those governments dissatisfied with the Maastricht agreement; the fact that the same issues arose is evidence of stable national preferences, not endogenous effects of prior integration. Once the IGC came into focus, these and other governments reshaped the agenda to suit their purposes. Where they could not reach consensus on an issue – such as external personality – it disappeared from active negotiation over time. Where there was support, it remained. Overall, the lack of underlying support helps explain the modest outcome of the negotiations – as is shown, ultimately, by the fact that the Maastricht political union negotiations raised many of the same issues, with equally modest success.

Where governments with particularly intense preferences felt the agenda was too narrow, they simply initiated proposals. A joint letter from Kohl and Chirac placed flexibility on the agenda in December 1995. Finland and Sweden tabled a compromise proposal on the CFSP. Finland initiated consideration of consumer protection, never strongly favoured by the Commission. Nordic delegations designed and kept a constant eye on environmental proposals. Sweden tabled specific proposals on employment. A coalition of traditional supporters of

parliamentary powers, led by Germany, Italy and the Netherlands, co-operated with successive Presidencies to keep parliamentary powers in play. By the time the Commission got around to issuing a paper on flexibility, internal memoranda were warning that the drafters must 'accommodate' the contributions of seven governments and the Presidency. The result: nearly all issues that received serious attention were matters of enduring concern among a substantial number of Member States, and when the Commission or Parliament placed ideas on the agenda, those that received continued attention were those with strong national support (McDonagh, 1998, pp. 85, 88, 91, 142; Commission, 1997b).

*Mediation*, the management of the agenda and the preparation of summary proposals and compromises, was conducted by national governments, either in bilateral meetings or through the mediation of the Presidency. Even the government of a relatively small state like Ireland, assisted by a small group of officials from the Council Secretariat, was able to manage the shifting plethora of national proposals quite adequately. Perhaps even more important than the Presidency, but nearly invisible to the untrained eye, was the welter of bilateral meetings during critical periods, particularly just in advance of the negotiations, that helped ferret out the 'unspoken *reasons* for the national positions' (emphasis in original) (McDonagh, 1998, p. 56, also pp. 23–4, 77). As in advancing initiatives, the Commission remained cautious in proposing compromises. Exceptions are modest, such as the Commission's innovative proposal for compromise in advance of the Dublin summit drawing the line for the scope of communitarization between civil and penal justice.

It is too early to draw reliable conclusions about the role of national governments and supranational officials in the *mobilization* of social groups, not least because ratification is not complete. Yet Commission representatives report that most of the action was between national governments and domestic constituents, with the overwhelming priority being avoidance of a ratification crisis. The IGC did not provide the sort of exceptional opportunity afforded by the Single European Act (SEA) for supranational actors to mobilize previously disorganized, but potentially powerful transnational interests – in that case, multinational business – around a diverse and diffuse initiative.

How Pareto-efficient was the final result? In other words, could it have been improved for some parties without hurting others? Some commentators and participants have asserted that significant gains were 'left on the table'. The modesty of the outcomes left many deeply disappointed. Yet there is little evidence of actual bargaining failure due to a lack of information, ideas or time. Participants report that compromises were at hand and agreements imminent during the final months of the negotiations. The failure to co-operate reflected instead the conscious and considered choice of one or more major national government not to make last-minute concessions due to overriding domestic

concerns. Similarly, the opt-outs on free movement can be seen as evidence that the results were not watered down from the viewpoint of its main proponents; even institutional fragmentation was preferable to compromise. While it is difficult to demonstrate decisively that an outcome is Pareto-optimal in complex, multi-party negotiations over non-quantifiable issues, we can say that we know of little empirical evidence that calls into question the efficiency of the negotiated outcomes, given the publicly and privately expressed preferences of all the major governments.

It is a worthwhile exercise to seek to generate counterfactual examples of deals that might have resulted in marginal gains (Sebenius, 1997). In reopening the institutional question at the last minute, for instance, the Dutch Presidency argued that it was worth the ministers' efforts to avoid collective loss of face *vis-à-vis* public opinion – and the 3000 journalists waiting outside the doors; some argue that this would have led to a deal 'if only there had been one more day' or 'if we had reconvened a month later'. Similarly, some sources during the negotiations suggested that more favourable language on issues significant to the French government (making a 'Mr CFSP' more accountable to both the Council and to the capitals, for instance) might have helped overcome the French veto on the dual-majority proposal for reweighting Council votes. More speculatively, we cannot definitively exclude the conjecture – though we know of no empirical evidence to support it – that concessions aimed at sub-national groups (say, the German Länder or the British Tory Party) would have opened up additional space for value-creating compromises. Speculation about such concessions rests on heroic counterfactual assumptions, including conjectures about highly unlikely events such as the dissolution of the nation-state as the primary actor in major EU negotiations. LI, moreover, offers a clear example why such side-payments were not made, namely that governments rarely see advantage in accepting diffuse political or financial compensation for concentrated losses (Moravcsik, 1998, Ch. 1; Gosses, 1997). Ultimately 'efficiency' in an IGC is what we expect to see in multi-party, multi-issue negotiations with individual vetoes, where the 'feasible' set is itself small. We turn, then, to an even more important task, namely to determine who was served by the results and whether they could be viewed as 'equitable', in the sense of a Nash equilibrium.

### *Explaining the Distribution of Gains: Asymmetrical Interdependence*

We believe that the distribution of gains from the Treaty reveals precisely the dynamics predicted by rational bargaining on the basis of asymmetrical interdependence. Agreements were constrained by the positions of recalcitrant governments. The final approval lay in the hands of chief executives on the basis of domestic political ratifiability. As in any unanimity voting system, the negotiators tended toward, but did not end quite at, the lowest common denominator.

Linkage was limited to closely related issues; governments conceded where they had little at stake, and demanded concessions where they had much at stake. Exit was an effective threat only where credible; exclusion was rarely a credible threat, we believe, and hence few such threats were made.

The mode of negotiation reflected, as this theory would predict, the pattern of national preferences. Where there was 'spontaneous' unanimity, as in stronger provisions for fighting international crime, spelling out provisions on subsidiarity or some of the human rights clauses, agreement was swiftly reached (McDonagh, 1998, pp. 101, 170–1). Where there was outright conflict, as in defence policy, little was achieved. The interesting cases were those in the middle, where governments had widely varying levels of concern about an issue, but modest underlying conflict. Such cases were governed by *positive-sum reciprocity*, based on relative stake.

Such linkages, as the LI specification of bargaining theory predicts, typically took the form of compromises within closely related areas rather than across issues –with careful attention to relative preference intensities. Initially for example, the reweighting of the Council vote was seen as a necessary *quid pro quo* for an expansion of QMV. This linkage was abandoned as support for the latter showed itself to be less strong than vague rhetoric had suggested. It became clear that 'the larger Member States attached greater importance to a rebalancing of voting weights in the Council', whereas 'for the less populous Member States their continued right to nominate a full member of the Commission was the more sensitive issue'. 'Senior European politicians' reached a consensus that proposals such as that to deny any country a Commissioner were politically too risky (McDonagh, 1998, pp. 96, 163, 185). A potential bargain emerged that remained a focal point until the end of the negotiations. There is no evidence that this outcome was somehow random or 'constructed' by the process of negotiations; it appears to have reflected genuine structural imperatives, namely the intensity of preferences. On small issues, there was something in the final package for all, thanks to so-called 'Christmas tree effect' in the end-game, where small concessions were made on issues that mattered enormously to some countries at a relatively small, if still extant, cost to others.

The binding constraint on major bargains lay in the willingness of the most recalcitrant governments to compromise. To maintain the unity of the negotiations, bargains came down in the end to decisions by chief executives from those countries. In some areas, the problem was British obstinacy – the UK retained two critical deal-breakers, WEU integration in the EU, and the new chapter on movement of people. The change in government meant that it no longer insisted on blocking the others from moving forward on those issues, although it would continue to prevent any outcome that might have spillover effects, as exemplified by the last-minute debates on the annexed declaration on WEU and the



specifics of the opt-out clause (Nicolaidis, Participant Observation). On movement of peoples, Britain appears to have accepted an opt-out, rather than vetoing the arrangement, because a veto 'would have led to a crisis ... and also made it more difficult for the United Kingdom to obtain satisfaction on other issues', including formalization of its right to maintain border controls (McDonagh, 1998, pp. 169, 178). In foreign policy, Britain was backed by the neutrals. Thus, with foreign policy limited, the Labour government's last-minute decision to soften its stance over vetoes in the General Affairs Council reflected a desire to demonstrate a co-operative attitude in an area of importance to others but relatively little direct importance to its own interests.

In the end it was not Blair but Kohl – mindful, one assumes, of the delicacy of the transition to EMU, approaching national elections, and the existence of plenty of future opportunities to reform institutions before eastern enlargement – who sent clear signals that he did not want to risk an agreement on major institutional reform or on greatly expanded QMV. It is likely, for example, that most governments could have agreed on the institutional deal had the major member governments agreed (McDonagh, 1998, pp. 149, 169). The problem was not bargaining failure: participants, including the German ambassador, reported that an agreement was essentially on the table. The chief of the Commission's Task Force later speculated that a meeting could be convened in the future and 'agreement reached within 24 hours' (Interview with Michel Petite).

Two other striking aspects of the distributional bargaining outcomes deserve mention. First, the French failed to reach their proclaimed objectives in any of the major areas under negotiations – third pillar issues, unemployment and CFSP. This was a primarily a function of the lack of support in other governments for positive French proposals (Menon, 1997). The only 'victories' France claimed at Amsterdam were thus in areas where the alliance with Germany had been solidly reinforced throughout, e.g. enhanced co-operation and the status of public banks for instance. Even some places where the two agreed, they were frustrated. Others have argued that French failure may also have reflected a split in the French executive in the end-game, with Chirac's and Jospin's negotiating teams operating almost independently at Amsterdam. The causes of their apparent decline in influence deserve further scholarly attention. Second, some of the newer members – particularly the most recent accession countries – did unusually well in the negotiations. Thus, for instance, the Nordic countries obtained their preferred outcome on the CFSP front – demonstrating the virtues of making a proposal at the median, defined by the maximal willingness of the British and neutrals to compromise. This reflected in part, we have seen, their credible threat of veto. The inclusion of 'Petersberg tasks' was the maximum they would accept, yet one that was made acceptable to all by providing for an opt-out on demand – through constructive abstention – and a veto.

#### IV. Institutional Choice: Bounded Commitments and Hybrid Solutions

In their public pronouncements, Member States presented institutional change as the cornerstone of this IGC, both in light of the unsatisfactory post-Maastricht functioning of the pillar structure and in anticipation of the forthcoming enlargement. Yet in fact, while national negotiators started to explore an institutional 'new deal' at Amsterdam, they did not consider significant institutional changes essential in the short run. The Parliament and the European Court gained new powers, but linked reform of the Commission and the Council was postponed. QMV, after much discussion, was not significantly extended. Most significantly, the three-pillar design was revisited and revised but not fundamentally reformed, further blurring the complex pillar distinctions introduced at Maastricht. Finally, enhanced co-operation (flexibility) was introduced, though with highly restrictive clauses.

How can we best explain these choices? More broadly, given national preferences and substantive bargaining outcomes, what factors shape choices to construct and reform institutions? More specifically, why do governments *pool* sovereignty by creating non-unanimous interstate decision-making rules or *delegate* sovereignty by granting a measure of autonomous decision-making power to supranational officials – Commission officials, MEPs, central bank governors, or judges?

There are, broadly speaking, three potential theoretical explanations for institutional choice. The first is *ideological*. The more governments accept the vision of a federalist Europe, the more they support pooling and delegation across issue-areas. The second is *technocratic*. As early neofunctionalists and some more recent writers argue, delegation may be required for technically complex issues in order to generate and manipulate specialized expertise efficiently – which tends to be underprovided in a decentralized system. The third explanation concerns *credible commitments*. Sovereignty is delegated or pooled in order to 'lock in' compliance with particular arrangements or relative influence over future decisions. Governments pool or delegate where future decisions are uncertain (otherwise clear rules for intergovernmental co-operation are more efficient), gains from assuring the compliance from others are large, and the cost of greater compulsion to comply tolerable. In the past, major areas of pooling and delegation – centralized financing of agricultural subsidies, a unified external trade policy, QMV on internal market issues, independence of the European Central Bank, and acquiescence in the increasing power of the European Court – were all designed primarily for this purpose (Moravcsik, 1998, 1999).

We argue that wherever possible in the Amsterdam negotiations, governments tended to make decisions to pool or delegate power in new international

institutions by weighing the advantages and disadvantages of a credible commitment to an underlying substantive bargain. Continuing a trend in the EU over the past 20 years, what is new about these negotiations is that when the cost–benefit balance was uncertain or controversial, Member States allowed themselves to craft new hybrid institutional solutions, rather than compromise their substantive goals. There appears to be, at the very least, substantial autonomy from pre-existing institutions – an observation that would need to be accounted for in ‘neofunctionalist’ or ‘historical institutionalist’ perspectives on EC institutionalization (Pierson, 1996).

Consider first *the extension of QMV*. While governments took rhetorical positions in favour of or opposed to the extension of QMV, in the fine print governments adopted finely differentiated policies in keeping with advancement of their substantive interests. To a first approximation, there were no unambiguously ‘federalist’ or ‘nationalist’ countries, as an ideological explanation would predict. Some governments did favour or oppose QMV ‘in principle’, but entered the negotiations with long lists of exceptions. Thus France sought QMV in social and employment policies, as well as some economic areas, but opposed it in foreign and defence policy. Germany was cautious in many financial areas, employment policy, and some areas under jurisdiction of the Länder, but favoured QMV in foreign policy.

In the end, the Amsterdam Treaty extended QMV to 14 areas, most of them relatively uncontroversial. These included public health, openness, countering fraud, statistics, creation of an advisory body on data protection, outermost regions and customs co-operation. Two more controversial issues, equal opportunity for men and women and the R&D Framework Programme and undertakings, contained carefully crafted exceptions. The ten major areas remaining under unanimity were all extremely sensitive for one or (more generally) a majority of Member States (free movement of peoples, social security, professional services, indirect taxation, culture, industry, some environmental policies, financial regulation, social policy, and employment incentives). In addition, a new derogation (Art. 100A5) was added permitting governments to impose higher environmental and work-related standards, even after EC harmonization, if new scientific evidence supports it. More stringent wording requiring scientific ‘facts’ or ‘data’ was rejected in the end-game.

Still, we do find marginal exceptions. At one end of the ideological spectrum, Italy supported the broadest extension of QMV in line with its traditional federalist stance and in spite of its avowed fears of finding itself in a minority position after enlargement on important issues like cohesion. At the other end, the UK, highly competitive in international services, opposed extension of Community competence (and thus formal QMV) in matters of new trade in services, apparently on ideological grounds. While the Italian position might

simply have been rhetorical – since across the board QMV was unlikely – the British position is striking.

Consider next the issue of *redistributing Commission positions and reweighting Council votes* (Laffan, 1997). From a technocratic viewpoint, the prospect of an ever-expanding number of Commissioners meant increased stalemate in the Commission, yet there is only modest evidence that this was a major concern. Both on the Commission and the Council fronts, proposals on the table contemplated shifting only a very modest amount of real bargaining power. Commission studies were reported to have revealed no recent situations in which the reweighting of votes contemplated in the negotiations would have altered the outcome. And governments did invoke issues of principle and symbolism: in an EU of 26, some calculated, a qualified majority could be achieved with the support of governments representing only 48 per cent of the EU population; some felt that such an outcome might be viewed as illegitimate (Interview with Michel Petite).

Yet, the underlying conflict was essentially distributive, and can be understood as a battle for greater or lesser control over policy-making between larger and smaller states. Larger governments, as we have seen, valued greater Council representation enough to sacrifice their second Commissioner; smaller governments found this an adequate exchange, especially once they successfully resisted attempts to streamline the Commission further; the efficiency argument stopped at the iron rule of ‘one country – one Commissioner’. Calculators in hand and tables from the Commission and the Dutch Presidency by their side, negotiators assessed and reassessed the impact of competing formulas on their country’s role in potential blocking alliances under different enlargement scenarios (Nicolaïdis, Participant Observation). Spanish insistence on greater Council representation made the final negotiations more complex, but in the end ‘agreement to disagree’, at least for the moment, reflected the modesty of substantive gains, the realization that there was plenty of time to implement such an agreement before eastern enlargement, and the understanding that future bargains over enlargement might offer a more attractive venue for institutional linkages. Given sensitivity about public support for EMU and the general tendency for losses to be more visible than gains in a distributive bargain, postponement was not greeted with great disappointment. Smaller countries were satisfied with the *status quo*; Germany’s failure to expand QMV was made less conspicuous. At the same time, the outline of the future bargain was acceptable to all.

In the area of *free movement of peoples, asylum and immigration*, at least two relatively similar institutional solutions could have increased the credibility of the commitment to a common policy. One was to shift procedures to the first pillar, the other to strengthen the third pillar. The role of the Dutch Presidency

was reportedly decisive in pushing for the first option, despite French resistance to increasing the Commission's role in this field. The agreement to postpone changes in the Commission's monopoly of initiative bought French acquiescence. Still, the rejection of the French proposal might be seen as a means to assure minority guarantees better, or greater efficiency when the Commission and Coreper could jointly generate 'single negotiating text' (directives) in these areas, in contrast with current intergovernmental 'K 4' committees. Judicial oversight over individual rights in cases involving foreign nationals might be seen as a means of placing policy in the hands of experts or of establishing a credible commitment to respect individual rights. More detailed research is required to assess these competing explanations. It is worth noting, however, that such disagreements were tightly circumscribed by substantive concerns; the differences were slight. One way or another, the increase in communitarization was clear evidence of a commitment to a more active policy.

It is striking that in deciding how to delegate or pool sovereignty, governments seemed relatively unconstrained by the pre-existing institutional structure of the EU – let alone by pleas for Cartesian clarity or institutional streamlining. This is clearest in *the new free movement chapter, and second- and third-pillar reforms, as well as the flexibility clauses*. Taken together, these seem to reflect a new evolutionary pragmatism regarding the shape of federal delegation whereby institutional mechanisms are likely to evolve in a relatively flexible, functionally determined manner. This provides yet another piece of evidence that careful national delegation to achieve particular substantive outcomes, not technocratic imperatives or coherent ideology, guides institutional delegation in the EU.

The negotiators designed new hybrid procedures and institutions where needed in order to accommodate widely divergent positions regarding the desirable degree of future commitment in different areas. The Commission called for more simplicity in EU institutions – the major message of its initial contributions to the Reflection Group. Instead, the EU's institutional structure grew more complex as governments tailor-made institutions in order to lock in commitments while limiting the scope of delegation in issue-specific ways. Thus the Treaty explores the grey zone between the traditional Community-method and pure intergovernmentalism, revisiting the balance struck at Maastricht towards a more hybrid model within and not only across policy areas. In conformity with a principal-agent model, Member States sought to control the delineation of delegated powers, share in the Commission's tasks as an agent and increase the 'reversibility' of such delegation (Devuyst, 1997; Coglianese and Nicolaïdis, 1997; Pollack, 1995).

This tendency is clearest in *arrangements for 'enhanced co-operation' or 'flexibility'*. Such arrangements, though foreshadowed by numerous earlier

developments from EMS to Schengen, the Social Protocol opt-outs, and the functioning of European Political Co-operation (EPC), gave new legitimacy to multi-track integration. It is easy to see why Member States like France and Germany – apparently concerned with safeguarding against future vetoes, maximizing the chances of success for EMU, and minimizing potential disruptions stemming from enlargement – sought to institutionalize their capacity to exclude parties from certain policies in areas like taxation or labour policies. It is equally clear why potential ‘outs’ like Portugal, Greece or Britain sought to limit or at least control their counterparts’ ability to act at each level: a veto for the triggering stage; limiting the scope of flexibility; the control of access by the Commission instead of the Council; a periodic review by the Commission of the legality of policies conducted under enhanced co-operation. The compromise reached in this area considerably reduces the significance of the clause but nevertheless enhances the capacity and credibility of sub-groups of countries to threaten laggards of exclusion. Perhaps the one area in which the pre-existing structure of the EU reasserted itself was in the decision to grant the Commission a *de facto* veto over flexibility – at least within the first pillar.

Other provisions commit Member States on a trial basis, while dampening the potential for uncontrolled spillover to take place. Examples include the provision for ad hoc delegation of trade authority, a shift to QMV in internal security matters, and WEU linkages with EU – all of which may be implemented in the future, but only by unanimity vote. Like so much else in the EU, the primary purpose of such provisions appears to be to strengthen the executive *vis-à-vis* potential domestic opposition by removing the necessity for repeated ratification – a goal pursued despite democratic rhetoric (Moravcsik, 1994). In addition, Amsterdam introduces something akin to the Luxembourg Compromise – a veto for vital national interests – into the Treaties for the first time (for CFSP and in the general flexibility clause) when the alternative would have been a classic unanimity clause. As in the original Treaty of Rome, Amsterdam introduces unanimity voting in new first-pillar matters, thus avoiding the ‘locking in’ of any government prior to the drafting of future policies in this area. Amsterdam introduces QMV for second-level decisions in the CFSP in order to cater to activist Member States wishing to keep their hands free on operational matters, while retaining control on overall decisions to act (through unanimity in the European Council). Finally, the notion that QMV is the last stage that must be preceded, rather than accompanied by, the setting in place of democratic guarantees is taken here to its full logic not only in the communitarized part of the third pillar, but for the remaining areas of the new third pillar where elements of supranationality are introduced.

We come, finally, to *the decision to increase greatly the powers of the European Parliament*. The Amsterdam Treaty expands the substantive scope of

co-decision and removes the 'third reading' from the EC legislative process – a clause whereby the Council of Ministers had had a final opportunity to override the Parliamentary position. To be sure, the tendency of Social Democrat parties to support increases in EP powers is explained in part by the existence of a Social Democratic majority in that body, and by the general support for regulation in social, environmental, human rights, and other such areas. Yet, two more purely ideological factors seem important. One was the need, not least in Germany and the Nordic states, to demonstrate the greater democratic legitimacy of EU institutions. The other is the long-standing tendency of countries to support or oppose strengthening the EP on the basis of its perceived connection with their own democratic institutions. Before Amsterdam, this typically generated characteristic ideological cleavages pitting the French, British, Danes and Greeks – all opposed to greater parliamentary powers – and others against the Germans, Dutch, Italians and Belgians. This is as predicted by the credible commitment view, which argues that where the substantive consequences of delegation are most unclear, national positions will be most ideological (Moravcsik, 1998). Something of this tendency surely remained. Yet even here, the shift of the French and British governments after elections that brought Social Democrats to power, as we have seen, was decisive – apparently overriding the traditional federalist-nationalist cleavage. More research is required to ascertain whether traditional interstate cleavages on this issue are in fact changing.

In sum, despite the apparent importance of symbolism, the modest size of potential gains, and the incalculability of the consequences of some institutional commitments – factors that increase unpredictability – national government positions on institutional issues generally tracked their desire for credible commitment to achieve concrete substantive outcomes. Governments generally sought to retain control over policy, barring a common interest to act. In other cases, hybrid solutions between intergovernmental decision-making and traditional Community-method found in the new Treaty either introduced more fine-tuned mechanisms for addressing policy needs or simply postponed decisions into the future – as in the precise implications of 'enhanced co-operation'.

## V. Conclusions

The aim of this article has been to explain why and how the Amsterdam Treaty came about. In essence, though a detailed outline of these factors would take us beyond the scope of the article, we see this Treaty continuing the EU's flexible adaptation to a range of specific problems triggered by new post-1989 societal challenges: open borders and new applicants to the east, new foreign and defence policy challenges short of war, greater economic and monetary integration, new forms of international trade negotiation, and a desire to maintain the political and

interinstitutional balance. Governments adopted positions on particular issues after calculating and comparing the relative costs and benefits of regional policies for attentive social groups and public opinion.

In more explicitly theoretical terms, we used as our baseline a rationalist theory of interstate bargaining and institutional choice resting on the hypotheses that states develop preferences based on issue-specific concerns about policy externalities; bargain to achieve substantive outcomes on the basis of asymmetrical interdependence, with little role for supranational entrepreneurs; and choose to delegate sovereignty to international institutions where necessary to enhance the credibility of commitments. This generally supports a 'liberal intergovernmentalist' explanation of major intergovernmental decisions. Alternative explanations – such as ideological preferences concerning integration, informational imperfections in the bargaining process, ideological reasons for delegation, or random noise – provide superior explanations for only a few aspects of the Amsterdam Treaty.

Some might be tempted to respond that the Amsterdam Treaty was an 'easy' case for such an approach, because the outcomes were modest. Yet this misunderstands the theoretical issue at stake. Unlike traditional grand theories of integration, the explanation we have provided is not grounded in a realist ideal-type in which states are always opposed to surrenders of sovereignty (or a neofunctionalist teleology of ever-expanding integration). Instead, LI seeks to explain variation across decisions, some of which, like Amsterdam, are modest steps toward integration, and others of which, like Maastricht, involve major transfers of sovereignty. In fact, we believe that the modesty of the Amsterdam Treaty makes it a 'hard' case for such rationalist theory. LI theory itself implies that where pressures for co-operation are weak or uncertain, predictions about preferences, bargaining, and institutionalization will be weaker and more subject to factors such as ideology. Given how little political incentive governments had to treat many of the issues discussed at Amsterdam as seriously as they do – say, EMU and the single market – it is surprising how consistent, orderly, and purposeful their behaviour was.

Overall, our findings challenge the widespread view around Brussels that IGCs have become ineffective forums. We see little evidence of this. If the overall outcome is disappointing to some, then, this is not the result of inefficient negotiation, but the result of an underlying distribution of preferences and power that dictated from the start that little was possible. On this participants, though not analysts, generally agree. The IGC was not driven by an overriding substantive purpose – a decisive fact that goes a long way toward explaining its modest outcome (Moravcsik and Nicolaïdis, 1998). Whereas there was strong functional pressure for co-operation in previous negotiations over the Rome Treaty, the CAP, the EMS, the SEA and Maastricht to reach agreement, national leaders in



the IGC realized from the start that the issues at stake were of secondary importance – compared to, say, EMU and enlargement. Even for the highly visible matter of institutional reform, it appeared to the chief executives and even the Commission that a similar bargain could be struck relatively smoothly at any time in the next five years. The primary lesson of Amsterdam for bargaining theory is thus that no amount of institutional facilitation or political entrepreneurship, supranational or otherwise, can overcome underlying divergence or ambivalence of national interests. This provides fundamental confirmation that the demand for co-operation, not the supply, imposes the critical constraint on major steps toward European integration. A steady supply of innovative solutions, generally by the negotiators themselves, allows them to accommodate demand patterns characterized in this case by both lack of consensus on a single decisive action and a majority desire for modest change.

We close, however, on a cautious note. Our findings remain provisional for two important reasons. First, at this early date, data remain sparse. There is, we have argued elsewhere, no substitute for primary research into negotiations, since the public record is often subject to deliberate or inadvertent omission or manipulation by national and supranational officials and politicians. We have sought to base the conclusions above on participant testimony and observation, as well as unambiguous patterns of well-documented events; as noted above, our full documentation is available elsewhere. We welcome similarly grounded challenges to our reasoning. Second, the theoretical foundations of LI need to be elaborated more fully. In areas such as internal security, immigration, foreign policy, and parliamentary powers, more deductively coherent and empirically tested theories of national preferences surely require the incorporation of, for instance, insights on learning under uncertainty. Theoretical and methodological issues of bargaining theory – including measurement of preference intensity and the determination of bargaining outcomes in complex, linked, multi-party negotiations in which both exclusion and opt-out are possibilities – remain to be solved. And explanations of institutional choice could be elaborated much further to take account not just of the degree of commitment imposed, but the particular form that it takes. These factors, sure to influence future bargains as they have past ones, deserve the sustained attention of future scholars.

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