

Conceptualizing the Domestic Impact of Europe

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1. Introduction¹

For decades, European studies have been mostly concerned with explaining European integration and Europeanization processes themselves. Debates between neofunctionalism, (liberal) intergovernmentalism, and the “multi-level governance” perspective centered around the question of how to account for the emerging European polity. This research, therefore, adopted a “bottom up” perspective, in which the dynamics and the outcome of the European institution-building process are the main dependent variable (see e.g. Puchala 1972; Wallace and Wallace 1996; Stone Sweet and Sandholtz 1998; Moravcsik 1998; Héritier 1999). More recently, however, an emerging literature focuses on the impact of European integration and Europeanization on domestic political and social processes of the member states and beyond. This move toward studying “top down” processes is desperately needed in order to fully capture how Europe and the European Union (EU) matter. It fits nicely with recent developments in international studies in general which increasingly study the domestic effects of international institutions and norms. As far as the EU is concerned, we will get a more comprehensive picture if we study the feedback processes among and between the various levels of European, national, and subnational governance.

While we are aware of these various feedback loops, this paper self-consciously restricts itself to the “top down” perspective,. How do European integration and Europeanization more generally affect domestic policies, politics, and polities of the member states and beyond? To answer this question, we use the emerging literature on the topic to develop some preliminary hypotheses on the conditions under which we would expect domestic change in response to Europeanization. We seek to simplify various propositions made in the literature and to point out where further research is needed. Our arguments can be summarized as follows.

Whether we study policies, politics, or polities, there are two conditions for expecting domestic changes in response to Europeanization. First, Europeanization must be “inconvenient,” i.e., there must be some degree of “misfit” or incompatibility between European-level processes, policies and institutions, on the one hand, and domestic-level processes, policies and institutions, on the other. This degree of fit or misfit leads to adaptational pressures, which constitute a necessary but not sufficient condition for expecting domestic change. The second condition is that various facilitating

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factors – be it actors, be it institutions – respond to the adaptational pressures, thus inducing the change.

One can conceptualize the adaptational processes in response to Europeanization in two ways, which in turn lead to different emphasis concerning these facilitating factors. Here, we refer to two variants of the “new institutionalism” in political science, rational choice institutionalism, on the one hand, and sociological (or constructivist) institutionalism, on the other (see March and Olsen 1989, 1998; Hall and Taylor 1996; Risse forthcoming). From a rationalist perspective following the “logic of consequentialism”, the misfit between European and domestic processes, policies, and institutions provides societal and/or political actors with new opportunities and constraints to pursue their interests. Whether such changes in the political opportunity structure lead to a domestic redistribution of power, depends on the capacity of actors to exploit these opportunities and avoid the constraints. Two mediating factors with opposite effects influence these capacities:

- *Multiple veto points* in a country’s institutional structure can effectively empower actors with diverse interests to resist adaptational pressures emanating from Europeanization.
- *Formal institutions* might exist providing actors with material and ideational resources to exploit new opportunities leading to an increased likelihood of change.

The logic of rationalist institutionalism suggests that Europeanization leads to domestic change through a differential empowerment of actors resulting from a redistribution of resources at the domestic level.

In contrast, a sociological or constructivist perspective emphasizes a “logic of appropriateness” (March and Olsen 1998) and processes of persuasion. European policies, norms, and the collective understandings attached to them exert adaptational pressures on domestic-level processes, because they do not resonate well with domestic norms and collective understandings. Two mediating factors influence the degree to which such misfit results in the internalization of new norms and the development of new identities:

- “Change agents” or *norm entrepreneurs* mobilize in the domestic context and persuade others to redefine their interests and identities.
- A *political culture* and other informal institutions exist which are conducive to consensus-building and cost-sharing.

Sociological institutionalism suggests that Europeanization leads to domestic change through a socialization and collective learning process resulting in norm internalization and the development of new identities.

The two logics of change are not mutually exclusive. They often occur simultaneously or characterize different phases in a process of adaptational change. Our paper concludes with some suggestions how to link the two mechanisms and to specify conditions when which logic dominates.

The paper proceeds in the following steps. First, we specify what we mean by “domestic impact” of Europeanization. Second, we develop the concept of “misfit” and distinguish between differential empowerment and socialization as the two theoretical logics of domestic adaptation to Europe. Third, we discuss the degree and direction of domestic changes to be expected by the two logics and causal mechanisms focussing on the question whether we are likely to see convergence or divergence. We conclude with propositions how differential empowerment and socialization relate to each other.

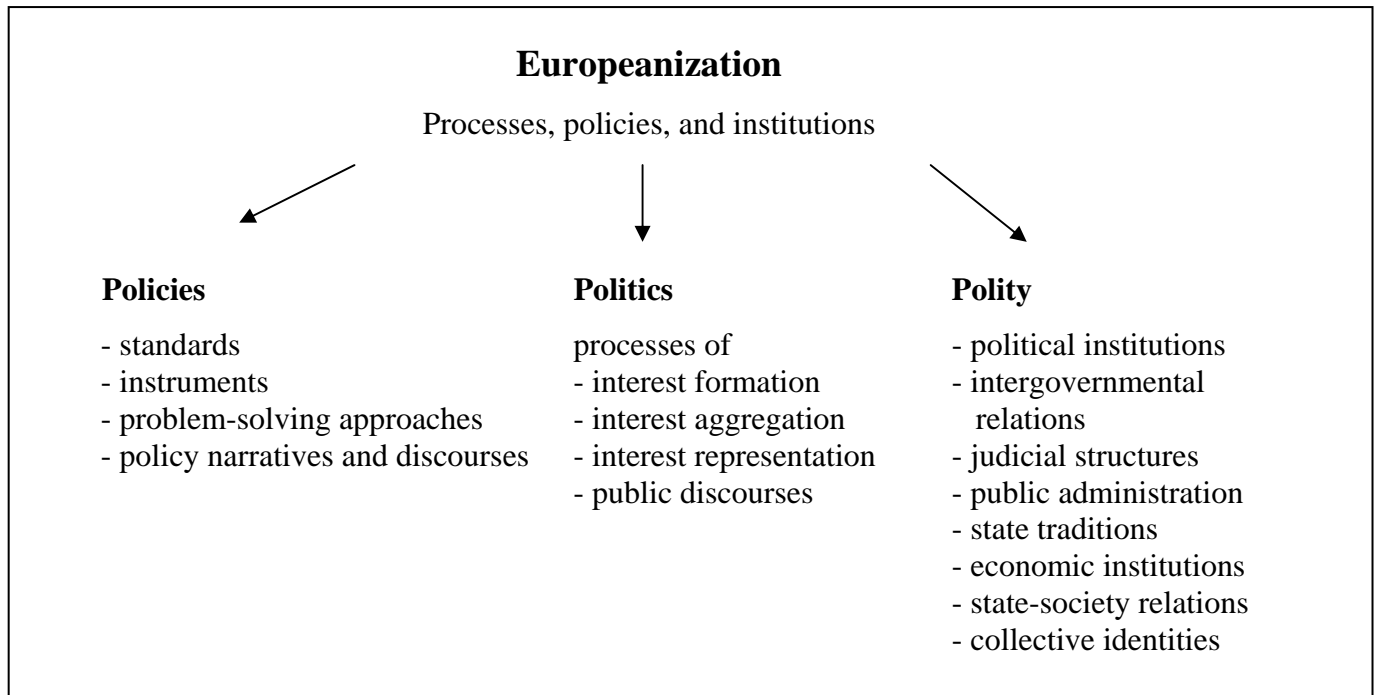
2. Europeanization and the “Goodness of Fit”

Europeanization and the Dimensions of Domestic Change

Scholars who adopt a “top-down” perspective have used the concept of Europeanization in different ways, which gave rise to considerable confusion in the literature (for critical discussions see Radaelli 2000; Eising forthcoming). For pragmatic reasons and since we are interested in understanding both the processes by which European integration affects domestic change and the outcome of this change, we follow the proposal by Risse, Cowles, and Caporaso. They conceptualize Europeanization as the “emergence and the development at the European level of distinct structures of governance, that is, of political, legal, and social institutions associated with political problem solving that formalizes interactions among the actors, and of policy networks specializing in the creation of authoritative European rules” (Risse et al. 2001, 3). Europeanization is understood as a process of institution-building at the European level in order to explore how this Europeanization process impacts upon the member states.

We use the distinction between policies, politics, and polity to identify three dimensions along which the domestic impact of Europeanization can be analyzed and processes of domestic change can be traced (see figure 1).

Figure 1: The Domestic Effect of Europeanization



Whether we focus on policies, politics, or polity, the general proposition that Europeanization affects the member states is no longer controversial. We can also see an emerging consensus that Europeanization has a differential impact on domestic policies, politics, or polities (see Cowles et al. 2001; Héritier et al. 2001; Kohler-Koch 1998a; Kohler-Koch and Eising 1999). Only few authors expect increasing convergence in domestic policies and institutions in response to Europeanization (e.g. Schneider 2001; Knill and Lehnkuhl 1999). The issue is no longer whether Europe matters but how it matters, to what degree, in what direction, at what pace, and at what point of time. In other words, the more recent literature on the domestic impact of Europe has focused on identifying the causal mechanisms through which Europeanization can effect the member states. Most studies draw on several mechanisms to explain the domestic change they observe (see e.g. Héritier et al. 1996; Héritier et al. 2001; Hooghe 1996; Börzel 2001; Haverland 1999; Knill and Lehnkuhl 1999). We argue below that the different causal mechanisms can be collapsed into two logics of domestic change. In the following and drawing on Cowles et al. 2001 and Börzel 1999, we develop a conceptual framework that allows us to integrate the various mechanisms.

Misfit as a Necessary, But Not Sufficient Condition of Domestic Change

While focusing on different causal mechanisms, most studies share the proposition that Europeanization is only likely to result in domestic change if it is “inconvenient”. There must be some “mis-

fit” (Duina 1999) or “mismatch” (Héritier et al. 1996) between European and domestic policies, processes, and institutions. The “goodness of fit” (Risse et al. 2001) between the European and the domestic level determines the degree of pressure for adaptation generated by Europeanization on the member states: *The lower the compatibility between European and domestic processes, policies, and institutions, the higher the adaptational pressure.*

This proposition is rather trivial, since there is no need for domestic changes, if Europeanization fits perfectly well with domestic ways of doing things. If European environmental regulations, for example, match with domestic policies, member states do not need to change their legal provisions. In general, if European norms, rules, and the collective understandings attached to them are largely compatible with those at the domestic level, they do not give rise to problems of compliance or effective implementation more broadly speaking. Nor do they provide new opportunities and constraints to domestic actors that would lead to a redistribution of resources at the domestic level empowering some actors while weakening others. European policy frames which resonate with domestic policy ideas and discourses are unlikely to trigger collective learning processes which could change actors’ interests and identities. The European system of judicial review only empowers national courts and citizens in member states whose legal systems are alien to judicial review (Conant 2001). The Single Market, finally, only provides exit options for firms which used to operate within closed and protected markets. Those firms which already enjoyed open competition across borders, had little to gain from the Single Market provisions. In brief, misfit and resulting adaptational pressures constitute the starting point for any causal mechanism discussed in the literature.

Ultimately, adaptational pressures are generated by the fact that the emerging European polity encompasses structures of authoritative decision-making which might clash with national structures of policy-making and that the EU member states have no exit option given that EU law constitutes the law of the land. This is a major difference to other international institutions which are simply based on voluntary intergovernmental arrangements. We distinguish two types of misfits by which Europeanization exerts adaptational pressure on the member states.

First, European policies might lead to a *policy misfit* between European rules and regulations, on the one hand, and domestic policies, on the other. Policy misfits essentially equal compliance problems. European policies can challenge national policy goals, regulatory standards, the instruments or techniques used to achieve policy goals, and/or the underlying problem-solving approach (Héritier et al. 1996; Börzel 2000). Such policy misfit can also exert adaptational pressure on underlying

institutions (Caporaso and Jupille 2001; Schneider 2001; Sbragia 2001). As policy misfits produce adaptational costs at the domestic level, member states strive to “upload” their policies to the European level in order to reduce their compliance problems. Regulatory contest results from these efforts, particularly among the powerful member states. Yet, since it is unlikely that the same group of member states succeeds most of the time in uploading its preferences unto the European level, this contest gives rise to a regulatory “patchwork” of EU rules and regulations following a very diverse pattern of policies, problem-solving approaches, and administrative styles (Héritier 1996). This regulatory patchwork, however, produces significant degrees of misfit for all those member states who did not succeed to upload their preferences unto the European level and, thus, are required to change their policies and even institutional structures in response to Europeanization. As a result, all member states – including the “big three” Great Britain, France, and Germany – face significant, albeit different degrees of adaptational pressures when they have to download European policies (Cowles et al. 2001; Börzel 2001).

This is an important finding which challenges several dominant approaches in the study of European integration. Liberal intergovernmentalism, for example, implies that bargains are struck among the powerful member states at the level of lowest common denominator (Moravcsik 1993, 1998). It follows that Britain, France, and Germany are unlikely to face significant adaptational pressures from Europeanization. This proposition is thoroughly disconfirmed by the available evidence on Europeanization effects (e.g., Héritier et al. 2001; Cowles et al. 2001; Knill and Lenschow 2000; Duina 1999). From a different theoretical angle, sociological institutionalism would expect that the more institutional structures at the European and at the domestic levels look alike (structural isomorphism), the less adaptational pressures member states should face (Olsen 1995; DiMaggio and Powell 1991). German domestic structures, for example, show many similarities with the emerging European polity (multi-level system; de-centralization; federalism etc.; see Bulmer 1997; Katzenstein 1997). Yet, Germany has experienced as many misfits with Europeanization processes as other member states (Cowles and Risse 2001).

This latter argument points to a second type of misfit and adaptational pressure which we need to distinguish from policy misfit. Europeanization can cause *institutional misfit* challenging domestic rules and procedures and the collective understandings attached to them. European rules and procedures, for example, which give national governments privileged decision powers vis-à-vis other domestic actors, challenge the territorial institutions of highly decentralized member states which grant their regions autonomous decision powers (Börzel 2001). The accessibility of the European Commission for societal interests challenges the statist business-government relations in France and

the corporatist system of interest mediation in Germany (Cowles 2001; Conant 2001). Europeanization might even threaten deeply collective understandings of national identity as it touches upon constitutive norms such as state sovereignty (Risse 2001; Checkel 2001). Institutional misfit is less direct than policy misfit. Although it can result in substantial adaptational pressure, its effect is more likely to be long-term and incremental.

Policy or institutional misfit, however, is only the necessary condition for domestic change. Whether misfits produce a substantial effect at the domestic level, depends on the presence of some factors facilitating adaptation and serving as catalysts for domestic change. Only if and when these intervening factors are present, can we expect a transformation of policies, politics or polities in the member states.

3. Facilitating Factors as Sufficient Conditions for Domestic Change

The domestic effect of Europeanization can be conceptualized as a process of change at the domestic level in which the member states adapt their processes, policies, and institutions to new practices, norms, rules, and procedures that emanate from the emerging European system of governance (Olsen 1996, 1997). Rationalist and sociological institutionalisms identify different mechanisms of institutional change, which can be equally applied to the change of policies and politics.² The two logics of change stress different factors facilitating domestic adaptation in response to Europeanization.

Domestic Change as a Process of the Redistribution of Resources

Rationalist institutionalism embodies a “logic of consequentialism” (March and Olsen 1998), which treats actors as rational, goal-oriented and purposeful. Actors engage in strategic interactions using their resources to maximize their utilities on the basis of given, fixed and ordered preferences. They follow an instrumental rationality by weighing the costs and benefits of different strategy options taking into account the (anticipated) behavior of other actors. From this perspective, Europeanization is largely conceived as an emerging political opportunity structure which offers some actors additional resources to exert influence, while severely constraining the ability of others to pursue their goals. Liberal intergovernmentalists have suggested that European opportunities and con-

² The following draws on Olsen 1996; Börzel 2001; Checkel 1999b.

straints strengthen the action capacities of national executives enhancing their autonomy vis-à-vis other domestic actors (Moravcsik 1994). Neofunctionalists come to the opposite conclusion that Europeanization provides societal and subnational actors with new resources, since the EU enables them to circumvent or by-pass the national executives (Marks 1993; Sandholtz 1996). Proponents of multilevel governance approaches in turn argue that Europeanization does not empower one particular group of actors over the others but increases their mutual interdependence giving rise to more cooperative forms of governance (Kohler-Koch 1996; Grande 1996; Rhodes 1997). The three resource dependency approaches all predict convergence, but around very different outcomes.

Neither can account for the differential impact of Europeanization observed at the domestic level. The evidence suggests that Europeanization does not systematically favour one particular groups of domestic actors over others. For instance, while French firms gained more autonomy vis-à-vis their national government by circumventing it (Schmidt 1996), Spanish firms did not (Aguilar Fernandez 1992). The Italian regions have been far less able to ascertain their domestic power than their Austrian or British counterparts (Desideri and Santantonio 1997; Morass 1997; Rhodes 1996). While the Spanish territorial structure is undergoing profound change in response to adaptational pressure, German federalism has been reinforced by Europeanization. While the equal pay and equal treatment directives empowered womens' groups in Great Britain, they had virtually no effect in France (Caporaso and Jupille 2001).

We argue that Europeanization only leads to a redistribution of resources and differential empowerment at the domestic level if 1) there is significant misfit providing domestic actors with additional opportunities and constraints (necessary condition), and 2) domestic actors have the capacities to exploit such new opportunities and avoid constraints, respectively (sufficient condition). Two mediating factors influence these action capacities (cf. Risse et al. 2001, 9-10).

1) *Multiple veto points* in a country's institutional structure can empower actors with diverse interests to avoid constraints emanating from Europeanization pressures and, thus, effectively inhibit domestic adaptation (Tsebelis 1995; Haverland 2000; Héritier et al. 2001). The more power is dispersed across the political system and the more actors have a say in political decision-making, the more difficult it is to foster the domestic consensus or "winning coalition" necessary to introduce changes in response to Europeanization pressures. A large number of institutional or factual veto players impinges on the capacity of domestic actors to achieve policy changes and limits their empowerment. The European liberalization of the transport sector, for example, empowered societal and political actors in highly regulated member states, which had been unsuc-

cessfully pushing for privatization and deregulation. But while the German reform coalition was able to exploit European policies to overcome domestic opposition to liberalization, Italian trade unions and sectoral associations successfully blocked any reform attempt (Héritier et al. 2001; Héritier 2001; Kerwer and Teutsch 2001). The variation can be explained if we take into account the large number of veto players in the Italian system.

- 2) Existing *formal institutions* can provide actors with material and ideational resources necessary to exploit European opportunities and to promote domestic adaptation. The European political opportunity structure may offer domestic actors additional resources. But many are unable to exploit them when they lack the necessary action capacity. Direct relations with European decision-makers provide regions with the opportunity to circumvent their central government in European policy-making. But many regions do not have sufficient resources (manpower, money, expertise) to be permanently present at the European level and to exploit the new opportunities. While Bavaria or Catalonia are strong enough to maintain regular relations with EU institutions, Estremadura or Bremen simply lack the action capacity to do this. Many regions then rely on their central governments to channel their interests into the European policy process (Jeffery 2000). In the United Kingdom, public agencies and related complementary institutions, Equal Opportunities Commission in particular, provided womens' organizations with the means to use EU equal pay and equal treatment directives in furthering gender equality. In the absence of such institution, French women were not able to overcome domestic resistance to implement the EU equal pay and equal treatment policies (Caporaso and Jupille 2001; Tesoka 1999).

In sum and following a rationalist institutional logic, we can conceptualize the adaptational pressures or the degrees of misfit emanating from Europeanization as providing new opportunities for some actors and severely constraining other actors' freedom of maneuver. Whether actors can exploit these opportunities or circumvent the constraints depends on intervening factors such as the number of veto points in the political system, on the one hand, and the (in-) existence of supporting formal institutions, on the other. These two factors determine whether the new opportunities and constraints resulting from Europeanization in case of misfit translate into an effective redistribution of resources among actors and, thus, whether Europeanization does indeed lead to a differential empowerment of actors.

Domestic Change as a Process of Socialization and Learning

Sociological institutionalism draws on the “logic of appropriateness” (March and Olsen 1989, 1998) according to which actors are guided by collective understandings of what constitutes proper, i.e. socially accepted behavior in a given rule structure. These collective understandings and intersubjective meanings influence the ways in which actors define their goals and what they perceive as “rational” action. Rather than maximizing their subjective desires, actors strive to fulfill social expectations. From this perspective, Europeanization is understood as the emergence of new rules, norms, practices, and structures of meaning to which member states are exposed and which they have to incorporate into their domestic practices and structures.

Sociological institutionalism offers two potential explanations for domestic change in response to Europeanization, one more structuralist, the other more agency-centered. The first account focuses on institutional isomorphism suggesting that institutions which frequently interact, are exposed to each other or are located in a similar environment, develop similarities over time in formal organizational structures, principles of resource allocation, practices, meaning structures, and reform patterns (Meyer and Rowen 1991; DiMaggio and Powell 1991; Scott and Meyer 1994). Institutional isomorphism explains a process of homogenization of organizational structures over time. It ultimately rests on a form of structural determinism assuming that actors strive to match institutions to environmental changes. Rather than adapting to functional imperatives, organizations respond to changes in their normative and cognitive environment giving rise to institutional isomorphism. The conditions for isomorphism can vary. It appears to be most likely in environments with stable, formalized and clear-cut organizational structures (Scott and Meyer 1994, 118]. Provided that institutions are exposed to such an environment, they are expected to respond by similar changes in their institutional structure. This argument is faced with serious problems in explaining variation in institutional adaptation to a similar environment. It cannot account for the differential impact of Europe, since the causal mechanism identified should lead to structural convergence.

There is a second, more agency-centered version of sociological institutionalism which theorizes differences in the degree to which domestic norms and institutions change in response to international institutional arrangements. This version focuses on socialization processes by which actors learn to internalize new norms and rules in order to become members of (international) society “in good standing” (Finnemore and Sikkink 1998; Checkel 1999a). Actors are socialized into new norms and rules of appropriateness through processes of arguing, persuasion and social learning and to redefine their interests and identities accordingly. This perspective generates expectations about

the differential impact of Europeanization, since “misfit” constitutes the starting condition of a socialization process. While citizenship norms of the Council of Europe resonated well with traditional citizenship practices in France (*ius solis*), they directly contradicted the historical understandings of citizenship in Germany (*ius sanguinis*), thus creating a serious misfit (Checkel 2001). The idea of cooperative governance emulated by the European Commission fit German cooperative federalism but challenged statist policy-making practices in Italy and Greece (Kohler-Koch 1998b). The more European norms, ideas, structures of meaning, or practices resonate (fit) with those at the domestic level, the more likely it is that they will be incorporated into existing domestic institutions (Olsen 1996, 272) and the less likely it is that the European norms will lead to domestic change. High cognitive or normative misfit as lack of resonance is equally unlikely to cause substantial domestic change since domestic actors and institutions will resist adaptation (see below). We argue in turn that high misfit may lead to processes of socialization and learning resulting in the internalization of new norms and the development of new identities provided that (one of) two mediating factors are present:

- 1) “Change agents” or *norm entrepreneurs* mobilize at the domestic level. Norm entrepreneurs do not only pressure policy-makers to initiate change by increasing the costs of certain strategic options. Rather, they use moral arguments and strategic constructions in order to persuade actors to redefine their interests and identities engaging them in processes of social learning. Persuasion and arguing are the mechanisms by which these norm entrepreneurs try to induce change (Risse 2000). There are two types of norm- and idea-promoting agents. *Epistemic communities* are networks of actors with an authoritative claim to knowledge and a normative agenda (Haas 1992b). They legitimate new norms and ideas by providing scientific knowledge about cause-and-effect relationships. Epistemic communities are the more influential in inducing change, the higher the uncertainty about cause-and-effect relationships in the particular issue-area among policy-makers, the higher the consensus among the scientists involved, and the more scientific advice is institutionalized in the policy-making process (Haas 1992a; Adler and Haas 1992). In the case of the European single currency, the euro, a coalition of central bankers and national technocrats successfully advocated a monetarist approach which produced dramatic changes in domestic monetary policy, even in countries such as Italy and Greece which had to undergo painful adaptation (Dyson and Featherstone 1999; Radaelli 1998). *Advocacy or principled issue networks* are bound together by shared beliefs and values rather than by consensual knowledge (Keck and Sikkink 1998). They appeal to collectively shared norms and identities in order to persuade other actors to reconsider their goals and preferences. Processes of complex or “double-loop” learning (Agyris and Schön 1980), in which actors change their interests and

identities as opposed to merely adjusting their means and strategies, occur rather rarely. They usually take place after critical policy failure or in perceived crises and in situations of great uncertainty (Checkel 1999a). While persuasion and social learning are mostly identified with processes of policy change, they transform domestic institutions, too. As Checkel argues, Germany underwent a profound and constitutive change of its citizenship norms resulting from a learning process instigated by an advocacy network (Checkel 2001).

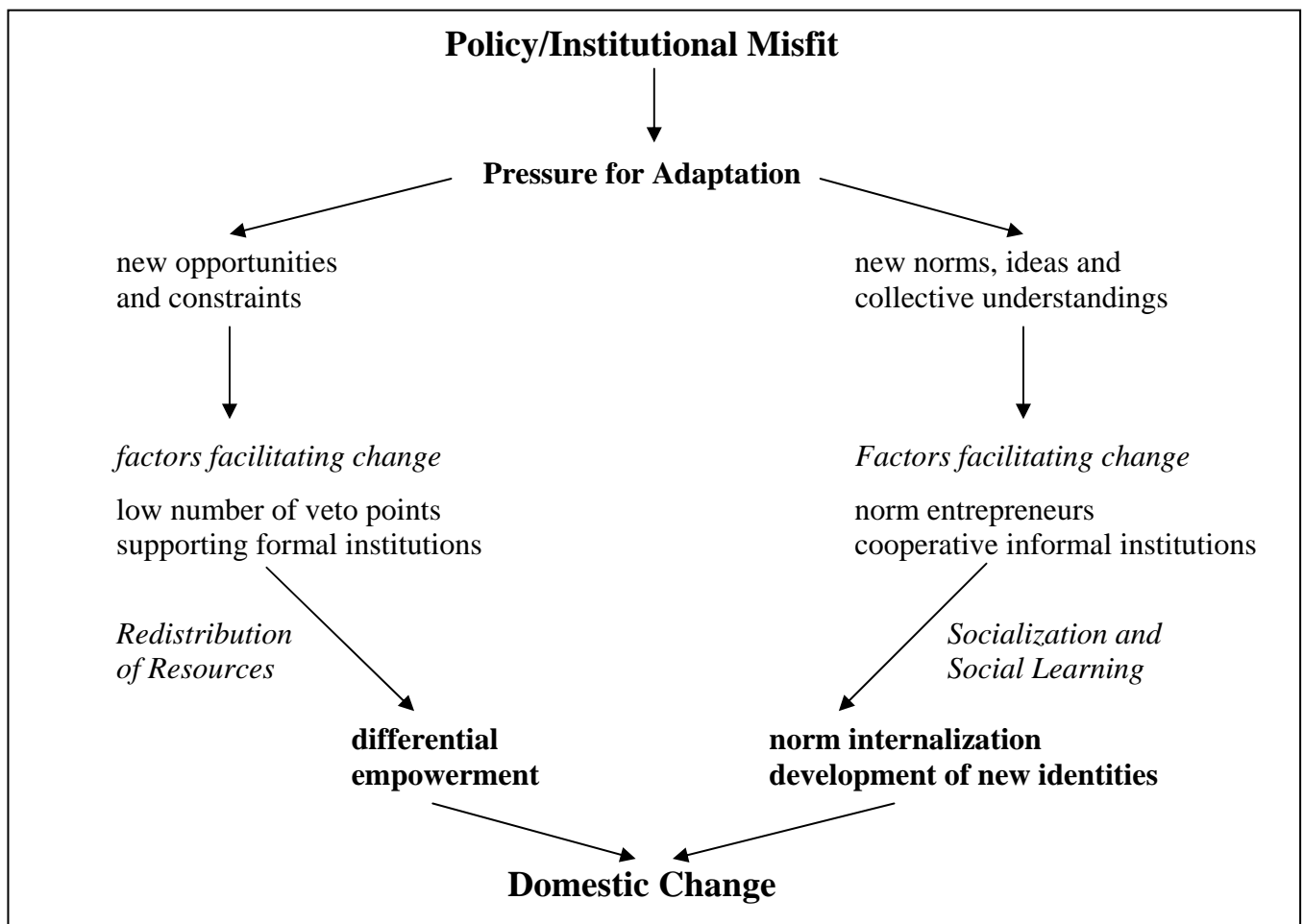
- 2) A political culture and other *informal institutions* conducive to consensus-building and cost-sharing also facilitate domestic change in response to Europeanization. Informal institutions entail collective understandings of appropriate behavior that strongly influence the ways in which domestic actors respond to Europeanization pressures. First, a consensus-oriented or cooperative decision-making culture helps to overcome multiple veto points by rendering their use inappropriate for actors. Cooperative federalism prevented the German *Länder* from vetoing the European Treaty revisions which deprived them of core decision powers (Börzel 2001). The German litigational culture encouraged citizens to appeal to national courts for the deficient application of Community Law, while such a culture was absent in France where litigation is much lower (Conant 2001). Second, a consensus-oriented political culture allows for a sharing of adaptational costs which facilitates the accommodation of pressure for adaptation (Katzenstein 1984). Rather than shifting adaptational costs upon a social or political minority, the “winners” of domestic change compensate the “losers”. The German government shared its decision powers in European policy-making with the *Länder* to make up for their Europe-induced power losses (Börzel 2001). Likewise, the consensual corporatist decision-making culture in the Netherlands and Germany facilitated the liberalization of the transport sector by offering compensation to the employees as the potential losers of the domestic changes (Héritier 2001; Héritier et al. 2001). A confrontational and pluralist culture, however, may inhibit domestic change, as the example of the Spanish regions in response to Europeanization pressures documents. The competitive institutional culture initially prevented the regions from cooperating with the Spanish central state in order to reap the benefits of Europeanization and to share its costs, respectively.

Norm entrepreneurs and consensus-oriented cultures affect whether European ideas, norms and the collective understandings which do not resonate with those at the domestic level, are internalized by domestic actors giving rise to domestic change. This sociological logic of domestic change emphasizes arguing, learning, and socialization as the mechanisms by which new norms and identities emanating from Europeanization processes are internalized by domestic actors and lead to new

definitions of interests and of collective identities. The logic also incorporates mimetic processes whereby institutions emulate others to reduce uncertainty and complexity (DiMaggio and Powell 1991; Radaelli 2000). Emulation is a significant mechanism by which member states learn from their neighbors and other Europeans how to respond effectively to adaptational pressures from Europeanization.

The two logics of domestic change as summarized in figure 2 are not mutually exclusive. They often work simultaneously or dominate different phases of the adaptational process. We come back to this point in the concluding part of the paper.

Figure 2: Two logics of Domestic Change



4. The Outcome of Domestic Change in Response to Europeanization

The two logics generate different propositions about the degree and direction of domestic change. Both take misfit as the necessary condition of domestic change and converge around the expectation that the lower the misfit, the smaller the pressure for adaptation and thus the lower the degree of expected domestic change. But the two logics depart on the effect of high adaptational pressure.

Absorption, Accommodation, or Transformation?

Domestic change in response to Europeanization pressures can be weak or strong. We distinguish here three degrees of domestic change:

- *Absorption*: Member states incorporate European policies or ideas into their programs and domestic structures, respectively, but without substantially modifying existing processes, policies, and institutions. The degree of domestic change is low.
- *Accommodation*: Member states accommodate Europeanization pressure by adapting existing processes, policies and institutions without changing their essential features and the underlying collective understandings attached to them. One way of doing this is by “patching up” new policies and institutions onto existing ones without changing the latter (Héritier 2001). The degree of domestic change is modest.
- *Transformation*: member states replace existing policies, processes, and institutions by new, substantially different ones, or alter existing ones to the extent that their essential features and/or the underlying collective understandings are fundamentally changes. The degree of domestic change is high.

The rationalist institutionalist perspective suggests that the more Europeanization provides new opportunities and constraints (high adaptational pressure), the more likely a redistribution of resources is, which may alter the domestic balance of power and which may empower domestic actors to effectively mobilize for policy change by overriding domestic veto points. Medium adaptational pressure is also likely to result in domestic transformation if there are supporting formal institutions. In the presence of multiple veto points, however, medium adaptational pressure will be at best accommodated if not absorbed, even if this means non-compliance in case of policy misfit. Finally, the mere absorption of low pressure of adaptation may be prevented by formal institutions which support domestic actors in exploiting modest new opportunities.

Sociological institutionalism, by contrast, argues that high adaptational pressure is likely to meet strong institutional inertia preventing any domestic change. New norms, rules, and practices do not simply replace or harmonize existing ones. Profound and abrupt changes should only be expected under conditions of crisis or external coercion (Olsen 1996). Actors are more open to learning and persuasion, if new norms and ideas, albeit “inconvenient”, are compatible with collectively shared understandings and meaning structures. Therefore, medium pressure for adaptation is most likely to result in domestic transformation, at least in the long run. Processes of adaptation evolve along institutional paths.

In sum, the two logics predict opposite outcomes under conditions of high adaptational pressure. Moreover, sociological institutionalism would expect domestic change beyond absorption only as the result of a long-term process of incremental adaptation (cf. figure 3). Unfortunately, the available empirical evidence does not allow us yet to evaluate these propositions. Further systematic research is necessary to link the various causal mechanisms and intervening factors to the degree of domestic change to be expected in order to evaluate the assumptions.

Figure 3: The Different Degrees of Domestic Change

	High Adaptational pressure	Medium Adaptational pressure	Low Adaptational pressure
Facilitating factors	RI: Transformation SI: Inertia (unless external shock)	RI: Transformation SI: Gradual transformation	RI: Accommodation SI: Accommodation
No Facilitating factors	RI: Accommodation SI: Inertia	RI: Accommodation/ absorption SI: Accommodation/ absorption	RI: Inertia SI: Absorption

Convergence or Divergence?

Most of the literature on the domestic impact of Europeanization tends to analyze the outcome of domestic change in terms of the likelihood of convergence of policies and institutions among the member states. But measuring convergence and divergence is extremely tricky. Answers vary according to the level at which one looks for convergence (Knill and Lenschow forthcoming) and the issue supposedly subject to convergence. What looks like convergence at the macro-level may still show a significant degree of divergence at the micro-level. The Economic and Monetary Union gave rise to policy convergence among the 12 members with regard to inflation and budgetary restraints as well as to institutional convergence concerning the independence of central banks. But it did not lead to similar institutional arrangements in the economic and fiscal policy area. And the means by which the member states reduced their budget deficits varied enormously – from austerity programs to new “euro” taxes (in the case of Italy, see Sbragia 2001). While all member states responded to the liberalization of telecommunication by creating independent regulatory agencies, they adopted different institutional setups, reflecting variation in administrative structures (Schneider 2001; Böllhoff 2001).

Thus, authors need to specify very clearly at what level of policies and/or institutional arrangements they would expect converging processes or rather continued divergence among the member states. In any case, policy convergence seems to be more likely than institutional convergence as policy changes are more easily achieved (see the chapters in Cowles et al. 2001). Moreover, EU rules and regulations require convergence in policy outcomes (such as low inflation or budgetary restraint in the case of EMU), while they leave quite some discretionary power to the member states with regard to the means how to ensure compliance. Thus, we need to specify what we mean by “policy convergence”, convergence in outcome (which equals compliance with EU law and, thus, is not particularly interesting to observe) or convergence in policy processes and instruments. This is often confused in the literature as a result of which we know surprisingly little about the degree of policy convergence not related to policy outcomes.

As to the degree of institutional convergence, resource dependency and sociological institutionalist approaches generally lean towards convergence. Resource dependency predicts a redistribution of resources strengthening one group of actors over the others or reinforcing their mutual dependence. Arguments about institutional isomorphism (see above) suggest that institutions which frequently interact, are exposed to each other, or are located in a similar environment, become more similar over time (Meyer and Rowen 1991; DiMaggio and Powell 1991). However, we have sufficient

empirical evidence that the outcome of the domestic effects of Europeanization is much more diverse than either resource dependency or sociological institutionalist approaches would expect.

The most comprehensive empirical studies on the domestic institutional effects of Europeanization so far showed that most empirical instances of domestic institutional change fall in the “mixed” category whereby some countries converged toward similar policy or system-wide structures, while others retained their specific institutional arrangements, state society relations, or cultural understandings (Cowles et al. 2001; Kohler-Koch 1998b; H eritier et al. 2001). There is not a single empirical case in which convergence meant the complete homogenization of domestic structures across member states. There is no evidence that domestic institutional change meant the comprehensive rejection of national administrative styles, legal cultures, societal relationships, and/or collective identities. As to the latter, France did not shed its national identity when adopting a European one. The meanings of “Europe” differed in the German and French political discourses, even though the elites in both countries have incorporated Europeanness into their collective nation-state identities (Risse 2001). The traditional tensions between the Spanish regions and central government did not disappear as a result of a more cooperative arrangement in territorial matters (B orzel 2001). There is no general convergence toward cooperative federalism in Europe, just a movement toward such structures among federal states such as Germany and Spain.

These findings disconfirm those schools of thought that expect strong structural convergence. According to the economic convergence school (Woolcock 1996; Strange 1996), we would expect increasing similarities in institutional arrangements in areas exposed to global market forces, i.e., mostly areas of *negative integration* (Scharpf 1996). While the case of telecommunications confirms the argument, the case of the monetary and economic union does not (except with regard to independent central banks). Once again, one should not confuse convergence in policy outcomes (such as low inflation, budgetary constraints etc.) with convergence in policy instruments, let alone institutional arrangements. In contrast, others have argued that EU policies of *positive integration* prescribe concrete institutional models for domestic compliance which should then result in institutional convergence (Knill and Lehnkuhl 1999; Radaelli 2000). The studies cited above disconfirm this proposition, too.

Our analytical framework can easily explain why we do not find convergence across the board. First, as argued above, the “goodness of fit” between Europeanization, on the one hand, and the domestic policies, politics, and institutional arrangements, on the other, varies enormously among the member states. Only those EU countries which exhibit similar domestic arrangements, also face

similar adaptational pressures as the necessary condition for domestic change. Second, and quite irrespective of the pressures for adaptation, each member state has a different set of institutions and actors facilitating or inhibiting change in response to these pressures. Multiple veto points, supporting formal institutions, norm entrepreneurs, and cooperative formal institutions mediate between the adaptational pressures and the outcome of domestic change. The facilitating factors identified by our two logics of domestic change can explain the absence of full convergence and should lead us to expect only partial or some “clustered convergence” where some member states converge toward similar policies or institutions, but others do not. Member states facing similar pressures for adaptation, are likely to converge around similar outcomes, because similar actors are empowered and are likely to learn from each other in searching ways of how to respond to adaptational pressure. The regions of federal and regionalized member states by now rely on cooperation with their central government to inject their interests into the European policy process, a finding which does not hold for less decentralized member states (Börzel 1999).

5. Conclusions: Toward Integrating the Two Logics of Domestic Change

We have argued in this paper in favor of a rather parsimonious approach to the study of the domestic impact of Europeanization. Whether we study policies, politics, or polities, a misfit between European-level and domestic processes, policies, or institutions constitutes the necessary condition for expecting *any* change. But adaptational pressures alone are insufficient. There must be mediating factors enabling or prohibiting domestic change and accounting for the empirically observable differential impact of Europe. We have introduced two pathways leading to domestic changes which are theoretically grounded in rationalist and sociological institutionalisms, respectively. On the one hand, rationalist institutionalism follows a logic of resource redistribution emphasizing the absence of multiple veto points and the presence of supporting institutions as the main factors facilitating change. On the other hand, sociological institutionalism emphasizes a socialization and learning account focusing on norm entrepreneurs as “change agents” and the presence of a cooperative political culture as the main mediating factors. We claim that Europeanization might lead to convergence in policy outcomes, but only to partial and “clustered convergence” with regard to policy processes and instruments, politics, and polities.

We need to be aware, however, that “goodness of fit,” adaptational pressures, and domestic responses to Europeanization are not static phenomena. Europeanization processes are constantly in motion and so are the domestic adaptations to them. There are also continuous feedback processes

leading from the domestic levels to the European one. The analytical framework proposed here is not meant to suggest a static picture of Europeanization and domestic change. Rather, it is meant as a tool to enable systematic empirical research on the domestic impact of Europeanization which would be impossible if we do not keep some variables constant.

Moreover, the two pathways identified in this paper are not means mutually exclusive. Of course, we need to distinguish analytically between the two logics of action and interaction emphasized by rationalist institutionalism and sociological institutionalism, respectively. In practice, however, the two logics often occur simultaneously or characterize different phases in processes of adaptational change. Future research has to figure out how the two pathways and causal mechanisms relate to each other. In conclusion, we build upon March and Olsen's (1998, 952-953) interpretations of how the logic of consequentialism and the logic of appropriateness may be linked. First, a clear logic should dominate an unclear one. In the case of Europeanization, this would mean that the "socialization/learning" pathway is the more likely to be followed, the more actors are uncertain about their preferences and strategy options. In contrast, the "resource redistribution" pathway is likely to prevail if actors' preferences are well-defined and the available strategy options known.

Second, the two pathways might relate to each other in a sequential way. E.g., norm entrepreneurs might be empowered by supportive institutions, but then start a socialization process of persuasion in order to overcome multiple veto points in the domestic system. In contrast, if domestic change in response to Europeanization involves high redistributive costs, a socialization process might be necessary to overcome stalemate and to develop new rules of fairness on the basis of which actors can then bargain over the distribution of costs.

Finally, the logic of consequentialism exogenizes preferences and identities, while the logic of appropriateness endogenizes them. As a result, the more Europeanization exerts adaptational pressures on constitutive and deeply embedded institutions (such as citizenship rules) and collective identities, the more the socialization/learning pathway is necessary to induce constitutive change. The example of the French elites and their collective identity is instructive in this regard. When the French socialists with President Mitterrand assumed power during the early 1980s, their economic and monetary policies quickly turned out to be incompatible with what was required under the European monetary system (an quite substantial misfit). In response, Mitterrand changed course and adjusted French economic policies accordingly. This change of policies turned out to be incompatible with the Socialist preferences and collective identities of the French left. As a result, the French Socialists adjusted their preferences to Europe and increasingly (re-) defined French state identity as

part and parcel of a collective European identity (Risse 2001). In this case, we can explain the original policy change as an instrumental adaptation to reduce economic and political costs. However, it then led to a more profound change of preferences and even collective identities.

It is too early to say which of these propositions hold under which circumstances. Future research needs to specify under which conditions instrumental adaptation to Europeanization pressures suffices for domestic change and when more profound change of preferences and identities is necessary for member states to adjust to Europe. Yet, current empirical work has clearly demonstrated that Europe matters leading to sometimes quite significant transformations of domestic policies, politics, and polities in the member states.

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