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# Chapter 4

## The Single Market

A New Approach to Policy

*Alasdair R. Young and Helen Wallace*

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### Summary

The single market and the Single European Act (SEA) marked a turning-point in European integration, the roots of which, however, stretch back well before 1985. Heavy harmonization had proved a frustrating approach to common standards, especially as the pressures of external competition bore down on European industry. New ideas about market regulation permeated the European Union (EU) policy process and, supported by European Court of Justice (ECJ) judgments and Commission entrepreneurship, facilitated legislative activism and important changes in the policy-implementing processes. Their longer-term impact is harder to assess, and the task of 'completing' the internal market remains unfinished. None the less, the single market has drawn other European countries towards EU membership and changed the context in which many other policies are shaped.

## Introduction

The plans to complete the single market induced an explosion of academic interest in the EU. Before 1985 the theoretical debate on political integration was stalled, studies of EU policy-making were sparse, and few mainstream economists devoted themselves to the analysis of European economic integration. In the late 1980s that all changed, as competing analyses proliferated and the nooks and crannies of the new legislative programme and its economic consequences were examined. Indeed many new theoretical approaches to the study of European integration have taken the single market as their main point of reference, just as many earlier theorists had taken agricultural policy as their stimulus. The single market has been elevated so much that for many it is taken to constitute the critical turning-point between stagnation and dynamism, between the 'old' politics of European integration and the 'new' politics of European regulation.

Our task in this chapter is to re-examine the renewal of the single market as a major turning-point in European policy-making. We draw on the study by Alan Dashwood (1977, 1983) in the first two editions of this volume, a salutary reminder that the single market programme had roots that were overlooked in much of the commentary that focused on developments in the late 1980s. Essentially we argue that many of the analyses that proliferated in response to the SEA and the 1992 programme overstated their novelty and understated some of the surrounding factors that helped to induce their 'success'. We also suggest that some elements of the policy process around the single market contributed to the subsequent public disquiet about European integration.

None the less, we also believe that the embedding of the 1992 programme represents a very significant redefinition of the ends and means of policy. It enabled the European integration process to adapt to new constellations of ideas and interests and to produce a different policy mode of regulation that has permeated many other areas of policy (Majone 1994*b*). Other chapters in this volume illustrate the consequences, both direct and indirect, of giving so definite an emphasis to market liberalization and different forms of policy regulation, as Majone (1993) argues. Hence we situate these developments in the broader context of structural shifts in the (west) European political economy, in the expectations and behaviour of entrepreneurs, and in the debate about adapting the European welfare state.

These developments are therefore as important for their impacts on the European public policy model *within* the member states as they are for their repercussions at the transnational level. We can observe market regulation, heavily based on a transnational level of European governance, jostling, often uneasily, with other issues on the political and economic agendas evident *within* the EU member states. We can also see the bifurcation between transnational regulation for transnational markets, engaging transnational regulators and large market operators, and encapsulated intranational politics, engaging those charged with and dependent on the reduced domestic political space, smaller-scale entrepreneurs, local regulators, and national or regional politicians.

Nor have these ricochets been confined to the member states that accepted the SEA

and '1992'. The extraterritorial impact on neighbours, partners, and competitors has been powerful. The alignment of the European Free Trade Association (EFTA) countries to the single market, first through the Luxembourg process, then through the European Economic Area (EEA)<sup>1</sup> and for some eventually by full accession, reveals the soft boundaries of a European economy that never did coincide with the political boundary of the EU. But the costs, social and political as well as economic, of adjustment within the single market have also generated rearguard action, sometimes focused on other intra-EU policies that might provide compensation, and sometimes by displacement to external competitors.

Several themes thus run through the story of the single market:

- the impact of new ideas, as views about the European 'welfare state' altered and Keynesianism was forced to compete with neo-liberalism as an alternative and potentially predominant paradigm in economic policy;
- the mobilization of industrial opinion and pressure in novel ways as a transnational phenomenon and a stimulus to policy change;
- the critical conjunction of changes to EU decision rules with alterations in the relationships between the business community and policy-makers and in business responses to global markets;
- evidence of policy 'entrepreneurship', especially by the Commission, backed by a new coalition of supporters of change and the recasting of the old argument about 'Community preference';
- the impact of 'statecraft' by and 'collusion' between top policy-makers from key member states;
- the pervasive impact of European law and rulings from the ECJ on the ways in which policy options were defined;
- the external dynamic of third-country competition and technological innovation; and
- the external projection of EU policy.

### *Un peu d'histoire*

The aim to establish a single market started with the Treaty of Rome. This set targets for creating a customs union and the progressive approximation of legislation, as well as for establishing the 'four freedoms' of movement for goods, services, capital, and labour, all within a single regime of competition rules. In this it followed Bela Balassa's steps towards full economic union (see Table 4.1), though the path was more clearly defined for the customs union than for the single market (Balassa 1975; Pelkmans 1984). The policy-makers of the 1950s were more concerned about tariffs and quotas than technical barriers to trade (TBTs), a preoccupation and 'set of ideas' also reflected in the General Agreement on Tariffs and Trade (GATT).

But entrepreneurial ingenuity to segment markets combined with the activism of governments, under pressure from domestic firms, to circumscribe production, sales, and consumption by product, safety, and process standards. Thus, as tariffs came down, other barriers were revealed, even reinforced. With the new technologies and new products of the 1960s and 1970s came new standards, which, whether so

**Table 4.1** Stages of economic integration

Stage	Features
Free trade area	No visible trade restrictions between members
Customs union	Free trade area plus common external trade regime
Internal commodity market	Customs union plus free movement of goods (no invisible trade restrictions)
Common market	Internal commodity market plus free movement of services, capital, and labour
Monetary union	Common market plus a common currency
Economic union	Monetary union plus a common economic policy

Source: Adapted from Balassa (1975).

intended or not, were a frequent source of protection. Local market preferences, as well as national policy and industrial cultures, were divisive. Market fragmentation was often buttressed by operating rules, such as those for public procurement, that promoted local suppliers.

## Harmonization and its increasing frustration

The harmonization of national legislation, especially for standards and market management, was one important policy instrument for moving towards the common market goal. We do not argue that standards as such were the be-all and end-all of policy. But we do argue that the impact of the initial efforts at harmonizing standards played an important part in testing policy methods that proved inadequate during the 1960s and 1970s. Frustrated, Commission officials, with some allies from the member states, sought a new regulatory approach, which was then more broadly applied.

The principal instrument of the original European Economic Community (EEC) for advancing the four freedoms was the directive, in principle setting the essential framework of policy at the European level and leaving the 'scope and method' to the member states. In the case of TBTs, harmonization was based on Articles 28 (ex 30) and 94 (ex 100). Other articles provided the legal foundation for the freedoms of movement for services, capital, and labour and for aligning many other national regulations. The Commission began to tackle the negative impact on trade of divergent national standards and differing national legislation in the early 1960s. These efforts gathered pace after the complete elimination of customs duties between member states on 1 July 1968 (Dashwood 1977: 278–89). Initially the Commission tended to regard uniform or 'total' harmonization as a means of driving forward the general process of integration. After the first enlargement, however, the Commission adopted a more pragmatic approach and pursued harmonization only

where it could be specifically justified. It insisted on uniform rules only when an overriding interest, such as the protection of consumers or the environment, demanded it, using 'optional' rather than 'total' harmonization.

Harmonization measures were drafted by the Commission in cooperation with working groups, one for each industrial sector, composed of experts nominated by member governments. Advice from independent specialists supplemented the Commission's resources and provided a depth and range of expertise comparable to that of the much larger national bureaucracies. The Commission also regularly invited comments on their drafts from European-level pressure groups (Dashwood 1977: 291-2). Beginning in 1973 with the 'low-voltage directive' the Commission, where possible, incorporated the work of private standard-making bodies into Community measures by 'reference to standards' (Schreiber 1991: 99). The two principal European-level standards bodies—the Committee for European Norms (Standards) (CEN) and the Committee for European Electrical Norms (Standards) (CENELEC)—did not, however, provide adequate technical assistance (Dashwood 1977: 292). Thus the complex and highly technical process produced very uneven results.

Progress was also greatly impeded by the need for unanimity in the Council of Ministers. Different national approaches to regulation and the pressures on governments from domestic groups with an interest in preserving the status quo made delays and obstructions frequent (Dashwood 1977: 296). The Commission exacerbated this problem by over-emphasizing the details and paying too little attention to the genuine attachment of people to familiar ways (Dashwood 1977: 297). Technicians and special interests often further constrained the opportunities for decision. As a result, only 270 directives were adopted between 1969 and 1985 (Schreiber 1991: 98).

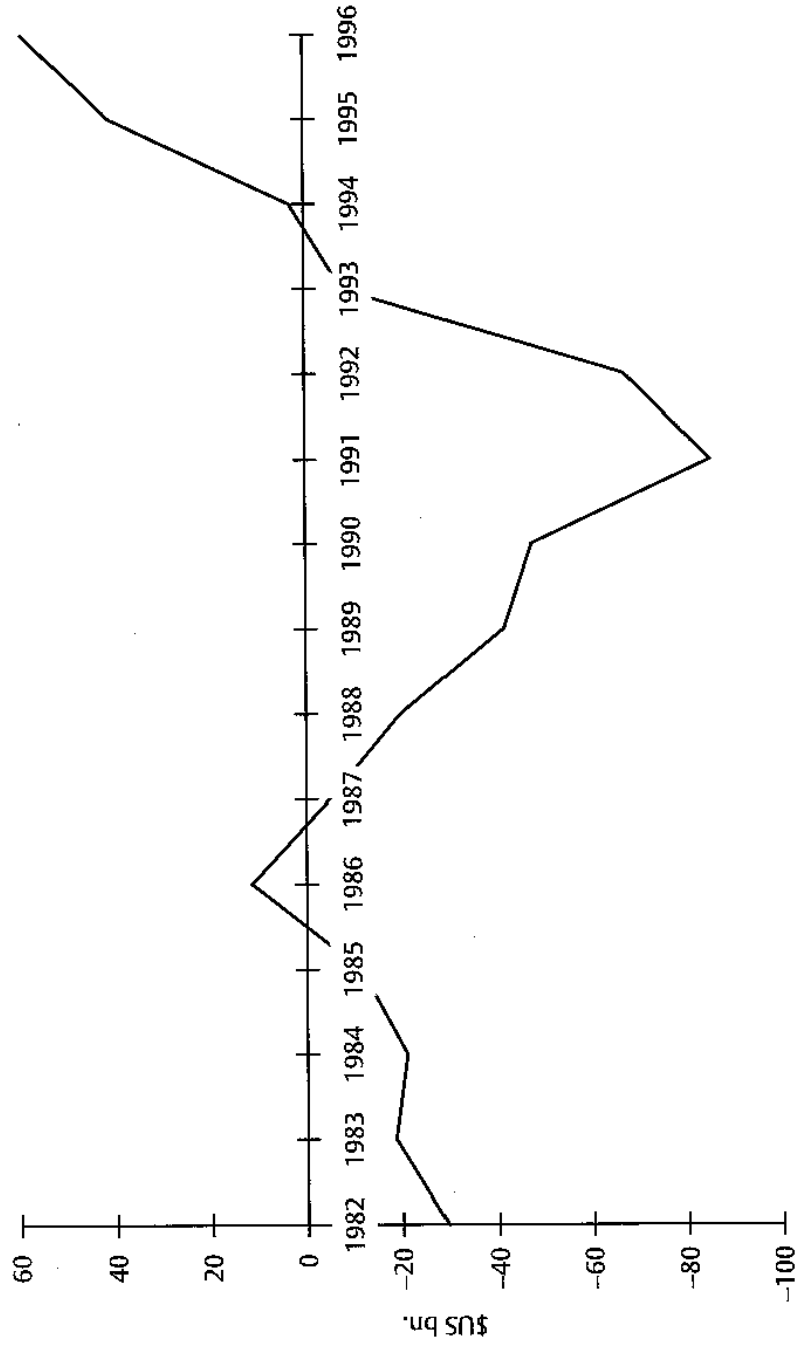
ECJ jurisprudence, however, began to bite at the heels of the policy-makers. In 1974 the *Dashonville* ruling established a legal basis for challenging the validity of national legislation that introduced new TBTs. The famous *Cassis de Dijon* judgment of 1979 insisted that under certain specified conditions member states should accept in their own markets products approved for sale by other member states (Alter and Meunier-Aitsahalia 1994: 540-1; Dashwood 1983: 186). None the less, there was cumulative frustration in the Commission and in the business community at the slow pace of progress and the uncertainties of reliance on the ECJ, since its impact depends on application to cases lodged. European firms kept encountering other countries' regulatory barriers in the knowledge that the international regime offered by the International Standards Organization (ISO) was weak, as was its affiliate in the United States (Woolcock 1991). Stronger European standards would have provided a basis for negotiating more effectively for multilateral standards.

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## Pressures for reform

The governments of western Europe confronted an economic crisis in the early 1980s. The poor competitiveness of European firms relative to those of their main trading partners in the USA and, particularly, Japan contributed to large trade deficits

**Figure 4.1** EU trade balance with the rest of the world, 1982-1996



Note: 1982-5 EU10; 1986-96 EU15.

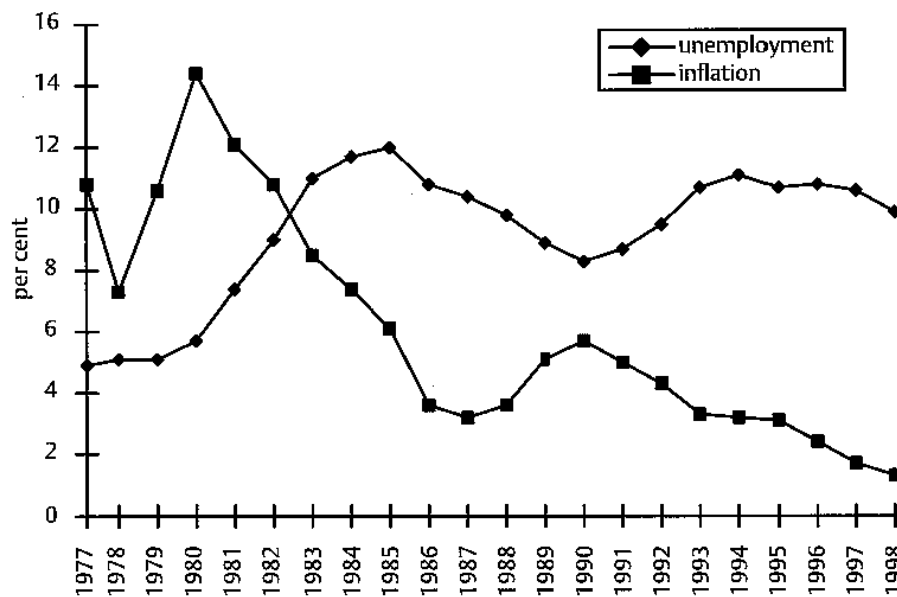
Source: Authors' calculations based on GATT (1986); WTO (1997).

(Pelkmans and Winters 1988: 6; and see Fig. 4.1). Transnational companies proliferated, producing and selling in multiple markets, and often squeezed the profit margins and markets of firms confined to national markets. The sharp increase in oil prices following the Iranian Revolution in 1979 contributed to the trade deficit and helped to push the west European economies into recession. Inflation and unemployment both soared during the early years of the 1980s (see Fig. 4.2). Business confidence was low, and international corporations began to turn away from the Community (Pelkmans and Winters 1988: 6). American direct investment began to flow out of the Community, and European companies sought destinations outside the Community for their investments and production facilities.

During the late 1970s and early 1980s the member states increasingly used economic regulations as TBTs to protect their industries (Commission 1985a; Dashwood 1983; Geroski and Jacquemin 1985). This undid some of the earlier progress in harmonization, contributed to a decline of intra-EU imports relative to total imports (Buigues and Sheehy 1994: 18), and sharply increased the number of ECJ cases concerning the free movement of goods (see Fig. 4.3). The high level of economic interdependence within the EU made these TBTs costly and visible (Cecchini *et al.* 1988; Pelkmans 1984).

While the crisis was clear, the response was not (see e.g. Tugendhat 1985). Large trade deficits and high inflation constrained the ability of member governments to use expansionary economic policies to bring down unemployment. Economic interdependence further reduced the efficacy of national responses to the crisis and

**Figure 4.2** Unemployment and inflation rates in the EU, 1977-1998

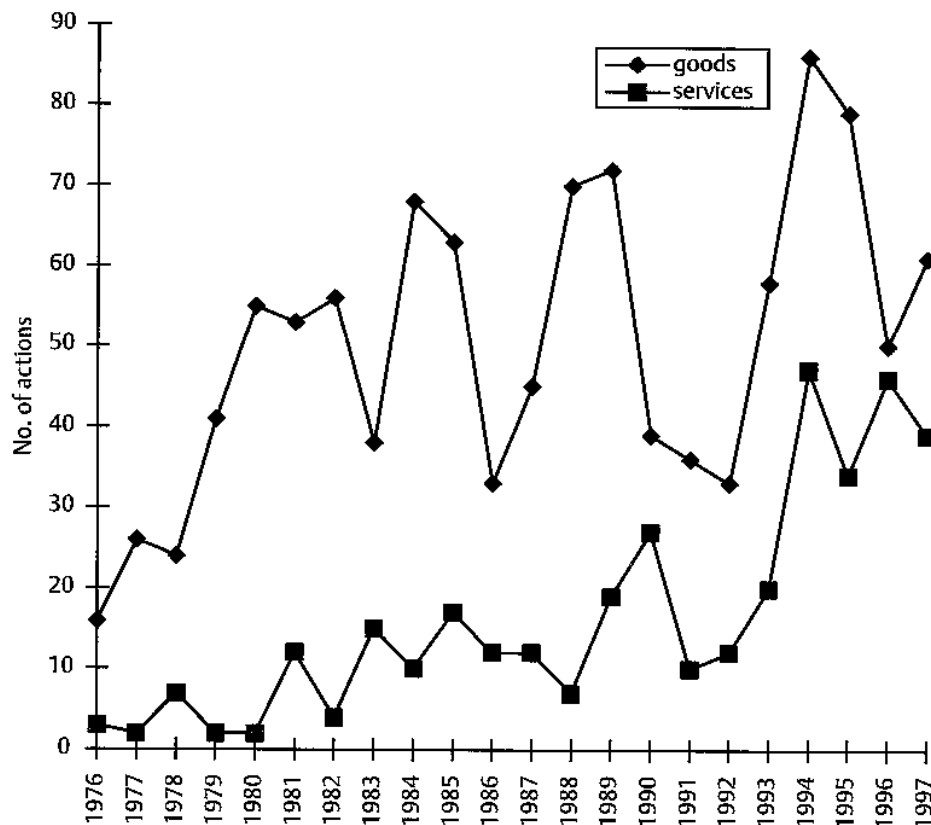


Notes: 1977-82, EU10; 1983-94, EU12; 1995-8, EU15.

Source: Eurostat.



**Figure 4.3** Actions brought before the European Court of Justice regarding single market matters, 1976–1997



Goods = cases concerning the free movement of goods and the customs union.

Services = cases concerning the right of establishment and the freedom to supply services.

Source: *General Report on the Activities of the European Communities, 1977–1997*.

provided an incentive for a coordinated response to the region's economic problems. The scope for a coordinated response was enhanced by changes within the member states. These are widely described in the political integration literature as a convergence of national policy preferences during the early 1980s (Cameron 1992: 56; Moravcsik 1991: 21; 1998; Sandholtz and Zysman 1989: 111).

But a note of caution should be added here: new government policies certainly emerged, but they differed between countries. The British government was radically neo-liberal. The French government switched policy after a factional contest within the socialist majority. The German government's policy was the product of cross-party coalition and European market strength. The Spanish government sought to link socialist modernization at home to transnational market disciplines. Convergence is thus something of a misnomer: European market liberalization served quite different purposes for each government and for different economic actors.

Parties that advocated neo-liberal economic policies came to power in the UK, Belgium, the Netherlands, and Denmark, in part due to a rejection of the parties that had overseen the economic decline of the late 1970s (Hall 1986: 100). The rejection

was less marked in Germany, where the underlying strength of its economy preserved an attachment to the established 'social market' framework. Elsewhere the Keynesian policies of the past attracted much of the blame. In France the 'policy learning' was explicit. Expansionary fiscal policies had led to increased inflation and unemployment, exacerbated the trade deficit, and swelled the public debt (Hall 1986: 199). By 1983 the French government had started to look for European solutions, reversing its threat of autumn 1982 to obstruct the Community market. The threat had been prompted by the trade deficit with Germany, attributed by some ministers to the impact of German product standards (H. Wallace 1984; Woolcock 1994).

New ideas about markets and competition thus started to be floated in response to the problems of the European economy, as the label of Eurosclerosis started to stick. Some transnational firms started to voice criticisms. The shape of an emerging policy consensus was influenced by the wave of deregulation in the United States in the late 1970s and early 1980s (Hancher and Moran 1989: 133; Majone 1991: 81; Sandholtz and Zysman 1989: 112). The ECJ's 1979 *Cassis de Dijon* judgment, although not deregulatory, advanced the concept of mutual recognition of national standards. This provided the Commission with a lever with which to pursue greater market integration (Dashwood 1983).

From the early 1980s European Council communiqués reflected a concern about the poor state of the single market. The European Council in December 1982 discussed a Commission communication that recommended the removal of TBTs, simplification of frontier formalities, liberalization of public procurement, and closer alignment of taxes (*Bulletin of the European Communities* (December 1982)). The European Council responded by creating an Internal Market Council to meet regularly to consider such issues.

During 1983 support for revitalizing the single market continued to grow. In April 1983 the heads of some of Europe's leading multinational corporations formed the European Round Table of Industrialists (ERT) to advocate the completion of the single market (Cowles 1994). In July 1983 the Spinelli Report linked the costs of conflicting national regulations to the need for institutional reforms (Spinelli *et al.* 1983). In September the French government circulated a memorandum advocating the development of a Community industrial 'space', the reduction of TBTs *within* the EU, and compensating external trade protection. The proposals were a response to the realization that France (or any other member state) could not on its own redress the basic problems of industry and that reinforced EU measures were needed (Pearce and Sutton 1985: 68). A month later the Union of Industrial and Employers' Confederations of Europe (UNICE) added its voice to calls for greater market integration. In February 1984, with its adoption of a draft treaty on European Union, the European Parliament sought to focus attention on institutional reform, calling *inter alia* for increased parliamentary powers and greater use of qualified majority voting (QMV) in the Council of Ministers (European Parliament 1984).

Meanwhile the Commission also began to sharpen its focus on these issues. Karlheinz Narjes, the responsible Commissioner, and his staff started to look for ways of attacking market barriers, both by systematically identifying them and by exploring ways of relaxing the constraints on policy change. They suggested the 'new approach' to standards harmonization, which advanced 'mutual recognition' of validated

national rules and restricted much of harmonization to agreeing only essential requirements. Towards the end of 1983 Commission officials were able privately to persuade key officials from Britain, France, and Germany to accept the new approach, which was endorsed in July 1984, but not formally adopted until May 1985 (*Bulletin of the European Communities* (May 1985)). This built on earlier British efforts to argue the deregulation case and on bilateral exchanges between the French and Germans to coordinate the activities of their standard-setting bodies, Association Française de Normalisation (AFNOR) and the Deutsche Institut für Normung (DIN) (H. Wallace 1984). Also in this period concern to mitigate the impact of border controls led the French and Germans in 1984 to agree the Moselle Treaty, later converted at the insistence of the Benelux governments into the first Schengen Agreement of 1985 (see Chapter 18).

The new approach to harmonization developed the principle of reference to standards and built on the jurisprudence of the ECJ, notably the definition in *Cassis de Dijon* of essential safety requirements (Schreiber 1991). It was to be paralleled by 'home country control' for financial services. The new approach limits legislative harmonization to minimum essential requirements and explicitly leaves scope for variations in national legislation (subject to mutual recognition). It delegates the maximum possible responsibility for detailed technical standards to CEN and CENELEC, the private European standard-setting bodies, subject to Commission mandates, with deadlines and financial provisions. We can see here three important developments: first, a greater reliance on national definitions of acceptable standards, albeit bounded by some collective requirements; secondly, a devolution of greater responsibility to the private sector and to external agencies for taking policy forwards; and, thirdly, the involvement of standards bodies from the EFTA countries.<sup>2</sup>

The European Council's Fontainebleau meeting in June 1984 marked a renewed commitment to accelerate European integration. It resolved the question of Britain's budget rebate and the outstanding issues of the Iberian enlargement, thereby clearing the way for serious consideration of revision of the treaties. At this meeting Commissioner Narjes presented his plan to consolidate the single market, and the British government tabled a memorandum that called *inter alia* for the creation of a 'genuine common market' in goods and services (Thatcher 1984). The meeting also established the Ad Hoc Committee on Institutional Reform (Dooge Committee) to consider reforms to the Community's decision-making procedures, with a worrying southern enlargement in prospect.

The remaining piece of the puzzle was put in place in January 1985 with the arrival of the new Commission, with Jacques Delors at its head and Lord Cockfield as Commissioner responsible for the single market (Cockfield 1994). Delors's preliminary discussions in national capitals convinced him that a drive to 'complete the single market' was perhaps the only strategic policy objective that would find a consensus. In his inaugural speech to the European Parliament Delors committed himself to completing the single market by 1992. The Milan European Council in June 1985 endorsed the White Paper (Commission 1985a) drawn up by Cockfield, containing 300 (later reduced to 282) measures that would complete the single market by 1992 (for the main features of the programme, see Table 4.2).

By December 1985 a remarkably tight Intergovernmental Conference (IGC) had completed the political relay by agreeing the terms of treaty reform which became

the SEA. Apart from its important focus on accommodating enlargement, it specifically endorsed the single market and altered the main decision rule for single market measures (taxation excepted) from unanimity to qualified majority voting (QMV) in the Council. Thus a strategic policy change and institutional reform were linked symbiotically and symbolically.

Three points should be emphasized about the SEA. First, it locked together institutional change and substantive policy goals. Secondly, the agreement to proceed with the single market was embedded in a set of wider agreements, in particular the accommodation of new members and budgetary redistribution. Thirdly, it met relatively little resistance at the point of ratification in the member states, except in Ireland, for special reasons to do with neutrality, and in Denmark, where the Schlüter government escaped domestic censure only by calling a consultative referendum on the SEA.<sup>3</sup>

The theoretical debate about how the single market programme and the SEA came about can be simplified as between two main approaches: one that emphasizes the role of supranational actors, the other that stresses the importance of the member governments. Comparisons of the two views are complicated by the fact that some observers focus on the '1992' programme, while others also concentrate on the SEA. It is quite possible that different actors exerted different levels of influence in processes shaping the two linked, but different, policy areas (Cowles 1994; J. Peterson 1995*a*). Cowles (1994) stresses the importance of supranational business interests in shaping the EU agenda in favour of completing the single market. Sandholtz and Zysman (1989) also give pride of place to supranational actors, though they cast the Commission in the leading role, with big business lending its support. Moravcsik (1991, 1998), on the other hand, argues that the SEA was the product of interstate bargaining between the British, French, and German governments in particular, and that traditional tools of international statecraft, such as threats of exclusion and side payments, explain the final composition of the '1992' programme and the SEA. Garrett (1992) and Cameron (1992) also stress the role of the member governments. Garrett argues that the member states were willing to constrain their sovereignty because they were engaged in an iterated prisoners' dilemma game and wanted to avoid the high transaction costs of monitoring compliance with agreements. Cameron concludes that ultimately the member governments, particularly in the context of the European Council, were the crucial actors, although he concedes that supranational actors, such as the Commission, ECJ, and big business, may have influenced their preferences.

As the theoretical debate implies and our history shows, a wide array of influences came to bear on the redefinition of market regulation (the impacts of the international economy, the inadequacies of national policies during the 1970s, the redefinition of interests and the emergence of new ideas, helped by 'policy learning'). The story also shows the involvement of a plurality of public and private actors in the redefinition and the channelling of their activities within the EU institutional process over a period of years before 1985, as well as afterwards. We are therefore reluctant to endorse any interpretation of events in 1985 that seeks to offer monocausal explanation: the striking feature is the clustering of factors (Scharpf 1994*a*).

The oddity of what happened is that an array of individually dull, technical, and everyday items were combined into an overarching programme that attracted such

**Table 4.2** The White Paper on the single market: a taxonomy

Markets for:	Products	Services	Persons and labour	Capital
<b>Measures to regulate</b>				
Market access	<ul style="list-style-type: none"> <li>■ Abolition of intra-EC frontier controls</li> <li>■ Approximation of:                             <ul style="list-style-type: none"> <li>—technical regulations</li> <li>—VAT rates and excises</li> </ul> </li> <li>■ Unspecified implications for trade policy</li> </ul>	<ul style="list-style-type: none"> <li>■ Mutual recognition and 'home country control', removal of licensing restrictions (in banking and insurance)</li> <li>■ Dismantling of quotas and freedom of <i>cabotage</i> (road haulage)</li> <li>■ Access to inter-regional air travel markets</li> <li>■ Multiple designation in bilaterals (air transport)</li> </ul>	<ul style="list-style-type: none"> <li>■ Abolition of intra-EC frontier checks on persons</li> <li>■ Relaxation of residence requirements for EC persons</li> <li>■ Right of establishment for various highly educated workers</li> </ul>	<ul style="list-style-type: none"> <li>■ Abolition of exchange controls</li> <li>■ Admission of securities listed in one member state to another</li> <li>■ Measures to facilitate industrial cooperation and migration of firms</li> </ul>
Competitive conditions	<ul style="list-style-type: none"> <li>■ Promise of special paper on state aid to industry</li> <li>■ Liberalization of public procurement</li> <li>■ Merger control</li> </ul>	<ul style="list-style-type: none"> <li>■ Introduction of competition policy in air transport</li> <li>■ Approximation of fiscal and/or regulatory aspects in various services markets</li> </ul>	<ul style="list-style-type: none"> <li>■ European 'vocational training card'</li> </ul>	<ul style="list-style-type: none"> <li>■ Proposals on takeovers and holdings</li> <li>■ Approximation of:                             <ul style="list-style-type: none"> <li>—double taxation</li> <li>—security taxes</li> <li>—parent-subsidary links</li> </ul> </li> </ul>

Market functioning	<ul style="list-style-type: none"> <li>■ Specific proposals on R&amp;D in telecoms and IT</li> <li>■ Proposals on standards, trade marks, corporate law, etc.</li> </ul>	<ul style="list-style-type: none"> <li>■ Approximation of <ul style="list-style-type: none"> <li>—market and firm regulation in banking</li> <li>—consumer protection in insurance</li> </ul> </li> <li>■ EC system of permits for road haulage</li> <li>■ EC standard for payment cards</li> </ul>	<ul style="list-style-type: none"> <li>■ Approximation of: <ul style="list-style-type: none"> <li>—income tax provisions for migrants</li> <li>—various training provisions</li> </ul> </li> <li>■ Mutual recognition of diplomas</li> </ul>	<ul style="list-style-type: none"> <li>■ European economic interest grouping</li> <li>■ European company statute</li> <li>■ Harmonization of industrial and commercial property laws</li> <li>■ Common bankruptcy provisions</li> </ul>
Sectoral policy	<ul style="list-style-type: none"> <li>■ CAP proposals: <ul style="list-style-type: none"> <li>—abolition of frontiers</li> <li>—approximation and mutual recognition in veterinary and phytosanitary policies</li> </ul> </li> <li>■ Steel: <ul style="list-style-type: none"> <li>—call to reduce subsidies</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Common crisis regime in road transport</li> <li>■ Common air transport policy on access, capacity and prices</li> <li>■ Common rules on mass risks insurance</li> </ul>	<ul style="list-style-type: none"> <li>■ Largely silent on labour market provisions</li> </ul>	<ul style="list-style-type: none"> <li>■ Call to strengthen the European Monetary System</li> </ul>
<p>Source: Pellkmans and Winters (1988: 12); reproduced with kind permission of the publisher.</p>				

high-profile attention. The congruence of preferences of governments in power around the instrumentality of European market liberalization for both domestic and external purposes partly explains this. That these preferences could be expressed as embodying new ideas as well as satisfying specific interests was in our view crucial. The EU institutions, having experimented with a different and heavier approach to policy cooperation and failed to produce results in the 1970s, were able to engineer an alternative and to fashion it into a convincing joint programme. But that programme engaged some political and economic actors more intensively than others, an imbalance for which a price was to be paid subsequently as the immediate excitement of 1992 gave way to more sober assessments, compounded by the pressures of economic recession in the early 1990s.

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## The 1992 programme and the ratchets of institutional change

With the formulation of the 1992 programme, drafted by Narjes and crafted by Cockfield, the EU institutions moved into top gear to drive forward an extraordinarily ambitious programme of legislation. The Commission set to producing draft directives speedily, and the Internal Market Council, meeting at ministerial and official levels, kept up a remarkable rate of legislative endorsement. QMV became an established procedure, though more by implication than by observance, in that small minorities often tolerated decisions that they could not obstruct rather than press for formal votes. The rather few decisions, ninety-one out of 233 during 1989–93 (*Financial Times*, 13 September 1994), adopted by qualified majority perversely sometimes isolated member states that had a substantive interest in the outcome. The German government, for example, was outvoted on a directive that permitted road hauliers from one member state to transport loads entirely within another (*cabotage*).

The SEA also increased the European Parliament's role in policies concerning the single market, among others, by giving it the power, under the cooperation procedure, to reject or amend proposals. This power was, however, significantly constrained. The Parliament had to vote to amend or reject a proposal by an absolute majority of its members; the Commission could choose not to integrate parliamentary amendments into its revised proposal to the Council; and the Council could overturn the Parliament's amendments or rejection by a unanimous vote. Consequently, the Parliament only very rarely rejected proposals under the cooperation procedure and only about 40 per cent of its amendments, many of which are only minor changes to the substance of the text, ended up in directives (European Parliament 1993).

The introduction of the co-decision procedure under the (Maastricht) Treaty on European Union (TEU), however, augmented the Parliament's importance in single market matters, particularly strengthening its ability to reject proposals. This has led to an apparently marked increase in the number of parliamentary amendments accepted by the Commission and Council at the second reading as well as by the