

Symposium: *The Road to Maastricht: Negotiating Economic and Monetary Union*

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Kenneth Dyson and Kevin Featherstone (1999) *The Road to Maastricht: Negotiating Economic and Monetary Union* (Oxford: Oxford University Press) published in the UK in October 1999. 884 pp. ISBN 0 1982 8077 7 (hb) £75.00. ISBN 0 19 82 9638 X (pb) £25.00.

HOW DID EMU REALLY HAPPEN? WHO DID IT? WHAT CAN WE LEARN FROM EMU?

Kenneth Dyson and Kevin Featherstone have written an impressive book on the process that led to the incorporation of economic and monetary union (EMU) provisions in the 1992 Maastricht Treaty. They provide an account that focuses on the domestic part of the story; a perspective of 'making EMU from below' (p. ix) – in other words a bottom-up approach to this process. It is an extremely well-informed study, which is rich in detail and lengthy (859 pages!). Its attractive 'story-telling' writing style makes it an easy read. Its mixture of theory and empirical material gives the book a potential to be influential far beyond a narrow readership of those solely interested in the EMU process.

The Road to Maastricht discusses the key players and their role in the negotiating process. Its particular focus is on Germany, France, Italy, Britain and the European Community (EC) institutions. The reason for the choice of countries is not made explicit. One understands that the governments and central bankers of France, Germany and the UK will have played a key role, but the choice of Italy is less obvious. Is it included because it is the fourth largest member state? Or was it included because it represents a southern member state? Or was it chosen because it was felt that the Italians were instrumental in the creation of EMU? Choosing to study the four largest countries is not necessarily most obvious, given that this study wants to learn about the road to Maastricht. One could have easily argued that EMU would not have happened if it did not please all member states. The Danes, for

instance, were sceptical from the outset. With hindsight we know that it took two referenda for them to accept the EMU package in the Maastricht Treaty. Likewise, one could claim that for EMU to happen the Dutch needed to be happy with it (in order for the German–Dutch monetary relationship to be continued). Moreover, it is noteworthy that the Dutch held the presidency during the second half of 1991, in the run-up to the conclusion of the Intergovernmental Conference in December of that year. True, Dyson and Featherstone's study, as currently conducted and reported, includes a substantial report on the role of the Dutch in the IGC. But one could have included that country as a separate case study. Similarly, one could have learnt a lot from the inclusion in the study of a 'weaker' smaller member state, such as Portugal or Spain. Evidently, the concept of EMU in the early 1990s was such that it was considered probable that a two-speed European Union (EU) might result from the strict interpretation of the convergence criteria, meaning that the weaker member states would likely not be able to join EMU from the outset. Yet, they too had to sign the Maastricht Treaty and their parliaments ratify it. Be that as it may, Dyson and Featherstone chose to examine the dominant three and Italy. In fact, one is grateful for the inclusion of the Italian case as it offers particularly interesting insights into how EMU has been used for internal restructuring of that specific member state. EMU was used as a so-called '*vincolo esterno*', or 'external tie'. The Italian government used the constraints posed by EMU (or perceived as being imposed by EMU) to shake up Italian government and society.

In addition to explaining how and why EMU became accepted, Dyson and Featherstone aim at writing 'a theoretically informed history that would seek to explain the nature of these negotiations, their origins, and their outcome' (p. vii). I shall turn to this latter aim below. Let us first turn to the story they tell.

The book's narrative is without doubt the most well-informed and authoritative account of the EMU bargaining process, and the domestic politics that lay behind it, that has been written to date. In fact, one wonders if there ever will be another similar book dealing with this very topic, given the amount of detail and the authoritativeness of the sources that were consulted for this book. The study is based on 280 elite interviews with key players, all mentioned in the Appendix. Without doubt the most important individuals in the four countries and in the EC institutions were interviewed: many of the responsible politicians, national officials who took part in the IGC negotiations, officials in Ministries of Finance and Economics, the members of the Delors Committee, other central bank officials, Commission officials, journalists, and many other EMU experts. The study also bases its findings on written material, minutes of the 1990–1 IGC on EMU leading up to the Summit at Maastricht held in December 1991. Of course, the study also incorporates other policy documents and reports in the media. Thus, the authors have been able to access the relevant information and make full use of it for their narrative. The result is a meticulously detailed and elaborate account of what happened.

Many interesting particularities that scholars have been wondering about, sometimes disagreeing over, have been discussed and settled in this book.

Let us turn to one such example. There has been considerable interest among scholars about the role of the Delors Committee in the creation of EMU (Cameron 1995; Magnusson and Stråth, forthcoming; Moravcsik 1998; Verdun 1999; Wolf 1998). Some scholars have claimed that the Delors Report was unimportant, that the Committee members were merely doing as instructed by member states, and that member states would ultimately try to protect their own interests regardless of what the Delors Report recommended. Others have argued that the Delors Committee has been instrumental in framing the blueprint, and that without this report EMU would have looked different. Again, others have examined to what extent the Delors Committee was an epistemic community and how the report helped to frame the issues. In *The Road to Maastricht* the role of the Delors Committee and the Delors Report are discussed at great length and in minute detail. It explains how the Delors Committee and its Report made a difference. It provides the reader with a full understanding of what happened, in what order, how individuals related to one another, and what the consequences were of the Committee meetings and its recommendations. To make this example more concrete, the book discusses: who decided to ask a committee of central bankers and independent experts under the presidency of Delors to draft the blueprint (Kohl and Delors); that Tietmeyer added that the Committee members act in their 'personal capacity'; that Pöhl was very angry about the composition of the Committee, how he came to terms with Delors' Presidency of the Committee, and how Pöhl chose to accept the invitation and remain part of the Committee to make the best of it (thereby influencing the report quite considerably). The book also discusses how Robin Leigh-Pemberton, the Governor of the Bank of England, failed to make the most of his role in the Committee. Leigh-Pemberton made three mistakes: he failed to read Pöhl's preferences; he did not make an alliance with Pöhl, and he missed the opportunity to table his own paper in the Committee meetings (as others had done). The book also tells us how Jacques Delors operated in the Committee. It describes how Delors received a setback when he tried to table a paper, which was rejected as the other central bankers claimed that he was using Commission services. (Delors was supposed to work in his own personal capacity, not as a Commission president.) Nevertheless, Delors was a quite effective Committee chair and managed to steer the report more or less in the direction he wanted. Towards the end of *The Road to Maastricht*, a whole chapter is devoted to the role of Jacques Delors, stressing his importance as agenda-setter in relaunching the EMU project in the period 1985–8, as well as the use of his political skills in the period 1989–91. In its final chapter, the book offers a convincing criticism of Moravcsik's interpretation of the role of Delors and the Delors Committee, and consequently his analysis of EMU. This little snapshot illustrates how detailed the accounts are in this book, and how sophisticated the narrative and the connected analysis.

The book concludes that EMU was a core-executive activity and the monetary and financial élites were keen to limit the discussions about EMU to the narrow focus of monetary and financial affairs (pp. 746–7). These actors kept the whole debate about political union outside the realm of acceptable ideas about EMU. In fact, the book remarks that EMU was part of the ‘sound money’ paradigm. Another characteristic of the EMU process was that it was dominated by experts and by political leadership (in particular, the Franco-German relationship). Finally, it was once again observed that agenda-setting power and the role of policy entrepreneurs were absolutely crucial. It is stated bluntly that individuals were extremely important and that without their entrepreneurship EMU would not have happened:

no amount of expert consensus and of policy reflection and learning could put EMU on the agenda. Agenda-setting depended on policy entrepreneurs like Delors, Genscher and – to a lesser extent – Balladur. They identified the opportunity to be creative on EMU and seized that opportunity. In this particular sense the individual proved an enormously important factor in the EMU negotiations.

(p. 750)

Though at this time the reader is convinced that the role of individuals is crucial in explaining EMU, the analysis moves on to identify other elements. The book identifies three further ‘bases’ that enabled EMU to happen: economic, political and diplomatic. Under the heading of ‘economic basis’ the emphasis is on the importance of shared economic policy beliefs (the primacy of ‘sound money’). A second economic factor is the relatively positive economic environment in the late 1980s and early 1990s. Finally, a third economic factor is the economic ‘spill-over’ effects from the Single European Market. These three background factors clearly are structural factors, in that it did not need ‘agency’ for there to be a process towards EMU based on these three factors. In the ‘political’ realm there is, first of all, the core-executive nature of the negotiations. Second, the negotiations took place in a highly institutionalized setting. And finally, the subject of negotiations remained restricted to monetary matters. All related matters (political union) were successfully kept outside the negotiations. The third basis was the diplomatic one which refers to the fact that EMU was embedded in negotiations that ultimately aimed at avoiding another war in Europe and strengthening (peaceful) ties between France and Germany. This clearly was being developed under EMU (pp. 756–7).

The down side of such a detailed, complex and sophisticated narrative is that it leaves Dyson and Featherstone, as social scientists, with a phenomenally difficult job of providing their theoretical analysis. Had they been historians, the book would have been just perfect without them having to worry about what their study of EMU teaches us about the theory of European integration, or the theory of international co-operation, or the theory of bargaining. Dyson

and Featherstone recognize this as well. They deal with it by providing the reader with a massive fifty-page chapter in which they spell out the kinds of theoretical consideration they have reflected on when making theoretical sense of this complex reality. They warn the reader at the outset that they are not about to introduce a simple causal model. Rather, they introduce various dimensions, many metaphors about strategic behaviour and the role of ideas, and clarify the behaviour of the key players. The reader, however, is kept in the dark about how this multitude of theoretical considerations offers insights, and how these considerations rank in terms of importance. Let us turn to their theoretical framework.

The first core statement is that agency matters. It matters *who* the person was holding the position: personalities matter, social relationships (connections and networks of individuals) are crucial, and the personal experiences of key players are certainly not negligible. Next, two key dimensions are highlighted: the cognitive and the strategic dimension. (A third dimension, the structural dimension, is also considered important but it is announced that this dimension is not to be discussed in detail in this volume, as it was dealt with in Dyson's preceding volume, *Elusive Union* (Dyson 1994).) The strategic dimension refers to the fact that key players will have 'vital interests' that should be taken as exogenous givens. In other words, the introduction of this dimension allows one to consider actors to be rational bargainers. The conceptualization of the negotiation process as also having a cognitive dimension leaves space in the analysis for the role of ideas: '*negotiation as cognition* allocates primacy to the role of beliefs in constructing interests and defining policy position' (p. 17). Dyson and Featherstone are trying to marry two types of analysis that often are at odds with one another, i.e. the role of ideas versus the role of interests.

After heading off in such a challenging way, the theoretical framework of the book becomes rapidly more complex as a vast range of metaphors and theoretical concepts are reviewed. The sequencing of the discussion of the various metaphors and theoretical concepts seems to be more or less neatly categorized into the three dimensions (here the 'pre'-structural dimension is included as well and the reader will notice that there are concepts that could also have been categorized as being part of the cognitive dimension). Regarding the structural dimension (pp. 19–33), we learn about: (i) received ideas about vital interests derived from history; (ii) institutional structures and policy style; (iii) the hegemony of monetary ideas, globalization and deregulation of financial markets; (iv) policy beliefs and knowledge (including advocacy coalitions, epistemic communities, garbage can models of beliefs). Regarding the strategic dimension (pp. 33–47), we learn about (i) negotiations as a strategic process, the role of power and interests, and the role of EMU as tactics; (ii) the qualities of the strategist (notably vision, technical mastery of issues and mobilizing attention); (iii) the role of initiative, surprise and decisive points in the EMU negotiations; (iv) political leaders as *animateurs*, *ingénieurs* and strategists; (v) EMU as strategic choice (and here we learn about six strategic

options: 1. direct threat, 2. sustained indirect pressure, 3. salami-slicing, 4. binding in opposition, 5, acting as 'honest broker', 6. getting agreement on a member state's own model for EMU); (vi) EMU as a 'two-level' bargaining game; (vii) EMU as a nested game. Finally, we learn about the EMU negotiations from the cognitive dimension (pp. 47–60): (i) the role of beliefs (including two approaches, one emphasizing the longevity of ideas, the other focusing attention on the scope for negotiations to reframe EMU problems); (ii) EMU negotiations as the probing and restructuring of arguments; (iii) 'signalling' behaviour; (iv) the art of persuasion and the role of symbolic politics; (v) choice of institutional venues and procedures; (vi) agenda-setting and policy entrepreneurs as the promoters of ideas.

It is easy to see that with such an elaborate framework the reader is soon distracted from identifying what could be the most important factor, or most useful concept, or metaphor, of all the ones mentioned above. The point here is that Dyson and Featherstone are not trying to create a theory or model, which can be generalized to other cases. Rather, they are providing the reader with a broad framework, which they use to identify the behaviour of the various key actors. Yet, the reader has a hard time generalizing from this case, and identifying the punch line of this book. When reading, there is a sense that 'everything is important'. Even the three propositions offered towards the end of the book are too broad to generalize and identify which analysis (or variable) is more important than another.

To come to the authors' defence, it is exactly this kind of debate which has been taking place in political science in the past fifty years – the 'explaining' versus 'understanding' debate having gone on for much longer. What constitutes good social science? Are we looking for parsimonious models that identify relatively few key variables that thus are easily generalizable and testable, but probably unable to comprehend complex reality? Or is it good social science to provide a thick description of a case by examining its specific characteristics? This may lead to many variables being important – too many to make an eloquent model. In such a case it will be difficult, perhaps impossible, to assign the importance to the individual variables.

Thus, I would like to invite the authors to identify more clearly which variables they consider to have been more important in their analysis of EMU. I would not suggest that they go as far as Andrew Moravcsik in narrowing down the model to only identifying few causal variables, although it is clear that Moravcsik's approach has the advantage of offering us clear testable propositions. So the question is, what can one learn from *The Road to Maastricht* beyond a mere understanding of the specific case study?

Dyson and Featherstone's book is a must for anyone interested in European integration, be they students, scholars or policy-makers. It provides an excellent description and analysis of the thirty-year process of creating EMU in the EU. It offers new empirical material and invites us to consider a wide range of theoretical concepts. Dyson and Featherstone also challenge us to reflect on the question, 'what is good social science is all about?'. Perhaps the best way

to deal with this issue is to allow for diversity. *The Road to Maastricht* takes us ahead on this road to broader understanding. It will remain to be read, re-read and discussed for many, many years to come.

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RESPONSE

Kenneth Dyson and Kevin Featherstone

We are grateful to Amy Verdun for her thoughtful and probing response to *The Road to Maastricht* and for her kind comments about the book. The review is based on Verdun's established expertise in the political science analysis of EMU, notably her *European Responses to Globalization and Financial Market Integration* (Macmillan, 2000). We see her review as an invitation to clarify the nature of our approach and to explain better how the parts fit together. In doing so we are mainly spelling out what was implicit in the book. At the beginning of the book we emphasized how our conception of the work had evolved during the long and complex process of empirical work. Not least, both interviews and our reading of documentation and papers drew our attention to questions that we had not posed. This experience alerted us to the inherent difficulties in trying to capture the EMU negotiations through the lens of a single theory or even approach. But neither then nor now have we lost sight of the value of theoretically informed empirical research. The review is helpful in encouraging us to work out more clearly what we want to say about questions that we had to grapple with in the book.

Verdun raises a number of issues, in particular: (1) the choice of case studies; (2) the length of the volume; and (3) the use made of theory in empirical analysis. We shall attempt to address each in turn.

THE 'BOTTOM-UP' APPROACH AND KEY CHOICES

Inevitably, in undertaking the complex and ambitious task of explaining the agenda-setting and the negotiating process, leading to the outcomes on EMU contained in the Maastricht Treaty, we were faced with a number of critical choices. We decided to opt for a 'bottom-up' approach which lends itself to a number of national case studies. It also creates a bias towards 'thick' description of the type that Verdun identifies as we tried to comprehend how national actors defined their interests and dealt with identity issues in the EMU negotiations. The study could have followed a 'top-down' approach to the EMU negotiations rooted in international relations theories and international political economy. Why did we make this choice? We recognized that member state actors were by definition central to the EMU negotiations. The question was not whether the EMU negotiations were 'state-centric' (they were) but what influenced the positions taken up by key players. In addressing this question, we had to consider both domestic influences (material and ideological) and the influence of participation in transnational processes (like the EC Monetary Committee, the Committee of EC Central Bank Governors, ECOFIN and the European Council). States were our prime units of analysis but seen as embedded in a complex two-level game.

The second choice involved the cases. Here we were influenced by judgements about the significance of the ideas brought to the negotiations by different actors. The Germans were self-evidently important, not least in relationship to the central bank model. The French were important in proposing an 'economic government' and an evolutionary approach to monetary union. The Italians were important in discussions about institutional architecture and about the role of 'external discipline'. Both the French and the Italians were central to the issue of a fixed timetable. The British contributed the 'hard' ECU plan. The timetable issue and Delors' role especially in 1988-9 meant that we had to include the European Commission. These actors formed the main parameters of the EMU negotiations. Size was not an issue. From this point of view, if we have been looking at the political union negotiations ('Black' Monday *et al.*), we may well have given more importance to the Netherlands as a case study. This initial judgement about which case studies to select was confirmed in subsequent interviews. Perhaps a more interesting question is why we chose Britain when its government displayed such reserve.

A third choice was to focus on the interactivity of ideas and strategic interests in specific institutional settings. We saw ideas as important to an understanding of how interests came to be defined for the purpose of negotiations. Previous studies of EU treaty negotiations had stressed interests in terms

of domestic economic and political structures. They had given less attention to the role of ideas in the negotiating process. Our objective was to penetrate this complex world of ideas and to seek to show how it related to political action and negotiating behaviour. This led us to take a broadly sympathetic approach to the claims of constructivism, while at the same time seeing that the world of EMU negotiations was about more than only ideas. Clearly, as we stress at the outset, and Dyson's earlier *Elusive Union* (Longman, 1994) makes clear, the material context matters. For instance, progress in nominal economic convergence was an indispensable condition for agenda-setting on EMU and sustaining the negotiating process. But, necessary though it was, convergence was not sufficient. How key actors – notably, for example, Hans-Dietrich Genscher in Germany – constructed the situation in the European Community and domestically was critical.

A fourth choice was to give attention to the role of agency in shaping the parameters and outcomes of the negotiating process. Here there is a strong connection to the emphasis on ideas – namely, how individual political leaders and negotiators constructed the negotiating problems and choices that they faced. At the same time we were alert to the ways in which action is structured and the importance of specifying structure. Some strategies are privileged by structure. But in much scholarly work on EU negotiations there has been a tendency to overstate the determination of negotiating outcomes by structure and by the material aspects of structure. We pay more attention to the variable of political leadership and to the ideas that inform leadership – leaders as *animateurs*. The key question for us was how actors dealt with a complex structural context and negotiated their way through it.

A fifth choice was to give attention to the question of the extent to which institutional venues at the European level shaped both processes and outcomes of EMU negotiations. Here we were recognizing the complex interactive relationship between the cognitive and strategic aspects of the negotiations. Actors sought to promote certain ideas by ensuring that key issues were routed through specific institutional channels. In short, institutional venues were manipulated for this purpose. The Delors Committee was a good example but only one of several identified in the book. The debate about the structure of the IGCs in 1990 revealed this aspect of the negotiations most clearly. Similarly, institutional venues were manipulated at national level to safeguard particular ideas in developing negotiating positions. Institutional venues mattered, but so did how actors used them.

THE PARADOX OF BEING 'DEFINITIVE'

Amy Verdun writes: of 'a meticulously detailed and elaborate account'. We recognized that attempting to cover four big cases, plus the European Commission, plus the wider negotiating context, and the choice for 'thick' description, would lead us into a lengthy account. We also recognized the potential value of the national case studies to country and area specialists in offering new

insights into how core executives operated in specific national contexts. Hence we always expected that many would dip into the book by just reading specific country studies. Not all would have the appetite to read the totality. We hope that a major contribution of the book is to core executive studies covering a range of EU states. In delving into the formation of specific national preferences, we also found that we had to consider their deeper historical roots and to give relevant background on the personal and career experiences of 'flesh-and-blood' negotiators. Indeed, this element of insight into individual negotiators was an important focus and, we hope, an innovative feature of the book. The EMU negotiations were bound up intimately with the specific historical context of the problems and collapse of the Bretton Woods system, the Werner Report, the Snake, the EMS and what followed. Interviews testified repeatedly to the importance that actors ascribed to this historical dimension. In all these respects, we sought to trace the intricate web of influences that played on the EMU negotiations and found that the historical dimension figured more largely than we had originally anticipated. A different sort of book – in particular a shorter one – could, and no doubt will, be written but would not delve into the experiences of negotiators in the intimate way that we sought.

THE USE OF THEORY

In social science terms, the book will not appeal to all, especially those who hold to a positivist conception driven by parsimony and the search for the prime mover in explaining the outcome of the EMU negotiations. Our understanding of the structure–agency problem reveals something about the nature of our approach to social science. In our analysis of the EMU negotiations we sought to contextualize agency in its structured setting, but we also were led to realize that agency was itself structuring. This path had wider ramifications for our use of 'structural' theories.

We did not begin with a theory and then look for cases to sustain it. None seemed all encompassing enough to capture the many aspects of the EMU negotiations with which we were concerned. In our approach we were open-minded about questions and theories. Our attempt to explain the complex historical processes of EMU, from agenda-setting, through the negotiating process, to outcomes, led us to use a variety of conceptual reference points. These alerted us to different questions, helping us to avoid a unidimensional account and to see the inter-connectedness. Ultimately, this meant that our empirical analysis was theory-informed rather than theory-driven, as we eschewed the attempt to squeeze the complex reality into a single causal model. We were not attempting to build an all-inclusive theory of treaty negotiation. In the process we have provided a large empirical study that has a number of access points for those seeking evidence to sustain a range of theoretical propositions. Our main purpose was to achieve empirical depth and breadth. In the conclusion we limited ourselves to weighing the relative importance of

different factors. We did not define our main task as attempting to produce a unified theoretical account or to overcome the larger disputes of others. We content ourselves with the fact that an increasing number of scholars argue that rational choice (interest-based) and constructivist (ideas-based) approaches should not be seen as mutually exclusive, but rather as complementary. We share this view.

Colleagues have very generously described the book as 'definitive'. While we take some pride in its empirical depth, we do not presume that our theoretical treatment of the EMU negotiations cannot be bettered. Treaty negotiations in the EU are a multi-faceted phenomenon and, as such, they pose something of a trade-off between parsimony and accuracy. The theoretical literature (then and now) did not afford us with a ready means of integrating the diversity of the EMU process. We sought empirical rigour and insight by using a variety of conceptual lenses. We leave it to others to show how with this empirical evidence one or more better refined conceptual lenses can do a better job in providing scholarly insight.

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