

Inter-organizational negotiation and intra-organizational power in shared decision-making: early agreements under codecision and their impact on the European Parliament and the Council of Ministers

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**Inter-organizational Negotiation
and Intra-organizational Power
in Shared Decision-making**

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and the Council of Ministers

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March 2004

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Founded in 1963 by two prominent Austrians living in exile – the sociologist Paul F. Lazarsfeld and the economist Oskar Morgenstern – with the financial support from the Ford Foundation, the Austrian Federal Ministry of Education, and the City of Vienna, the Institute for Advanced Studies (IHS) is the first institution for postgraduate education and research in economics and the social sciences in Austria. The **Political Science Series** presents research done at the Department of Political Science and aims to share “work in progress” before formal publication. It includes papers by the Department’s teaching and research staff, visiting professors, graduate students, visiting fellows, and invited participants in seminars, workshops, and conferences. As usual, authors bear full responsibility for the content of their contributions.

Das Institut für Höhere Studien (IHS) wurde im Jahr 1963 von zwei prominenten Exilösterreichern – dem Soziologen Paul F. Lazarsfeld und dem Ökonomen Oskar Morgenstern – mit Hilfe der Ford-Stiftung, des Österreichischen Bundesministeriums für Unterricht und der Stadt Wien gegründet und ist somit die erste nachuniversitäre Lehr- und Forschungsstätte für die Sozial- und Wirtschaftswissenschaften in Österreich. Die **Reihe Politikwissenschaft** bietet Einblick in die Forschungsarbeit der Abteilung für Politikwissenschaft und verfolgt das Ziel, abteilungsinterne Diskussionsbeiträge einer breiteren fachinternen Öffentlichkeit zugänglich zu machen. Die inhaltliche Verantwortung für die veröffentlichten Beiträge liegt bei den Autoren und Autorinnen. Gastbeiträge werden als solche gekennzeichnet.

Abstract

In this article we argue that closer attention should be paid to the inter-organizational rules of decision-making and their implications for intra-organizational processes. We claim that exogenous changes in macro-institutional rules, which result in a move from formal and sequential to informal and simultaneous interaction between collective actors will lead to changes in individual actors' respective influence over outcomes within organizations. Certain individuals, in particular 'relais' actors, controlling information flows between organizations, will see an increase in their power over legislative outcomes. This begs the question of how organizations will respond to these shifts in their internal power balance. We argue that collective actors that centralize coordination over dealings with external actors will respond effectively through internal rule change. In contrast, collective actors with multiple, ill coordinated links to other organizations, will find it difficult to change internal rules. We empirically explore the general argument by analyzing the relationship between the Council and the European Parliament in the process of codecision and its implications for intra-organizational processes.

Zusammenfassung

Dieser Beitrag plädiert dafür, inter-organisatorische Entscheidungsregeln und ihre Auswirkungen auf intra-organisatorische Prozesse stärker in den Blick zu nehmen. Wir argumentieren, dass ein exogener Wandel der makroinstitutionellen Regeln von formellen und sequentiellen zu informellen und simultanen Interaktionen die Einflussmöglichkeiten einzelner Akteure innerhalb von Organisationen verändert. Bestimmte Akteure, insbesondere „Schnittstellen“-Akteure, die den organisationsinternen Informationsfluss steuern, gewinnen dadurch an Einfluss. Doch wie reagieren Organisationen auf eine solche Veränderung der internen Machtverhältnisse? Organisationen, in denen die Beziehungen gegenüber externen Akteuren zentral koordiniert sind, werden mit einer effektiven Strategie der internen Regelanpassung reagieren. Organisationen, die eine Vielzahl untereinander wenig koordinierter Beziehungen zu externen Akteuren unterhalten, werden eine solche interne Regelanpassung dagegen nur sehr schwer bewerkstelligen können. Wir illustrieren unser generelles theoretisches Argument am Beispiel des Zusammenwirkens von Europäischem Parlament und Ministerrat im Rahmen des Verfahrens der Mitentscheidung und der daraus resultierenden intra-organisatorischen Effekte.

Keywords

Organizational theory, European Parliament, Council of Ministers, codecision procedure

Schlagwörter

Organisationstheorie, Europäisches Parlament, Ministerrat, Verfahren der Mitentscheidung

General note on content

The opinions expressed in this paper are those of the author and not necessarily those of the IHS
Department of Political Science

Notes

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1. Introduction

Political scientists have a long standing interest in how decision making competences are shared between different collective actors in the legislative process. These competences are usually allocated in broad formal terms by macro-institutions – a constitution or framework text of similar status. For example, some scholars have studied formal relations between Congress and the President at the federal level of US politics in the horizontal and between federal and state legislative institutions in the vertical dimension. Others have studied the formal relation between Parliament, Council and Commission in the European Union (EU) and between European and member state legislative institutions respectively. Most such studies either examine formal relations “between” actors, conceived of as relatively coherent entities, or else, relations “within” these collective actors; looking, for example at how the committee structure within Congress or the European Parliament affects the making of laws.

This implicit dichotomy means that little attention is paid to the relationship *between* the two arenas of decision-making, i.e. the link between inter-organizational and intra-organizational processes. We know very little about how the relationship that a collective actor has with other major collective actors affects internal processes of negotiation “within” a particular collective actor, and vice versa. Scholars frequently make predictions regarding the impact of constitutional changes of shared decision-making on legislative processes by merely examining how these changes affect the interests of collective actors as totalities. They thus tend to neglect the internal processes through which collective actors reach aggregate decisions¹. However, this causal chain arguably has important implications for how changes in the macro-institutions covering shared decision-making affect the specifics of the legislative process.

In this article, we examine the relationship between (a) constitutional change in shared decision-making, (b) its implications for the internal composition of actors, and (c) corresponding intra-organizational change in the legislative process, through detailed examination of a specific test case: changes in the EU’s codecision procedure following the Treaty of Amsterdam. Codecision has been the subject of a voluminous academic literature that seeks to predict outcomes on the basis of assertions regarding how constitutional changes affect the interests of collective actors in the codecision process (Council, Parliament and Commission). However, much less attention has been paid to the intra-organizational implications of this constitutional change. Nor has this literature taken into account an important innovation: the so-called “early agreement” provision in the Treaty of

1 The work by Wolfgang Streeck and Philippe Schmitter on bargaining processes in the context of neocorporatism or “private interest government” is an exception. They analyze how processes within associations affect the bargaining power of the latter with other associations and the government (Streeck and Schmitter 1985).

Amsterdam, which allows legislative items that fall under codecision to be fast-tracked in order to avoid conciliation.

We examine how the “early agreement” provision as a macro-institutional change has affected internal processes of control and decision-making in the Council and the Parliament. Using a combination of bargaining theory and organizational theory, we show how a macro-institutional change from formal sequential to informal simultaneous negotiations has affected the bargaining strength both of collective actors such as Council and Parliament, and the individual actors (MEPs, specialized bureaucrats, member states) that constitute these collective actors. We examine how this change may affect the intra-organizational positions of the individual actors that constitute a specific collective actor. Specifically, we examine how the introduction of “early agreements” has affected the respective positions – and influence over legislative outcomes – of individual actors within Council and Parliament. We show how this has occurred in separate stages of iteration. At time t , when a constitutional change is introduced, it may alter the internal balance of power, so that certain actors within Council and Parliament may gain influence over legislative outcomes at the expense of others. At a subsequent stage, $t+1$, the organization may seek to redress this shift by developing new intra-organizational rules. We argue that its success in so doing will largely depend on how it manages its external relations with other organizations.

Our argument proceeds as follows. First, we provide a basic theoretical framework to explain why and how a shift in exogenous macro-institutional rules of inter-organizational negotiation may lead to intra-organizational changes. From our theoretical argument we then derive propositions regarding the change of intra-organizational institutional rules at $t+1$ triggered by the shift in inter-organizational rules which have occurred at t . We empirically explore the general argument analyzing the inter-organizational negotiations between the Council and the European Parliament in the legislative codecision procedure and their intra-organizational consequences. We conclude with a preliminary assessment of the explanatory power of our hypotheses in the light of the empirical data.

2. Theoretical Argument

What do we mean by institutions (including macro-institutional rules of shared decision-making), actors, and collective actors? We follow scholars such as Douglass North (1990) and Jack Knight (1992), who distinguish between institutions, which they see as *sets of rules* and organizations, which they see as *collective actors*. While these are separate on the level of principle, their relationship is complex in practice. Organizations or collective actors are not only affected by the external organizational environment within which they operate, but also by the internal institutional rules through which each organization aggregates the decisions of individual actors within it, and eventually arrives at collective decisions. For our

purposes, we describe collective actors within the legislative process, such as the Council or Parliament within the EU as organizations. We may distinguish between (a) organizations, which are collective actors, and (b) individual actors, who are individual agents within these organizations. Further, we may posit that the relationship between the two will be mediated by the organization's internal institutional rules. Thus, we furthermore distinguish between (a) the institutions that constitute internal relations within collective actors (*intra-organizational* institutional rules), and (b) the institutions that shape collective actors' interactions with each other (*inter-organizational* institutional rules).

Macro-institutional or constitutional rules of shared decision-making are the most important inter-organizational rules; they define the respective roles of the organizations whose formal input in the legislative decision-making process is required to bring a decision about. There is a variety of empirical forms of shared legislative decision-making and a vast literature on the division of power and checks and balances between formal political actors in democratic polities (for overviews see Lijphart 1977; Lehbruch 1977). Different forms of shared decision-making have been investigated according to the dimension of interaction (horizontal or vertical), the number of legislative bodies involved (two or more than two); the evenness of the distribution of the relative formal decision-making competences (even, uneven distribution), the formality or informality of interaction and the sequentiality or simultaneity of interaction.

Shared decision-making across boundaries and levels (Benz et al. 1992; Marks and Hooghe 1997) has become more frequent in the course of internationalization. It has given rise to multiple forms of shared decision-making in which the formal consent of several collective actors is required to bring a decision about, thereby increasing the number of potential formal veto players (Tsebelis 2002). The larger the number of veto players with divergent preferences involved, the smaller the likeliness of bringing about a decision changing the status quo, and the higher the probability of ending up in a deadlock situation. In order to overcome the decision making impasses that may emerge from these situations, numerous forms of informal decision-making (Benz 1992; Héritier 1997) have emerged where decisions are made in smaller, relatively secluded circles in order to accelerate the decision-making process. Under both, formal and informal versions of shared decision-making, those actors who represent their own organization in discussions form the link or 'relais' (Crozier and Friedberg 1977) to the other organization and, due to this link function, are particularly powerful. They control the flow of information from their own organization to the other and vice versa. However, there may be different "relais actors" under formal and informal modes of decision making. Thus one may reasonably predict that an exogenous shift from a formal to an informal mode of shared decision-making will have important implications for the distribution of decision-making weight among individual actors *within* the organizations that are implicated in shared decision-making.

In developing our theoretical argument we start from the assumption that individual actors – political officeholders in the decision-making bodies – seek to maximize their influence over policy outcomes. We furthermore assume that their degree of influence to a large extent is determined by prevailing institutional structures. On the basis of these assumptions, we seek to understand how changes in the fundamental (constitutional) institutional rules of shared decision-making of a polity affect intra-organizational institutions. We do not theorize the sources of constitutional change, which we have examined in earlier work (Farrell and Héritier 2003), treating it as exogenous. Instead, we are interested in how constitutional change affects decision making *within* collective actors or organizations. Thus, we wish to examine how an exogenous change in macro-institutional rules (at the constitutional level) at time t will have consequences for the relative power of individual actors within organizations, and furthermore how these organizations will respond to these changes at time $t+1$.

How can we account for a possible change in intra-organizational rules brought about through the shift from formal to informal inter-organizational decision-making?

First, we need to examine the factors affecting *intra-organizational institutional rules*, and more particularly those rules that directly affect the organization's dealings with the outside world. We suggest that North's and Knight's theories of institutions may be integrated with organization theory to provide us with useful hypotheses. In particular, the version of organization theory offered by Crozier and Friedberg (1977) allows us to understand that the interactions between organizations have implications for the power of actors within an organization. They suggest that 'relais' actors play an important role in inter-organizational decision making; they are the 'gate-keepers' to the organization and broker information between the organization and its interlocutors, i.e. other organizations, in the organizational environment. This 'relais' function gives them power in the intra-organizational bargaining of outcomes.

We take up this argument of Crozier and Friedberg and go on to argue that one may distinguish between organizations that exhibit a weak or strong degree of control over these 'relais' actors, and hence over external relations. While some organizations coordinate and bundle their external relations on the basis of collective decisions, others allow for a plurality of external relations that are not fed back into and controlled by one internal decision-making process. We argue that organizations will tend to have a strong ability to coordinate extraorganizational relations when individual actors are more interested in lowering transaction costs (through creating appropriate monitoring and sanctioning mechanisms) than in bargaining with each other over distributional gains. And vice versa: organizations will tend to have a weak ability to coordinate external relations (and a decentralized structure in managing external relations) when individual actors are more interested in bargaining with each other over distributional outcomes than in lowering transaction costs.

When and why may we expect the one constellation of interests or the other, so that organizations tend to a stronger or weaker central coordination of external relations? Adapting the arguments of Robert Sugden, we suggest that individual actors will be more interested in creating structures that lower transaction costs when they have cross-cutting institutional interests. For example, where the relevant positions of authority ('relais' positions) are regularly rotated among actors in a non-biased fashion, as is typical in federal systems' second chambers in which members are delegates from governments of the subnational level (such as the German Federal Council), collective actors will have scant specific interest in strengthening or weakening the powers attached to a particular position, and will not oppose central coordination power in the hands of a few actors, provided that it be for a very limited period. They will know (a) that they will have the opportunity to enjoy this power in the future, and (b) that other actors that temporarily exercise central coordination power will have little incentive to abuse their power, since these other actors will soon find themselves to be without this power again, and vulnerable to retaliation. Thus, actors will be willing to allow for a degree of central coordination with respect to their organizational environment that resolve transaction costs in a relatively efficient fashion.

By the same token, actors will have difficulty in accepting the central coordination of external relations when they do not have strong cross-cutting interests. If, for example, the relevant positions of authority do not rotate, or rotate in a biased fashion, actors who suspect that they are unlikely to enjoy positions of authority in the future will resist proposals for further central coordination, which would increase disparities in power and consequently in influence over the policymaking process. For their part, actors who hold power under the current dispensation will seek to retain it. They will be more interested in pursuing individual gains, and jockeying among each other for position, than in creating structures that would benefit the organization as a whole.

Second, we examine how the different forms of coordinating external relations affect the change of intra-organizational institutional rules responding to the macro-institutional shift from formal and sequential inter-organizational decision making, to informal and simultaneous shared decision-making. This shift will have changed the opportunity structure for individual actors within organizations. The influence of some actors, in particular 'relais' actors controlling the borders between the two organizations, will be increased at the expense of others. How will organizations respond to changes in the choices available to the individual actors that constitute them? More specifically, how will an organization respond when an exogenous change increases the power of some 'relais' actors over legislation vis-à-vis the organization as a whole? Here, we argue that different kinds of organizations will respond in different ways, i.e. that organizations where interactions with external organizations (the "relais functions") are centrally coordinated, will respond differently from organization where there is no overall coordination of the interactions with the other organizations.

We predict that organizations will respond to changes by seeking to mitigate any new risks of opportunistic action arising from the macro-institutional change. They will seek to restore the *status quo ante*, by creating institutional rules that define mechanisms for monitoring and sanctioning that will minimize the risk that specific actors within the organization will take opportunistic advantage of new possibilities of action. Their success in so doing will depend on the extent to which control of external relations is centralized or decentralized. Organizations with centralized control of external relations will be able to change their internal rules with little controversy. In contrast, we predict that organizations with decentralized control of external relations will have great difficulty in revising internal rules. In these organizations, individual actors within the collective structure will seek to maximize their individual control of legislative outcomes regardless of the consequences for the organization as a whole.

Thus, to summarize, we suggest that an exogenous constitutional change from formal and sequential to informal and simultaneous interaction will first affect *intra*-organizational politics, by changing the balance of power within each organization. Depending on the specifics of the constitutional change, the influence of some individual actors (specifically, ‘relais’ actors who engage with other organizational actors in the legislative process) over legislative outcomes will increase, while the influence of others will decrease. This will give rise to a subsequent effort by the organization (or, more precisely, the individual actors within the organization that have lost control over decision-making outcomes) to re-establish the *status quo ante* through the adoption of appropriate *intra*-organizational rules. The success of the organization in so doing will depend on whether it has centralized or decentralized control over external relations.

Hence, given an exogenous change at t from a formal and sequential to an informal and simultaneous form of shared decision-making between legislative bodies, which has altered the individual actors’ influence and in particular border or “relais” actors’ influence over legislation, we propose that at $t + 1$.

- 1) An organization’s response to an increase in the power of ‘relais’ actors, resulting from exogenous constitutional change, will be a function of the existing coordinative power of an organization with respect to external relations. Specifically:
 - a) Organizations with centralized coordination of external interactions will be easily able to respond to changes in the influence of individual actors through the creation of institutional rules that mitigate the risk of opportunism.
 - b) Organizations with decentralized coordination of interactions with external organizations will not successfully bargain a revision of *intra*-organizational institutional rules mitigating the risk of opportunism.

Our explanation of the change of intra-organizational rules triggered by a macro-institutional shift has been based on a logic of consequential action subject to the restrictions of organizational structure (high or low coordinative capacity of external relations). It is conceivable to offer an explanatory account for the change of intra-organizational rules on the basis of the rival logic, i.e. that actors in their behavior tend to follow rules of appropriateness (March and Olsen 1989). If we apply the logic of appropriateness to our account of the change of intra-organizational rules, we would argue that after the shift in constitutional rules from formal and sequential shared decision-making to informal and simultaneous shared decision-making, actors have been socialized into the new informal rules, consider them as the appropriate way 'of how problems should be solved' and have accommodated them. Following this logic we would not expect that actors who have lost influence under the macro-institutional shift would seek to revise them to bring them back to the status quo ante. Hence we formulate the rival hypothesis

- 2) The macro-institutional shift in rules of shared decision-making from formal and sequential to informal and simultaneous at t is reflected in the emergence of intra-organizational rules of less inclusive and informal decision-making at $t+1$.

3. Methodology: Operationalization of variables, data and method of data collection

We operationalize our hypotheses as follows:

Hypothesis 1a:

The values of the independent variable (coordinative capacity with respect to external interactions) will be assessed by using the following empirical indicators:

- the degree of concentration of coordination rights of external interactions in one or a few actors;

The values of the dependent variable, i. e. revised or non-revised institutional rules are measured in terms

- of the existence or non-existence of successfully adopted institutional rules changing the distribution of internal and inter-organizational decision-making rights.

The methods of data collection used to investigate the values of the independent variables are:

- the analysis of internal documents of the Council and the Parliament describing the internal decision-making structure;
- interview data: interviews between 2000 and 2004 regarding the de facto decision-making processes in the two bodies;
- the use of descriptive statistics on legislative activities.

The *data* and the methods of data collection used to measure the values of the dependent variables are

- the analysis of documents of the Council and the Parliament describing the revision of internal institutional rules at t+1 shifting decision-making weight measured in terms of proposing, discussing and deciding amendments back to the internal actors who have lost influence due to the change at t+1;
- interview data on the internal discussions about procedural rules;
- the use of descriptive statistics on legislative activities.

Hypothesis 1a would be disconfirmed if we found that an organization with centralized coordination of external relations were *not* able to respond with institutional rules correcting the macro-institutional shift of power.

Hypothesis 1b:

The empirical indicators, needed data and methods of data collection to measure the values of the independent variables of hypothesis 1b are the same as the ones for hypothesis 1a, i.e. decentralized coordination of external relations.

The empirical indicators of the dependent variables are the same as in the case of hypothesis 1a, i.e. the non-existence of changed intra-organizational institutional rules.

Hypothesis 1b would be disconfirmed if we found that an organization with decentralized coordination of interactions with external organizations were to produce a swift revision of intra-organizational rules in order to correct the shift of power.

Hypothesis 2:

The values of the independent variable, i.e. the shift from formal and sequential shared decision-making to informal and simultaneous shared decision-making is empirically assessed in terms of the shift of decision-making elements from one actor (group) to another. The data used to empirically assess this shift have been collected on the basis of the analysis of official EP and Council documents; 25 interviews (see above); and the analysis of descriptive statistics compiled by the EP and the Council.

The dependent variable is measured by means of the same indicators as described for H1.

The rival hypothesis 2 would be disconfirmed if we found that both organizations experience a shift in intra-organizational rules that confirm the macro-institutional change.

We investigate two cases, the Parliament and the Council (n=2) in the codecision process following the Amsterdam Treaty changes. In case of H1 there is one explanatory variable (existence/non-existence of coordinative ability with respect to external relations); to increase the number of observations on the dependent variable we also predict that, if H1 holds, one should expect to find that the losers oppose the usage of early agreements altogether.

In the case of H 2 there is one explanatory variable with two cases.

Before we proceed to the empirical exploration of our hypotheses we specify our independent variable, the organizational structure of the two collective actors, Council and Parliament (H1), and specify the independent variable of H2, i.e. the nature of macro-institutional change from formal and sequential to informal and simultaneous shared decision-making, which has occurred under the codecision procedure in the European Union.

4. Council, Parliament, and Early Agreement under Codecision

Legislating in the European Union is a notoriously complex process. Relations between the three key actors in the European Union's legislative process – the Council, the European Commission² and the European Parliament – are complicated.³ Furthermore, the system has changed substantially over time, due to changes in the Treaty texts that provide an effective constitution for the European Union. New treaties, such as the Treaties of Maastricht and Amsterdam, have substantially changed the balance of power among legislative actors. The Council has traditionally been the dominant actor; it formally represents member state interests. However, it does not itself initiate legislation; it cannot act in the legislative process except on a proposal from the Commission. Depending on the Treaty base of the issue in question, it may accept or reject the Commission's proposal on the basis of unanimity or a qualified majority vote. It may only modify the Commission's proposal on the basis of unanimity among member states.

2 For purposes of simplicity, we do not discuss the role of the Commission, which acts primarily as a facilitator in the stages of the codecision process that we are interested in. Instead, we focus on the Council and Parliament.

3 While the European Court of Justice (ECJ) also plays an important role, it is an indirect one; the ECJ interprets the Treaty and may adjudicate disputes over competences between the other legislative actors.

The Council has traditionally operated on the basis of consensus among member states; although many matters are subject to qualified majority voting (QMV). While members are keenly aware of their respective bargaining positions, formal votes are rarely taken. The Presidency of the Council circulates among member governments every six months according to an alphabetical order of rotation. The Presidency chairs meetings, sets the agenda, and negotiates with the European Parliament and other legislative actors on behalf of the Council. It is supposed to fairly represent the view of the Council as a whole (de Poos Report of the EP, 2001:12).

The vast majority of day-to-day negotiations within the Council are handled by the Committee of Permanent Representatives (COREPER), which is further divided into COREPER I and COREPER II, and has various specialized working groups, and subcommittees that report to it. COREPER⁴ consists of career civil servants and diplomats from the member states, providing it with a good overview of European policy issues (Lewis 2000:282); it plays a key role in preparing the Council's response to legislation. Political disagreements that cannot be resolved at the COREPER level are passed to government ministers, who meet in the form of the sectoral Councils at regular intervals, and, if necessary, are finally passed up to the European Council of heads of state and foreign ministers (Wallace 2002). At all of these levels, decision-making is dominated by a principle of diffuse reciprocity, in which member states agree to respect each others' vital interests, and not to create structural minorities that are consistently overruled in decisions (Wallace and Wallace 2002). Finally, the Council Secretariat is a body of specialized European bureaucrats, which is charged with ensuring coordination of policy and efficient communication between the various manifestations of the Council.

In short, the organizational rules and structures of the Council – although egalitarian in the sense of an even distribution of decision-making competences among member states in internal decision-making – is characterized by a high degree of coordination, which is carried out through the six months Presidency, the Secretariat, and COREPER. All of these structures reflect the cross-cutting interests of member states. The presidency is held in strict rotating sequence by all member states. COREPER and sectoral Councils are composed of national delegates who interact according to the principle of diffuse reciprocity. Finally, the Secretariat is an impersonal body charged with enhancing coordination rather than a major decision taker in its own right.

The Parliament, in contrast, shows little central coordination of its external relations (Lord 1999; Shackleton 2000; Corbett, 2000). It is quite fragmented, composed of a variety of actors and sub-organizations, each of which seeks to guard its particular prerogatives. It has

4 200 working groups prepare the work of COREPER in more than 2500 sessions per year (Westlake 1995; Beyers and Diericks 1998).

17 powerful standing committees, which play a vital role in preparing and discussing legislation, although the preponderance of codecision matters are dealt with by only three committees (Environment, public health and consumer affairs; Economic and monetary affairs; Legal Affairs – Maurer 2000:19). Each of the 626 MEPs is on at least one committee; about one third are on two committees (Balmer and D. Farrell 1995:226). The committee members and the committee chairmen are *de facto* appointed by the different political groups. A rapporteur and shadow rapporteurs, who are formally chosen by the committees, but *de facto* by the political groups in committee (Neunreither 1999:194), are appointed for each item of legislation, which they shepherd through amendments, seeking to reach consensus within the committees (Collins et al. 1998:6). After discussion and voting in committee, legislation is then voted on by the entire Parliament in plenary; typically, although not universally, plenary follows the substantive position of the committee in question. The Parliament's secretariat plays a role, too: it seeks to support the legislative process more generally, and to provide some coherence to it. However, individual committees have their own staff and institutions and are highly jealous of their prerogatives. Under this system, discussion within committee has typically been of considerable importance, and committee chairmen have traditionally had considerable power and independence in setting the legislative agenda. The political party groups, which are themselves pluralistic structures, have a grasp on the fragmented committee structure and have developed mechanisms “of coordinated – even controlled – specialization” (Balmer and D. Farrell 1995:241) among competing political forces. After the introduction of codecision in 1993 a Conference Committee of Committee Chairmen (CCC) was established which makes recommendations regarding committee work. It constitutes an essential element in the functioning of the Parliament's legislative machinery (Westlake 1994). Finally, the Parliament's President and four Vice Presidents seek to represent the Parliament's interests as a whole; the latter also play a role in the conciliation process. But in spite of these attempts to create more coherence, the overall structure of the European Parliament – as compared to the Council – provides for less central coordinative capacity with respect to external interactions. Indeed, given the plurality and diversity of actors involved, it may be characterized as quite decentralized.

Council and Parliament have increasingly come to engage with each other in the context of the legislative procedure of “codecision”, which applies to legislation drawn up under 38 articles of the Treaty. Under codecision, the Commission proposes a piece of legislation. The European Parliament then delivers its opinion on the Commission's proposal before the Council adopts its common position (i.e. its agreed position on the legislative item in question). On the basis of the Council's common position (which may reflect certain of the Parliament's proposals), the Parliament may then, in a second reading, propose amendments to the Council's text. If the Council does not accept all of Parliament's amendments, a conciliation committee, consisting of representatives from both Council and Parliament is convened, which has six weeks to draw up a joint text. If this text is not accepted by both Council and Parliament, it fails; a procedure under the Maastricht Treaty

whereby the Council could then reintroduce the text of the common position was removed in the Amsterdam Treaty.

Thus, in formal terms, Council and Parliament have to interact sequentially in codecision, reacting to each other's legislative proposals in turn, in order to agree legislation (up until the optional stage of conciliation). In order to facilitate this process, "trialogues" – meetings between top-level figures of the Council, Parliament and Commission – were instituted to provide a means whereby the respective bodies could hammer out compromises informally, between the second reading and the meeting of the Conciliation Committee. These trialogues involve the President of COREPER (which rotates with the Presidency) and the chairman of the relevant working group on the Council's side. On the Parliament's side, they involve the rapporteur, the committee chairman, one of the Vice-Presidents of the Parliament, and the shadow rapporteurs or coordinators from the various political groups.

More recently, however, in order to avoid a long and cumbersome legislative process and conciliation, more informal trialogues came to be held during the *first* reading (Farrell and Héritier, 2003), the stage *before* Council had adopted a common position, or indeed Parliament had issued a formal opinion on a Commission proposal. The success of these informal trialogues spurred member states to formalize a procedure in the Amsterdam Treaty for "fast-track legislation," in which Parliament and Council could agree on particular items of legislation at this stage.

This procedure applied to technical and politically less controversial dossiers in which there was little chance of substantial disagreement between the two bodies. However, it has been increasingly extended to issue areas where there is a formal deadline for legislation, or some other need for urgent action. These trialogues may be seen as the capstone of a more general process of informal inter-organizational negotiations. Over time, informal negotiations and agreements have become an important mode of decision-making. From 1999 to 2000, of 65 codecision dossiers, 20% (13 cases) were concluded at first reading, and 54% (35 cases) at second reading and 26% (17 cases) went to conciliation. From 2000 to 2001, of 66 codecision matters, 29% (19 cases) were concluded at first reading, 41% (27 cases) at second reading and 30% (20 cases) went to conciliation. From 2001 to 2002, of 73 codecision matters, 26 % (19 cases) were concluded at first reading, 51% (37) at second reading and 23% (17 cases) went to conciliation (EP Activity Report 2001/2002). From 2002 to 2003, out of 87 codecision matters, 27% (23 cases) were concluded at first reading, 56% (49 cases) at second reading and 17% (15 cases) went to conciliation (EP Activity Report 2002/2003:5). On average across the four years under scrutiny 25% of codecision matters have been subject to fast-track legislation.

What do early agreements look like and what is their impact? The existing literature on the Council and Parliament does not deal with the question of how early agreement procedures may reshape relations between the two and how this may affect intra-organizational

processes. Most current work focuses either on decision-making within Parliament (Lord 1998) or Council (Lewis 2000; Hayes-Renshaw and Wallace 1997; Wallace 2002), paying little attention to relations between the two bodies, or on formal relations between Parliament and Council, treating internal decision-making processes as exogenous, or as at most a constraining factor (Crombez 1997; Hix 2002; Garrett and Tsebelis 2000; Farrell and Héritier 2003).

The empirical evidence emphatically suggests that early agreements have accelerated the informalization of relations between Council and Parliament, so that matters that used to be dealt with through formal and sequential negotiations are now dealt with through informal or quasi-formal discussions among the relevant agents. Early agreements involve careful negotiations between the relevant mediating agents, who inform each other about how the discussion is progressing in their respective organizations, and discuss possible amendments. These, in turn, have to be discussed with key figures in the mediating agents' own institutions. Typically, an informal trilateral meeting is held soon after the Parliament and Council have individually gone through a Commission proposal. This meeting may be followed by others, in which the two sides report back in broad terms about the progress of discussions within Council and Parliament, and seek both to reach agreement where possible, and to identify possible areas of contention (Council Codecision Guide 1999:13). As the vote in the relevant parliamentary committee approaches, the two sides begin to exchange compromise texts, and then arrange a trialogue proper when there is a clear possibility of agreement being reached. "Apart from a few extremely formal encounters, we have reached the point of almost weekly informal meetings." (EP Activities Report, May 1999:7/8).

On the side of the Council the working style of the Presidency "...has changed fundamentally" (Interv. Perm. Repr. Jan. 2002; Interv. MEP Febr. 2004). Before the introduction of early agreements, there was no contact with the EP during the first reading except perhaps at the ministerial or ambassadorial level. Previously, the Presidency's most important task was to find an agreement between the 15 member states and the Commission. Now, the Presidency with something like a mandate from the working group and COREPER negotiates with Parliament. However the mandate is not clear, as the Council has not taken a formal position at this point in time (Interv. Perm. Repr. C, Jan. 2002).

Early informal negotiations in small groups built mutual confidence. As one Council staff member describes it: "They (informal trialogues) make it possible to speak more frankly and to explain what the underlying reasons are. You also can say: here is a real problem – we cannot go any further on this, please recognize this, but we will yield in another issue, this 'give and take' becomes possible" (Interview Council Secretariat Oct. 2001). This requires a feeling both for the sensitivities of the other organization *and* the sensitivities of actors in one's own organization in negotiating its own position: Thus a Presidency of Council member

points out that “we have to be careful not to come out of a Council meeting with a fixed text which would not allow us to take on board the amendments of the Parliament. At the same time we need a text which is clear enough to unite the member states” (Interv. Perm. Repr. B, Jan. 2002).⁵ “We are looking from the very beginning at what Parliament thinks, and we try to incorporate this. And we are delaying political agreements if Parliament is not ready” (Interv. Council Secretariat, October 2001). Or as one representative of the Council said: “We are aware of the opinion of the rapporteur/the shadow rapporteur. We have an idea of what could be their position and we try to take this already into account” (Interv. Perm Repr. C, Jan. 2001). In other words, Council and Parliament do not confront each other on the basis of pre-agreed positions; “it is another ball game” (Interv. COREPER, Oct. 2001). Decisions are not taken beforehand on the Council’s and the Parliament’s side. Rather, selected figures of the two bodies engage with each other before either has reached a formal position (Interv. COREPER, Oct. 2001). In consequence, it is much easier for Parliament to influence deliberations within the Council, and vice versa.

Thus, a macro-institutional change, the introduction of the ‘early agreement’ provision in the Treaty of Amsterdam, has led to a shift from formal, sequential bargaining between Council and Parliament to a more informal and diffuse set of relations. What are the consequences for the internal structures and processes of the two collective actors involved?

The Consequences of Codecision for Individual Actors

Early agreements have had important consequences for individual actors within both Parliament and Council in terms of a shift of power in proposing, discussing and deciding on amendments. Some actors, in particular ‘relais’ actors, have gained new influence over the legislative process; others, in contrast, have lost it. In the *Parliament* the rapporteurs, the most important ‘relais’ actors, have won more influence over the legislative process in all respects. Between 1998 and 2003 207 different rapporteurs were responsible for individual legislative items. Of the 207 rapporteurs, 56% were responsible for one item; 24% for two items; 11% for three items, 3% for six items; 0,9% for 7 items and 0,4% for 9 items (OEIL EP Legisl. Observatory). They have traditionally played a central role in conventional codecision dossiers, but have far fewer checks on their negotiating authority in early agreement dossiers. In the latter, they propose and discuss amendments on an informal basis with representatives of the Council, and in doing so they may have quite extraordinary latitude to set the agenda of negotiations. As described by one MEP, who was rapporteur for such a dossier: “I had an enormous free hand in negotiating with the ... presidency and doing so more or less on my own, ... [and] then report[ing] back to the committee” (Interv. Rapporteur A, Sept. 2001). Rapporteurs are the favoured contact persons of the Presidency (Interv.

5 Further, MEPs must be able to express their ideas regarding amendments during first reading “in a manner that is visible” to their voters (Interv. Perm. Repr. B, Jan. 2002).

Rapporteur B, Jan. 2002) for they command a mass of information from which they are able to select in what to pass on to the committee chairpersons (Interv. Perm. Repr. B, Jan. 2002; Interv. Perm. Repr., Oct. 2001).⁶

The rapporteurs are particularly powerful when they are closely linked to the large political groups and the power-brokers within the larger political groups in Parliament, the Christian Democrats and the Socialists. These groups have considerable clout because of their ability to muster votes in plenary. As described by an MEP: “Here (in the EP) ... it is a kind of a network of people that you have to cooperate with” (Interv. Rapporteur B, Jan. 2002). It is much easier for a parliamentarian to build such a network (and hence enhance her negotiating power) if she is a political group’s coordinator in a committee (Interview MEP, Febr. 2004). “If you are only a rapporteur and not a coordinator, it is not so easy” (Interview Rapporteur B, Jan. 2002). The Council negotiators, when seeking an informal agreement, are increasingly bypassing the committee structure and going directly to influential figures in these parties. As described by one Council official: “You need to know your Parliament. When you negotiate an issue, you have to develop contacts with key persons and big groups ... You have got to have them on your side ... they are the people with the numbers” (Interv. Council Secretariat A, Oct. 2001).

By the same token the empirical evidence gained from interviews and document analysis shows that other actors have lost influence in proposing, discussing and, in particular, deciding on amendments under the new arrangements. Since the real discussions surrounding amendments have shifted from the committees into informal dialogues, ordinary committee members have lost in importance. Even if the amendments are still formally decided upon in committee, when a deal between the Council and the Parliament has been struck in an informal dialogue, it is unlikely that it will be called into question by complaints from a normal committee member. This development has been criticized by the Vice Presidents in a joint letter to the President of the Parliament which points to how normal committee members and normal members of the plenary are sidelined by the new procedure (joint letter of the Vice Presidents Febr. 2001).

As a result, the smaller political groups in the Parliament find themselves increasingly excluded from decision-making. As a MEP for the Greens describes it, “as a small group, we would not be as involved as the larger groups [in informal dialogues] ... we are not part of that informal consensus” (Interview MEP, Sept. 2001).⁷ Smaller political groups have typically

6 The increasing importance of the rapporteur’s role is emblematic of a more general shift of power away from “all the Parliament” or all the committee towards legislative ‘specialists’ who are professional negotiators (Interv. Perm. Repr. Jan.2002; see also Maurer 1998:29).

7 Even in those instances where a smaller group has a direct say in codecision negotiations, for example because it holds the relevant rapporteur’s position, the Council will maintain informal contacts with the larger groups, and call the smaller party’s bluff when it feels that this group is overstepping its mark (Interv. Council Secretariat A, Oct. 2001).

relied on their ability formally to propose amendments in committee as their primary means of influencing the legislative process. The Green group invariably states its position formally in committee, even if there has been a formal agreement during first reading (Interv. MEP, Sept. 2001). However, they now find that their amendments are increasingly less likely to get through, because of informal deals reached previously between the rapporteurs and the large parties and the Council in order to avoid going to conciliation. They have little resources to prevent this: “if the two large groups ... decide that they don’t want to go to conciliation, and therefore they don’t table amendments, they can vote anything down anyway because it usually needs a two-thirds majority [to amend the proposal]” (Interv. MEP, Sept. 2001). This leads to “...a constant tension ... between groups, especially small groups and large groups,” in which the former feel “that these informal dialogues ... exclude them completely, that they are undemocratic” (Interv. Commission, Sept. 2001). Thus the Vice Presidents in their joint letter to the President of the European Parliament stressed that the small parties are in danger of being excluded from the legislative dialogue (Joint letter, Febr. 2001).

Another group within the Parliament, that has traditionally been more powerful, is losing out, too: the committee chairmen. In the past, chairmen have been highly successful in carving out fiefdoms in particular policy areas (Lord 1999), where they are more or less independent from outside supervision (Neuhold 2002). Committee chairmen are threatened by the varied and idiosyncratic fashion in which early agreements are handled (although some are more successful in asserting their role in hammering out early agreements than others) (Interv. Conciliation Committee Jan. 2001). Often, they are effectively presented with a *fait accompli* by the rapporteurs and coordinators for the larger political groups. The result has been considerable disquiet. “The informal negotiations are always done by the rapporteurs and not by the committee chairmen...The influence of the committee chairmen is small ... They are dependent on that [sic] the rapporteurs deliver certain results” (Interv. Rapporteur B, Jan. 2002; see also Bowler and Farrell 1995:243). One rapporteur self-critically reported: “There was one point where the committee got very, very upset because they felt I had been negotiating things without clearing them with the committee... And that won’t happen again, because people have woken up to the problem of allowing a rapporteur to negotiate what are in effect first and second reading amendments on behalf of the whole Parliament” (Interv. Rapporteur, EP, Sept. 2001).

The activity report of the Parliament of 2001/2002 speaks directly to these problems, arguing that the form and channel used for contacts between the Council and the Parliament often is not appropriate since it is too restricted (EP Activity Report 2001/2002:17/18), and that the rapporteur “does not always take due account of the organisation and structure of the latter and sometimes establishes contact directly with the rapporteur instead of going through the committee secretariat or bearing in mind the political groups coordinators or even the committee hierarchy.” (EP Activity Report 2001/2002:18).

Informal bargaining with the Parliament at first reading has affected internal structures and processes within the Council too: it has strengthened some actors, and weakened others. Most obviously, the power of the Presidency has been enhanced vis-à-vis other member states. The Presidency has always played a pre-eminent role in defining, discussing and deciding on amendments, and developing policy initiatives. However, early agreements at first reading open new possibilities for the Presidency to shape the legislative agenda during its six months in office. It can influence the progress of a dossier much more easily and seek to accelerate proposals that it would like to see enacted during its six months in office (Shackleton 2001:7; Interv. Commission, Sept. 2001). The Presidency's power of initiative "is now strengthened thanks to the increasing possibility of reaching agreement at first reading" (Council Report on Codecision, 2000:15). While Presidencies previously tried to get as many common positions as possible, now they try to get as many early agreements as possible with Parliament (Interv. Perm. Repr., Jan. 2002).

One consequence of this shift is that "ministers are less and less important" (Interv. Perm. Repr. C, January 2001) because their powers to decide on amendments have become less clear cut. In order to reach agreement with Parliament things are kept provisional much longer: "...if you negotiate with the Parliament you cannot go too early with a position to the Council of Ministers. Because ministers say: 'We cannot agree to this, we cannot agree to that'. So everything is done early on between COREPER and the Parliament" (Interv. Perm. Repr. C, Jan. 2001). "During dialogues, the Presidency is the single voice of the Council" (Council Report on Codecision, 2000:15).

The position of COREPER, another winner in the new process, is enhanced vis-à-vis collective member state decision making at the political level. However, it too may sometimes find itself sidelined by the Presidency. "There is always the risk that the Presidency runs its own race and then just presents the deed when it is finished" (Interv. Perm. Repr. A, Sept. 2001). While any agreement emerging from negotiations between the Council and the Parliament should be discussed formally at the COREPER level before further action is taken, this does not happen in all cases (Interv. Perm. Repr. A, September 2001). However, when the Presidency goes too far ahead of its fellow member states in reaching an agreement with the Parliament, it runs the risk of losing the confidence of its peers (Interv. Perm. Repr. A, Sept. 2001).

Finally, the new informal procedures also tend to weaken the control of national level actors in the member states – particularly parliaments – over the European level of decision making. They find it far more difficult to discuss and to comment on amendments agreed between Council and Parliament; "...They are difficult to be fit in [sic] with procedures in some member states where national parliaments have to OK everything, because the point of decision-making has been moved from the Council and is made much earlier in the process" (Interv. Perm. Repr. A, Sept. 2001).

Organizational Responses to Shifts in Power

While both Parliament and Council have seen substantial shifts in their internal balances of power, they have responded in quite different fashions. What changes in institutional rules (dependent variable) have been proposed and realized in the two organizations in response to this shift in power caused by the change in constitutional rules? Turning to the Parliament first, unsurprisingly, the losers have made the most far-reaching proposals of change for intra-organizational rules. Thus, the Vice Presidents and Committee Chairmen have proposed that informal negotiations between the rapporteur and members of the Council should be conditioned on an explicit and substantive (not general) negotiating mandate that the committee in question would give to the rapporteur. They also demanded that “Council come to committee”, and stated that the rapporteur only should be given a committee mandate to negotiate with Council representatives in informal dialogues if members of Council have previously come to committee to defend the common position; in short that the normal organizational framework for exchanges between the Parliament and the Council during 1st and 2nd reading should be the EP committees (Guidelines of EP 2001). This would allow Committee Chairmen to resolve their current difficulties through a substantial increase in the decision-making weight of the Parliament as a whole. However, this proposal met with substantial resistance on the part of rapporteurs. In one prominent MEP’s words: “They can write down whatever they want. They write a lot of reports. Nobody will take notice of that ... Those people who are really doing the job, need the contacts and they use the contacts ... I am an independent MEP. I am not one that follows the orders of the Vice President ... There are some people who want such rules, but they have no chance”(Interv. Rapporteur B, Jan. 2002).⁸

A proposal has been advanced that the second reading should be mandatory, i.e. to abolish early agreements entirely (Guidelines of EP 2001). These proposals would lead to a clear shifting back of rights to propose, discuss and decide upon amendments from rapporteurs to the committees and the plenary. However, there is no evidence to date that either the demand that “Council come to committee” or the threat that informal dialogues must not take place unless Council members have defended their position in the Parliament’s committee, has been implemented.⁹ As one COREPER official says, “there are still informal dialogues” (Interv. Perm Repr. C, Jan. 2002). Even if Council representatives come to Parliament committee meetings more and more frequently, they emphasize that they do not come to

8 The Council, for its part, is very reluctant to accept the invitation to “come to committee,” in part because of lack of organizational resources, but more importantly because COREPER hesitates to reveal member states’ positions in the bargaining process in a public forum, arguing that it contradicts the spirit of solidarity of the Council (Interview EP, March 2001). As one member of the Council argues: “We have an old tradition in the Council that the Presidency does not reveal the individual position of a national delegation ... It’s fine to explain what the position of the Council is as long as you don’t start pointing fingers at individual member states” (Interview Council Oct. 2001).

9 See Farrell and Héritier (2003).

negotiate the common position, nor to give information on individual member states' stances, but only to present the common position (Interv. Conciliation Committee Jan. 2002).

In contrast, the "winners" in Parliament, the rapporteurs recognize that some change of rules is necessary, but argue against an overly formal approach, which they believe will make it more difficult to reach consensus (Interv. Rapporteur A, Oct. 2001). In the words of one rapporteur: "The rapporteur should be free, with the shadow rapporteurs, to negotiate informally as much as possible with the Council, and not get bogged down in having formal scheduled meetings with some kind of preconciliation committee ... If you do that, the bureaucracies, the administrations of both the Parliament and the Council will get hold of this process and it will get gummed and glued up. But [I] agree that the rapporteur obviously needs to report back regularly to the committee " (Interv. Rapporteur B, Nov. 2001).

Crucially, too, the leaders of the large political groups do not propose important changes of the new informal procedures, but support them.¹⁰ In contrast, the smaller parties would clearly prefer a return to traditional procedures in which committee debates and open votes in plenary are the most important stages of the decision-making process.

Furthermore, even though the Parliament could benefit as a whole from more central coordination of its relations with the Council, it has not introduced changes that would allow this, because of opposition from specific constituencies within the Parliament. Thus, the Parliament, and in particular the committee chairmen, have vehemently resisted a proposal (favoured by the Commission) to introduce a more centralized parliamentary structure (within Parliament's General Secretariat) for the provision of information about discussions under codecision. Even though the opacity of the innumeral dialogues and informal discussions between Parliament and Council undermine the influence of committee chairmen, the latter have been unwilling to countenance centralizing reforms to improve information flows, which they fear would have negative implications for their more general autonomy. Thus, the result has been stalemate.

In general, it is fair to say that early agreement procedures have resulted in substantial tensions between individual actors within Parliament who have lost influence over law making, and border actors who have gained influence. Since there is no effective formal coordinative capacity (through the President or the Vice Presidents) to discipline the main actors maintaining inter-organizational relations (i.e. the rapporteurs), and, crucially, because the large political groups support the multiplicity of inter-organizational relations through the rapporteurs, there has been no significant revision of intra-organizational institutional rules. These findings suggest that in the Parliament there is no easy acceptance of the new rules

¹⁰ Personal communication with member of national parliament and former member of permanent representation, May 2003.

of appropriate behaviour which have emerged with the shift in macro-institutional rules, as suggested by H2. Quite on the opposite, the shift triggered a lot of conflict within Parliament.

In contrast, the Council expressed overall satisfaction with the existing practices of informal dialogues and early agreements, in its November 2001 report on Council's experience with the codecision procedure. Interviews with figures in Council suggest that the new early agreement procedures have resulted in few major problems, even though the new procedures clearly favor some organizational actors, such as the Presidency, over others. But in response to some internal criticisms it has taken several institutional reform measures on a consensual basis. Thus it has established new rules to pacify national parliaments and governments who protest that they are not sufficiently informed. The solution has involved the centralized provision of information on the current state of play in specific negotiations. The Council has created a "dorsale" (backbone) within its Secretariat which not only handles conciliation, but also the first and second reading procedures, with officials attending the various committee meetings and drawing up reports. This means that "delegations can inform their government and their national parliament accordingly, all along the procedure, and it doesn't come as a surprise at the end when we have a package" (Interview Perm. Repr. A, October 2001). This service is specifically intended to address the possibility that the Presidency may overstep the consensus among the member states, and to ensure that member states are informed sufficiently as to the specifics of the negotiation process. However, because the Presidency is shared on an equal basis among different member states, no member state has perceived constraints to the Presidency as impugning its vital national interests. Thus, the Council has been able to respond to changes in relative influence that stem from the early agreement provisions of Amsterdam, by further centralizing information sharing procedures in a consensual fashion, so as to limit the risks of opportunism.

Why have Parliament and Council had such different experiences? We argued that the different degree to which Parliament and Council accept a central coordination of their external relations with the other organization or are reluctant to accept this coordination appears to explain differences in adjustment processes.

Given the Parliament's lack of coordination of the multiple relations with the Council, and given the diverging preferences of losers and winners regarding the informal dialogues and early agreements, it is not surprising that the Parliament has found it difficult to introduce effective reforms. The demand to link rapporteurs in their negotiations with Council representatives strictly to a substantive committee mandate, and the claim to make informal dialogues dependent on the Council's prior coming to committee, has not become a valid, widely acknowledged rule in Parliament. Neither has the proposal to make second readings mandatory (and thus to short-circuit early agreements) been adopted.

In contrast, intra-organizational reform in the Council has been much more consensual. To be sure, the Council generally favors the new informal cooperative institutions and seeks to overcome the bottleneck in legislative work through a further multiplication and intensification of dialogues and technical meetings (Council Report on Codecision, Nov. 2000:8; Farrell and Héritier 2003). However, it has been able to introduce appropriate internal institutional reforms to allow this to take place – precisely because the interests of member states in controlling the Presidency are cross-cutting rather than mutually antagonistic.

5. Conclusion

In this article, we have argued that closer attention should be paid to the inter-organizational rules of decision-making and their implications for intra-organizational processes. We have claimed that exogenous changes in macro-institutional rules, which result in a move from formal and sequential to informal and simultaneous interaction between collective actors will lead to changes in individual actors' respective influence over outcomes within organizations. In particular, certain individual actors ('relais' actors) will see an increase in their power over legislative outcomes. This begs the question of how organizations will respond to these shifts in the power balance among the individual actors that constitute them. We have argued that collective actors that centralize coordination over dealings with external actors will respond effectively through internal rule changes, creating mechanisms of monitoring and control over interactions with other organizations. In contrast, collective actors with multiple, ill coordinated links to other organizations, will find it difficult to create such mechanisms, and will be more likely to see internal strife among 'winners' and 'losers' in which the former seek to keep their gains in influence, while the latter seek to win back lost ground.

We find substantial support for our hypotheses in the consequences of early agreement provisions for Council–Parliament relations within the European Union. As our theory would predict, there have been substantial differences in how the Council with coordinative capacity centered around the Presidency, and the Parliament with multiple, ill coordinated links to the Council have responded to exogenous change. The introduction of early agreement procedures created winners and losers within both Council and Parliament. However, the Parliament has had some difficulty in changing its internal institutions so as to respond to the challenges that early agreement pose. 'Relais' actors (the rapporteurs, in particular of the large political groups), who have won influence under the new procedures, are reluctant to subordinate themselves to new, formalized procedures, while important losers, such as committee chairmen, are reluctant to institute centralized means of control, which could further erode their position. Thus important figures within the Parliament have sought to 'bring Council into Committee' in order to win power both for committee chairmen and for the Parliament as a whole threatening to stop participating in informal discussions which the Council finds useful. They have at best enjoyed moderate success in this demand, because

a sub-group of actors within the Parliament, the rapporteurs supported by the large political groups, benefits from these informal discussions, and because the Parliament has no effective central means to discipline these actors. The Council, in contrast, has had little difficulty in responding collectively to the new challenges posed by early agreements. Faced with the possibility of a more powerful Presidency, that might exceed its negotiating mandate, it has responded in a consensual fashion through strengthened central procedures of monitoring and information sharing. Because the most important 'relais' position is rotated, member states have had little difficulty in agreeing on appropriate mechanisms to monitor and control it. The rival claim that the new rules of appropriate behavior triggered by the macro-institutional shift to early agreements would evenly spread is not borne out empirically in the Parliament, whereas in the Council there is empirical indication that "the spirit of early agreements" is accepted willingly.

To what extent are our findings generalizable to other contexts? We argued that an exogenous change from formal and sequential to informal and simultaneous interaction in shared decision-making is more and more common as internationalization increases the need for joint problem-solving. Collective actors increasingly need to coordinate their actions across levels and arenas. Therefore shared decision-making has become more and more complex. It involves an increasing number of formal players with veto rights, which is arguably leading to an "informal turn" in shared decision-making, in which smaller circles of actors negotiate outcomes in order to speed up the process of shared decision-making and avoid deadlock. We suggest that our findings are indicative of a wider set of phenomena, and may be applied in different contexts. There is demonstrable variation in the ways that organizational actors, whether states or sub-state bodies, coordinate their relations with external actors. While some countries allow for decentralized interaction between national subunits and the European Union along multiple channels of interaction (e.g. Germany), others concentrate all inter-organizational interactions through a central body, such as the Cabinet Office in Britain. We predict that the intra-organizational implications of the informal turn in shared decision-making will largely depend on whether an organization has centralized or decentralized control of inter-organizational relations. Thus, we argue that the different modes of coordinating inter-organizational relations have important implications for the intra-organizational responses to a change in macro-institutional shared decision-making, and, most likely, for the bargaining strength of these organizations in inter-organizational relations.

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