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Janne Haaland Matlary

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THE IMPACT OF INTERNATIONAL INSTITUTIONS: THE CASE OF EU ENVIRONMENTAL POLICY AND CENTRAL EUROPEAN RESPONSES

Dr. philos. Janne Haaland Matlary
Senior researcher, CICERO, Oslo University, Norway

Introduction: How Important is the EU Impact in Central Europe?

In this paper I wish to ask both an empirical and a theoretical question. The empirical question relates to the impact of EU rules, norms, and policy in the environmental field in Central Europe. I here refer in particular to the Hungarian case, as an example of the Visegrad group, which in addition includes the Czech Republic, Poland, and Slovakia. This group is not a 'natural' region seen from the perspective of its members, but rather a regionalisation imposed by the West, especially by the EU. It became clear that the EU would only negotiate the association agreements, later named 'Europe'-agreements, with a group of countries that was made to cooperate to coordinate their policies. To pick one country as representative in this context therefore makes sense, as the other members of the groups face the same demands for adaptation and compliance with EU rules and norms.

The theoretical question discussed here relates to how one can assess and theorize about the impact of international institutions as such. Here there are at least three approaches: those in the realist tradition hold that international institutions are arenas for states' interest pursuit, and that they have no independent impact. On this view one would expect a largely bilateral adaptation on the part of Hungary to Western pressures, while on a liberal view where the hallmark is economic interdependence, one would expect bilateral as well as multilateral adaptation according to economic interests. Finally, on a view that emphasises the role of international actors and regime rules, the EU wields the most important impact on this region, and it is thought to be an independent actor as such. On this view one would expect that the Central European countries adapt to EU rules and regulations.

This tripartite division within IR theory is of course very approximate, and does follow the scheme of the Keohane, Nye, and Hoffman volume that seeks to 'test' these various approaches in several issue areas in Central Europe (Keohane, Nye, Hoffman, 1993). In this paper I wish to focus only on the institutionalist approach. I will assume that international organizations matter

independently, and ask how one can theorize about this, using the role of the EU as the empirical case. Among the three approaches the institutionalist approach is the least developed and theoretically prominent within IR theory. In general, one has not accorded a very important role to international institutions as actors.

The evidence presented in the Keohane volume shows that the Central-European countries have engaged in a lot of 'anticipatory adaptation' and almost could be said to 'bend over backwards' to show compliance with EU rules and norms. It was - and is - important for general political reasons, to be a 'good boy in the class'. This is a general phenomenon : a friend who travelled to a country in the region to present its government with a new international treaty on energy got the distinct impression that the government was more interested in the symbolic value of being a signatory to the treaty than in its obligations and contents. Also, we know that there is a large gap between accepting international obligations and the implementation of them in domestic institutions and practises. We must thus ask how significant the anticipatory and other adaptation is: does it result in implementation? In institutional changes? In domestic reactions of any sort?

In these countries there is a tradition that predates communism of legalism in politics and of very centralised government. The latter aspect was of course strengthened by communism. In order to assess whether adaptation has taken place it is therefore necessary to look at both the level of compliance with an international norm and on the deeper, domestic reaction.

In talking about adaptation one implicitly makes the assumption that by responding to external changes, politics is about instrumental interests and environments that change in a rational way. This is the main approach to modern Western political thinking, and can be called an exchange theory of politics (March and Olsen, 1994). On this very common view, "politics is an instrument for matching the institutions of a society to an exogenous social, economic, technical and normative environment" (Ibid.,p.259). However, an alternative view of politics sees it as a way of living in the public sphere according to cultural and historical rules of appropriateness. March and Olsen call this an 'institutionalist view', which is defined in this manner: "Institutionalist axiomatics begin not with subjective consequences and preferences but with rules, identities, and roles..institutionalised rules, duties, rights, and roles define acts as appropriate" (Ibid., p. 252).

This implies that while e.g. Hungarian foreign policy makers may be quick to respond to EU norms and seek to comply with Western expectations as such, this may be a rather cosmetic phenomenon. We therefore need to ask which rules in Hungarian society and politics apply to appropriate and acceptable political behaviour - is the Western democratic, interest-based liberal model at all relevant? I remember a meeting of Hungarian policy-makers and American consultants under the auspices of the UN in Geneva where the aim was to teach the Hungarians how to develop environmental

policy. The Americans went ahead with the suggestion that first, all interested parties come forward stating their interests, then one could start to work out a compromise. This elicited the Hungarian reaction that first, there are no interest groups, and second, compromise is a 'dirty word' in their political vocabulary - in the past it meant to make an opportunistic truce with the Communist state.

It however remains a conjecture that politics is not basically about exchange but about rules of appropriateness, or rather more about exchange in Western Europe and less about the latter in Central Europe. In this paper I may substantiate that Hungarian politics do not reflect adaptation to EU norms in any profound way, and this is of interest in this context. This is then an important part of the empirical analysis which has a bearing on how one should theorize about the impact of international institutions.

I propose to proceed to the empirical investigation of how EU rules and norms have impacted on Hungarian policy in the environmental area. Then I want to discuss whether this has been a rather 'cosmetic' impact, in other words, whether the exchange theory of politics falls short as an analytical tool.

The first part of the analysis is one of the EU as an international actor in the environmental area. In what sense does the EU appear as an external actor in environmental policy? In answering this question the issue of subsidiarity and shared responsibility is of central importance. One can assume that the stronger the EU is as a unitary and external actor in the area of the environment, the more Central Europe will adapt to EU norms. This holds for both anticipatory adaptation - the adaptation that takes place prior to incurring actual obligations - and adaptation to existing obligations as such. However, as long as the importance of subsidiarity and its implications remain unclear, it is likely that these countries will continue to adapt to what they perceive that the Commission likes. They are not likely to try to exploit the possibilities inherent in the concept of subsidiarity by e.g. arguing that some environmental issue should be dealt with at national and not at the EU level. Instead they are likely to subordinate other political goals to the overriding goal of EU membership. Adapting to environmental rules and policy thus becomes a goal that is relative to this main goal. The EU has in a relatively short time span become the major international actor towards the region, both in terms of its programmes and as the coordinator of Western aid.

Second, I analyse what can be termed the Hungarian 'response'. On the one hand Hungarian politicians do all they can to adapt to the new rules of the EU; on the other hand this may not mean very much. So far Hungary has been able to comply with international environmental obligations in climate policy and emissions to air of SO₂ and Nox (National Communication., 1994, Seip et al., 1995) because of the general economic recession. There has thus not been any economic or political 'cost' to complying. It remains to be seen to

what extent the adoption of EU environmental rules has led to any changes in domestic political procedures and priorities.

The conclusions about the Hungarian domestic response informs the third part, which is the theoretical discussion of the importance of international rules and norms in this area.

Part One: Is there a common EU environmental policy?

Environmental policy in the European Union (EU) dates from 1973, when the First Environmental Action Programme was launched. This and subsequent environmental action programmes stipulated common environmental goals for the EU, but the substance of policy was basically coordination of national positions. With the adoption of the Single European Act (SEA) in 1986, however, the EU was given a specific legal 'competence' - a formal basis for a common policy - in the field of environmental policy (§ 130 r,s,t). The legal basis for environmental policy was further strengthened in 1992 when the Treaty on Political Union (TPU) was adopted. Here qualified majority voting was introduced as the main procedure for environmental decisions (§ 189b) and the obligation to integrate environmental policy with all other EU policies strongly underlined (§130r,2). The treaty revisions in the TPU serve to strengthen the EU's legal basis for creating a common environmental policy. However, in the same treaty the principle of subsidiarity was introduced as applicable to all community policy (§3b). Although it is very unclear how the latter will be defined and applied (see e.g. van Kersbergen and Verbeek, 1994; Scott et al., 1994; Garbe, 1994), it may well serve as a basis for member states to reject EU-level policies in the environmental area.

There is no agreement on how to define and use the concept of subsidiarity in the EU context. The concept is one of the key principles in Catholic social thought, and denotes that the state should not interfere in parts of society where it has no 'natural competence' (John Paul II, 1991). The prime example of this is the family and the church: here the state has no right to intervene. Subsidiarity is thus a principle that limits state authority. Applied to the EU, it will act to limit the intervention of the EU in lower levels of government such as member states or regions. However, the criteria for such division of power are rather unclear, and could be the subject of innovative interpretation by both the Commission and member states. Both can claim that an issue should be dealt with at 'their' level of government. Some member states, like the UK, have already exploited this possibility.

In the legal literature on subsidiarity there are some principles of interpretation about the level of competence between actors in applying the concept (Dubrulle, 1994?, Brouwer, 1994?). However, there has not yet been any 'test case' of the application of subsidiarity before the European Court of Justice. The political impact of the adoption of the principle in the TPU has been much more cautious behaviour on the part of the Commission which now has to justify its proposals on this principle, i.e. substantiate that a given

proposal is necessary. This it has done with much prudence and caution such that no protest has arisen among other actors to the effect that a proposal usurps the subsidiarity principle. This seems to sum up the situation by mid-1995.

Turning to the implications of subsidiarity for environmental policy, Haigh argues that this principle has always underlain the Commission's activity: "The very nature of the environmental policy ensures that this must be so" (Haigh, 1994?, 55). He shows that the principle is implicitly stated in the first environmental action programme in 1973, and that it is likewise put forth in the SEA's inclusion of the environment. Here the criterion for deciding on which level is appropriate for political action is effectiveness: global problems must be handled globally, local problems locally. Haigh argues that EU environmental policy has been guided by the subsidiarity principle all along, and that the TPU adoption of the latter thus did not bring anything new to this policy field.

However, the fact remains that the application of the subsidiarity principle is subject to a political process: a member state may at any point make a complaint about a Commission proposal on grounds that it violates this principle. The fact that this has not happened yet is no guarantee that it will not happen in the future. Dubrulle argues that "in the troubled political climate following the Danish referendum (on Maastricht), the Commission became reluctant to bring infringement actions against the Member states. The principle of subsidiarity was invoked in support of the proposition that control of the application of Community law should henceforth be left to citizens and national courts, rather than to the Commission" (Ibid., 28). In other words, we are still in a period where the Commission treads carefully and makes every effort not to appear to widen its powers. However, this may change with a changing political climate. I think that the application of the concept of subsidiarity most likely will remain the subject of a political process. The Court was against the inclusion of the principle in the treaty and considers it too vague to be interpreted by the Court.

But will it impact on the EU's role towards Central Europe in the environmental area? As we will see below, the EU has become a significant actor towards the region since 1989. Even if the theoretical possibility exists that an associated country may oppose EU policy on grounds of subsidiarity, I think that such a course of action is very unlikely. As will become apparent below, the main trust of the Central European response to the EU is one of almost unconditional adaptation. The main goal is to prove that one prepares for membership, and this can only be done through loyal adaptation to EU rules and norms.

Summing up, in the period after 1986, the legal basis for the development of an EU-level environmental policy existed. With the ratification of the TPU, it was strengthened. However, the principle of subsidiarity that was introduced for all policy areas in the same treaty provided a possibility for the member

states to resist Community-level policies by arguing that such policies ought to be carried out at the regional or state level. Subsidiarity was adopted because it would serve as a basis for limiting EU 'competences', but it has so far not been defined and applied in a formal way. With regard to environmental policy in particular, both the Commission and the European Parliament (EP) have voiced fears that it would be used to oppose any policy at EU-level. The political basis for a common environmental policy in the EU may therefore be weakened by the introduction of subsidiarity, but this is an empirical question, depending on how member states and also EU institutions use the concept in the political process. As long as there is no agreement on the definition of subsidiarity, both state and EU actors may base their argument about which tasks the various levels of policy-making should undertake on this principle.

As of yet, there exists little systematic knowledge of whether the Commission has attempted to develop a common environmental policy after 1986. The existence of an improved legal basis for so doing does not necessarily mean that such a development has ensued, or that the Commission has attempted to use its new legal basis. There are external 'windows of opportunity' as well: These "windows of opportunity" are internal to the EU, viz. the treaty revisions discussed above, as well as external, viz. the call for an EU-level climate policy prior to the UNCED in 1992 as well as the need for a pan-European environmental policy towards East-Central Europe after 1990. By becoming the central European actor towards the East from 1989 onwards, the EU has strengthened its role as an actor also in the environmental area. Arguments against its role based on subsidiarity may come from member states, but hardly from aspiring members.

EU Energy and Environmental Policy Towards the Central Europe and the CIS

As stated at the outset, this paper deals primarily with environmental policy as it affects the energy sector. This is because it is impossible to cover the entire environmental policy area, and also because this area is very important in Central Europe and the CIS.

The acute need for more and cleaner energy in Central Europe that has acted to accelerate the merging of energy and environmental policy as well as the development towards a stronger degree of common energy policy.

Three policy areas are important to the evaluation of which role the EU may play in the effort to press for cleaner energy use in this part of Europe. First, the degree to which the EU has a sufficiently strong energy policy to impose rules that take care of environmental concerns; second, the importance that environmental concerns actually play in EU policy making, especially as regards energy policy, and third, which policy instruments exist vis-a-vis East-Central Europe.

The EU has several formal political ties to the region. For aid to economic development, the European Bank for Reconstruction and development (EBRD) has been established. The underwriting countries include the U.S. and non-EU countries in Europe. Situated in London, the Bank started its work in April 1991. The European Investment Bank (EiB) gives loans also to the energy sector, and is interested in favouring projects that are environmentally sound. It was as of 1991 authorised to lend in Poland and Hungary as well as in former East Germany. A loan of 50 million ECU has e.g. been granted to Poland in order to modernise its gas industry. The money is earmarked for desulphurizing Polish natural gas, thus contributing to a cleaner environment. In 1991 93% of its loans were granted to energy-related projects.

In terms of political participation, both the CIS and the Eastern and Central European countries are members of the European Environmental Agency (EEA), an EU institution founded in 1990. Further, the negotiations for association agreements between these countries and the EU started in October 1990 ended in concluded association agreements in December 1991, where it is the expressed aim of the former that they participate fully in all EU environmental programmes.

The EU has funded two programmes that inter alia deal with environmental protection in Hungary and Poland in addition to co-funding the Regional Environmental Center (REC) in Budapest. These programmes focus on improving air and water quality in the two countries. The PHARE programme, an EU programme to assist in the economic restructuring of East-central Europe, had in its selection of projects in 1990 "given overwhelming priority to those related to environmental protection." In 1990 alone, 47 million ECU was given to environmental measures in Poland and Hungary.

The "Group of 24", consisting of the EU and other OECD countries, deal with energy and environmental problems in Central Europe in general and the emergency character of the energy supply situation. It adopted a declaration on economic assistance to the region in February 1990. The EU Commission, which coordinates the work of this group, had proposed that energy financing became a priority in light of the double stress under which these countries had come; - the demand on the part of the CIS for energy payments in hard currency and the Gulf crisis that threatened to cause increases in the oil price. The Commission stressed the need for a "medium-term energy strategy on a pan-European scale" (our emphasis), proposing that all financial instruments be coordinated; that help be given in diversifying dependence on Russian energy on the part of East-Central Europe; and that assistance in developing alternative gas import sources be provided. Importantly, gas use and switching to gas must be encouraged, by technical and financial means. The development of the gas grid must be funded by the EU, as aid to gas use contributes to environmental improvement.

The reception of the Commission proposal by the Group was mixed, and no immediate measures were taken. However, the importance of this meeting lies not in the results from it, but in the nature of the Commission's proposals. The substance of these proposals indicates that the Commission takes on the responsibility for coordinating and developing a full-fledged strategy in the energy-environmental area not only for its members, but specifically also for the Central European region.

In terms of financial policy-instruments, both the EiB and the EBRD are in place. In its support to Central Europe in 1990, it will be recalled that the EiB looked specifically for the environmental soundness of projects.

Further, the EBRD gives priority to the funding of projects that improve the environment. "The environmental reflex" must be incorporated from the start, according to the European Commission. Energy also plays a pivotal role in the EU's relationship with the East, both in terms of the development of energy infrastructure, the funding of energy efficient projects, and the energy charter. Further, the general relationship between the EU and the prospective new members from the East received a definite strategy at the European Council in Essen in December 1994.

In the so-called "Europe"-agreements between the Visegrad-countries (Hungary, Poland, the Czech Republic, Slovakia) and the EU the former is obliged to adapt to the EU's policies. As of October 1994 the heads of state and ministers for sector policies participate in meetings with their EU counterparts. A so-called 'Task Force' will be established in order to harmonise legislation and policies. One can thus count on an accelerated rate of adaptation to the EU in the region towards the expected accession date after the turn of the century. In the first inter-ministerial meeting of foreign ministers on October 31, 1994, the role of the environment was stressed: "All sides underlined the importance of harmonising standards throughout the region and converging national policies. The need to take into account the EU's 5th Environmental Action Programme was also noted".¹

At the Essen summit of the European Council in December 1994, where the foreign ministers of these countries were invited, a comprehensive strategy for the adaptation of the Visegrad-countries as well as Bulgaria and Romania in preparation for membership was agreed to. Along with regular consultations between heads of state also ministers in most sectoral policy areas will meet to ensure that evolving policy is harmonised with that of the EU. Funding for a five-year programme to finance political and legal adaptation in all major policy fields was passed. The annual amount available for this purpose is approx. 1.1. billion ecu or more. Further, funding was provided for infrastructural developments, including energy, as well as an amount of 3.5 million ECU over the PHARE-programme for the harmonisation of environmental law and policy.

Further, the EU plays a major role in coordinating an emerging Western policy on nuclear energy in the East. The role of old Soviet-type reactors has

been and remains a major head-ache for Western Europe. Until the opening of East-Central Europe and the demise of the Soviet Union one did not know very much about the state of the nuclear sector. Now there are a number of reactors in operation that entail certain dangers, while there are at least three nuclear plants have are deemed dangerous by the IAEA: Chernobyl in Ukraina, Kozludoy in Bulgaria, and Bohunice in Slovakia. The problem that faces the West and the EU in particular as the major coordinator of action eastwards is two-fold: First, it is extremely costly to upgrade or shut down these plants, and second, if they are to be shut down, where will energy to replace their output come from? The plants in question supply large parts of the energy to each of the states. There is no obvious alternative source of supply. Further, a shutdown of nuclear plants may pose a threat to the gas-supplies to the EU because there will be much more pressure on Russian supplies for domestic use in that case. This implies that reactors should be upgraded rather than shut down. There is a need to improve the first generation pressurised water reactors, the VVER 230s, and the 11 operating Chernobyl RBMK design reactors. The role of the EBRD is here controversial. An application from Slovakia in early 1995 for top financing for the building of a new nuclear plant as a replacement for Bohunice met with strong resistance from neighbouring Austria, and it was alleged that it was a purely French project, as it involved a large contract for EdF. However, the alternative to a new nuclear plant is to continue the operation of Bohunice or to find other sources of energy as replacements.

The general danger of a nuclear accident in the East is real, and yet the reaction in the West is fairly passive because of the vast sums of money involved. A member of the EP's energy committee expressed his distress over this in a private conversation, saying that the EU does do something about energy in the East but shies away from tackling the real issue, which is the nuclear one.

What has the EU done so far? There is no nuclear policy towards the East, but one has started with the major problem, viz. Chernobyl. The EU coordinates the offer from the G-7 summit in Milan in July 1994 which is for 200 million US dollars in an initial grant, seconded by loans from international institutions like the World Bank and the EBRD. In addition, the EU offers 500 MECU, where 100 MECU comes as a grant from the TACIS programme and the rest as an Euratom loan. The demand from the West is that the Ukraine immediately shuts down two of the three units of Chernobyl, and upgrade the rest, while also restructuring their energy sector by imposing market prices for energy. Also, three other reactors under construction must be upgraded to Western safety standards². However, the Ukrainians have protested that the offer is not good enough: much more money will be needed: "If there is not enough money", said the chairman of Chernobyl, "we freeze the process of improving safety"³. However, this reply was widely perceived as an attempt at 'blackmail' in the West, and when the EU applied pressure that it would withhold further EU assistance and

negotiations over a global EU-Ukraine policy, the Ukrainians relented. In the summer of 1994, they accepted the Western proposal of closing Chernobyl.

In conclusion, the EU has in a short span of time become the major actor vis-a-vis the Visegrad countries in the area of energy-environmental policy. This it has accomplished without a specific treaty-based 'competence'. Rather, the Commission has cleverly utilised external 'windows of opportunity' that arose after the changes in 1989. There was then a clear policy need in the East and likewise, a clear policy vacuum in the West. Among existing international actors and institutions, the EU presented itself as the most salient, perhaps because of the general attention given to it in the internal market period. The Commission became the coordinator of OECD-countries' assistance (G-24), the main shareholder in financial institutions like the EBRD, and the architect behind programmes like PHARE. It is also important in the region itself - there are EU energy efficiency centres in the capitals, run by Commission staff, as well as a major EU involvement in the Regional Environmental Centre (REC), situated in Budapest, which covers the region.

However, the EU involvement has happened rather *ad hoc* in the sense that there is little evidence of a coherent strategy on the Commission's part. This does however not imply that it is an uncoordinated actor.

In terms of the potential importance of subsidiarity, this concept is so far peripheral to the interaction between the region and the Commission in environmental policy. It has not been used by Central European countries as a pretext for not adapting to EU environmental rules, and is not likely to be used as such. Here there is a marked contrast to the behaviour of e.g. the Ukrainian government in the case of Chernobyl related above. The Ukrainians tried to utilise the money offer from the EU and G-7 as much as possible, however without success. The EU threatened to postpone the negotiation of the association agreement with them, and this made them change their mind.

I now turn to an assessment of the Hungarian adaptation to international rules and regulations with an emphasis on the EU's role. I am particularly interested in the link between the official acceptance of these rules and their 'internalisation' in the political and institutional life of the country.

Part Two: Environmental Policy-Making and Institution-Building In Hungary

The Communist era was marked by a basic and thorough disregard for environmental problems. While this policy area gradually made its way into the political agenda in the West from the beginning of the 1970s, it was largely neglected in Central Europe. Apart from being, for ideological reasons, a 'non-existent' problem in Communist countries, modern equipment like scrubbers or cleansing technology for industrial production costs very much. In addition to this came the factor of secrecy and a general lack of public awareness of pollution as a problem. There was naturally no public

1992). In a thorough and comprehensive comparison of EU and Hungarian environmental legislation presented to the Commission by the EMLA, Bandi et al. find that there are relatively few discrepancies. The major problem does not lie in the absence of legal rules in the various environmental areas, but in the lack of policy priorities and in implementation:

"The environmental enforcement system in Hungary is far from being satisfactory due to several reasons from the anomalies of economic development in the past to several reasons embodied in the legal or organizational system. One of the most surprising handicaps of the present environmental enforcement system is that in the third year of transition into a rule of law system and a market economy there is no sign of an environmental policy or strategy. The necessary harmonization of economic and environmental interests is not a primary target of the present-policy-makers" (Bandi et al.,1993:202)

There are some indicators of integrative thinking in the energy-environmental area, but the role of environmental concerns is generally considered to carry very little independent weight in the political process. The above study in fact regards "the need for international cooperation and the need to join the EC.(an) opportunity to apply pressure to address environmental degradation" (ibid., 56). The authors point out that although Hungary has signed a number of international environmental agreements in the past, in only one case has one enacted implementing legislation (ibid.,35).

This is an indication of the lack of integration of environmental concerns in general in the national political process, and contributes to the impression that both in terms of planning as well as in terms of implementation, the role of environmental policy does not yet amount to very much. With regard to the energy sector, actions undertaken in order to introduce commercial criteria, like coal and gas privatization and market pricing for energy most likely will have benign environmental effects in terms of energy saving and fuel switching. However, these effects are the results of a general economic policy that in essence has nothing to do with the integration of environmental criteria into other policy areas. Conflicts of interests have thus not (yet) occurred.

If we turn to the major incentives to adapt EU rules and norms, the 'Europe'-agreement is the major interlink between the EU and the region. After the Hungarian agreement was finalised, it was transposed into national law as act no.1 of 1994. Art.1 of this act states that it is intended to make Hungary prepared to join the EU, and arts. 79 and 80 treat the environment. Here it is laid down that all Hungarian legislation and policy in this area shall conform to EU rules and norms. Likewise, in energy policy the government has adopted a set of 6 principles, also adopted by Parliament, that contain the

discussion of such negative aspects of industrial society, and against this background it becomes eminently understandable that almost all the ecological protest groups in Central Europe developed from general oppositional groups. i.e. they evolved on a platform of environmental policy but constituted a general protest against 'the system'. This was also the history of environmentalism in Hungary. Many NGOs appeared on the scene around 1989/90, but few of them have become important in the policy-making process of today. Often utopian in image and conviction, they tend to oppose the goals of economic development and the environment. In short, the environmental interests in Hungarian politics are weak and separated from mainstream politics.

As mentioned at the outset, there is a strong tradition of legalism in politics in this part of Europe. This means that there are policies in codified form aplenty. When a British researcher e.g. expressed surprise at the amount of environmental legislation in the countries of the region, his Hungarian colleague told him that this is our version of 'showbusiness': we take out the law books and and show them to our Western visitors. This indicates, to say the least, that the so-called 'implementation gap' is huge.

Hungarian environmental policy exists, but its implementation is regarded as highly ineffective. Fines for polluting are a post festum way of punishment, and the preventive aspects are far harder to instill than 'old-fashioned' methods of fining the trespassers. There is no efficient system of control and follow-up at the regional level, and monitoring is based on an 'honor' system whereby enterprises are supposed to report on themselves. This overall conclusion is supported by the Environmental Management and Law Association (EMLA) which states that "there is a conspicuous lack of the institutional support, oversight, and legal structures required to implement environmental policy..there is a perception that economic development must take precedence over environmental protection" (Mission statement, 1192:1). According to Szigeti Bonifert, managing director of the association and former environment ministry director, there is an acute need for professional management practises in environmental policy implementation lest environmental policy disappear completely from the political agenda (interview, Bp., 7.12.92). The mission statement for the organization further reads that "there is limited regulation, minimal enforcement, and inadequate experience in the spheres of environmental management and law" (op.cit., 2), to an extent that an altogether novel approach is needed to deal effectively with environmental issues. This association largely comprises the top Hungarian professionals in law and administration in this field. Its founding is symptomatic of how serious the lack of sufficient institutionalization of environmental policy is felt to be among the elite.

However, a new environmental law was proposed in draft form in late 1992, and more than 270 institutions and NGOs were asked to comment on the draft. This consultative process is being institutionalized by the creation of a public forum where hearings on the law will be held (REC Bulletin, Winter,

clause that a framework energy law must be made which is in harmony with EU rules in the area. Thus, in both these policy areas there is a clear political intention to adapt to EU rules.

In addition should be mentioned that international financial aid and loans contain environmental conditions, and that this is a direct pressure for compliance. These funds have a direct effect on the environment in Hungary as such. I here think of World Bank and EBRD loans, grants under PHARE and Thermie, etc. No doubt both these intentional efforts as well as all the 'no regrets'-policies that follow from the general recession have a beneficial impact on the environment in the region, however this does not necessarily have anything to do with adaptation and implementation. As discussed above, there was no environmental policy in Hungary in the Communist period since there was per definition no problems of this nature. After Communism's fall the problems are evident, but there has not been much insitutional development to deal with it. There are the 'one-shot' operations that improve on the environment in terms of 'no regrets'-policies, like e.g. the closing of coal mines and heavy industry because they are uneconomical. Then there is the solemn legal undertaking of making Hungarian policy conform to EU rules and standards. But does anything at all happen at the domestic political level?

Let us briefly look at this question: The traditionally centralised bureaucratic structure implies that the level of local government is lacking. There is little delegation of political power to this level, and little incentive for so doing. The average Hungarian does not feel that he can do much about environmental problems. In an important poll undertaken by Saatchi & Saatchi on behalf of the EU Energy Centre in Budapest, the results clearly indicate that the citizen feels fairly powerless as a political actor. When asked about whether the individual could do anything to reduce air pollution, 80% said no. Further, only about 40% say that it is the job of the government to do something about it. When told that they can save energy and also reduce air pollution by saving gas and electricity, more than 60% respond that they will not bother to do that (Saatchi & Saatchi, 1993). These attitudes to environmental policy are confirmed in a major survey carried out by the REC where the Hungarian professional elite was asked about environmental policy (along with similar interviews in all the countries in the region). Here the major conclusion was that "international relations and aspirations, e.g. the drive for EU membership, are a strong incentive for environmental protection. Domestic legal pressure is however weak" (REC report, 1994).

The foremost expert on Hungarian environmental law and policy, professor Gyula Bandi, lists several deficiencies of the latter compared to EU standards: in Hungary there is no general environmental policy as late as five years after the regime change, there is no integration of environmental and sectoral policies, regulation is based on sanctions without effective enforcement, economic interests are seen as opposed to environmental interests, there are no rules of and little interest in public participation in environmental policy-

making, and there is no clear division of labour between various levels of government (Seip et al., 1995:71). In addition, The Ministry of Environment and Regional Planning is weak and the Ministry of Industry and Energy is still dominated by heavy industry thinking: the bigger the better (and the more energy-consuming).

This list of problems of the implementation and policy-making in Hungarian environmental policy is typical of the region, and not at all surprising. It would indeed have been truly surprising if a democratic, advanced institutional structure as well as post-industrial political values would emerge in the span of only some few years. What would seem to need further study is therefore *the extent to which domestic changes do take place - if they do - and the extent to which the adaptation to international and EU norms are driving forces here*. This should be the starting-point. It is simply wrong to conclude that domestic changes result from adaptation to international demands and rules, as e.g. Levy does in his study of air pollution regimes. He documents extensive anticipatory adaptation in this area, and concludes that "the..ambitious foreign environmental policy objectives across eastern Europe reveal the powerful impact of international institutions on domestic politics..eastern governments paid serious attention to compliance with existing agreements and strove quite hard to take on rigorous new commitments.." (Levy, 1993:334). Further, he concludes that "there was domestic political pressure to correct the abuses of communism, and the new elite that had taken over the environmental ministries had been planning such corrections for decades" (ibid., 335). There are several assumptions here that would not seem warranted: first, that international commitments lead to domestic change; second, that governments in the region tried seriously to effect such changes; third, that there were new bureaucratic elites in charge after 1990, and fourth, that these were planning to develop environmental policy in its own terms.

From my knowledge of these factors in the case of Hungary I would say that there is no evidence that international commitments have led to any major domestic changes in this policy area, second, there is no indication that either the former non-socialist government or the present socialist government takes any real interest in this policy area. Thus, they have not worked on effecting domestic changes. This is also evidenced by the lack of a general environmental policy five years after 1990. Third, the bureaucratic elites in charge after 1990 were largely the same that had been in charge before. They hung on in their old posts. Only the top echelon of the bureaucracy was replaced, and with the return of the old communists to power in the Horn government, the old guard was reinstated also at the top. Fourth, these elites took no interest in the field of the environment. Their political values were formed by the communist version of industrialism with an emphasis on heavy and energy-intensive industry.

These insights are not substantiated in any detail here: they would need a systematic assessment and further rounds of interviews with different actors.

My point is simply that they indicate that it is wrong to make the assumption that one, international pressures lead to significant domestic changes, and two, that government elites in fact strive to effect such changes. The latter seems even less likely with the return of the old guard to power in the region.

Implicit in this statement is the assumption that one cannot regard policy-making as simple exchange. On an exchange view one should expect government elites to first, adapt international rules, and second, to use this to press for domestic change because this would give them the double benefit of pleasing the international powers as well as improving the environment at home. I will now turn to the last section where I explore the theoretical and conceptual issues regarding this further:

Part Three: The Impact of International Institutions: How 'rational' is Policy-making?

The primary task of the Regional Environmental Centre (REC) in Budapest is to foster civic awareness about environmental issues in the region of Central Europe. The way they do this is by funding and fostering NGOs. This emphasis reflects the importance of building a democratic, civil society as a precondition for an effective future environmental policy. This can be termed a 'bottom-up' strategy. The emergence of democratic structures, local government, independent associations, and a new value system that includes the environment all seem necessary ingredients for securing that adaptation is not cosmetic.

The adaptation - anticipatory and obligatory - to EU rules and norms may or may not be cosmetic. This is in each case an empirical question, to be resolved through empirical analyses. However, it is probably wrong to assume that it is more than cosmetic, as I have argued above.

What does this entail in terms of conceptual and analytical frameworks?

On an exchange view of politics, adaptation is the rational course of action. Elites perceive that they must adapt in order to reach their foreign political and economic goals, and therefore so do. Obtaining international credits and grants increasingly depends on such adaptation, and becoming a member of international organizations, like the EU, requires that there is a plausible transition to both democracy and a market economic system. Further, it is on this view rational to adapt enough so that international actors and organisations are satisfied, but not necessarily more. There will be a large political 'cost' involved in effecting domestic changes. However, international actors may 'see through' cosmetic adaptation and demand real changes. If this happens, government elites must comply. But essentially they will only adapt to the extent required of them.

Further, other actors in society will have no incentive to make changes that go toward implementation of the new obligations. They are not rewarded by international organizations. One would thus expect there to be little change at the domestic level. Only if the former put pressure on the country can one

expect there to be an incentive on the part of the government elite to effect changes. On an exchange view of politics, they will persuade other societal actors to make changes, but will have to find incentives for them to act. However, this is seen as a rational process that will happen sequentially and even causally: external pressure will elicit adaptation from the government elite, and this in turn will be able to be 'translated' into deeper societal changes if the pressure is strong enough. By implication external actors like the EU will be able to significantly effect societal changes in Central Europe if they want to.

However, on a different conceptualisation of what politics is about - here called the institutionalist view - government elites may respond by adaptation, but external pressure will not translate themselves into internalised deeper changes in a smooth way. Although government elites see the need for adaptation in legal and symbolic terms, they are unable to effect any real changes domestically even if they apply pressure for this. In order to create environmental policy implementation, as an example, one would on this view need a thorough change in political attitudes not only towards this policy area, but in general terms: Political participation and a civic consciousness are characteristics of democratic polities that take long to establish and cultivate. In Hungary, as in the region in general, the prevalent rules about political appropriateness are different: for some, politics as such is always bad because their political experience was formed by the communist state, for others, politics is not about the public sphere but about utilising the new economic opportunities that the political system allows for, and yet for some the a market economy is always oppositional to environmental policy. In terms of institutions, few participate in local government, and there are few associations in the private sphere for citizen participation. In short, adaptation to environmental policy and implementation do not happen because there is nothing to embed it in - there is no set of societal rules, values, and procedures conducive to internalisation. Adaptation does not happen because there is no incentive for political action, but because political action in Hungary follows different rules that what is the case in Western liberal democracy.

These two approaches to the conceptualisation of politics have vastly different implications for research design of studies of the impact of international institutions on the region. Certainly there is such an impact under both 'scenarios', but on the exchange view of politics adaptation easily translates itself into implementation and profound political changes provided enough Western pressure is applied. On the institutionalist view, however, this is a very much slower process where 'success' in one issue area like the environment requires far-reaching and deep changes to the political rules and values in society. This is a process of learning and unlearning that may take generations and where incentives may have very limited effect.

In this paper I have not opted for one perspective over the other, but criticized the common assumption in the IR literature to uncritically (and

perhaps often unconsciously) adopt an exchange view of politics. This in turn has implications for the empirical analysis which will look for effects of adaptation and easily underestimate the large 'gap' between de jure adaptation and deeper internalisation of the policy content of the area of adaptation. I almost hesitate to speak of implementation as this has a very mechanical flavour to it. The really important aspect of this is whether adaptation to international rules and norms has a deeper effect on the politics of the society in question, i.e. whether its political rules and norms are changed as a consequence of this, and how this happens as well as how fast it happens.

The larger Western and EU 'project' vis-a-vis Central Europe is to influence the development of these societies in the direction of democracy and market economy. There is naturally no precise definition of what this really means, and no political agreement on any one definition. However, there is an approximate consensus in the West that this politico-economic system is fundamentally different from and preferable to communism and its corollary, a centralised economy. The success of effecting a change in this direction will however depend very much upon whether one realises the immense complexity of this task and takes the time to study the historically constituted rules of politics that today still obtain in these societies. This is necessary before one can discuss how to change them.

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