Who Counts? Supranational Norms and Societal Needs

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In the months and years immediately following the collapse of communism, the postsocialist societies of East Central Europe (ECE) were visited by economists from universities and international financial institutions bringing therapies, formulas, and blueprints for how to get from communism to capitalism. These neoliberals proposed an agenda for de-statization and deregulation. Marketization was not the business of states; state functions should be reduced to protecting freedoms.

Instead of Chicago, Cambridge, and Berkeley, the traffic in expertise now flows from Brussels, and the message is clear: market making is about the remaking of the state, not its decomposition. Whereas the Washington consensus offered recipes for getting prices right, the prescriptions for European accession are about getting the rules right. The definition of success is not reduction of the state but an increase in its regulative, administrative, and *(horribile dictu)* planning capacity. State capacity, moreover, becomes increasingly defined as the capacity not simply to regulate but, in fact, to adopt specific regulations emanating from Brussels. Europeanization is, thus, a kind of *norm*alization—a process of meeting norms and standards numbering in the tens of thousands.

Comparison across the postsocialist world indicates that a regulated order is more likely also to show a market order. Those countries that are adopting the demanding criteria of Europeanization as set by the Copenhagen criteria are those that are further on the road to functioning market economies. Meanwhile, other countries that are still struggling with the problem of how to build up state capacities are those that are almost entirely

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lacking in processes and practices that we would call a market economy. No regulation, no market.

We do not challenge the notion that regulations are necessary. Our question is whether they are sufficient for achieving improved competitiveness and for maintaining social cohesion. If adopting regulatory standards is the path to market integration, indeed, European integration, does social integration follow directly from these processes and practices? Does meeting the requirements for "European enlargement" enlarge the scope of social actors that are included in a development strategy? When domestic political elites are accountable, by new accounting rules, to supranational bodies, how does this shape the forms and mechanisms by which they are accountable to their citizens? Who counts? That is, when supranational bodies and transnational actors are involved in the accounting, whose interests are taken into account and how? In this short essay, we briefly examine these problems, exploring the processes and practices of European normalization in several topic areas and pointing to promising lines of research.

Dangers of dissociation

Regulatory institutions associate heterogeneous interests. They establish mandatory rules about which diverse interests and values should count within a given domain of activity; often implicitly more than explicitly, they also rule on what interests and value frameworks should or can be excluded. The strong national regulative states that developed in the twentieth century were robust mechanisms for coordinating (some might say balancing) diverse interests and considerations by establishing binding associations, of varied temporality, among the local and the national, producers and consumers, employers and employees, the requirements for participating in external competition and the requirements for fulfilling internal needs. Within such "organized capitalism," strong groups within the economy and within civil society, meanwhile, contributed to this coordination—first by pressuring regulative states to take diverse interests into account and second by establishing a host of nonstate mechanisms whose aim was the creation of win-win coalitions.[1]

The dilemma of the ECE countries most advanced in building up strong regulative states is that the more they succeed in meeting the standards of Europeanization and the more they succeed in including their economies in the European regime of competition, the more limited might become their room for maneuver to take the diversity of local interests and considerations into account. In meeting the European standards, they must act, more often than not, as *transmitters* of supranationally established norms. These norms and standards are the outcomes of associating/balancing the diversity of interests of the EU "insiders." As a consequence, their introduction poses a challenge for the governments of the ECE countries: how to manage these externally mandated regulations (themselves balancing diverse interests) while simultaneously balancing a different and divergent set of diverse local interests. A difficult balancing act to be sure. At the same time, the more deeply the ECE countries' economies become involved in the European competitive regime, the greater will be the pressure on their governments to use regulation more as a means of *adjustment* to the short-term requirements of increasing global competitiveness and less as a means to create newly enlarged, more inclusive, alliances coordinating diverse local considerations.

In short, the dilemma of the ECE countries is that regulative regimes—developed elsewhere for the purpose of continuously producing orderly *associations* among diverse interests—might have the outcome, under the pressure of supranational standardization and regulative competition, of *dissociating* the local from the European and the global. While meeting the requirements of inclusion to the European Union, regulative states in these countries might act as agents of social and economic exclusion.

1. Peter A. Hall and David W. Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001); Dietrich Rueschemeyer, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1992); Alexander Hicks and Lane Kenworthy, "Cooperation and Political Economic Performance in Affluent Democratic Capitalism," *American Journal of Sociology* 103:6(1998): 1631-72; and James Hollingsworth, Philippe C. Schmitter, and Wolfgang Streeck, eds., *Governing Capitalist Economies* (Oxford: Oxford University Press, 1994).

This outcome, we emphasize, is far from predetermined.[2] Although their room for maneuver is likely more constrained, the ECE countries can learn from the experiences of various West European countries in managing broadly similar challenges. To anticipate: at the core of this strategy of flexible adaptation, we see an important role for institutions that are neither markets nor bureaucracies to reframe identities and "re-present" diverse conceptions of value and worth. In our book, *Postsocialist Pathways*, we referred to such institutions as "deliberative associations."[3] Subsequent to its publication, we have been developing a conception of "heterarchical" forms characterized by distributed intelligence (lateral accountability) and the organization of diversity (generative rivalry of heterogeneous evaluative principles).[4]

During the 1990s, West European countries faced the daunting task of meeting the demanding criteria of joining the European Monetary Union; increasing the flexibility of their labor markets; improving the competitiveness of their economies; and at the same time developing their regional economies, halting the growth in unemployment, and remaking elements of their social security systems. For various reasons, Italy and the Netherlands, together with Ireland, Spain, and Portugal (the latter countries at the periphery of the EU) offer useful lessons for how to accommodate the requirements of supranational norms while fostering competitiveness. In these cases, the weakening of the regulative autonomies of national states went hand in hand with preserving, and in some cases strengthening, various nonstate institutions of economic governance at the national, sectoral, regional, local, and workplace levels. Examples include the renewal or introduction of national and regional social pacts in various countries; the extension of social dialogue at national, subnational, and supranational levels in many of the EU countries; the (re)emergence of

2. In this brief article, we must forgo a discussion of the changing bargaining position of the East Central Europe (ECE) actors vis-à-vis their EU counterparts.
3. David Stark and Laszlo Bruszt, *Postsocialist Pathways: Transforming Politics and Property in East Central Europe* (New York: Cambridge University Press, 1998).
4. David Stark, "Ambiguous Assets for Uncertain Environments: Heterarchy in Postsocialist Firms," in Paul DiMaggio, ed., *The Twenty-First-Century Firm: Changing Economic Organization in International Perspective* (Princeton, NJ: Princeton University Press, 2001), 69-104; Laszlo Bruszt, "Market Making As State Making: Constitutions and Economic Development in Post-Communist Eastern Europe," *Constitutional Political Economy* 1 (2002): 53-73.

various institutions of developmental partnerships at sectoral and regional levels; and the creation of new forms of cross-border collective bargaining.[5] Linking diverse groups of nonstate actors with diverse metrics of success in economic development, these cooperative institutions helped achieve the task of simultaneously conforming to supranational norms, improving competitiveness, and increasing inclusion of social partners by combining these with a wider range of developmental goals.

The greatest obstacle to putting these lessons into practice in the ECE countries is that whereas the new regulatory framework has strengthened states, the past decade has witnessed the weakening of nonstate actors and forms of economic coordination. In particular, trade unions and business associations are weak and fragmented in most of the ECE countries.

Developmental associations

What are the long-term economic developmental consequences of European "normalization"? The introduction of supranational norms in the form of binding regulations restructures the relationships between domestic actors and between them and international actors. These regulations redefine who and what counts, restructure the distribution of economic opportunities among the different economic actors, remake the rules of the game, and rearrange the roles these actors play in the domestic and the global economy.

5. For a general overview, see Marino Regini, "Between Deregulation and Social Pacts: The Responses of European Economies to Globalization," *Politics & Society* 28 (2000): 5-23. For specific country cases, see Philippe Pochet, ed., *Monetary Union and Collective Bargaining in Europe* (Brussels: Peter Lanf, 1999); and Michael F. Kluth, *The Political Economy of Social Europe: Understanding Labour Market Integration in the European Union* (London: Palgrave, 1998). On the Irish case, see especially, Charles F. Sabel, *Ireland: Local Partnership and Social Innovation* (Paris: Organization for Economic Cooperation and Development [OECD], 1996); on the Italian case, Marino Regini, "Still Engaging in Corporatism? Recent Italian Experience in Comparative Perspective," *European Journal of Industrial Relations*, 3:3(1997): 259-279; for the Dutch case, Jelle Visser and Anton Hemerijck, *"A Dutch Miracle" Job Growth, Welfare Reform and Corporatism in the Netherlands* (Amsterdam: Amsterdam University Press, 1997). For studies on the workplace, see Kathleen Thelen and Ikuo Kume, "The Effects of Globalization on Labor Revisited: Lessons from Germany and Japan," *Politics & Society* 27 (1999): 477-505; and Robert Boyer, Elsie Charron, Ulrich Jurgens, and Steven Tolliday, eds., *Between Imitation and Innovation: The Transfer and Hybridization of Productive Models in the International Automobile Industry* (Oxford: Oxford University Press, 1999).

Anthropologist Elizabeth Dunn is examining these questions in a study of how European food safety regulations are restructuring the meat-packing industry in Poland, the sixth largest producer of pork in the world.[6] As a condition of EU accession, Poland is adopting rigorous regulations that will apply to all meat processors (i.e., for the domestic market as well as export). These regulations include detailed specifications for the physical plans of abattoirs and processing facilities—from the layout of rooms to the color of walls and the number of washbasins. Just as important as these requirements for physical infrastructure are the reporting standards for documentation, tracking, and audit: each farm, abattoir, and processing plant—in fact, each animal and piece of meat—must have a number so that each item can be traced by auditors from farm to table. The problem for Polish meat packers, as Dunn shows, is not that their products are unsafe but that the computerization necessary to meet the reporting requirements will involve high levels of infrastructural investments that are economically viable only for very large producers (where foreign-owned firms overwhelmingly predominate). Dunn suggests that the smaller domestic producers might respond by evading regulation to produce for local markets in a gray or shadow economy. In that case, Europeanization would produce its own second economy where meat is even less regulated than before. Thus, standardization would not only restructure opportunities to the detriment of the vast number of smaller domestic producers but could also have negative consequences for Polish consumers as well.

One of the most important lasting economic developmental effects of the introduction of supranational norms in the less developed ECE countries might be to assign a stable peripheral role to these economies in a hierarchically ordered European division of labor. At the extreme, parts of these economies might not be integrated at all, and other parts might be marginalized or confined to a position on the lower landings of the stairways of the rapidly internationalizing and globalizing chains of produc-

6. Elizabeth C. Dunn, "Trojan Pig: Paradoxes of Food Safety Regulation" (Paper presented at the workshop on "Oikos and Anthropos: Rationality, Technology, Infrastructure," Social Science Research Council, Prague, Czech Republic, 26-27 April 2002).

tion.[7] These roles, it should be stressed, are not fixed once and for all. Here, too, ECE countries can learn from economies that "upgraded" their position in the distribution of roles by upgrading the capabilities of domestic producers. For example, Taiwan's systematic use of its diasporic network of engineers to transfer skills and capital to develop its hardware sector might be a model for Hungary (a leading exporter of highly skilled software engineers).[8] As Saxenian and Hsu show for Taiwan and Sabel shows for Ireland,[9] to be successful, these strategies depend on government-sponsored programs that create developmental associations among domestic actors at local, regional, and sectoral levels.

Digital crossroads

Alongside politics and the economy, the sphere of civil society is also being shaped by Europeanization. In this case, more so than supranational norms, the external forces are transnational actors and new communication technologies. With the creation of a "global civil society," transnational nongovernmental organizations (NGOs) can provide domestic NGOs' various resources, know-how, ties, and norms that might further strengthen the positions of domestic civic organizations as agents of social change. On the other hand, the transnationalization of this sector might weaken ties among local grassroots organizations and domestic NGOs in other sectors or in other ECE countries, dissociating them from the local and contributing to the further fragmentation of domestic public spheres.

NGOs in the region are emerging as new types of actors—new not simply because they are making new types of representa-

7. For general discussion of different roles in transnational commodity chains and the possibilities of industrial upgrading, see Gary Gereffi and Miguel Korzeniewicz, eds., *Commodity Chains and Global Capitalism* (Westport, CT: Greenwood, 1994); Gary Gereffi, "Commodity Chains and Regional Divisions of Labor in East Asia," *Journal of Asian Business* 12:1(1996): 75-112; see also the working paper series by the Berkeley Roundtable on the International Economy (BRIE) at http://brie.berkeley.edu/~briewww/pubs/wp/.
8. Annalee Saxenian and Jinn-Yuh Hsu, "The Silicon Valley-Hsinchu Connection: Technical Communities and Industrial Upgrading," *Industrial and Corporate Change* 10:4(2001): 893-920.
9. Saxenian and Hsu, "Silicon Valley"; and Sabel, *Ireland.*

tional claims outside of electoral politics but also because they exhibit new organizational topographies, frequently involving regional, transnational, even global networks especially facilitated by intensive use of information and interactive technologies. The postsocialist societies of Eastern Europe provide an extraordinary laboratory for exploring the coevolution of organizational forms and interactive technology: the emergence of voluntary associations in the region coincides with the digital revolution. Prior to 1989, there were almost no NGOs in the conventional sense in Eastern Europe, and the Internet was in its infancy. Before 1989, the small number of beleaguered voluntary associations communicated by *samizdat*, frequently circulating texts that were literally in manuscript, some even in the handwriting of elementary school children who had painstakingly copied a parent's writings so it could circulate more widely. Today, both NGOs and the Internet are experiencing exponential growth throughout the region. In little more than a decade, the technological framework in which voluntary associations are operating has gone from the limitations of a pre-Guttenburg setting to the opportunities of advanced communication technologies.[10]

As NGOs take advantage of a new medium of representation in a virtual public sphere, questions arise about the basis of these representation claims. To whom are NGOs accountable? To constituents? To clients? To donors? And according to which performance criteria (efficiency, solvency, mission, participation, mobilization, etc.)?[11] As they move beyond their existing roles as safety nets (to mitigate the new social problems of marketization) and as safety valves (to give voice to social groups underrepresented in the newly competitive polities), NGOs might function as sources of innovation.[12] As the postsocialist societies face the challenge of regional and global integration,

10. Laszlo Bruszt and David Stark, "Technologies of Civil Society: Organization, Representation, Accountability" (Paper presented at the annual meetings of the Society for the Advancement of Socioeconomics, Minneapolis, MN, 27-30 June 2002).
11. Jonathan Bach and David Stark, "Innovative Ambiguities: NGOs Use of Technology in Eastern Europe," *Studies in Comparative International Development*, forthcoming.
12. Jonathan Bach and David Stark, "Link, Search, Interact: The Co-Evolution of NGOs and Interactive Technology" (Paper presented at the Conference on Information Technology and Global Security, Social Science Research Council, New York, 28 February 2002, available from http://www.coi.columbia.edu/workingpapers.html#lsi.

NGOs serve as digital crossroads—boundary-spanning networks linked in transnational webs enabled by interactive technology.

Conclusion

During previous waves of enlargement to integrate Europe's semiperiphery, the EU made several attempts to address issues not dissimilar to those we have posed above. Among these, social and economic cohesion programs and, in the first place, the decentralized institutions of development planning, proved to be the most successful. As a result of recent changes in the rules governing the distribution of EU funds, however, by the time the ECE countries become eligible for these resources, these same programs might turn out to become mechanisms for the aggrandizement of central budgetary authorities. In place of *decentralized* regional development planning, for example, in the ECE countries these funds might be controlled by national governments. Instead of waiting for a change of policies in Brussels, ECE governments would do better (and recent announcements in Budapest and Warsaw indicate that such moves are being considered) to reject recentralization in favor of decentralizing strategies. They would not be the first governments to learn that giving up direct control and widening the sphere of participation can increase their room for effective management of social and economic development.

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