

Levi-Faur, D., Europe and the New Global Order of Regulatory Capitalism. In: Johan From and Nick Sitter (Eds.), Europe's Nascent State: Liberal Democracy, Governance and Public Policy in the European Union. Gyldendal Akademisk. Oslo, 2006, pp. 117-131.

The European Union is now conventionally described as a regulatory state *par excellence* (Knill and Lenschow 2004: 218; Majone 1994; McGowan and Wallace 1996; Loughlin & Scott 1997; Lodge 2001; Læg Reid et al. 2005). Yet, this characterization of the EU opens the way for three interesting challenges. First, how come that the label 'regulatory state' is so popular in an era where both regulation and the state are said to be "on the retreat"? Regulation¹, despite some expectations to the contrary, is still high on the agenda of scholars and is expanding in Europe and well beyond it. Surprisingly enough, and seemingly by stealth, Europe is experiencing a surge in the growth of regulation across diverse levels and arenas of political action (Vogel 1995; Majone 1997; Levi-Faur 2005; Gilardi 2005). Second, how come that we still draw on the notion of the 'state', while it is often said to be 'hollowing out', disaggregated and augmented by international regimes that covers issues as diverse as car-safety standards to human rights? What is the rationale to describe the EU that, for at least some scholars, represents a highly relevant challenge to the nation-state in the same terminology of its "rival" and "predecessor"? Is it only a terminological inexactitudes, or does it tells us something more? Third, what is the direction of the follow of power in the EU?. The standard account of the establishment of regulatory agencies at the member state level suggests that member states have been forced to develop regulatory capacities in order to take an active part in the formulation of all these new rules in Brussels, and then to implement them at national level (Majone 1997: 9). Yet, the actual dynamics seems to favor the strengthening of regulatory authorities within the member state rather than at the EU level. The top-down view of the EU (which is derived from the state-centered paradigm) is not fully compatible with the available evidences.

In what follows I discuss these three questions and examine in a critical way the notion of Europe as a regulatory state. I bring together the evidences on regulatory explosion in both the Union and the member state level and suggest that regulation and Europeanization advance hand in hand to create an innovative and in some respects unprecedented multilevel system of regulatory governance. Elsewhere I labeled this system 'regulatory capitalism'. This innovative system may well fashion model governance for the coming century well beyond Europe; and at its core stand a challenging system of regulation. The state is at the center of this institutional order but the system of governance is much bigger and elaborated than can be possibility captured by statist models of political action. Changes in our understanding of regulation, regulatory instruments and regulatory compliance are expressed in the way the European system of governance is constructed. These changes however are not limited to the EU and can be observed well beyond it. To study the European model of multilevel regulatory governance is therefore to study some of the most important features of international politics and policy for the 21st century.

1. A State?

It is Giandomenico Majone who single-handedly “virtually invented the notion of a ‘European regulatory state’” (Moran 2003: 17). Majone's work dominated the literature for the last decade and it is therefore only natural to start the discussion with it. Majone suggested that changes in the governance of capitalist economy and society are best expressed as a transformation from a “positive state” to a “regulatory state”. This transformation is evident in the amalgamation of five shifts: (a) from taxing and spending to rule making; (b) from centralized bureaucracy to autonomous agencies; (c) from party and parliamentary politics to legalistic and professional politics; (d) from corporatist to pluralist political culture; and (e) from direct to indirect political accountability (Majone 1997). Majone’s interest in the process of regulatory change is derived from his interest in EU integration and EU public policy processes. His research agenda therefore prioritizes problematization of Europeanization over that of regulation and regulatory change generally. Most important, in his interpretation the driving force of regulatory change is Europeanization as a causal force. The Europeanization of policy making (by which he meant the increasing interdependence of domestic and supranational policies within Europe) involves two major aspects. The first is the central position of regulation at the EU level and the second involves the impact of EU policies on regulatory developments in the member states (Majone 1997: 144). The progress of Europeanization is the progress of *re*-regulation at the EU level, that is, one that involves an increasing transfer of authority to the EU level. Re-regulation at the European level and the ensuing supra-nationalist interpretation of the process seems to reflect the decline of "taxing and spending" policies and of the “positive state” more generally.

Majone is certainly aware of these problem but he effectively ignores the debate between neoliberals and neorealists on the nature of the EU, a debate that dominated the study of the EU since the 1980s. He also did not pay much attention also to the conceptualization of the EU as an international regime nor to the conceptualization of the EU as a "network governance" (Kohler-Koch and Eising 1999; Jachtenfuchs 2001). The statist paradigm shapes Majone's work. More recently he positioned the theoretical discussions with traditional terms that are taken from the Comparative Politics literature. For Majone the EU is a failed federation but a successful prototype of post-modern confederation (Majone 2005). The modern terms such as 'multilevel governance' and 'intergovernmentalism' are said to be rooted in a mistaken belief in the uniqueness of the European institutions. Yet, to suggest that the EU is a state (regulatory or not) and the more recent move towards the debate on its character to 'traditional' terms such as federation and confederation ignores the complex, multi-level and network features of the EU and in particular the following four characteristics of European governance:

First, that policy networks at the EU level are open and fluid possibility more than in the member states and that their interaction with the national networks opens new venue to open up these networks.

Second, the voluntary nature of the political process and the multiple exists options for the participants. All this leads to supranational deliberation that takes place through deliberation, argument and persuasion (Joerges and Neyer 1997: 610). This is possibly more visible and important at the policy formation stage, where expertise and persuasion are the currencies of influence; where the distributive consequences of a policy are unclear, and in policy areas where there is heavy emphasis on science and risk assessment (Joerges and Neyer 1997; Young Forthcoming).

Third, the multi-levelness of the policy networks and thus the multiple nodes where actors and resources can be mobilized and put into effective political strategy.

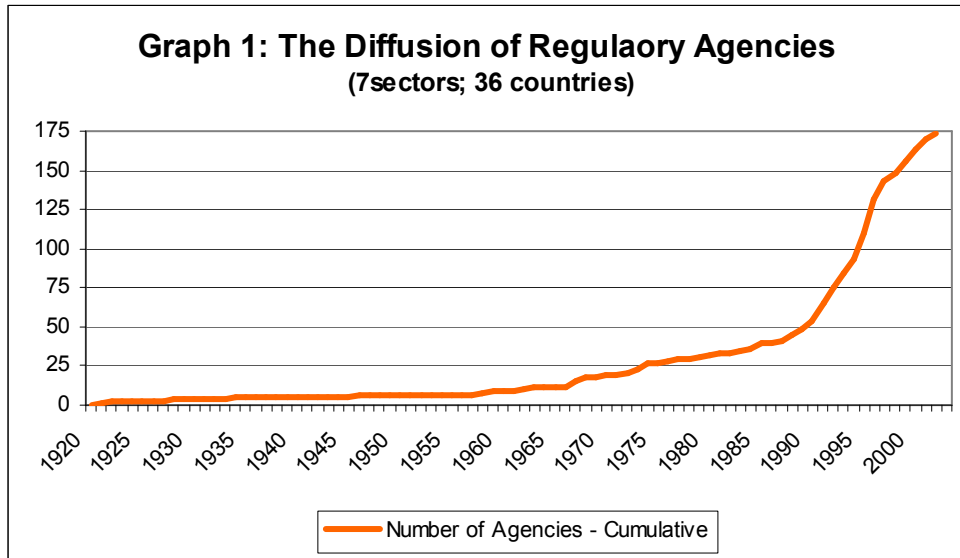
Fourth, the possibility that a positive-sum relations exist in the relations between actors and in the relations between institutional arenas. Growth of the regulatory capacities at the EU level can be accompanied by a growth of the regulatory capacities at the international and national level as long as there are new regulatory innovations that allow the "regulatory cake" to grow.

2. From deregulation to reregulation to regulatory explosion

For about a decade and up to the early 1990s the dominant view on the nature of the regulatory reforms, in Europe as elsewhere, was that they were dominated by deregulation. Competition and freer markets were understood as the natural outcome of deregulation, that is, of less-rules as desired and envisioned by economists, probably the most important intellectual group that advocated the reforms. The deregulation perspective on the reforms was compatible with the widespread expectations for a retreat or hollowing out of the state. The package of expectation for less rules, less state, more competition and freer markets were therefore interrelated. Alas, the deregulatory expectations of the 1980s proved to result with strong elements of reregulation in the reforms (Shearing 1993; Majone 1990; Vogel 1996). At the moment, it seems that the notion of 'reregulation' underestimate the extent of regulatory changes that characterize the current global and European order. What we are experiencing might best be described as 'regulatory explosion'.

One of the most important, and probably the most visible and measurable, evidences for the regulatory explosion is the growth in the number of agencies across regions and sectors. Figure 1 presents data that was collected by Jacint Jordana and the author on these agencies. It cover developments in 19 Latin American countries and 17 European countries (EU 15 before the latest enlargement plus Norway and Switzerland) and seven different sectors (telecoms, electricity, competition and securities and exchange, food safety, pharmaceutical and environment). What we have identified, counted and classified are administrative agencies that have been separated from ministerial hierarchies. The agencies' degrees of separation vary widely across sectors and countries (Gilardi, 2005), but their status as distinct entities and the central focus on regulation in their mission statement serve as criteria for

inclusion in the database. The notion of reregulation simply doesn't convey the significance of this process and one may want to prefer the notion of regulatory explosion over it.



Less measurable and less quantifiable but *no* less important is the proliferation of new technologies of regulation, the growing formalization of inter- and intra-institutional relations and the proliferation of mechanisms of self-regulation in the shadow of the state. An important indication is the proliferation of regulatory instruments to ensure corporate social responsibility. In the past two decades, we have also seen an exponential increase of tools for integrating social justice and environmental protection issues into the governance structure of corporations. These tools include ‘environmental management systems, corporate reporting systems, codes of conduct, third-party certification systems and ethical investment’ (Courville 2004: 210). Big corporations are just as subject to ‘red tape’ and excessive internal regulation as they are to external regulation. Domestic and self-regulation, whether to enhance social responsibility or to meet the demands of lawyers and insurers, are exploding and the demands on corporations seem only to increase the sphere of internal regulation (Braithwaite 2003; Parker 2002).

Similarly, we can observe the diffusion of new instruments of regulation.² ‘Smart regulation’, as Gunningham and Grabosky (1998) call it, is defined by the use of a mixture of regulatory instruments, by the mobilization of new regulatory actors and third parties, and by harnessing the enlightened self-interest of individuals and corporations. One of the most interesting indications of the rise of the regulatory capitalism is, therefore, the rise of new instruments of regulation: from eco-labeling and league tables to auctioning, and from ‘gatekeepers’ and ‘awards’ to RPI minus X.³ Some of these instruments such as price control (even in its RPI minus X form) are compulsory while others, such as eco-labeling, are voluntary. Some are promoted and enforced by non-governmental international organizations; others are enforced by governments and intergovernmental organizations. In all these forms they are important indications of the new order. All in all, the increasing scope and depth of regulation suggest that it is a phenomenon to be reckoned with. It is misleading to

describe the new European and global order as deregulatory and it is rather dull to describe it using the notion of reregulation. The alternative I suggest of regulatory explosion may capture the nature of change better but also better convey the focus for future research, what is in the current European and global orders that increase the demand and supply of regulations as an instrument of social, political and economic control?

The regulatory explosion obviously will lead for a wide variety of outcomes, we can hope that they will lead for a just and efficient allocation and production of resource but we of course can't be sure about the results. We also can't be sure that they will end up with less intervention and freer societies and markets. Indeed, at least some of the regulation of the last decades are intrusive in a way which is similar to the social engineering ethos of the post-war state. This is not the common view. For Majone, the regulatory state is about "limiting the role of the interventionist or positive state" (Majone 1997: 140). The regulatory "state" is portrayed as a *neoliberal* state and, it is only reasonable to infer, the "Europeanization" of regulation is for Majone a process that structures neoliberal actors and institutions at the heart of Europe. This is probably why he suggests that he viewed the growth of regulation as mainly driven by the EU. It is not that Majone did not recognize that much of what is usually understood as "deregulation" is really about "re-regulation". He certainly did, yet the real scale and scope of regulatory expansion hardly featured in his work as something that was puzzling in its own right, and the "neoliberal" features of the change are emphasized in the face of contradictory evidence.

Indeed, even critical accounts of Majone, such as that offered by Jabko (2004), agree with him on this interpretation. Yet to suggest that Europeanization is about the promotion of a neoliberal agenda through regulation is to ignore some of its characteristics. First, regulation is by nature a form of intervention. Some regulations represent more intrusive forms of intervention than taxing and spending; their application can be inflexible, rigid and alienating (Bardach and Kagan 1982). Moreover, consider the regulatory explosion that characterized fields like competition, telecommunications, finance, the environment and food safety in the last two decades (Vogel 1996; Levi-Faur 2005). On the one hand governments and other actors used their power to open a space for market and commercial activity. On the other hand they used multiple regulatory controls to create an ever more intrusive system of governance. Regulation-*for*-competition created a "new state" that is more neomercantilist than neoliberal (Levi-Faur 1998; Jordana et al. 2006; but see Cerny 2004). A similar critique came recently from the pen of Moran, who assessed Majone's characterization of the European regulatory state in light of the British developments:

These images, then, identify the regulatory state with withdrawal from utopian interventionism, with the construction of regulatory institutions to fit the new task of steering, and with renunciation of command. ... They are images of great analytical and rhetorical power. Unfortunately, they are also inaccurate, or at best only half accurate. (Moran 2003: 6).

This observation by a British scholar on the basis of the British experience is especially important since Britain is the European prototype of a regulatory state. The observation led Moran to raise the possibility that "[i]t may be that the European regulatory state is not at all as Majone imagines; that it has its own interventionists

ambitions and utopian projects quite as marked as older interventionist systems" (Moran 2003: 21). After the great crisis of the 1970s, the state in Britain did indeed scale down many of its central ambitions, argues Moran, but it also acquired some startling new ones. It did indeed renounce many responsibilities that lay at the heart of the positive state, but the turn to regulatory modes of control also greatly widened the range of social and economic life that was subject to public power. A portrayal of regulation and regulatory reforms in general as the manifestation of the "retreat" and "hollowing out" of the state may be therefore misleading and represent an oversimplification of the nature of the change and the forces that shape it. All in all, the regulatory state may well be more pervasive for sure and more interventionist. If this is indeed the case the overall effects of the new governance system in Europe (as elsewhere) is far from being deregulatory. To the extent that regulations can promote 'positive' social goals the regulatory state may prove to be as 'positive' as the 'postwar state'.

3. Top-down Politics?

Fiscal constraints, suggest Majone, make regulation the preferred instrument of government at the EU level, leading in a second stage to the proliferation of regulatory agencies and regulation at the national level. Member states, tells us Majone, have been forced to develop regulatory capacities on an unprecedented scale. They had to do so in order to take an active part in the formulation of new rules at the EU level, and then to implement them at the national level. (Majone 1997: 146). This is a paradoxical outcome, he adds, since it is the reluctance of the member states to increase the taxing and spending options of the EU that led them to give up on the regulation "front". Paradoxically, suggest Majone, the attempt of the member states to limit the scope of supranational polices by imposing a tight and rigid budget constraint on the Commission has favored the development of a mode of policy making that is largely immune from budgetary discipline. Thus, the creation of European regulatory regimes, at the EU level, result in a "chain-reaction" of regulatory expansion at the member states' level. Despite these reactions the source of authority in Majone's account of the process of regulatory change are decisions and regulatory powers at the EU level.

The theoretical analysis of the EU level foresaw for a while a development in the regulatory powers of the Commission as core of the European regulatory state. Sometimes towards the end of the 1990s and increasingly in early years of the new millennium the emphasis moved from a focus on the Commission as a regulator to EU-level regulatory agencies. The argument suggests that the growing complexity of the Community policy-making system should be matched by greater functional differentiation, in particular by the explicit assignment of an autonomous role to EU-level agencies. These agencies are expected to take over responsibilities from the EU Commission which is increasingly portrayed as a politicized form of supranational institution. Indeed, this view gets some support from the growth in the number and power of regulatory agencies at the EU level. More than 25 agencies have so far been set up at the European level. These agencies were established in diverse policy fields such as vocational training, safety and health at work, food safety, aviation safety, maritime safety, railway safety and interoperability, and police cooperation. They employ more than 2,700 statutory staff and receive a total EU subsidy of almost €300 million a year (Szapiro 2005: 1; see also Kelemen 2002; Majone 2002). Note, however,

that these agencies, with the notable exception of the European Central Bank are social regulatory agencies, and that a critical number of them were established after 2000.

What scholars of the EU regulatory state observed therefore is a two dimensional process of an upward shift from the national to the territorial and an horizontal shift of power from the Commission to the agencies. These two dimensions capture something of the regulatory changes in Europe but do they present the full picture? My argument is that they are partial. The evidences for the growth of the influence of the EU level and for the importance of its institutions are sound yet these developments do not necessarily capture the most important features of the regulatory change. In particular, this top-down view of the development of the European system of governance is problematic at least in four senses:

First, the timing of the reforms does not support a top-down view of the process of change. Regulatory agencies were established earlier than EU-level agencies and the diffusion of this best-practice for administrative governance clearly originate first in the member states (mostly Britain).

Second, most of the new regulatory agencies were established in the economic rather than social sphere (Gilardi, Jordana and Levi-Faur 2006). While member states tend to develop agencies first at the economic sphere, at the EU level the agencies are usually in the social spheres. This suggests the potential of autonomous process of regulatory changes in the two arenas. Indeed, efforts to create European regulatory agencies in the economic spheres either ended in failure (for telecoms, see Levi-Faur 1999) or did not eventuate at all (for electricity, see Jakobsen 2004). The only case of a powerful regulatory agency at the European level, though hardly a marginal exception, is the European Central Bank (Jabko 2004; McNamara 2001).

Third, the voluntary nature of the reforms. The standard account suggests that member states have been forced to develop regulatory capacities in order to take an active part in the formulation of all these new rules in Brussels, and then to implement them at national level (Majone 1997: 9). Yet, elsewhere I have expressed some serious doubts about the alleged effects of Europeanization on the member states in two important industries (telecoms and electricity). I have also claimed that Europe does not vary that much from Latin America on a number of indicators and that this may suggest that European Union has a less pervasive presence in the member states than is usually suggested (Levi-Faur 2002).

Fourth, the support for a top-down view of the EU regulatory process often resets on the argument that the EU became the primary source of legislation. "Even in Britain", wrote Majone (1997: 9), "the chairman of the Health and Safety Commission has recently noted that the EC must now be regarded as the principal engine of health and safety regulations affecting the UK, not just in worker safety but in major hazards and most environmental matters". Yet, a recent paper by Christensen examines this widespread belief, critically arguing that it is empirically unsupported and inherently imprecise. For one thing, it is an analytically complex task but the challenge, as Christensen approaches it, reveals that the EU effect is more elusive than is usually portrayed in the literature. In his words, despite the extension of EU power and scope" the EU of the millennium was still far from being the prime political and legal source of at least economic regulation.... (Christensen 2005: 26)

Beyond these four challenges for the top-down view of the European system of governance, this approach marginalized the effects of professional regulatory networks. As an alternative to influential regulatory agencies at the regional level, which have proved so difficult to establish, the European Commission is promoting networks of national regulators and a coherent European identity in each sector through the exchange of information (Dehousse 1997). A group of European telecommunications regulators was established in Paris in 1997 to coordinate on issues of market liberalization, as well as acting as an advisory body to the European Commission. For electricity, the Florence Forum of European regulators was established in 1998 and its existence formalized in 2003 (Decision 2003/796/EC of 11 November 2003). In the regulation of securities and exchange, a Federation of European Securities Commissions (FESCO) was set up in 1997 (Muegge 2004). The common denominator of all these arrangements is their low level of institutionalization. They go hand in hand with investment in soft-forms of law at the EU and the promotion of open methods of coordination (Trubek and Trubek 2005).

4. Conclusions: From the Regulatory State to Regulatory Capitalism

The European Union is an exceptional political order but it does not stand outside the more general frames, interests and institutions that shape our world. In the words of Brigid Laffan "The context of European integration at the end of the twentieth century is a context of internationalization" (Laffan 1998: 253). This is true also in the turn of a new century. A challenging task we face is to overcome the tendency to study regulatory change in the framework of conventional "statist" forms of political order and power. Not less challenging is the need to overcome the tendency to develop a Euro-centred analysis and to build yet another wall of "political exceptionalism". The challenges are not easy to tackle but they might pay in a better theory and more cohesive discourse. More specifically the practical payoffs may allow a profound critique of the malaises of Europeanization and a more powerful exposition of its promises.

The notion of "regulatory capitalism" serves to study the EU in relations to a more general understanding of the development of capitalism, capitalism that increasingly rests on regulation. This not only capture the transnational elements of change - including international regulatory regime, international advocacy, international networks of experts and government officials - but also allow us to look to the changing nature of the firm and its increasing investment in regulation. The notion of "regulatory capitalism" requires us to reconsider and possibly modify our understanding of the working of power and politics; to identify and explain new instruments of governance and to point to the problems and challenges that are either intended or unintended consequences of the new order. Most important, it might be useful to better explore the working of multi-level systems of governance, especially those systems where states matter but not necessarily in a hierarchical or coercive manner. At the same time, in order to best capture the changing pattern of governance we may also need to work beyond the zero-sum assumptions that

characterize the current literature on Europeanization and regulation. It may well be that more authority at the EU level is accompanied by more authority at the national and organizational levels. If new instruments of regulation are expanding the tools and the scope of power that are available to political and social actors, the zero-sum assumption is less valid than it might have been in the past. In short, we may want to move away from the zero-sum assumption that dominates our scholarship, or at least place ourselves at some critical distance from it. If scholars of regulation and Europeanization succeed in this goal, their contribution may be felt well beyond Europe and well beyond the sub-discipline of European Union studies.

Bibliography

Bardach, E. and Kagan, A.R. (1982). *Going By the Book*. Philadelphia: Temple University Press.

Braithwaite, J. (2003). *Meta Regulation for Access to Justice*. Paper presented at the General Aspects of Law (GALA) Seminar Series, University of California, Berkeley, 13 November.

Cerny, G.P. (2004). Mapping varieties of Neoliberalism. *IPEG papers in Global Political Economy*, 12.

Christensen, J. (2005). Elusive Europe: The Impact of EU-regulation on Danish Public Policy. Paper presented at the conference on Progress and Problems in Building a European Legal Order. Luxembourg: Chamber of Deputies, June 24-25.

Courville, S. (2004). Making Sense of Corporate Responsibility Tools. In Chris Galea (ed.), *Teaching Business Sustainability. Volume 1: From Theory to Practice*. Sheffield: Greenleaf Publishing. Pp. 210-217.

Dehousse, R. (1997). Regulation by Networks in the European Community: The Role of European Agencies. *Journal of European Public Policy*, 4 (2): 246-261.

Gilardi, F. (2005). The Formal Independence of Regulators: A Comparison of 17 Countries and 7 Sectors. *Swiss Political Science Review*, 11 (4): forthcoming.

Gilardi, F., Jordana J. and Levi-Faur D. (2006, forthcoming). Regulation in the Age of Governance: The Diffusion of Regulatory Agencies across Europe and Latin America. In Graeme, H. A. (ed.). *Privatization and Market Development*. Cheltenham: Edward Elgar.

Gunningham, N. and Grabosky, P. N. (1998). *Smart Regulation: Designing Environmental Policy*. Oxford: Clarendon.

Jachtenfuchs, M. (2001). The Governance Approach to European Integration. *Journal of Common Market Studies*, 39(2): 245-264.

Jabko, N. (2004). The Political Foundation of the European Regulatory State. In Jordana and Levi-Faur (Eds) *The Politics of Regulation*, Edward Elgar, Cheltenham, pp. 200-217.

Jakobsen, M. L. (2004). *European Electricity Liberalization: Ideational Globalization or Europeanization?*. Paper presented at the Second Pan-European Conference on EU Politics, 24–26 June 2004, Bologna.

Joerges, C. and Neyer, J. (1997). Transforming Strategic Interaction into Deliberative Problem-Solving. European Comitology in the Foodstuffs Sector. *Journal of European Public Policy*, 4(4): 609-625.

Jordana, J. Levi-Faur, D. and Imma, P.(2006). The Limits of Europeanization: Telecommunications and Electricity Liberalization in Spain and Portugal. *Governance: forthcoming*.

Kelemen, D. (2002). The politics of Eurocratic structure and the new European agencies. *West European Politics*, 25(4): 93–118.

Knill, C. and Lenshow, A. (2004). Modes of Regulation in the Governance of the European Union: Towards a Comprehensive Evaluation. In Jordana and Levi-Faur, (Eds) *The Politics of Regulation*, Edward Elgar, Cheltenham, pp. 218-244.

Kohler-Koch, B. and Eising, R. (eds). (1999). The Transformation of Governance in the European Union, pp. 3–13. London: Routledge.

Laffan, B. (1998). The European Union: A Distinctive Model of Internationalization. *Journal of European Public Policy*, Vol5(2): 235-253.

Læg Reid, P. Steinthorsson, S. and Thorhallsson, B. (2005). *Europeanization of Nordic Central Governments: Towards a Regulatory State?* Paper presented at the Workshop on the National Control of EU Public Policies. Reykjavik, August 11-13.

Levi-Faur, D. (1998). The Competition State as a Neo-Mercantilist State. *The Journal of Socio-Economics*, Vol. 27: 665–85.

Levi-Faur, D. (1999). The governance of competition: the interplay of technology, economics, and politics in the making of the European Union's electricity and telecommunications regimes. *Journal of Public Policy*, 19(2): 175-207.

Levi-Faur, D. (2002). Herding towards a New Convention: On Herds, Shepherds and Lost Sheep in the Liberalization of the telecommunications Industries. *Nuffield College Working Papers in Politics*.

Levi-Faur, D. (2005). The Global Diffusion of Regulatory Capitalism. *The Annals of the American Academy of Political and Social Sciences*, 598(1): 12-32.

Lodge, M. (2001). Regulatory Transparency: Towards a Single-Citizen Consumer Model? In Dowding, K., Hughes, J. and Margetts H. (eds). *Challenges to Democracy: ideas, involvement, and institutions*. Basingstoke: Palgrave.

Loughlin, M. and C. Scott (1997). The Regulatory State. In Dunleavy, P. Holliday, I. Gamble, A. and Peele, G. (eds). *Developments in British Politics 5*. Basingstoke: Macmillan, pp. 205-219.

Majone, G. (1990). *Deregulation or re-regulation?: Regulatory Reform in Europe and the United States*. London: Pinter.

Majone, G. (1994). The Rise of the Regulatory State in Europe. *West European Politics*, 17 (3): 77-101.

Majone, G. (1997). From the Positive to the Regulatory State: Causes and Consequences of Changes in the Mode of Governance. *Journal of Public Policy*, 17(2): 139-167.

Majone, G. (2002). Functional Interests: European Agencies. In Peterson, J. and Shackleton, M. (eds). *The Institutions of the European Union*. Oxford: Oxford University Press, pp. 292-325.

Majone G. (2005). Dilemmas of European Integration. The Ambiguities and Pitfalls of Integration by Stealth Dilemmas of European Integration. Oxford university press, oxford.

McGowan, F. and Wallace, H. (1996). Towards a European Regulatory State. *Journal of European Public Policy*, 3(4):. 560-76.

McNamara, K. (2001). Where Do Rules Come From? The Creation of the European Central Bank. in Sweet S., Sandholtz A. W., and Fligstein N. (eds). *The Institutionalization of Europe*. Oxford, Oxford University Press. Pp. 155-170

Michalis, M. (2003). *The Governance of European Telecommunications: Towards Soft-Policy Coordination*. Paper for the ECPR general Conference, Marburg, 18-21 September.

Moran, M. (2003). *The British Regulatory State: High Modernism and Hyper Innovation*. Oxford: Oxford University Press.

Muegge, D.(2004). *Financial Liberalization and the European Integration of Financial Market Governance*. Unpublished manuscript. ASSR, University of Amsterdam.

Parker, C. (2002). *The Open Corporation: Effective Self-Regulation and Democracy*. New York: Cambridge University Press.

Trubek, D. M. and Trubek, L. G. (2005). Hard and Soft Law in the Construction of Social Europe: the Role of the Open Method of Co-ordination. *European Law Journal* 11(3) :343-64.

Shearing, C. (1993). A Constitutive Conception of Regulation. in Braithwaite, J. and Grabosky, P. (eds). *Business regulation and Australia's future*. Canberra: Australian Institute of Criminology.

Szapiro, M. (2005). *The Framework for European Regulatory Agencies*. Paper presented at the 3rd Conference of the European Consortium for Political Research. Budapest, Hungary, 8 September.

Vogel, D. (1995). *Trading Up: Consumer and Environmental Regulation in a Global Economy*. Cambridge, MA: Harvard University Press.

Vogel, S. (1996). *Freer Markets, More Rules; Regulatory Reform in Advanced Industrial Countries*. Ithaca and London: Cornell University Press.

Young, A.R. (forthcoming). The Politics of Regulation and the Internal Market. In Jørgensen K.E., Pollack M. and Rosamond B. (eds). *The Handbook of European Union Politics*.

Footnotes

¹ Regulation is the promulgation of an authoritative set of rules, accompanied by some mechanism for monitoring and promoting compliance with those rules. This set of rules can be shaped by a public or a private authority, and at the international or national levels; and it can target sector-specific as well as economy-wide action (cf. Baldwin, Scott and Hood 1998: 3; Parker and Braithwaite 2003; Jordana and Levi-Faur 2004: 2-4; Djelic and Sahlin-Andresson 2006).

² This seems to have inspired the British Labor government of Tony Blair to change the name of the Deregulation Unit set up by the Conservatives to the Better Regulation Unit in 1997. Two years later the name was changed to the the Regulatory Impact Unit (RIU) and May 2005 the unit was renamed as the Better Regulation Executive (BRE)

³ RPI minus X is a method of price regulation whereby tariffs of monopolies are regulated according to the Retail Price Index (RPI) minus some measure of efficiency (X). It was first applied to British Telecoms in 1984, and then extended to other British utilities as they were privatized. It is now widely used across different sectors and countries (Baldwin and Cave, 1999, 226-38). This instrument is the brainchild of Professor Stephen Littlechild. See the 20th anniversary collection of the Littlechild Report (Bartle, 2003).