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DECISION CONTEXT AND POLICY EFFECTUATION: EU STRUCTURAL REFORM IN IRELAND.

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Abstract: In 1988 the European Union reformed the allocation of its Structural Funds to effectuate broader participation of local and regional parties and institutions in the Member States. This might affect the corporative and sectoral oriented government structure in Ireland, which was chosen as a test case for this study, with decision issues for plan periods 1988-93 and 1994-99. In this paper we focus on the question whether actors with high effective power do also sustain relatively small utility losses with respect to decision outcomes. This is done in terms of a collective decision model simultaneously involving multiple actors as well as multiple issues, using linear models specifying the basic model variables of collective decision modelling. The results show that effective power does not have a direct effect in isolation, but shows strong effects in specific interaction with other factors, characterising the decision contexts as they evolve over time.

Bueno de Mesquita and Stokman (1994) model collective decision processes in terms of sets of decision issues. Collective decision-making then implies that for each issue a choice is made from a number of possible alternatives. Collective decision-making will be interesting or non-trivial only when interested parties have different preferences concerning the desired outcome. The more important an issue is for an interested party the more that party will exercise its influence, trying to effect an outcome as close as possible to its preferred alternative. How effective that influence actually can be will depend on the resources this party will be able to mobilise in the decision process. Such resources can vary considerably, like having final decision power, financial means required for the execution of a decision, exclusive expertise or knowledge, capability to mobilise people, for example for a strike or demonstration, or exclusive access to the ultimate decision makers (Mokken and Stokman, 1976).

Interested parties are referred to as actors. The circumstance that actors (parties or individuals or both) will try to get their preferences effected initiates a dynamic process of decision-making. In that process actors try to get as much support as possible from other actors for their preferred

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outcome. This support can sometimes be secured through persuasion, sometimes by exchanging positions on different issues, and sometimes by putting other actors under pressure, for instance by showing that their position is a losing one anyhow. Persuasion leads to a change of *alter's* preferences, exchanges or challenges do not. The other party will then be prepared (exchange), or more or less be forced (challenge) to support the actor's preferred position. For each of these processes different models have been developed (Bueno de Mesquita, 1994; Stokman and Van Oosten, 1994, Stokman and Stokman, 1995; Stokman and Zeggelink, 1996).

The data for a decision issue consist of a list of involved actors and for each of them a numerical estimate on a continuous scale of: their *preference* or preferred position on that issue; the importance or *saliency* to them of that issue and their resources (*capabilities*), available to them as power potential.

In model calculations all three variables will be normalised between 0 and 1. All models assume one-dimensional issues, and for all actors unimodal utility functions around their preferred position. The utility loss of a party is determined by the distance (absolute difference) of its preference from the outcome of the decision, in some models multiplied by its saliency. All models assume that the saliency of an issue for an actor indicates the proportion of his total capability that an actor is prepared to spend in efforts to realise his preferred position on that issue. The effective power of an actor for a specific issue is then measured by his capability weighted by (i.e. multiplied by) his saliency for that issue.¹

A number of studies applying this approach have differed in the way the decision-making process is modelled in order to reach a decision outcome. In the 'expected utility model', the actors' perceptions of the chances of success or failure in challenging the policy positions of opponents are modelled. The model has been applied successfully to examine US foreign policy and EU Council of Ministers decisions (Bueno de Mesquita et al., 1985; Bueno de Mesquita and Lalman, 1992). The 'exchange model' has been applied in various policy studies, including an examination of bargaining between employers and trade unions (Rojer, 1999). The 'exchange model' assumes that actors try to positively influence the expected outcomes through the exchange of voting positions with opponents, under the condition that the exchange results in expected equal policy gains for both actors (Stokman and Van Oosten, 1994; Stokman, 1995). Results indicate that such models have very good predictive power across the range of policy contexts; outcomes of 85-90 percent of the decisions were predicted correctly.

¹ Whenever we use the male form for an actor, we mean the female reference as well.

Having established a good prediction rate², we can further develop our analysis of the policy process by examining the input data used in the modelling approach. The input data can be applied to look for systematic differences across the different types of actors in terms of policy preferences, capabilities and salience as well as using the input data to calculate the effective power and utility loss of actors. In the first application of this kind, Payne (1999) and Payne, Mokken and Stokman (2000) study changes in the effective power of European and Irish national and local actors as a consequence of the reform of the Structural Funds of the European Union (EU). These reforms, as introduced by the EU in 1988, also aimed to involve a wider range of interested local and regional parties in decision-making at the national level. In the case of Ireland this would entail a reduction of the weight of the strongly corporative and sectoral oriented central government. Important issues were selected concerning the allocation of Structural Fund resources for the plan periods 1988-93 and 1994-99. Payne et al. then analyse whether a corresponding reduction in effective power of the Irish national government on behalf of regional and local actors could be detected over time. Their conclusion is that this is only partly the case, viz. only for those programme sections which had a territorial instead of a sectoral objective. By far the greatest part of the resources, however, continued to be allocated through sectoral programmes, even in 1994, where the Irish central government preserved its predominant position.

In this research, the effective power of an actor is its potential to achieve its policy preference(s) in the collective decision process. This might suggest a direct and positive relationship between the level of effective power of an actor and the success of that actor in the decision-making process. This approach suggests that the decision process is primarily "power driven". Scholars, such as C. Wright Mills (1956) and Hunter (1953) have explicitly or implicitly argued from this viewpoint in their work on national and local power structures. However, an alternative view is that the decision process is primarily "policy oriented". For example, Dahl's seminal work (1961) suggests that the "analysis of power should be combined with an analysis of policy stands and the interactions between the two" (Stokman and Zeggelink, 1996, pp 80-81). This alternative approach suggests that an actor's effective power operates within a relational context, which takes account of the spread of policy preferences across the other effective actors belonging to the policy network. In this paper we explore these contrasting ideas and move the analysis one step further in terms of the principal question of whether actors with a relative large effective power on the whole

² In this research, the Stokman and Van Oosten exchange model is applied and overall percentage rate of accurate prediction is high at 84 percent (Payne, 1999 pp 92-93).

also incur relative utility loss. In other words: can they manage to represent their preferences in decision outcomes? For that purpose we construct a model to explain the utility loss of actors in such decision processes. We examine the explanatory force of effective power and its conditioning by the specific distribution of preferences and other primary factors in the context of the decision-making processes.

In this explanatory model we opt for an 'objective' measurement of utility loss, based on only the distance between decision outcome and initial actor's preferred position, instead of a 'subjective' measurement, where that distance is also weighted (i.e. multiplied) by the actor's salience. This is because the variable salience already is part of effective power, and its additional contribution to subjective utility loss would introduce a counter-intuitive and artificial positive correlation between effective power and utility loss. What determines this distance along the continuum of preferences, on which a final outcome will be fixed by a collective decision? In the next section we shall first sketch the basics of the EU Structural Reforms and the data. We introduce the various elements of our explanatory model and give the results of our analysis. The paper closes with a summary and conclusions.

REFORM OF THE EU STRUCTURAL FUNDS IN IRELAND

The Reform of the Structural Funds was one of the most significant features of the 1987 Single European Act. For the first time, the European Commission had a real opportunity to network with a much wider range of policy interests including sub-national public and private sector actors within the member states. Unlike many other member states Ireland was characterised by a strongly centralised public administrative structure. While Ireland was judged to have 'objective one status' under the Reform, recent economic success suggests that the support received under Structural Funds Reform was substantial both in economic and political terms. For these reasons, Ireland makes an interesting case study for analysis. The decision-making models of Bueno de Mesquita and Stokman et al. are very appropriate for the analysis of changes in competencies and involvement of actors at different levels. These models do not incorporate specific assumptions concerning these competencies, such as that all shifts of power fall to the European institutions, or that national governments are the most important parties in all cases. These models start from concrete decision issues where the specific distribution of power can vary from area to area and even from issue to issue.

The objectives of the Reform entailed a shift from sectoral oriented programmes to more functional territorial oriented policies (CEC, 1989). This intended shift amounted to an effort to replace horizontal co-ordination

between large sectoral programmes, with programmes of a more small-scaled and territorial orientation, in which vertical co-ordination was more crucial. Consequently, one of the central questions in the research by Payne (1999) and Payne et al. (2000) concerns differences in effective power of European, national and sub-national actors for these two types of programmes over time. As each interested party could be allocated unambiguously to the European, national or sub-national levels, and each decision issue to sectoral versus territorial, an analysis of the effective power of European, national and sub-national actors is possible within both perspectives. In this paper we are concerned with the question whether for the issues related to these, differences in effective power can also explain utility loss for the actors, or whether other factors will be needed. Our expectation is that effective power as such will be insufficient to explain differences in utility loss. Effective power does not take into account differences in the preferences of participating actors, as well as the whole power constellation as determined by the distribution of preferences, saliences and capabilities of participating actors. We shall therefore introduce a number of variables indicating elements of the power constellation. We expect that after the introduction of effective power together with these context variables, the more subject-matter related variables (actor level and type of issue) will no longer show an autonomous contribution to the utility loss of actors.

The data concern 38 decision issues in total, 19 of which are distributed over 10 decision sets indicating different policy domains for the period 1988-93, and another 19 over 8 decision sets for the period 1994-99.³ These decision sets and their policy domains, as well as their issues, are given in Table 1. The issues represent the most important and controversial points within the programmes. This selection was based on an extensive study of documentation and a large number of interviews with experts (Payne, 1999; Payne et al., 2000). Both qualitative and quantitative data was collected. The majority of experts interviewed were senior European Commission and Irish civil service officials with personal working knowledge of the negotiations that had taken place. This enabled them to indicate the relevant actors and estimate actor capabilities, initial policy positions and salience for the appropriate issues in the decision processes concerned. In total 48 experts were interviewed; the majority were interviewed at least twice. The interviews usually lasted an hour and a half to two hours. There were relatively few experts that could be interviewed for both rounds of Structural Funds (i.e. 1988-93 and 1994-99) since relatively few had been involved in

³ The analyses reported in this paper concern 318 actor-issue combinations in 1988-93 and 320 in 1994-99.

both negotiating rounds. During the qualitative data collection phase several different types of experts were interviewed with respect to any one set of issues being analysed. However, during the quantitative data collection phase, just one expert was selected to collect the issue variable data.

In identifying the policy positions of the different actors with respect to an issue, the expert was asked to rate each actor on a scale ranging from 0 to 100. The numerical differences between actors reflect the differences in preferences between alternatives. By relating the actual outcome of these extremes, the outcome could also be numerically defined. The measurement of the salience of the actors for the issue is also defined by a scale of 0 to 100. An expert is used to indicate, on this scale, how great the interest of each participating actor was in the particular issue. On this scale 0 corresponded with "of no great importance", 50 with "neither important or unimportant" and 100 with "of vital importance". Measuring the capability of actors, we also made use of this scaling approach, where the scale ranged between 0 and 100. First, the expert was asked to identify the most capable of the actors on the list. The expert was asked to allocate the highest score out of a hundred to this actor. Against this score, the capabilities of all of the other actors in the list were then identified by the expert. Both salience and capability were scored by rating scales and normalised to 100.

Table 1: Selection of Issues and Classification of Decision Sets

Type of Policy Legislation and Time Period	<u>Sectoral Oriented</u> Decision Sets and their issues	<u>Territorial Oriented</u> Decision Sets and their issues
<u>1988-93 Structural Funds</u> National Development Plan 1988		<u>1.1 NDP 1988</u> 1.1.a Regional groups
1989-93 Community Support Framework	<u>2.1 CSF 1989 (Sectoral)</u> 2.1.a Rural Development 2.1.b Infrastructure 2.1.c Human Resources	<u>2.2 CSF 1989 (Territorial)</u> 2.2.d Regional Programmes 2.2.e Global Grant funding 2.2.f Regional Review groups
	<u>2.3 CSF 1989 (Human Resources)</u> 2.3.a Quality of Training 2.3.b Integrated Measures	<u>2.4 CSF 1989 (Tourism)</u> 2.4.a Global Grant for Tourism
Global Grant Initiative for Local Development		<u>3.1 Global Grant for Local Development</u> 3.1.a Target groups at local level 3.1.b Administration (public/private)

Table 1 (cont.)

Industry Policy Operational Programme 1989-93	<u>4.1 Industry OP 1989-93 (Sectoral)</u> 4.1.a Medium sized industry policy 4.1.b Inward investment policy	<u>4.2 Industry OP 1989-93 (Territorial)</u> 4.2.c Small sized industry policy
Agricultural Policy Operational Programme 1988-93		<u>5.1 Agriculture OP 1889-93</u> 5.1.a Local development policy 5.1.b Kind of local development
LEADER Community Initiative I		<u>6.1 LEADER I Community Initiative</u> 6.1.a Selection of local level group A 6.1.b Selection of local level group B
<u>1994-99 Structural Funds</u> National Development Plan 1994		<u>7.1 NDP 1994</u> 7.1.a Community Employment Measure
1994-99 Community Support Framework	<u>8.1 CSF 1994 (Sectoral)</u> 8.1.a Rate of aid to secondary roads 8.1.c Amount of funding for secondary and non-national roads 8.1.d Amount of funding for main roads 8.1.e Amount of funding for Social Exclusion 8.1.f Amount of funding for sectoral measures 8.1.g Amount of funding for support measures	<u>8.2 CSF 1994 (Territorial)</u> 8.2.b Rate of aid to non-national roads 8.2 h Amount of funding to local development measures
Local Development Operational Programme 1994-1999		<u>9.1 Local Development OP 1994-99</u> 9.1.a Selection of different local level target groups for funding 9.1.b Eligibility of (government led) County Enterprise Boards for Funding

Table 1 (cont.)

Industrial Policy Operational Programme 1994-1999	<u>10.1 Industry OP 1994-99</u> 10.1.a Transfer of funds out of programme 10.1.b Transfer of funds within programme 10.1.c Transfer of funds from Food policy measures	
Agricultural Policy Operational Programme 1994-99	<u>11.1 Agriculture OP 1994- 99</u> 11.1.a Headage Payments 11.1.b Research and Development Funds 11.1.c "New Blood" Research Funds	
Tourism Policy Operational Programme 1994-99	<u>12.1 Tourism OP 1994-99</u> 12.1.a Technical Assistance	
LEADER II Community Initiative		<u>13.1 LEADER II</u> <u>Community Initiative</u> 13.1.a Selection Procedure

During the 1988 negotiations leading to the National Development Plan for Ireland⁴, the European Commission caused considerable controversy by raising the issue of sub-national regional representation (1.1.a). They publicly addressed the Irish Government regarding the validity of the political process for representing different actor level group's policy positions during these negotiations. During the Community Support Framework (CSF) negotiations, a number of controversial issues were identified (CEC, 1989a). The sectoral oriented issues (2.1.a, 2.1.b and 2.1.c) arose in relation to the Commission proposal for a multifunded approach and intersectoral policy co-ordination across Irish Government departments and Commission Directorates General on these three issues. The three controversial territorial issues (2.2.d, 2.2.e and 2.2.f) selected concerned the use of additional sub-national regional policy programmes for Structural Funds expenditure in Ireland, the adoption of Global Grant funding and whether it was necessary to establish sub-national level regional review groups in Ireland. There were two other controversial issues that were also classified as sectoral issues. These issues (2.3.a; 2.3.b), concerned the quality and integration of measures specifically within the human resources policy

⁴ The National Development Plan for Ireland (NDP) is a proposal to the European Commission regarding the member state's priorities for the allocation and expenditure of the Structural Funds in Ireland.

area. We also identified another territorial issue (2.4.a) related specifically to the tourism policy area. These negotiations concerned the proposal that the Department of Tourism and Transport would draw down funds under a European Commission Global Grant Initiative⁵. There was considerable controversy over whether this Irish government department would comply fully with the Commission's terms regarding the implementation of funds under the Global Grant Initiative. Two other territorial issues, which arose during the negotiations for the 1988-93 time-period, relate to the controversy over the Global Grant Initiative for Local Development. The first issue (3.1.a) concerned how the Global Grant funding should be targeted at the local level, that is whether there should be competition across different types of local groups or whether a single type of target group, the "PESP Partnership groups", should be allocated all of this funding. The second issue (3.1.b) concerned the type of central administration to be established for the Global Grant funding—in other words, the balance between public and private control of this funding. Following the 1989 Community Support Framework (CSF) negotiations, a further set of negotiations took place regarding the funding of specific policy measures within the operational programmes themselves. There were two controversial sectoral issues identified for the Industry Operational Programme (4.1.a; 4.1.b), which concerned the allocation of Structural Funds to medium-sized industry and inward investment in Ireland. A territorial oriented policy issue relating to the allocation of funds to small (micro) firms was identified as a related controversial issue (4.2.c). The negotiations for the Operational Programme for Agriculture 1989-93 generated two controversial territorial issues (5.1.a; 5.1.b) which concerned whether funds should be allocated from within the operational programme to local development measures in small communities and what form this local development should take. The last two controversial issues for the 1988-93 time period are territorial issues and concern the negotiations for the LEADER I Community Initiative and in particular, the selection of particular local community groups eligible for LEADER I funds.

As in the first time period, negotiations for the 1994 National Development Plan for Ireland generated a highly controversial issue which related to a territorial oriented policy measure. This concerned the funding allocation for the proposed Community Enterprise measure. During the follow-up negotiations for the 1994-99 Community Support Framework for Ireland, there were six controversial sectoral issues and two controversial territorial issues identified (CEC, 1994). All these issues concerned the

⁵ A Global Grant is a European Commission policy initiative which requires the member state to allocate the funding on a territorial basis to local actor groups. Local actor groups, in receipt of Global Grant funding, must be allowed as much autonomy as possible in the implementation of the funding at the local level.

distribution of funding across different types of policy measures, whether sectoral or territorial oriented. The most controversial sectoral policy issues included the appropriate rates and amount of funding for different types of road infrastructure (8.1.a, 8.1.c and 8.1.d), the amount of funding for "social exclusion" policy measures (8.1.e), the amount of funding for general sectoral measures (8.1.f) and the amount of funding for support measures (8.1.g). The rate of aid for small non-national roads (8.2.b) and the amount of funding for local development measures (8.2.h) were the two most controversial territorial issues in the 1994 Community Support Framework negotiations. With respect to the negotiations for the Local Development Operational Programme, there were two controversial issues. The first issue (9.1.a) concerned the criteria to be used for the allocation of funding between different types of local groups. The second issue (9.1.b) had to do with whether a particular type of local level group in Ireland, the County Enterprise Boards, were even eligible for funding under the Local Development Operational Programme. There were three controversial sectoral issues (10.1.a; 10.1.b; 10.1.c) which arose during the negotiations for the 1994-99 Industry Policy Operational Programme; they were all related to the setting of priorities for public expenditure in this policy area. Likewise, the 1994-99 Agricultural Policy Operational Programme had three sectoral issues which caused the most controversy during its negotiations (11.1.a; 11.1.b; 11.1.c). One of these issues concerned the allocation of support under the headage payments scheme for farmers, and the remaining two issues dealt with allocation criteria for research funding in this policy area. During the negotiations for the 1994-99 Tourism Operational Programme, there was only one main controversial issue which arose with respect to how much funding to allocate to technical assistance under the programme (12.1.a). The negotiations for the LEADER II Community Initiative had also only one important controversial issue which concerned the process of establishing selection criteria for the LEADER II local community groups (13.1.a).

VARIABLES IN THE UTILITY LOSS MODEL

As explained above we consider utility loss of actors as the dependent variable. There are 38 issues i , $i: 1, 2, \dots, 38$. The possible outcomes $o_i \in [0, 1]$ for an issue i are normalised on a 0-1 scale. For each issue i there is a list (the negotiation set for issue i) with m_i actors a_j^i , $j: 1, 2, \dots, m_i$, that are involved in its decision. They each have a preferred position $v_j^i \in [0, 1]$ on the related issues i . Their utility loss for a decision on issue i is defined as the absolute value of the difference of their preference and the actual outcome of the decision: $L_j^i = |v_j^i - o_i| \in [0, 1]$.

In our model, utility loss is primarily dependent on the effective power E_j^i actor j can mobilise with respect to issue i . This is defined in the following way. The capabilities P_j , the total value of the resources, which are available to him, are given by expert estimate in a 0-100 scale. The relative power R_j^i of that actor for issue i is his share in the sum of the capabilities, taken over all the actors in the negotiation set of that issue, as given by:

$$R_j^i = \frac{P_j}{\sum_{j=1}^{n_i} P_j}; \quad 0 \leq R_j^i \leq 1$$

This relative power indicates the maximum relative power, which actor j can exert in the arena with the other participating actors in deciding on issue i . However, he is expected only to use a fraction of that relative capability as given by his salience. This salience $s_j^i \in [0, 1]$, indicates the proportion of his power potential, which actor j is prepared to spend in the decision contest and is also measured by expert estimates.⁶

This determines the effective power actor j is prepared to spend on issue i :

$$E_j^i = s_j^i R_j^i; \quad 0 \leq s_j^i \leq 1.$$

For an insight and explanation of the working of effective power a further specification is needed of the broader context of decision-making.

The first context variable concerns the relative extremity of the preference of an actor on the respective issue. Even with a large effective power an actor will usually not be able to effectuate completely an extreme preferred position into the final outcome of a decision. In such cases we might expect that those actors with most effective power can do better in moving decision outcomes toward their position than actors with less effective power, but not entirely so. On the other hand actors with small effective power can achieve less utility loss when their preferred position happens to be safely at an intermediate position. Extremity is introduced as a dummy variable. There are always at least two extreme actors at either end of the operative continuum of issue alternatives. Extremity has value 1 when an actor occupies one of these two extreme positions, and 0 otherwise. Effective power counts when one's preference happens to be extreme with respect to those of the other actors in the negotiation set; it is less required when one prefers an intermediate position. Extremity of an actor (a relational actor variable) serves as a specifier of the operation and impact of effective power in a wider context of decision-making.

⁶ Salience was renormed to a fraction [0,1] for the computation of effective power as defined. This and the other normalisation operations are common practice in the handling of measurements in models like this.

There are other such specificators. Two of these again are relational actor variables:

$E_j^{(A)i}$: the combined effective power of the allies or supporters of actor j on issue i . This is defined as total effective power of all other actors in the bargaining set with a preferred position on the same side of the mean position on issue i , excluding the mean itself.

$E_j^{(O)i}$: the combined effective power of the opponents, defined as the total effective power of all actors with a preferred position on the other side of the mean, including the mean position itself.⁷

The effective power of allies and opponents proved to be mutually uncorrelated.⁸

In addition to these variables, which concern the distribution of preferences and effective power, we introduce two variables that relate to the policy domain of the issue and the level of the actor. Issue domains are distinguished by the two levels *sectoral* and *territorial*, in the form of a dummy variable, with value 1 for territorial. In addition a more detailed classification according to policy domain is possible, but we shall do that only when the territorial/sectoral split proves to contribute significantly to the explanation of the impact of effective power on utility loss. The actors each belong to either one of the three decision levels (A_n): European Commission, Irish national, or Irish local/regional. The first two are entered as dummy indicators in the model. This completes the specification of the model:

<i>dependent variable:</i>	- utility loss L ;
<i>independent variables:</i>	
primary factor:	effective power E ;
relational and contextual factors:	extremity of preference; effective power allies $E^{(A)}$; effective power opponents $E^{(O)}$;
side factors:	
about actors:	- level A_n ;
about issues:	- sectoral/territorial; - policy domains

⁷ For actors with preferred positions coinciding with the mean position another rule was used. Only actors also occupying that mean position were counted as allies, all others as opponents.

⁸ Effective power is used here not normalised as a weighting factor, as would be the case for its application for decision prediction in the models mentioned before. Therefore not only the relative distribution of effective power components, but also their total sum values play a role.

RESULTS OF EXPLANATORY MODEL

The explanatory model was tested in the form of a linear (multiple regression) model. Table 2 summarises the results for the two periods 1988-93 and 1994-99. A separate model is presented for each time period because the actor sets only partly overlap for these periods. Moreover, the domains and their issues were not sufficiently comparable for that purpose, which would lead to too many clustered missing observations in a model that contains the variable period as well.

The results of Table 2 are a stepwise regression analysis. It should be noted that a regression of utility loss on effective power alone did not show a significant effect of the latter. Only after the introduction of the context variable extremity did the regression coefficient of effective power become significant with the expected sign: a larger effective power induces a smaller utility loss. Its sizeable coefficients (.51, .69, respectively) show that extremity is the most important specifier of the operation of effective power on utility loss.

Table 2: Stepwise regression and utility loss (L)

Variable	1988-93	1994-99
Extremity own preference	.51	.69
Effective power E	-.17	-.22
Effective power allies $E^{(A)}$	-.25	-.20
Effective power opponents $E^{(O)}$.15	n.s.
Actor: level European Commission	n.s.	n.s.
Actor: level national government	n.s.	n.s.
Issue: Territorial	n.s.	.09
R^2	.33	.47

Standardised regression coefficients, significant at .05 level.

In the first period the effective power of allies and opponents are all significant with signs which can easily be interpreted. A larger effective power of opponents, $E^{(O)}$, leads to greater utility loss, whereas a larger effective power of allies, $E^{(A)}$, results in smaller utility loss. We do not observe significant effects for the side factors. Neither actor level nor issue type (territorial/sectoral) correspond with clear differences in utility loss. Together the variables in the model explain about one third ($R^2 = .33$) of the total variance of utility loss in the first period.

The results stand out much more clearly in the second time period. All the effects are stronger and the explained variance ($R^2 = .47$) is almost 50 percent. The specifier extremity is even stronger, together with a stronger effect of effective power. On the other hand the contribution of the effective power of allies and opponents seems to have diminished. For the opponents,

$E^{(0)}$, the effective power even lacks significance and it shows a remarkable reversal of its sign suggesting that its effect tends to reduce utility loss! We will come back to that later in this paper. Where actor level still does not have an effect on utility loss in this period, the issue distinction sectoral/territorial seemed to matter somewhat: on territorial issues utility loss was somewhat larger. It appears that since the first period 1988-93 the structure and contours of these decision processes have become clearer to the actors, so that the second period was characterised by less uncertainty. There is more information, the actors seem to have learned the rules of the game, positions have been chosen and are played out accordingly.

A subsequent analysis of residuals revealed that a better explanatory model could be obtained. Entering the more detailed classification of decision sets according to policy domain into the model led to considerable additional improvement.⁹ Note, in Table 3, the strong increase in explanatory power for both periods: with an additional .10 for 1988-93 to $R^2 = .43$, and .15 for 1994-99 to $R^2 = .62$. Again we found no significant effect of actor level on utility loss, so they were omitted in Table 3 to save space.

For the policy domains a reference domain ('fixed dummy') was chosen in each time period, which could be considered as equivalent and comparable between the periods: for the first period (1988-93) the decision set for the Global Grant for Local Development (3.1) and for the second time period (1994-99) the decision set for the Local Development Operational Programme 1994-99 (9.1). Earlier we pointed out that both of these decision sets contain territorial oriented policy issues.

Furthermore, the substantive nature of these issues is very similar. In Table 1 we saw that both decision sets have one controversial issue which concerns the selection of local level target groups (3.1.a; 9.1.a). The second issue of each of these decision sets (3.1.b; 9.1.b) relates to the controversial debate over how much local autonomy the (national level) public sector should allow as regards fostering local enterprise and development.

In Table 3 the signs of the given regression coefficients indicate the relative difference in utility loss with respect to these fixed reference dummies. For the first period only one domain does so significantly: for CSF 1989 (Tourism; 2.4) utility loss was on average significantly less than for its reference dummy domain Global Grant for Local Development (3.1). This has to do with the special position of the Department of Tourism and Transport, which in the first period followed a policy clearly different from that of the other departments. Unlike other Irish government departments, the Department of Tourism and Transport actively pursued access to

⁹ Obviously the coarser territorial/sectoral distinction of policy domains should be omitted here, as it is subsumed in the more detailed domain classification.

Table 3: Regression on utility loss (L) inclusive of policy domains

Variable	1988-93	1994-99
Extremity own preference	.41*	.73*
Effective power E	-.18*	-.35*
Effective power allies $E^{(A)}$	-.39*	-.50*
Effective power opponents $E^{(O)}$.10	-.29*
<i>Policy domains (decision sets)</i> ¹⁰		
1.1 NDP 1988	.08	-
2.1 CSF 1989 (Sectoral)	-.04	-
2.2 CSF 1989 (Territorial)	.09	-
2.3 CSF 1989 (Human Resources)	-.05	-
2.4 CSF 1989 (Tourism)	-.23*	-
3.1 Global Grant for Local Development	Fixed Dummy	-
4.1 Industry OP 1989-93 (Sectoral)	.11	-
4.2 Industry OP 1989-93 (Territorial)	.05	-
5.1 Agriculture OP 1989-93	.15	-
6.1 LEADER I Community Initiative	.09	-
7.1 NDP 1994	-	-.03
8.1 CSF 1994 (Sectoral)	-	-.08
8.2 CSF 1994 (Territorial)	-	.13*
9.1 Local Development OP 1994-99	-	Fixed Dummy
10.1 Industry OP 1994-99	-	-.43*
11.1 Agriculture OP 1994-99	-	.13*
12.1 Tourism OP 1994-99	-	-.17*
13.1 LEADER II Community Initiative	-	.11*
R ²	.43	.62

Standardised regression coefficients (* : significant at 0,05 level)

Commission Initiatives, such as a Global Grant for Tourism. This can be explained by the fact that the Department of Tourism and Transport had only recently been established and found it difficult to compete successfully against the other more established spending departments. It was more open to whatever Commission funds were available, even if this meant allowing greater Commission control over this expenditure, which was the case with Global Grant funding. On the other hand, the European Commission had only just introduced the Global Grant Initiative and indeed the Irish proposal for a Global Grant for Tourism was its first applicant from any member state for this kind of funding. It was anxious that the money would be drawn down and therefore was also prepared to make concessions to first applicants. This led to more flexible policy positions (non-extreme positions)

¹⁰ The decision sets (policy domains) have the same labels as used in Table 1 of this paper.

for both the Department of Tourism and Transport as well as Commission authorities and as a result lowered overall levels of objective loss.

Results presented in Table 2 support the argument that the actors involved had become more adept in the Structural Funds negotiation processes over time. In the first round of the funds (1988-93), there was strong resistance on the part of national public authorities in Ireland to the Commission attempts to introduce Structural Funds reform measures (except for the department of Tourism and Transport). By the second round of the Structural Funds (1994-99) the traditional central core of national level public actors in Ireland were less threatened by the new opportunities for funding (Payne, Mokken and Stokman, 2000). Consequently, we find many more significant differences with the reference dummy for the second period.¹¹ Consequently, we see a reinforcement of the earlier pattern, where in the second period a larger explanatory power of the model and its components suggest a collective learning process by the participating actors leading to less uncertainty, more overview and clearer decision frameworks for the second period, compared to 1988-93.

In the case of the first three decision sets, (CSF1994 (Territorial) (8.2), Agricultural OP 1994-99 (11.1) and LEADER II (13.1)), which all register a higher objective loss than the dummy variable, the political capability of many of the actors involved in these negotiations had increased over time and their political preferences became more clearly defined¹². For example, in the case of the LEADER policy initiative, a national level LEADER network of local level groups was established towards the end of the first time period (1988-93). This network provided a focal point for local level actors to define and express their preferences. Likewise the Department of Agriculture, the lead Irish department for the LEADER Initiative had also reorganised itself and established a separate unit to deal with this policy area. In the case of the decision set territorial issues belonging to the CSF negotiations (8.2), a similar process of reorganisation amongst local actors involved and national public actors took place. In the case of the third of these decision sets, Agricultural OP 1994-99 (11.1), there is a slightly different story. In particular, we refer to the negotiations around the most controversial issue in the decision set, the issue of headage payments. One

¹¹ For three domains (CSF 1994 (Territorial; 8.2), Agricultural OP 1994-99 (11.1) and LEADER II (13.1)) the average utility losses were higher than for the dummy decision set Local Development OP 1994-99 (9.1); for two domains (Industry OP 1994-99 (10.1) and Tourism OP 1994-99(12.1)) utility losses were considerably lower, the more so for Industry OP 1994-99 (10.1).

¹² In an earlier paper, a study of policy preferences of actors involved in territorial oriented policy negotiations pointed to an increase in the heterogeneity of policy positions for different actor level groups (Payne, Mokken and Stokman, 1997).

expert suggested that the positions, saliencies and capabilities of actors around this issue had been more finely tuned over time. This was not only as a result of their involvement in the Structural Funds process but also as result of their involvement in the wider debate concerning the recent GATT and CAP Reform. Irish farming organisations such as the Department of Agriculture had fought hard to minimise the spending cuts introduced under the CAP Reform. They hoped to safeguard the interests of Irish farmers on similar policy issues, such as headage payments, which arose in the second round of the Structural Funds negotiations. In the case of the decision sets, Industry OP 1994-99 (10.1) and Tourism OP 1994-99 (12.1), the objective loss is lower than average. At the time we selected the issues for these two policy programmes some experts suggested that relative to other policy areas and previous time periods, the level of controversy was relatively less. They pointed to the vast amount of prior policy planning and ongoing consultation which had taken place between the European Commission and national level authorities. They suggested that the relative lack of controversy reflected the fact that actors were much more familiar with each other's positions and had already sorted out what was feasible under the second round of Structural Funds (1994-99).

Very striking is the increasingly important role of the extremity specifier, which also can serve to explain the peculiar behaviour of the effective power of opponents ($E^{(O)}$). For the second period it is strongly significant but with the same negative sign as the effective power of allies, $E^{(A)}$. This is an odd and counterintuitive result: did more effective opposition in the second period really lead to less utility loss? The explanation of this phenomenon can be found in a very different distribution of the specifier extremity for the two periods. In Table 4 we present for each period the distribution of the two extremity categories and average utility loss.

Table 4: Extremity

Period	Frequency distribution		Average utility loss		Multiple R ²	
	Extreme	Non-Extreme	Extreme	Non-Extreme	Extreme	Non-Extreme
1988-93	142	176	0.52	0.24	0.56	0.41
1994-99	95	225	0.50	0.19	0.46	0.51

The frequency distribution for extreme and non-extreme actor/issue cases differs strongly for the two periods. In 1988-93 we note considerably more extreme cases than for the period 1994-99, where the non-extreme cases are dominant. Furthermore it appears that, understandably, for the extreme category mean utility loss is highest, without much difference between the periods (.52, respectively .50). This is plausible, because for this category

the initial distance to possible intermediate positions will tend to be extreme also. On the other hand we find, quite in agreement with classic results in positive decision theory (Black, 1958; Riker and Ordeshook, 1973), that for non-extreme cases average utility loss is considerably lower: for 1988-93 more than half (.24) and for 1994-99 even more so (.19).

These results suggest that we shall have to take account of these inter-period differences of our most important specifier extreme/non-extreme. We did so by performing for these two extremity categories separate variance/covariance analyses, with the following determining covariates: effective power E ; effective power allies $E^{(A)}$; effective power opponents $E^{(O)}$; with as side factors (level of actors; decision set, policy domain).

Table 5 summarises the most important results of these extensive analyses. For all four analyses (2 periods \times 2 extremity levels) total main effects are significant. The explained variance (the R^2 -values, see Table 4) have decreased somewhat, to .41 - .56. The reason is that we have eliminated the effect of the most important specifier extremity by keeping it constant. Looking at the different blocks of factors we can observe interesting differences for the periods, as well as for the extremity conditions. In the first place we note the differential effects of the distribution of components in the block of effective power: individual effective power E , that of the allies $E^{(A)}$, and that of the opponents $E^{(O)}$.

Table 5: Period and level of extremity

Period	Extreme			Non-extreme		
	F	DF	Sign.	F	DF	Sign.
1988-93						
Total main effects	10.10	16	.000	6.86	16	.000
Effective power E	14.64	1	.000	0.09	1	.769
Effective power allies $E^{(A)}$	39.85	1	.000	0.06	1	.806
Effective power opponents $E^{(O)}$	14.34	1	.000	1.96	1	.164
Actor level	1.30	4	.276	3.45	4	.010
Decision set (policy domain)	2.36	9	.017	10.55	9	.000
1994-99						
Total main effects	4.77	14	.000	15.99	14	.000
Effective power E	12.69	1	.001	22.64	1	.000
Effective power allies $E^{(A)}$	5.35	1	.023	66.18	1	.000
Effective power opponents $E^{(O)}$	3.70	1	.058	45.59	1	.000
Actor level	0.88	4	.479	2.25	4	.065
Decision set (policy domain)	1.08	7	.385	24.16	7	.000

For the group of extreme positions the effect of the distribution of effective power is significant for both periods, for 1988-93 to a stronger degree than in 1994-99. The direction of these effects is according to expectation. Individual effective power and allies effective power $E^{(A)}$ reduces for this group its utility loss with respect to the general average.

On the other hand the effective power of joint opponents $E^{(O)}$ has as expected an opposite effect in increasing utility loss with respect to the general average.

For non-extreme positions the effects of the effective power block show a striking difference between the two periods. In 1988-93 there is no significant effect at all for the distribution of power effectiveness components: for intermediary positions effective power does not seem to be operative then. The only significant effects on utility loss are related to actor's level and, much stronger, the particular policy domains. On the other hand, for the second period 1994-99 the effective power components were strongly significant. For individual effective power E and that of the allies $E^{(A)}$ the effects are as expected. They reduce utility loss with regard to the general average. However, opponents' effective power $E^{(O)}$ now works in that same direction! It reduces utility loss in relation to the general mean of the group of non-extremes. This result again corroborates expectation based on classic positive decision theory. After all, for intermediate positioned actors in a decision game the effective power of opponents, as defined by us here, can help correct the impact of effective and more extreme allies.

As to the effect of actor level it should be noted that it is only noticeable in 1988-93 and even then only for the non-extreme positions. It is due to the effect that the group of national actors suffer a smaller than average utility loss and those of the European Commission and the sub-nationals somewhat more. For the issue category decision set or policy domain the converse seems to apply. Its effects are fairly universal. Only in the second period and then only for the extreme positions no significant effect is found. For the group of extremes this effect can in 1988-93 be especially imputed to just one policy domain, Industry OP 1989-93 (Sectoral; 4.1), where (after correction for the effect of the other factors) a sizeable utility loss (.41) is observed in relation to the general mean (.52).

For the intermediary positions of the non-extreme we note for both periods a strong effect of the issue factor policy domain. In 1988-93 this effect primarily is related to a more than average higher utility loss of Industry OP 1988 (Territorial: .34 in regard to the average mean of .24) and CSF 1988 (Territorial: .17), and a lower than average utility loss for Global Grant for local development, CSF 1988 (Human Resources) and CSF 1988 (Tourism), -.13 each. In the case of the first two decision sets with higher loss for the non extreme positions in the first period, Industry OP 1988 (Territorial) and CSF 1988 (Territorial), both of these policy areas were being targeted by the Commission to introduce new territorial oriented policy measures. In the first round of the Fund negotiations, and particularly with respect to the CSF negotiations in 1989, many of the national Irish authorities took extreme positions and were strongly opposed to any new

territorial policy measures. The Commission did not really succeed in getting funding allocated to territorial measures under the 1989 CSF negotiations. In fact, it was not until 1992 when negotiations for the Global Grant for Local development and the LEADER I initiative were agreed, that a substantial amount of this type of funding was put in place in Ireland. This helps explain why actors with non-extreme positions during the 1989 CSF negotiations and the Industry OP 1989-93 negotiations were not very successful.

As regards those decision sets which have a lower objective loss in the first time period, let us look first at the negotiations for the Global Grant for Tourism issue (2.4). We have already discussed this issue, pointing to the fact that most of the key actors, both at the national level and at the Commission, were more flexible (non-extreme) during these negotiations and less likely to lose. In the case of the Global Grant for Local development, these issues were not negotiated until 1992. Ireland at that time was facing a severe economic crisis and extra Community funding had to be drawn down. In effect we would argue that national Irish authorities had to be flexible and reach a compromise. Actors with non-extreme positions were the most likely winners.

For the intermediary positions (non-extremes) in 1994-99 the policy domains Industry OP 1994-99 and Tourism OP 1994-99 stand out because of their lower utility loss (-.26 respectively -.12) with regard to the common mean of .19 for this group. Relatively higher utility losses can be noted for Agriculture OP 1994, LEADER II Community Initiative and CSF 1994 (Territorial) (respectively .14, .19 en .15). These observations reflect earlier points made about the nature of the negotiations for the Tourism OP 1994-99 as well as the other decision sets listed. In the case of Tourism policy, we suggested that the negotiations in the second time period were less controversial than other policy areas. This reflected the fact that there had already been considerable and ongoing consultation between actors prior to the actual Structural Funds negotiations in 1994 and that there was already a large amount of agreement between key actors. Actors who could propose positions of compromise were likely to be the most successful as a result. In the case of the remaining decision sets, where actors with non-extreme positions had higher than average objective loss, the opposite was the case. We suggested that in these areas of policy negotiation, various actors had strengthened and defined their position over time. In this case, compromise positions (non-extreme) were perhaps more likely to lose, as the policy outcome was pulled to one or other end of the policy spectrum.

CONCLUSION

Power studies have always been an important subject in political science. The approach and analyses in this paper show that power and its mobilisation in the form of effective power, when considered in isolation, lack predictive or explanatory capabilities concerning objective utility loss of actors. This, however, does not mean that effective power of actors (total capability weighted by salience) is of subsidiary importance for the determination of decision outcomes. We found, on the contrary, that effective power reveals a strong and positive impact on the utility loss of actors when considered in the wider framework of a decision process with its specific distribution of power, capabilities, interests and preferences. We found the crucial impact of the relative extremity of actors' preferences, which conditions the decision setting as a variable to be controlled for in analysis. Even actors with a large effective power but an extreme initial policy position incur on the whole a higher utility loss than actors with more intermediate positions, although not as much as less effective actors with extreme positions.

Moreover, apart from extremity the entire power distribution along the preference spectrum proved to be important. The aggregate effective power of allied actors showed the expected positive effect in reducing utility loss, whereas that of opponents was negative on the whole, although to our initial surprise not always. A sound interpretation, including that of differences between policy domains, was found when we also took account of the distribution of extreme and non-extreme policy positions between time periods. With much effective power in extreme positions, power effective actors in extreme positions tend to do better especially when they have strong allies and opponents with little effective power. When much effective power is heaped in extreme positions individual effective power, and that of allies and opponents didn't count for much. Utility loss for these actors then depended mostly on the particular policy domain and the interplay between the European Commission and certain Irish national counterparts.

On the other hand, in situations with little effective power in extreme positions, non-extreme actors do profit a good deal from individual effective power and that of allies and opponents in achieving a smaller utility loss. Actually, for them, power effective opponents also help in achieving non-extreme, hence closer policy outcomes. Again, here also, particular (dis)advantages depend on domain specific circumstances. Extreme actors may profit from individual effective power but that of their allies and opponents does not matter much. In this paper we have shown that the operation of power can only be understood in the full context of preference and power distributions along the policy spectrum. This substantial finding

demonstrates again that politics is the result of an interaction of policy specific preference distributions and related effectuation of power. Hence politics is not only focussed on power, it is policy oriented as well.

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