

## *Does Euroscepticism have a passport?*

**Simon Usherwood** *Bruges as a Lodestone of British Opposition to the European Union*

**Olof Petersson** *The debate about Europe in Sweden*

**Jan Rovny** *Conceptualising Party-based Euroscepticism: Magnitude and Motivations*

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**Ana Maria Dobre** *Europeanisation at Work: A Study of Regional Domestic Adaptation to the EU*



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# Collegium

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# Bruges as a Lodestone of British Opposition to the European Union

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**Simon Usherwood<sup>1</sup>**

## *Abstract*

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Margaret Thatcher's Bruges speech of 1988 can be considered as a key building block in the development of British opposition to the European Union. As the first clear break by a European leader from the 'europhoria' of the late 1980s, it was to prove a vital catalyst in the mobilisation and organisation of previously disparate elements, most obviously in the form of the Bruges Group. In the longer term, the speech has continued to have a high level of relevance for many anti-EU groups. Moreover, it will also be argued that the ideas that lie behind the speech have become increasingly accepted as part of the pattern of European integration over the past 15 years.

## *1. Introduction*

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In many ways, 'Bruges' is a word that is just as value-laden as 'Brussels'. Just as the latter is often held out as the physical (and usually pejorative) expression of European integration, so the former symbolises British resistance to that integration. And yet, unlike 'Brussels' – that vague and opaque term – 'Bruges' is very precise, referring to Margaret Thatcher's speech to the College of Europe on 20th September 1988. In a broader context, the speech probably only competes with the Danish 'no' vote to the Maastricht Treaty and the Danish and Swedish 'no' votes to the euro as the most prominent expression of opposition to the European project, as embodied in the European Union.

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1 Simon Usherwood is a Lecturer in European Politics at the University of Surrey and an *ancien* of the College of Europe (Promotion Alexis de Tocqueville).

Leaving aside the irony of the College of Europe coming to be associated in popular discourse with a seeming rejection of its *raison d'être*, this paper aims to suggest that Thatcher's speech was important not only in terms of the immediate impact it had, but also in the longer term. After a brief discussion of the speech's contents and general political impact across Europe, the focus will shift to its importance in kick-starting the mobilisation and formation of organised opposition groups in the UK and beyond, particularly through the role of the self-styled Bruges Group. The Group was amongst the very first of the current wave of anti-EU groups that sprang up in the late 1980s and 1990s, and its relationship to other groups in the UK will be discussed, as will the continued use of the Bruges speech as a point of reference. Finally, the focus will move back out again, in order to better consider the idea that Thatcher's greatest legacy was not the generation of a substantial body of organised opposition, but rather the expression of a set of ideas that have practically informed the development of the European Union since its birth at Maastricht.

## 2. *The Speech*

The decision to invite Margaret Thatcher to Bruges was always going to be contentious. As she herself remarked, 'it must seem rather like inviting Genghis Khan to speak on the virtues of peaceful co-existence!<sup>2</sup>'. This was particularly true at this time, since Jacques Delors, then President of the Commission, had made several speeches highlighting the importance of Community decisions in many areas of public policy and the need for further integration in social policy. Thus piqued, Thatcher set out to promote her new European policy, one that stressed the development of intergovernmental and neo-liberal elements and one that was less tolerant of the centralising tendencies that had sprung up in the wake of the Single European Act.

After an introduction that qualified the EC as 'one manifestation of [...] European identity', so challenging Delors' claim to a monopoly on its position, she noted that the Community was a practical means to ensure 'prosperity and security', rather than 'an end in itself'. Thatcher then laid out her policy in the form of a set of guiding principles. Firstly, the EC had to develop through 'willing and active co-operation between independent sovereign states' rather than through centralisation to a bureaucracy. As she noted: 'We have not successfully rolled

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2 All direct citations in this section are from the text and are to be found in M. Thatcher, 1998, 'Bruges Revisited', Bruges Group Paper No.34, at: <http://www.brugesgroup.com/mediacentre/index.live?article=92>.

back the frontiers of the state in Britain, only to see them reimposed at a European level, with a European super-state exercising a new dominance from Brussels.'

Secondly, Community policies had to have a practical effect on the problems they addressed. In this regard, Thatcher's attention was clearly directed towards (the then log jammed) reform of the Common Agricultural Policy and of financial control more generally. The third principle, on the need for Community policies to encourage enterprise, was similarly focused on Delors' comments and on questioning the need for a single currency. At the same time, Thatcher offered the most detailed set of 'practical steps' in this section, covering a wide variety of policy areas, from financial liberalisation to air transport to the European Company Statute, an indication of the breadth of British interests in this field.

The fourth and fifth principles turned outwards, befitting Thatcher's concern that the EC was overly introverted. She began by repeating the need to avoid protectionism, both within the General Agreement on Tariffs and Trade (GATT) and in dealings with lesser-developed countries. In this, there was also a desire to reinforce the internal liberalisation programme that she had just mentioned.

The final principle concerned the need to maintain NATO as the basis of any defence architecture in Europe. The West European Union (WEU) was to be a reinforcement of, rather than a replacement for, NATO, permitting the Member States to 'shoulder a fair share of the burden' of providing security.

The response to the speech was generally critical, especially outside the UK. Italy's *La Stampa* described Thatcher as 'an elephant in the china shop of Europe', while the Dutch *De Volkskrant* felt the speech had caused 'more damage to the idea of a unified Europe than hurricane Gilbert did to property in Jamaica'.<sup>3</sup> Several commentators particularly referred to the tone of the speech: for example, one Commission official remarked, 'Not all of what she says is objectionable. It's the way she says it'.<sup>4</sup> The Economist noted that the most upset group were federalists who believed in a United States of Europe, of whom many were to be found at the College of Europe, 'a den of federalism if ever there was one'.<sup>5</sup> Beyond this, the paper pointed to the 'Delors camp' (support-

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3 Cited in 'Gaullist jibes fly thick and fast', *Times*, 25 September 1988, and 'Press challenges view of continent from No.10', *Times*, 23 September 1988, respectively.

4 Cited in 'Scornful European look of signs of Thatcher realism', *Times*, 23 September 1988.

5 'Just one big open family', *Economist*, 24 September 1988. D. Dinan, *Ever Closer Union: An Introduction to European Integration*, 2nd ed.(Basingstoke: Macmillan, 1999) similarly calls the College a 'citadel of Eurofederalism' (p.129).

ers of a strong European centre) and the 'something-for-everybody' school (who felt the give and take of integration was generally positive for a country) as secondary sources of discontent, together forming a substantial block of opinion.

At one level, the speech was not particularly innovative; much of its content had already figured in an interview that Thatcher had given in July of the same year.<sup>6</sup> However, the symbolic value was very marked and it had been the source of much discussion within the British government of some time.<sup>7</sup> This was not lost on others, such as the Belgian prime minister, Wilfried Martens, who remarked that "Mrs Thatcher has opened up a political debate in which it is the right – even the duty – of other heads of government to participate".<sup>8</sup> However, it was to be a debate that few had much desire to jump into. Within a couple of weeks, discussion of the speech was much calmer, as various people sought to clarify their positions. Delors pointed out that integration did not imply a removal of national identities, while Commission officials tried to explain that EC regulation was a replacement of national regulation, rather than an addition to it.<sup>9</sup>

Despite this, there appeared to be a general feeling in the Community that Thatcher was trying to back out of the single market programme, due for completion in 1992, and to limit the impact of the Delors Committee on EMU that was then meeting. In this respect, she was to cut a lonely figure. Within her own government, Thatcher was increasingly coming under attack for her European policy, especially on British membership of the Exchange Rate Mechanism, which both her Chancellor, Nigel Lawson, and Foreign Secretary, Geoffrey Howe, were eager to join. As much as the speech played well on the backbenches, in the cabinet it was to remain a minority view.

More fundamentally, the changing international situation was to end up accelerating, rather than slowing down, the process of integration. The collapse of communism in Central and Eastern Europe – which Thatcher had paradoxically asked others not to forget – from 1989 onwards created a new dynamic of integration that went well beyond the plans of the 1992 programme. The process is well-known enough to not need repeating, other than to comment that as much as Thatcher was among the most supportive of the transition process in the new democracies, she was also one of the staunchest critics of German uni-

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6 'Quote... unquote', *Guardian*, 23 September 1988.

7 See Thatcher's own account of this: M. Thatcher, *The Downing Street Years* (London: HarperCollins, 1995).

8 'Brussels broadside over Thatcher's views on European Union', *Financial Times*, 29 September 1988.

9 'Heresies of 'Lady de Gaulle' set Europeans thinking', *Times*, 03 October 1988.

fication, which left her in a difficult position, given that the French solution to the latter event was to tie Germany ever more strongly into the European system.

Finally, Thatcher's views failed to gain strong currency within the Community in the short-term precisely because she was seen to be swimming against the tide of opinion. The late 1980s were a time of very positive attitudes, both popular and elite, towards integration. Despite being one of the longest-serving heads of government in the EC, Thatcher was to spend an increasing amount of time during her last two years in office fighting defensive actions, rather than pushing new ideas or programmes. Consequently, Bruges came to stand for a rejection of integration, rather than a project for a new kind of integration. In this, it was to find strong echoes with others, most notably those individuals who went on to form the Bruges Group.

### 3. *The Bruges Group*

In terms of short-term impact, it was the public perception of a breaking of the elite consensus on European integration that was to be most important. The very public manner in which Thatcher had restated her opposition to a centralised European system was vital in giving both cause and legitimacy to others who felt the same way. In the months that followed the speech, there was a crystallisation of what had been a previously highly diffuse opposition to the European Community. Most notable in this process was the establishment of the Bruges Group in the UK.

During 1988, an undergraduate student at the University of Oxford, Patrick Robertson, was becoming increasingly interested in, and opposed to, the European Community. While his precise initial motivations remain unclear, it is apparent that the Bruges speech catalysed Robertson's interest and efforts.<sup>10</sup> In the months that followed, Robertson was able to gather together a wide range of academics, economists and politicians, all of whom subscribed to the ideas

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10 Robertson has given a variety of explanations for his interest in the subject: at the time of the Bruges Group's foundation in February 1989, he claimed to have developed his opposition while working on a speech for MP John Bowis ('Young man in a hurry', *Financial Times*, 08 February 1989); Two and a half years later, he claimed to have been galvanised by an article by Jacques Delors that he had read in 1988 ('The man who founded Bruges', *Daily Telegraph*, 10 January 1991); and shortly after that, he moved his conversion to the cause to his time at school at Dulwich College ('The gadfly of Bruges', *Daily Telegraph*, 12 April 1991).

laid out in the speech, hence the Bruges Group's name. Most prominently, the members included Lord Harris of High Cross, former president of the Institute of Economic Affairs and first chairman of the Group, and Professor Kenneth Minogue, a key economic adviser to Thatcher, as well as financial backing from Sir James Goldsmith.

From its official foundation in February 1989, the Bruges Group quickly gained a high profile in both political and media circles. As the only substantial anti-EC group then existent – and certainly the only one with high-profile and highly-motivated members – the Group enjoyed and developed its reputation for pushing the government hard on its European policy, as well as trying to inform public opinion. Between 1989 and 1991, the Group published numerous pamphlets and Occasional Papers on various aspects of the European Community and the UK's relations with it, as well as organising public meetings and trying to develop links with like-minded groups in other countries. A group of Conservative MPs aligned itself with the Group's work, calling themselves the Friends of Bruges Group, despite no formal link between the two.<sup>11</sup> In all of this, the aim was primarily to capture and influence decision-makers' opinion on integration, so as to affect public policy.<sup>12</sup>

However, by 1991 the tensions that had always existed within the Group began to take their toll. The broad church that Robertson had mobilised in 1988/9 fell into one of two camps. On the one side, there were nationalists primarily motivated by political concerns about the encroachment of the European Community into national decision-making, while on the other there were ultra-liberals, who wanted to spread the creed of economic neo-liberalism, which clearly ran against the more Gaullist notions of the first camp. The tensions of politics-economics and liberalism-Gaullism had always been a problem and the Group have never managed to elaborate a common position, a key reason for its self-styling as a 'reflection group', rather than a pressure group, and for its failure to build links with other groups, who were unsure as what its aims really were. However, within the context of strong media interest and a lack of alternative groupings, the problems were essentially manageable. Once media interest peaked, and internal factions became more organised, so the difficulties started.

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11 This group, under the leadership of Bill Cash and John Redwood, was to provide a first meeting point for anti-EU MPs within the party, many of whom were to be instrumental in the holding up of British ratification of the Maastricht Treaty. See D. Baker, A. Gamble & S. Ludlam, 'The Parliamentary Siege of Maastricht 1993: Conservative Divisions and British Ratification', in *Parliamentary Affairs*, Vol.47-1, 1994, pp.37-60, and K. Alderman, 'Legislating on Maastricht', in *Contemporary Record*, Vol.7-3, 1993, pp.499-521.

12 Interview Robert Oulds, Bruges Group Director, May 2001.

In 1991, during the Gulf War, the Group produced a pamphlet attacking the Major government for its policy towards Kurdish refugees, co-authored by Robertson and Alan Sked, a lecturer at the London School of Economics.<sup>13</sup> The subsequent furore resulted in Lord Harris resigning as Group chair and the start of a difficult reform process. Central to this was the increasing alignment of the Bruges Group with the Conservative government: despite its claim to be an all-party group, a very large majority of members were also practising Tories, and the clear rebuff of the pamphlet was to trigger much informal pressure from the party. Lord Harris' replacement as chair, Kenneth Minogue, swung the Group towards a much more academic approach, resulting in the gradual marginalisation of those who wanted to pressure the government, especially given the negotiations on what was to become the Maastricht Treaty. Patrick Robertson left in November 1991 to work for the World Economic Forum, before later resurfacing as the director of Sir James Goldsmith's Referendum Party in the 1997 General Election and then as General Pinochet's press advisor during his extradition proceedings in 1999.<sup>14</sup> Similarly, Alan Sked's presence was tolerated until 1992, when he set up the Anti-Federalist League to contest seats in that year's General Election on the single issue of withdrawal from the European Community, whereupon he was 'kicked out' as an 'embarrassment to the government'.<sup>15</sup> Sked's removal was all the more poignant for the fact that only a few months previously he had authored the only document – a 'proposal on European Union' – to have gained the clear support of the entire Bruges Group!

Shorn of its more radical members, the Group gradually lost its profile. As the number of groups opposed to the European Union slowly multiplied during the 1990s, so it became merely one of many: its on-going identification with the Conservative Party had been cemented with Thatcher's installation as honorary president in 1991, and there was little heart for jeopardising its position vis-à-vis the government of the day. Instead, the Bruges Group focused on its undoubted strengths, namely providing a forum for debate between various elite-level actors. As a result, it was well placed to benefit from the Conservative's defeat in 1997 and to offer a strong contribution to the party's increasingly heated policy debates on the EU.

It is clear that the revival of the late 1990s was not of the same order as the Group's first flush of influence. Nevertheless, the Group continues to provide one of the more organised forums for debate of European issues within the

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13 'Bruges men from whom the bells toll', *Guardian*, 12 April 1991.

14 'Pass Notes', *Guardian*, 20 January 1999.

15 Sked's words: 'Bruges bruises', *Times*, 16 May 1992.

British anti-EU movement. Alongside regular public meetings, it also produces newsletters and pamphlets (often by senior politicians and businessmen).<sup>16</sup> The Group's current chair, Michael Shrimpton, has enjoyed recent media interest in his capacity as the lawyer defending the 'metric martyrs'.<sup>17</sup> At the same time, the Group has never regained the same prominence it once had, most clearly seen in the way that it was not even considered as a possible base for building a campaigning group against British membership of the Euro in any potential referendum. Instead, there was a clear decision made to align the Group into the new structures that were emerging, as shall be seen in the following section.

#### 4. *Anti-EU Groups in the UK*

So far, the focus has been on the Bruges Group, for obvious reasons. However, it is worth seeing how the Group fits into the broader pattern of group formation and development. The UK has a long history of anti-European non-party groups, reaching back to the early 1960s. Of these the most important was Keep Britain Out, which was a key player (under the name Get Britain Out) in the 1975 referendum, along with the Labour-oriented Common Market Safeguards Campaign (later the Labour European Safeguards Campaign).<sup>18</sup> The National Referendum Campaign, the umbrella organisation under which these and several other groups worked, broke up straight after the referendum, with some groups becoming involved in the Safeguard Britain Campaign (later the Campaign for an Independent Britain).

Conditions in the 1970s were relatively conducive to such protest groups: neither the Conservatives nor Labour had large Parliamentary majorities in the 1970s; there was a key decision on membership to be made; public opinion was relatively interested in European affairs; and support for membership was weak (the referendum result notwithstanding). But after 1975 those conditions were to disappear one by one, along with organised opposition and it was only in the late 1980s that there was a rebirth of non-party activity.

The Bruges Group's formation in 1989 marked the beginnings of a new wave of opposition to integration. Conflict within the Conservative party came to a head

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16 See the Group's website at: <http://www.brugesgroup.com/> for further details.

17 These were a group of traders prosecuted for using imperial measures instead of metric ones. Full details can be found on their website: <http://www.metricmartyrs.com/>.

18 See D. Butler & U. Kitzinger, *The 1975 Referendum* (London: Macmillan, 1976), pp.97-115, for a detailed account of the No campaign and its constituent elements.

after the 1992 general election, when the so-called eurosceptics could lever the small Parliamentary majority. The sceptics had the ideal opportunity with the TEU ratification procedure, resulting in a bitterly fought contest.<sup>19</sup> In the aftermath of the TEU ratification, new groups were set up to channel opposition into the political system (notably the European Foundation, created by Bill Cash in 1992), drawing in primarily Conservative party members and voters.

While the 1997 Amsterdam Treaty did not result in similar reactions, membership of the single currency became increasingly important to opposition groups, despite the British opt-out clause. Increasingly vocal elements within the Conservative party calling for a principled 'never' on joining the euro coupled with the high-profile protest party of Sir James Goldsmith, the Referendum Party, to produce an extra hurdle to Britain's membership of EMU. While the Referendum Party had no appreciable effect on the election result, it did result in both the Conservatives and Labour committing themselves to a referendum on entry into stage 3.<sup>20</sup> However, Goldsmith's death led to the break-up of the Referendum Party and its partial reformation as the grassroots Democracy Movement.<sup>21</sup>

As a referendum on the euro became a certainty, so those against the euro began to focus on arranging their campaign. In 1998 Business for Sterling was created as a forum for businessmen by the former Labour transport minister Lord Marsh. Like its political counterpart, Lord Owen's New Europe group, Business for Sterling has been careful to distinguish itself from anti-EU groups, proclaiming itself to be against merely the euro, rather than the EU as a whole, although there is still some contact with the irredentist UK Independence Party and others.<sup>22</sup>

This brief overview of the development of the anti-European movement in the UK has highlighted several points. Firstly, the development has been driven much more by political dissent than by public disquiet. This is apparent in the large number of groups being formed from 1992, at the time of the Maastricht rati-

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19 Baker *et al*, 1994.

20 N. Carter, M. Evans, K. Alderman & S. Gorham, 'Europe, Goldsmith and the Referendum Party', in *Parliamentary Affairs*, Vol.51-3, 1998, pp.470-485.

21 The Democracy Movement claims 200,000 members across the country: <http://www.democracymovement.org.uk/>. A small splinter group, calling itself the Democratic Party, also emerged from the break-up, but to no obvious consequence: <http://www.democraticparty.org.uk/>.

22 Interview with UKIP secretariat official, 16 Sept 1999; interview with Business for Sterling secretariat official, 14 Sept 1999.  
Also see <http://www.bfors.com/> and <http://www.new-europe.co.uk>.

fication process, when public opinion was at a high point of support for membership and did not consider the matter to be very important. As such, it more closely follows the pattern of tensions within the party political system, particularly the development of the deep split in the Conservative party.

Secondly, a distancing between individual groups and parties has taken place. No one group has unreservedly linked itself to a single party, even when the vast majority of its members belong to, or vote for, such a party.<sup>23</sup> The appeals to cross-party support, or an 'apolitical' position, are frequent.

Thirdly, groups outside the party political system have played an important function as entrepreneurs of contentious issues. Given their aim of expressing opposition, they have somewhat paradoxically become close and knowledgeable observers of the EU system, a position that has seen them directing attention to developments before anyone else. Current examples include concerns about the development of a European law code and the regionalisation of England, which have been trailed for several years by various groups.<sup>24</sup> Thus, as well as promoting an oppositional viewpoint on integration, these groups have been able to set the agenda of political and media discussion to a notable degree.

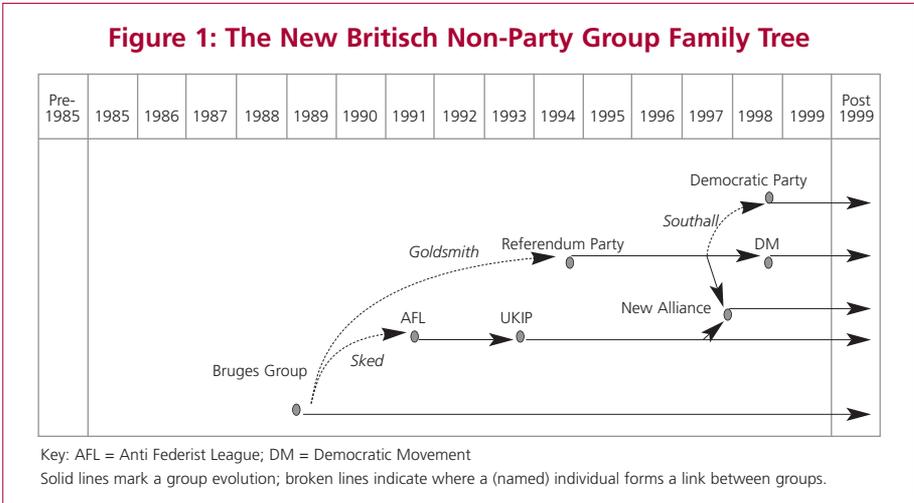
Fourthly, it is apparent that only in very rare cases have anti-Europeans managed to hold together a united front towards others; much of the history of the differing groups has been marked by infighting and splits. However, while the organisations and groups might change, it is also apparent that the same individuals (many of them once members of the Bruges Group) crop up again and again. This is clearly seen in Figure 1, which shows the links between many of the groups mentioned in this brief overview. This continual change and mutation of organisational forms reflects the diversity of the backgrounds of those opposing European integration and the problems of finding common ground beyond that simple opposition.

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23 This is true even for groups with roots within parties, such as the European Foundation (<http://www.e-f.org.uk/>).

24 For Corpus Juris see <http://www.keele.ac.uk/socs/ks40/art.htm> for various links. For regionalisation see The Freedom Association's newsletter from October 1999 <http://www.tfa.net/ft/bypass.htm> or this piece from the UKIP's Comment section at [http://www.ukip.org/html/body\\_comment\\_12.html](http://www.ukip.org/html/body_comment_12.html).

**Figure 1: The New British Non-Party Group Family Tree**



### Conclusions: A 'Thatcherisation' of the EU?

So far, this overview of Thatcher's speech and of its impact has been rather mixed. At the Community level, the speech did shake up a fuss, but one that essentially seemed to confirm the difficult nature of the UK's relationship with its European counterparts. The positive approach that Thatcher and the British government had applied between Fontainebleau in 1984 and Bruges in 1989 was seen to be the exception, rather than the rule. Moreover, the twin collapses of Communism and of Thatcher's authority within her own government clearly weakened her power base and her ability to push her ideas further.

Similarly, while the speech was to stimulate and crystallise British opposition to the European Community, the group that took its name was to enjoy only a brief period of fame-cum-notoriety. The Bruges Group was, between 1989 and early 1991, the only significant rallying point for all those who were disquietened by the integration process. However, its very success, coupled to the predominance of Conservative party members, was to be its undoing. While those who had been involved with the Group during this period were to go on to form a plethora of new groups, driven in no small part by the Maastricht Treaty and its ratification, the Group itself slowly sunk into the background.

And yet to leave the analysis of the speech and its impact there would be misleading on two counts. Firstly, even as the Bruges Group lost its prominence, so

the ideas that spawned it remained. Those individuals who left the Group for other organisations were, in many cases, brought to their anti-EU position (at least publicly) by Thatcher's speech. Its five principles offer one of the few clear proposals that the anti-EU movement in any country has been able to produce as an alternative to the current system as it is perceived. So the speech has had both a mobilising and an inspirational effect across Europe.

Secondly, and more importantly, Thatcher's ideas have been internalised by the European system itself. While the collapse of communism may have sped up integration, its outcome, the Maastricht Treaty, was to have the opposite effect. Maastricht highlighted the extent of the mismatch between Europe's elites and its peoples, a mismatch that the speech had been in part responsible for. The period since 1992 has been characterised by an ever-increasing concern about democratic accountability, transparency and legitimacy, a concern that has culminated in the current Convention on the Future of the EU and its draft constitution. As part of that process, the weight of intergovernmental institutions has become more important, notably with the coordinating role that the European Council now plays.

At the same time, the European Union has continued to pursue its efforts to liberalise and integrate markets. Extensive use has been made of competition law and state aids provisions to enforce an internal market that has been consistently strengthened during the past decade. In October 2001, agreement was finally reached on a European Company Statute, in a form that was close to Thatcher's concerns. The open method of coordination in employment policy has created a new, flexible means of integrating national priorities.

Externally, the EU has continued to use the World Trade Organisation to push for trade liberalisation. Moreover, after much debate, NATO has remained the basis of European security, with both the Common Foreign and Security Policy and the European Security and Defence Policy reinforcing NATO, events in Iraq notwithstanding.

In short, the EU today looks not so very different from the 'willing and active cooperation between independent sovereign states' that Margaret Thatcher talked of 15 years ago, even if the Common Agricultural Policy still needs major reform. Perhaps this is because idealism has to be operationalised at some point if it is to have any effect. As Thatcher noted, 'what we need now is to take decision on the next steps forward rather than let ourselves be distracted by Utopian goals. Utopia never comes, because we know we should not like it if it did.' The pragmatism that underlay Thatcher's speech is possibly its strongest element, and certainly the one that has been most successfully used in the European framework.

# The debate about Europe in Sweden

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**Olof Petersson<sup>1</sup>**

## *Abstract<sup>2</sup>*

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The democratic aspects have always played a prominent role in the debate on Europe in Sweden. The sceptical attitude towards the EU is partly explained by the anxiety that Sweden will have to renounce the fundamental requirements of democracy, in which case membership of the EU would result in a loss of democracy. Sweden's official policy on EU is marked by internal contradictions. But with her traditions of local government, public participation, equal rights, gender equality and freedom of information, Sweden is in a position to make an important contribution to the European debate.

## *1. Paradoxes in Swedish public policy*

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Enlargement, employment and environment were the three areas accorded the highest priority during the Swedish presidency of the EU in the first half of 2001. The program for Sweden's presidency is also interesting in terms of what issues were left out or given lower priority. Particularly remarkable is the absence of any committed plea for institutional reform although mention was made towards the end of the program of the desire for 'an open, modern and effective Union'.

Silence is frequently an implicit argument for the status quo and there is no doubt that the Swedish government has been sceptical of any idea of creating a constitutional, federal framework for the European Union. If logical argument

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1 Research Director, SNS, The Swedish Centre for Business and Policy Studies, Stockholm.

2 This article is based on a previous report (Petersson 2000). Translated by Frank Gabriel Perry. Further data and links: [www.const.sns.se/swedishpolitics](http://www.const.sns.se/swedishpolitics)

and internal coherence are the criteria by which good governance is assessed, the position of the Swedish government must raise several issues.

It is surprising that the utmost priority given to enlargement is not coupled with powerful arguments in favour of institutional reform. The actions of the Swedish government on these issues have been characterised by passivity and inconsistency. Although Sweden has made enlargement and free trade a priority, the government has shown little interest in reform of the institutions of the EU. And yet in order to guarantee enlargement and free trade, what is needed is a carefully prepared vision of the institutions and working of the Union of the future.

A further contradiction in the government's position arises when advocating both intergovernmentalism and transparency. Intergovernmentalism, in its purest form, is identical to negotiations behind closed doors, connected with traditional diplomacy. A fundamental tension exists between the secretiveness of diplomacy and the transparency of democracy. The Swedish government has failed to provide a satisfactory answer to the problem of combining diplomacy with democracy.

Moreover, more than one observer has been struck by the contradictions in Sweden's official policy. A small country argues in favour of the intergovernmental model, which is usually championed by the large countries. The Swedish government raises objections against the institutions originally designed to give a greater voice to the smaller Member States. The Swedish attitude towards the EU can be summed up in three paradoxes.<sup>3</sup>

According to the first line of argument, the EU is democratic, but not a democracy. The EU has been seen from a Swedish perspective more as a traditional international organisation than a federation in the making. Consequently, the democratic legitimacy of the EU is considered to derive from the nationally elected governments, which come together to make it work.

In terms of the second paradox, politics is leaving home, but democracy is staying put. The EU is seen as meeting a need for means to solve transnational issues at the European level, while democratic governance continues to be based on the nation state.

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3 Kerstin Jacobsson, *Så gott som demokrati. Om demokratifrågan i EU-debatten* (Boréa, Umeå 1997)

The third paradox arises from the notion that Sweden is transferring sovereignty to the EU, while nevertheless remaining a sovereign state. The member countries are considered to be 'masters of the treaty', who are only lending parts of their sovereign powers to the EU, while remaining free to reclaim their sovereignty, should this be considered warranted.

## 2. *The domestic debate about Europe*

Attempts to initiate a debate on the constitution of Europe have met with little success in Sweden. Even though the situation may not be radically different in other Member States, there are some specific reasons why public opinion and political decision-makers in Sweden hesitate to discuss constitutional issues. To understand this silence one has to step back into Swedish history.

A comparison of Swedish history with the developments of its European neighbours exposes certain distinctive Swedish characteristics. Several important factors, which have determined the fate of European countries, are missing or barely present in the Swedish case. Sweden never had a powerful feudal structure and the periods of absolute monarchy were brief. Nor did federalism ever develop; the regions of Sweden are still relatively weak. Cities were small and insignificant until relatively recent times; urban and liberal influences were consequently less important and appeared late. Sweden has not been through revolutions or civil war. For almost two centuries, the country has been spared the horrors of war and no foreign occupation has left scars on the national psyche.

It is historical non-events, which help explain why Sweden did not develop counter-reactions such as national pride, a sense of historical destiny, and strong institutions to defend individual rights. The state has largely been seen as benevolent.

In European terms, Sweden appears to be a constitutionally underdeveloped country. Sweden constituted a form of *Gesetzesstaat*, but because its monarchy was less repressive, it was never forced to develop a more extensive *Rechtsstaat*. Among the challenges Sweden currently faces is the need to respond to the Continental system of legal protection of rights. Constitutional government means that the rights of citizens are safeguarded by independent institutions.<sup>4</sup>

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4 Olof Petersson, Klaus von Beyme, Lauri Karvonen, Birgitta Nedelmann, and Eivind Smith, *Democracy the Swedish Way. Report from the Democratic Audit of Sweden 1999* (SNS, Stockholm 1999)

What was once praised as the Swedish model of political decision-making was a system of corporatist government based on the participation of interest groups, bargaining, pragmatism, and consensus. Although the Swedish model has been weakened, some of these features continue to colour Swedish political life. Such praise is, however, currently more muted than during the heyday of this model a few decades ago. Corporatism turned out to be too rigid a model of decision-making, best suited for periods of economic growth and public sector expansion. The pragmatic approach ('everything is negotiable') can be seen as the opposite of accountable and constitutional government. The evasion of conflict is the flipside of consensus building.

One version of events is that the Swedish government is now trying to apply the old Swedish model to the new European Union. Sweden's prime minister is happy as long as he is guaranteed direct and informal access to his colleagues among the other heads of government of the Member States. The question is whether the citizens will be satisfied with delegating power along the chain of intergovernmental decision-making.

The positions taken by the political parties on European issue have remained relatively unchanged since the debate, which preceded the 1994 referendum on Swedish membership in the EU. Two of the seven parties represented in Parliament, the Left Party (*Vänsterpartiet*) and the Greens (*Miljöpartiet de Gröna*), have opposed Swedish membership from the outset, and actively campaigned for Sweden to leave the Union. While both the Social Democrats (*Socialdemokraterna*) and the Centre Party (*Centerpartiet*) suffer from powerful internal splits, they are in favour of Swedish membership as long as the emphasis is on intergovernmental cooperation on particular issues. The Conservatives (*Moderata samlingspartiet*) and the Christian Democrats (*Kristdemokraterna*) are in favour of the EU although they voice concerns that the free market may be curbed by political control and bureaucratic regulation from Brussels. The Liberals (*Folkpartiet*) are the only political party advocating greater federalisation of the EU.

Several of these party positions coincide with the views of corresponding parties in other member countries. In Swedish politics, however, the issue of Europe has produced a pattern that differs in certain respects from those found other countries. First, the absence of a committed body of opinion on the left in favour of a powerful measure of supra-nationalism may be observed. The only advocates of a federal EU are to be found within a non-Socialist party, the Liberals. The

other peculiarity worth noting is the absence of a party on the right that opposes the EU. It is true that a right-wing populist party was represented in parliament for a few years at the beginning of the 1990s, but it soon collapsed as a result of internal disagreements and vanished from the political arena. There is currently no representation for a populist and nationalist body of opinion.

The strongest support for the EU in Sweden is to be found among the non-Socialist parties, whereas opposition to the EU is linked mainly to left-wing views and environmental concerns. In terms of opinion in relation to the EU, it is not only the parliamentary parties that can to a considerable extent be grouped along a spectrum from left to right. Interview surveys of the general public also demonstrate a significant correlation between left-right attitudes and views taken of the EU.<sup>5</sup>

### 3. The permanent referendum

Sweden's membership of the EU is based on the outcome of the 1994 referendum, when 52.3 per cent voted in favour and 46.8 per cent voted against; the remaining 0.9 per cent cast blank ballots. The relatively high turnout of 83.3 per cent and the comprehensive nature of the debate, which preceded the vote, ought to have conferred legitimacy on the referendum result. But the referendum was not to bring an end to the debate on whether or not Sweden should be a member of the EU. On the contrary, the positions taken and the arguments deployed continue to set their stamp on the European debate in Sweden. It is as though Sweden were undergoing a permanent referendum on the EU.

Even though the 'yes' side was victorious, the majority was so tiny that the outcome was not seen as bringing the conflict to a proper conclusion. Formally ending a conflict of values without at the same time being able to bring it to a resolution creates a barrier to an ongoing discussion of the matter in public debate. An example of the polarised debate structure existing after the referendum was to be seen in the way the victorious 'yes' campaign was considered to be identical with the political establishment and all the resources at their disposal whereas the 'no' side, the underdog, was identified with the general public and its lack of resources. The clash of values was also perpetuated as a split between those in favour and those against within the political parties, the Social Democrats in particular, as a confrontation between a pro-EU South of Sweden and an EU-hostile North, as an opposition between town and country and one

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5 Mikael Gilljam and Sören Holmberg, *Ett knappt ja till EU. Väljarna och folkomröstningen 1994* (Norstedts Juridik, Stockholm 1996)

between men and women. The high turnout was transformed after the result of the referendum into an ongoing source of emotional energy aimed at maintaining the polarised structure of EU-issues.

A conflict that is concluded but not resolved gives rise to hopes on the part of the losers that the battle is not entirely lost. It creates an ambivalent attitude to EU-membership. Sweden has therefore come to be seen as the reluctant European, the unwilling member. The EU-issue has continued to influence the political parties. Whereas parties with a clearly defined EU-friendly or EU-hostile attitude have benefited from the legacy of the referendum, parties with internal divisions have been seriously disadvantaged by its after-effects. This is most particularly true of the Social Democrats who were unable to ignore the risk that the EU-issue would lead to further divisions within the party.

The referendum on EU-membership was also to have consequences in the years that followed. The election to the European parliament just over six months after the referendum turned into a repeat performance, the difference being that turnout was only 41.6 per cent; the turnout in the election for the European Parliament in 1999 fell even further, to 38.8 per cent.

To mark its discontent with this trend, the government appointed a commission of inquiry, which included representatives of all the parliamentary parties, to analyse the falling level of an already low turnout. The commission presented four major explanatory theses. There is a lack of involvement in EU-issues; many people consider the role of the European Parliament as unimportant, ill-defined and lacking in interest. A second factor is the politicisation of opposition to the EU; the option not to vote has become a form of protest for a portion of the electorate. The low turnout can also be blamed on the lack of campaigning activity on the part of the parties in the run-up to the European election. Finally, the mass media also have a role to play; certain sections of the media, such as the evening newspapers, commercial radio and television, have had a negative effect on the turnout.<sup>6</sup>

A considerable gulf still separates the elected representatives from popular opinion. The parties that are in favour of Swedish membership control a total of 87 per cent of the seats in parliament. According to data from the most recent surveys, however, only around 45 per cent of the general public would vote in favour of EU-membership.

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6 SOU 2000:81. *Valdeltagande och Europaparlamentsval.*

Data on EU-opinion trends shows the significance of the mobilisation and formation of opinion, which preceded the 1994 referendum. Only a concerted effort enabled the political establishment to convince the general public of the advantages of EU-membership. Interview surveys make clear that economic arguments played a prime role for both yes- and no-voters. The 'yes' side stressed the advantages for exporting industries and growth. No-voters saw disadvantages in the high costs of membership. Ultimately, it was the Social Democrats' arguments on employment, growth and welfare, which succeeded in convincing a sufficient number of the party's own voters. The Social Democrats were nevertheless split on the EU-issue: half of the Social Democrat supporters voted yes and half voted no.<sup>7</sup>

The pattern of argument, which preceded the referendum, is characteristic of the way the issue of Europe is discussed in Sweden. Material arguments, which revolve around industry, agriculture, fiscal policy and the labour market, occupy the foreground. Political arguments to do with the peace project, international cooperation, constitutionalism and visions of the future find it much harder to gain a hearing in a country which was not drawn into either of the two world wars and which is characterised by a down-to-earth, fact-based and pragmatic political culture.

There is also a significant geographic dimension to EU-attitudes. Opposition is strong in Northern Sweden, while yes-voters are in a majority in the southern part of the country. A majority voted no in rural areas, while two thirds voted yes among the inhabitants of the major conurbations. The EU-issue reflects a centre-periphery dimension in Swedish political life.<sup>8</sup>

Furthermore, differences exist in relation to age and gender. The proportion of yes-voters in the referendum was 46 per cent among women and 59 per cent among men. Subsequent opinion surveys show that the difference of opinion between women and men has remained just as great. There was also a difference in the referendum in relation to age; younger people were more negative, while older people were more positive to Swedish membership. In this particular respect, however, a shift would seem to have taken place. Opposition to the EU is currently most prevalent among older voters, while younger ones are more in favour.<sup>9</sup>

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7 Gilljam and Holmberg, *op. cit.*

8 Rutger Lindahl, 'Svenskarna och EU. Kraftmätningar om folkopinionen inleder det nya millenniet', *Europaperspektiv 2000* (Santérus, Stockholm 2000)

9 Gilljam and Holmberg, *op. cit.*

Sweden stands out as one of the most negative members of the group of fifteen Member States. The Eurobarometer of the European Commission shows that critical views are more prevalent in public opinion in Sweden than elsewhere. The opinion surveys are based on interviews with a nationally representative sample of the population; the most recent of these was carried out in the autumn of 2002.<sup>10</sup>

On the issue of the view taken by the respondent of the country's membership of the European Union, 43 per cent of Swedes considered this was a good thing, while 23 per cent thought it was bad. The average for the EU as a whole was 55 per cent positive and 10 per cent negative. Luxembourg, Ireland, the Netherlands and Spain had the greatest preponderance of positive responses. Great Britain and Finland ranked close to Sweden at the bottom of the table.

Another question was concerned with whether the respondent considered that his or her country had benefited from EU-membership. In Sweden 31 per cent considered that the country had benefited from membership while 46 per cent held the opposite view. No other country had such a negative balance of opinion. In the EU as a whole, 50 per cent consider that their country has benefited from membership, while those who consider that there has been no benefit from membership are in a minority of 28 per cent.

In response to a general question of what image the respondent has of the EU, 36 per cent of the Swedes interviewed indicated a positive image, while 30 per cent held a negative image. The EU-average is 50 per cent positive and 14 per cent negative responses.

Finally a question was put as to whether EU-membership had more advantages for the respondent's country or more disadvantages. In Sweden 25 per cent responded more advantages, while 17 per cent replied more disadvantages; 50 per cent considered that the advantages and disadvantages were roughly the same.<sup>11</sup>

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10 Eurobarometer 58

11 Eurobarometer 58

#### *4. Sweden and the EMU: a referendum*

Sweden's attitude in relation to participation in the third stage of the Economic and Monetary Union has given rise to a debate in both legal and political circles. Sweden's accession to the EU was based on the treaties and other legal acts then in force, including the Treaty of Maastricht. No formal derogation was made covering EMU, but a declaration of principle was issued by the Swedish side in the course of the negotiations. The key sentence is as follows 'A final Swedish decision in respect of the transition from the second to the third stage will be made in the light of continuing developments and in accordance with the rules of the Treaty.' Despite the fact that Sweden fulfils the convergence criteria for participation in the third stage of EMU, Sweden's official position is that it is for Sweden to decide when the right time has come for the country to join. When the government reported to parliament on the Swedish negotiations in 1993, it was stated that 'It is parliament which will ultimately decide matters in relation to the transition from the second to the third phase of EMU.'

In the autumn of 1997, the Swedish Parliament decided to remain outside EMU for the time being. When the government expanded its reasons, it was apparent that several of the barriers to Swedish participation had fallen. The country's economy had then reached sufficient strength and the lasting stability needed to be able to participate in the currency union. The practical preparations had also been put in place so as to make entry technically possible. Moreover, the reports from the bodies to which the matter had been submitted for consideration had made clear that opinion in business, the interest organisations and various authorities was positive. Only a small number of these bodies had come out against Swedish membership of EMU.

Despite these arguments in favour of participation, Sweden chose to say no. The definitive argument was 'the lack of popular support'. 'Opinion surveys and many other indicators provide a clear picture of this state of affairs'. The government also expanded on the conceivable explanations for the wait-and-see stance of the Swedish people. The negative mood toward the EU in the country may be the result of disappointed expectations. Budget cuts were also considered to have had an impact on the negative attitude to the currency union.

In addition, there is no doubt that several leading representatives of the governing party are personally sceptical of the EMU-project. Several ministers in the Social Democratic government have publicly declared that they oppose exchange-

ing the krona for the euro. While there is extensive support for Swedish membership of EMU in the business world, considerable scepticism prevails among academic economists. The euro-zone is not considered to meet the criteria for an optimal currency zone and their judgement is that Sweden will find it more difficult to implement an economic policy capable of managing fluctuations in the market in the event of asymmetrical shocks. In addition, arguments of an economic-institutional nature apply; the homogenisation of European economies is considered to diminish institutional competitiveness.<sup>12</sup>

Sweden's future participation in EMU has now been placed in the hands of the people.<sup>13</sup> A referendum will be held on 14 September 2003, when voters can either vote yes or no to the question: 'Do you consider that Sweden should introduce the Euro as its currency?' Parliament has set aside SEK 140 million to provide information in the run-up to the referendum; most of this sum will go to the political parties and campaign organisations active in the yes- and no-camps respectively.

Interview surveys reveal that opinion on EMU is very divided. Between 25 and 30 per cent do not report any opinion; the remainder is split relatively equally between proponents and opponents. According to most surveys, the 'no' side had a definite lead six months before the referendum.

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12 Nils Lundgren, Vad vill Sverige med EMU? Konjunkturrådets rapport 1996 (SNS, Stockholm 1996)

13 This article was written before the EMU referendum on 14 September 2003. The outcome of the referendum was a clear victory for the opponents to the euro. The proportion of yes votes was 42,0 percent, the no alternative received 55,9 percent, whereas 2,1 percent cast a blank vote. The participation level was relatively high: 82,6 percent turned out to vote. Opinion surveys and an exit poll indicate that four factors contributed to the no victory. Firstly, almost all voters who were sceptical about the EU in general also voted no to Sweden adopting the euro. Secondly, a certain number of business leaders and academic economists, who are in favour of Sweden being a member of the EU but argue against the euro, which led to a significant number of non-socialist voters casting a no ballot. Thirdly, the main arguments during the referendum campaign (democracy, the economy and social welfare) favoured the no side. Fourthly, the no vote was to some extent a protest vote against the political establishment; surveys indicate that no-voting and distrust in politicians were highly correlated.

The final week of the referendum campaign took a tragic turn when foreign minister Anna Lindh was brutally assassinated. All campaign activities were interrupted and the euro issue suddenly appeared less important. It is yet to be investigated if and how the murder affected the outcome of the referendum.

All comments after the referendum have accepted that the Swedish population has rejected the euro. The high participation rate and the unexpectedly large no victory leave no room for doubt. Even though the choice to keep the krona is not eternal, a new referendum is probably a decade or so ahead. The euro referendum revealed that the EU enthusiasts still consist of a minority, mainly located in the well-off urban areas. The rest of Sweden remains sceptical about EMU and the EU in general.

The arguments for and against EMU coincide to a very considerable extent with the debate about whether Sweden should be a member of the EU at all. There also seems to be a very significant correlation at the individual level. Of those in favour of EU-membership, 68 per cent are in favour of joining EMU. The proportion of those who are in favour of EMU among opponents of Swedish membership of the EU amounts to only 7 per cent.<sup>14</sup>

This means that attitudes towards the EMU divide the population in the same way as the views on the EU. Resistance to EMU is particularly great among older voters, women, Northern Swedes, residents of rural areas, the less educated and workers. Conversely, support for EMU is most extensive among younger voters, men, residents of southern Sweden, inhabitants of conurbations, the better-educated, business leaders and senior salaried employees.

An opinion survey in 2000 showed that the most prevalent argument in favour of EMU is that 'it will be simpler to have the same currency, exports and imports will be made simpler'. Another argument that is frequently put is that 'we cannot remain outside EMU, otherwise we risk becoming isolated'. The overriding argument against the EMU was that 'we will lose our autonomy in Sweden, the right to make decisions about our economy.'<sup>15</sup>

Even if the majority of Swedes today respond suggesting that they are against Swedish membership of EMU, they are also aware that the country may not be able to remain outside permanently. The picture of the future differs from the assessment of the current situation. Many people believe that sooner or later Sweden will join EMU.

As was the case in relation to the general attitude to Sweden's membership of the EU, the EMU-issue has led to deep divisions in some of the parties. The Social Democrats, the Centre Party and the Christian Democrats are the most internally divided; the proportion of those in favour and those against is roughly the same. However, among the opponents, the Left Party and the Greens, internal party opinion is more homogeneous; the vast majority of the supporters of these parties are against. Similarly, a relatively large majority of the supporters of the Liberal and Conservative parties are in favour of EMU.

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14 Data from May 2000: Statistics Sweden 2000. EU- och EMU-sympatier i maj 2000. Statistiska meddelanden, ME 61 SM 0001.

15 [www.temo.se](http://www.temo.se)

The doubts and divisions within the country's largest party led Social Democrats to call a special party congress in March 2000. The outcome of the congress was a decision in favour of the EMU, thus supporting the 'yes' side in the referendum. The view put forward by the congress was 'that a properly functioning currency union would constitute a democratic counterbalance to the growing strength of the global market. Achieving such a balance would also provide scope for a small country to conduct an active economic policy. As Social Democrats, we want Sweden to become part of an economic and monetary union in order to promote welfare and labour in the long term.' LO, the Swedish Confederation of Trade Unions, has not adopted an official standpoint on the currency union and deliberations in the spring of 2003 between LO and the Social Democratic Party aimed at arriving at a common position proved fruitless.

## 5. *The EU's democratic deficit: a breeding ground for Swedish scepticism*

The democratic aspects have always played a prominent role in the debate on Europe in Sweden.<sup>16</sup> Despite the polarisation on the issue of whether Sweden should have become a member of the EU, there is a broad degree of consensus on certain fundamental issues. Transparency, equality and popular support are the values cherished in all political camps. The debate has highlighted the conflict between the egalitarian foundations of Swedish political culture and the more elitist and hierarchical traditions, which characterize a good number of other European countries. One of the undercurrents in the Swedish debate is an anxiety that Sweden will have to renounce the fundamental requirements of democracy, suggesting that membership in the EU would result in a loss of democracy. The criticism of the shortcomings of the EU-project in terms of popular legitimacy, which became increasingly forceful in relation to the ratification of the Treaty of Maastricht, has had a particularly powerful impact in Sweden.

A more detailed analysis of opinion surveys, however, shows that Swedes cannot be described as either isolationist or nationalist in a narrow sense. The state of opinion in Sweden is strongly reminiscent of the description of Denmark furnished by political scientist Jørgen Goul Andersson. During the decades that have past since Denmark became a member, the Danes have developed an increasingly pronounced European identity, as well as a more positive attitude to the EU as both a political community and a political system. The negative atti-

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<sup>16</sup> Kerstin Jacobsson, *op. cit.*

tudes that remain are reflecting a general criticism of bureaucracy and inefficiency, but primarily a fear of the loss of autonomy. The bedrock of EU-opposition is not nationalism and self-sufficiency, but a sense of lack of the means to exert influence.

In Sweden, too, a stark contrast exists between general identification with Europe on the one hand and trust in the EU on the other. This contrast is even more marked than in Denmark. Data on this matter has also been drawn from Eurobarometer. The question on identification asked whether the respondent felt attached to Europe. After Luxembourg, it is the population of Sweden that feels the closest ties to Europe. The situation is very different in relation to trust in the EU. It is here that Sweden stands out as the country with the most negative attitude. Put baldly, a summary characterisation of the state of opinion in Sweden might well be - Europe yes, EU no. The Eurobarometer makes clear that the attitude in some countries is diametrically opposite. While a sense of common European identity is relatively undeveloped in net recipient countries such as Greece, Ireland and Portugal, their trust in the EU is the stronger.

A particular factor affecting Swedish hesitancy in relation to the EU is the democratic deficit in the Union project. In a survey of attitudes<sup>17</sup>, two different questions were asked, one on democracy in the respondent's country and one on democracy within the EU. In countries such as Italy, Portugal and Greece, the inhabitants had a comparatively negative image of democracy both at home and in the EU. The three Nordic member countries form a separate group in this regard. Citizens in Denmark, Sweden and Finland make a much more positive assessment of democracy in their own countries as compared with democracy in the EU.

There are thus a number of countries in which the inhabitants do not think particularly highly of democracy in the EU, although this chastened attitude also applies to their own political systems. The Nordic attitude is a very different one, however. Here expectations are high and consequently the disappointment in the democratic shortcomings of the EU is all the greater.

There is no doubt that there are still major tasks ahead in relation to reforming the institutions and workings of the EU, so as to achieve greater transparency and popular support. What Sweden has to offer to this process remains ambiguous. When Sweden became a member of the EU, the key concept was 'adapta-

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17 Eurobarometer 56

tion'. Sweden was obliged to satisfy the conditions of the *acquis communautaire*, and change its system of rules and regulations in a range of different areas. There is nevertheless a tacit presumption within the Swedish debate that, in the area of democratic reform, circumstances should be the other way round. With her traditions of local government, public participation, equal rights, gender equality and freedom of information, Sweden is in a position to make an important contribution to the European debate. In which case it is no longer Sweden that has to adapt to the EU, but the EU, which has to adapt to Swedish democratic standards.

# Conceptualising Party-based Euroscepticism: Magnitude and Motivations

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**Jan Rovny<sup>1</sup>**

## *Abstract*

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This article offers a new approach to the theoretical notion of party-based Euroscepticism. It conceptualises Euroscepticism as being conceivable in terms of two scales, the first one addressing its magnitude, and the second its motivations. Magnitude of Euroscepticism is understood on the basis of the established hard versus soft distinction. In terms of motivation, however, the article argues for the utility of assessing ideologically and strategically driven motives for parties adopting Eurosceptic positions. These theoretical propositions are illustrated in an empirical section, which analyses the stances of Eurosceptic parties from Central Europe within the proposed framework.

## *1. Introduction*

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The term Euroscepticism comes from analyses of Western European politics related with European integration. It has been used in connection with the British Conservative approach to Europe, as well as with the wave of opposition to European integration demonstrated by the referenda on the Maastricht and Nice Treaties and on adopting the Euro. In recent years, when research agenda increasingly turned to the East due to the looming eastern enlargement, Euroscepticism has been appraised as a general phenomenon spanning the continent.

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1 Jan Rovny is an academic assistant at the College of Europe, from which he also holds an MA in European Political and Administrative Studies (Bertha von Suttner Promotion 2002-2003). This paper is partially based on an essay submitted to András Inotai. The author wishes to thank András Inotai and Thomas Christiansen for helpful comments.

This paper proposes a new way of theoretically conceiving party-based Euroscepticism; therefore focusing on the political party dynamics and incentives attached to their positions on European integration. The first, theoretical part of this paper conceptualises the notion of Euroscepticism within two broad categories. On the one hand, I look at the *magnitude* of Euroscepticism, using the established classification of soft and hard Euroscepticism. On the other hand, I argue for the utility of assessing the roles of strategic and ideological *motivations* behind Eurosceptic party positions. After a brief literature review, I suggest a dichotomy between ideologically and strategically driven Euroscepticism. The considerations of magnitude and motivations of Euroscepticism then lead me to theorise Eurosceptic space as centring around two axes spanning from hard to soft Euroscepticism and from ideologically to strategically driven Euroscepticism. The second, empirical part analyses specific Eurosceptic political parties in the light of the above-mentioned axes. Due to limited space this analysis is applied only to parties from the Czech Republic, Hungary, Poland and Slovakia (referred to as Central Europe). The implications of this exercise are finally taken up in the conclusion.

## 2. *Conceptualisation of Euroscepticism*

Euroscepticism has been generally understood as the opposition to European integration or to some of its aspects. More specifically, Taggart has defined the term as 'express[ing] the idea of contingent or qualified opposition, as well as incorporating outright and unqualified opposition to the process of European integration.'<sup>2</sup> The definition alone thus hints to the possibility of varying degrees of Euroscepticism, suggesting the conceptualisation of the potential magnitude of Euroscepticism.

### ***Magnitude of Euroscepticism***

The magnitude of Euroscepticism has been categorised by Taggart and Szczerbiak, who have argued for the distinction between *hard* and *soft* Euroscepticism.<sup>3</sup> They stress the importance of differentiating between those

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2 Paul Taggart in Paul Taggart and Aleks Szczerbiak, 'Parties, Positions and Europe', in *SEI Working Papers*, No.46, 2001.

3 See: Paul Taggart and Aleks Szczerbiak, 'Opposing Europe' in *SEI Working Papers*, No.36, 2000; Taggart and Szczerbiak, 2001, op. cit.; Taggart and Szczerbiak, 'The Party Politics of Euroscepticism in Member and Candidate States', in *SEI Working Papers*, No.51, 2002; Taggart and Szczerbiak's classification of Euroscepticism seems to be most widely accepted. For a different view see Petr Kopecky and Cas Mudde, 'The Two Sides of Euroscepticism', in *European Union Politics*, Vol. 3, No 3, 2002.

parties or party elites 'who express hostility to the idea of European integration, and those that express specific limited objections to the nature of the accession project.'<sup>4</sup> Those who hold principled opposition to European integration, who believe that their country would be better off outside the European Union, or whose policies are opposed to the current conception of the European integration project are considered as hard Eurosceptics. Soft Eurosceptics are those who do not have a principled objection to European integration, who do not support the withdrawal or non-accession of their country from the EU, but who express opposition to the EU due to disagreement with specific policies, or due to the perception that their national interests are at odds with the current development of the EU.<sup>5</sup>

This distinction allows Taggart and Szczerbiak to develop a nominal typology of Euroscepticism, which is useful in the classification of different political parties and their stances on Europe. Their typology is, however, further unranked. It creates merely two additionally unspecified categories of Eurosceptics, each of which collects differing cases. This simplification may limit more nuanced observation.

I suggest that there are different degrees of both categories of Euroscepticism, and thus the magnitude of Euroscepticism can be conceived in ordinal terms. Logically, there can be diverse levels of soft Euroscepticism, differing in the number and relevance of the European policies or long-term goals they oppose. Similarly, there can be different levels of hard Euroscepticism. Although by definition all hard Eurosceptics oppose the EU in principle, there can still be substantial differences in the importance that opposition to the EU plays in their program or discourse, as well as in the sharpness of their anti-EU rhetoric.

Consequently, the magnitude of Euroscepticism can be seen as a continuum stretching from the limits of soft Euroscepticism to the limits of hard Euroscepticism. The central point separating the two sides of the continuum can still be understood through the distinction provided by Taggart and Szczerbiak – does the party hold principled opposition to the EU or not, does the party advocate withdrawal or non-accession.

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4 Paul Taggart and Aleks Szczerbiak, 2001, *op. cit.*, p.9.

5 Paul Taggart and Aleks Szczerbiak, 2002, *op. cit.*, p.7.

## **Motivations of Euroscepticism**

Various authors have underlined the social or historical basis for partisan Eurosceptic positions.<sup>6</sup> The concern here is, however, not with the potential social grievances, which may be harnessed through Eurosceptic discourse, but rather with the internal party motivations for the adoption of Eurosceptic stances. The key question is whether Euroscepticism (hard and soft) is ideological or strategic.<sup>7</sup>

The issue of ideology or strategy has been raised in the literature on Euroscepticism by a number of authors. It has, however, always been considered as a subsidiary question, and thus has not been clearly conceptualised. Taggart and Szczerbiak, for example, address this problem only implicitly. Their treatment of the subject suggests that hard Eurosceptics tend to outline the EU in such ways as to equate it with an 'enemy' ideological position, thus hinting that hard Eurosceptics are more likely to be ideologically inclined than soft Eurosceptics, who are implied to approach opposition to the EU in more strategic terms.<sup>8</sup> This link is, however, unexplored and unexplained. Kopecky and Mudde approach the issue of ideology and strategy in a different way. They concentrate on particular ideologies and Euroscepticism, finding a relationship between specific party families and different degrees of Euroscepticism.<sup>9</sup> Finally, Batory suggests that ideologies matter, but do not alone determine parties' positions on Europe.<sup>10</sup> She concludes that the uneven explanatory power of ideology is caused by the 'fact that some parties are more closely associated with one clear ideological strand than others.'<sup>11</sup> This underscores the importance of addressing the problem of ideology and strategy further. However, rather than looking at

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6 For examples see: Heather Grabbe and Kirsty Hughes, 'Central and east European views on EU Enlargement' in *Back to Europe*, Henderson (ed.), (UCL Press, 1999); Karen Hendersen, 'Euroscepticism or Europhobia' in *SEI Working Papers*, No.50, 2001; James Hughes, Gwendolyn Sasse and Claire Gordon; 'Saying 'Maybe' to the 'Return To Europe' *European Union Politics*, Vol.3, No.2; (London: Sage, 2002); Georges Mink and Laure Neumayer, 'Contagion anti-européenne en Europe centrale', in *Politique Etrangère*, No.3, 2002; Aleks Szczerbiak, 'Polish Public Opinion', in *JCMS*, Vol.39, No.1, 2001.

7 I wish to underline that this paper deals with ideological or strategic motives for the stances on Europe only. Addressing the role of ideology and strategy in politics as such would be fascinating and might shed light on Euroscepticism as well. Due to lack of space, it can, however, not be treated within the scope of this paper.

8 Paul Taggart and Aleks Szczerbiak, 2002, *op. cit.*, pp.7-8.

9 For example, the extreme right together with hard-line communists is seen as strong Eurosceptics ('Europhobe'), while conservatives are likely to be mild Eurosceptics ('EU-pessimists') if not 'Europhiles' etc. (Petr Kopecky and Cas Mudde, *op. cit.*, pp.319-21).

10 Agnes Batory, 'Hungarian Party Identities and the Question of European Integration', in *SEI Working Papers*, No.49, 2001, p.21.

11 *Ibid.*, p.22.

the connection between specific ideologies (or party families) and various Eurosceptic positions, it would be valuable to address the willingness of parties to hold on to their respective ideologies, assessing how it is related to the magnitude of their Euroscepticism.

These considerations suggest the need for a different conception of the notion of ideology versus strategy<sup>12</sup> than that generally employed by the reviewed authors. I thus propose the conception of ideology and strategy as certain sources or motivations for the development of partisan discourse and programmatic positioning. Parties are expected to act more or less ideologically or strategically and their programmatic stances (such as those on European integration) are expected to be more or less strategically or ideologically driven. Purely ideological or purely strategic considerations are unlikely to occur in reality, but can be understood as extreme ends of a motivation continuum.

Before outlining the two extreme positions in detail, it is necessary to define the term ideology. I understand this as a system of beliefs about the social world prescribing a set of normative goals and implying programmatic tools for achieving them. Acting ideologically thus entails subjecting one's political program to one's ideology (or its underlying values). This means that the normative goals suggested by an ideology are advocated even at the price of losing out. In electoral context this would mean losing voters at the cost of pursuing specific value-based ends, which may seem rational. In practical terms, being ideologically driven means being committed to particular ideals or to traditional electoral constituencies, which are likely to endorse such ideals. In sum, ideologically driven motivations can theoretically apply to any particular political ideology because the underlying values can be of any kind. They imply being somewhat non-responsive – walking the preconceived way, no matter where the winds of temporary fashions blow.

Strategically driven motivations, on the other hand, are very environment conscious. They react to specific social problems, temporary issues or opinions, trying to channel them into support. The central goal is the increase of influence, which in electoral terms means voter maximisation. Interestingly, strategic considerations may entail the usage of an ideology. This is, however, likely to be

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12 I wish to make no normative judgment about the democratic or accountability credentials of either category. For example, an ideologically driven party might subscribe to outdated values, which do not correspond to the interests of their electorate. By contrast, a strategically driven party might be ready to sacrifice its electorate's interests in pursuit of power gains.

rhetorical and the ideological stamp a mere label, utilised for its appeal to voters and not for its underlying values and aims. In this case, ideological inconsistency is very probable, and one should also expect a gulf between words and action. Strategising of course occurs on the systemic level as well. Parties act strategically in the framework of their party system (reacting to the positioning of other parties) or in the light of coalition formation. However, even in this context it is possible to assess to what extent parties are willing to forgo their initial values, goals or traditional constituents' interests – to what extent they are strategically driven. In sum, strategic motivations see rationality as pure power maximisation. As such, values and prescriptions are adjusted to exogenous views and temporary considerations, always following the trendy swirls of the winds of opinion.

### ***Euroscepticism – ideologically or strategically driven?***

What are then the motivations behind the appraisal of Eurosceptic positions? Is Euroscepticism ideologically or strategically driven? First of all, it would be naïve to assume that stances on questions relating to the EU or to European integration are central to political discourse. Scholars have assessed the limited relevance of European concerns in politics in Europe, where most issues are framed by national politicians in national contexts.<sup>13</sup> With this low salience of European Union politics, Euroscepticism (or Euro-optimism) cannot be seen as an autonomous ideology on its own. Instead, it is an appendix, likely to be attached to original (nationally defined) party discourses or identities. Logically, some original party positions or political ideologies can be expected to facilitate the addition of Eurosceptic stances more easily than others. In this sense, I agree with Kopecky and Mudde that there is congruence between certain political ideologies and the probability of adopting Eurosceptic positions.<sup>14</sup>

Euroscepticism can be both ideologically and strategically driven. Predominantly ideologically driven Eurosceptics are likely to take up Euroscepticism because it is somehow implied in their original ideological positions. In this case, the particular values and normative political goals vested in the initial ideology are at odds with some values, normative goals, or particular policies of the European integration project. As a result, the party opposes these, thus adopting a (hard or soft) Eurosceptic stance. Ideologically driven Eurosceptic parties are not likely

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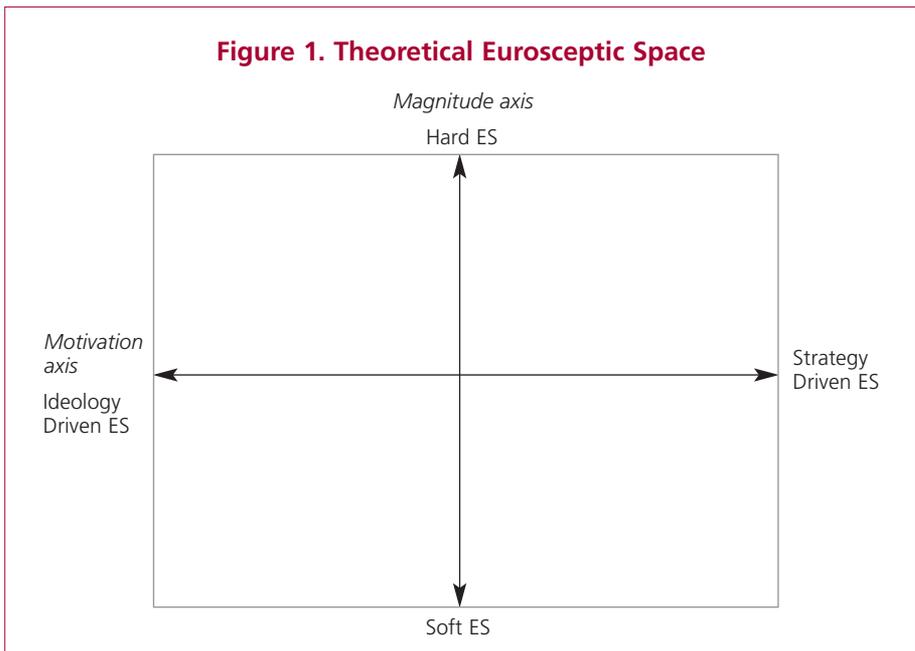
13 For example Karlheinz Reif and Hermann Schmit, 'Nine Second-Order Elections', in *European Journal of Political Research*, Vol.8, No.1, 1980, argue that elections to the European Parliament are second-order, conditioned by the national political system, its actors and considerations.

14 Petr Kopecky and Cas Mudde, *op. cit.*, pp.319-20.

to give up their original values or compromise the interests of their traditional electorate in order to accommodate a more merciful stance on Europe. By contrast, predominantly strategically driven Eurosceptic parties use Euroscepticism as a pragmatic addition to their original program. Through this they attempt to attract new voters sensitised to these issues, and effectively extend their coverage of the electorate. Strategic Eurosceptics are, however, willing to amend or extend their programs by (hard or soft) Eurosceptic positions and discourses in the hope of gaining new voters and thus greater political influence, even at the cost of abandoning some original ideals or habitual voters (as long as this cost is perceived to be lower than the benefits).

**The conception of theoretical Eurosceptic space**

In sum, Euroscepticism can be understood as opposition to the European integration project or to some of its aspects. It can have varying *magnitude*, which can be outlined on an axis spanning from the limits of hard Euroscepticism to the limits of soft Euroscepticism (bordering with Euro-optimism). Furthermore, its *motivation* can be plotted on an axis spanning from extreme ideologically driven Euroscepticism to extreme strategically driven Euroscepticism. These two axes thus provide a theoretical conception of Eurosceptic space, which can be visualised in the following way:



### 3. Empirical analysis of Euroscepticism in Central Europe

This part attempts to illustrate the previous theoretical discussion by assessing the positions of different Eurosceptic Central European parties in the light of the explored continuums of Euroscepticism. Before proceeding, however, a few words of caution are necessary. There are various empirical problems with operationalising the above-mentioned concepts. Firstly, there is a problem with the evaluation of the empirical data on the various parties, their positions and their actual behaviour. To fully address party positions on Euroscepticism and its ideological or strategic motivations, a large amount of party documents, politicians' discourses, voting behaviour etc. would have to be analysed. Due to time constraints, this analysis is based on party programs and statements, which are enriched with the observations taken from secondary academic sources. Secondly, in the case of Central Europe, where party systems re/formed only in the last decade or so, it is difficult to talk about traditional electorate. Nevertheless, some traditional constituencies of parties representing specific socio-economic strata have developed.<sup>15</sup>

Finally, in methodological terms, the plotting of the different parties on the two axes is merely approximated, as development of a more precise numerical scale is beyond the scope of this article. The assessment on the magnitude axis is generally guided by the consideration whether a party supports membership in the EU (with words and action), and by the sharpness and quantity of grievances raised against the integration project. The evaluation on the motivation axis is more complicated as, given the available data, it is challenging to establish whether the motives for Euroscepticism are ideologically or strategically driven. I proceed by considering the basic original ideological stances and the core electoral constituency of the party. Then, I estimate how this relates with the values, goals and policies of the EU, which suggests the likelihood of this party assuming Euroscepticism as an implicit addition to its original propositions and voters' interests. Lastly, I compare this with their actual stance on Europe as outlined in their program and party statements, as well as in their choice of partner in the European Parliament (EP), which allows me to estimate the ideologically or strategically driven motivations. I now turn to address the specific parties country by country.

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<sup>15</sup> For example, agrarian parties tend to be supported by rural population working in the agricultural sector, conservative parties tend to be supported by educated, urban population and by the new business, traditional communist parties are supported by those people who lost out in the transition process etc.

In the **Czech Republic**, there are three Eurosceptic parties. The first one is the *Communist Party of Bohemia and Moravia* (KSČM), an orthodox communist party, which never fully managed to distance itself from its authoritarian past. As a result it is on the left fringes of the Czech party spectrum and it is supported by a strongly Eurosceptic electorate<sup>16</sup>, generally consisting of the elderly and those who did not benefit in the transition period. Although there are some divisions inside the party, with certain personalities understanding the EU as 'lesser evil,'<sup>17</sup> the official stance is in opposition of accession, as the EU gets labelled as capitalist, bureaucratic and German-dominated.<sup>18</sup> KSČM is essentially a moderately hard Eurosceptic party, and its hostility to Europe is in line with its ideological propositions, as well as with its cooperation with the communist group inside the EP. Another Eurosceptic party is the extreme right-wing *Republicans* (SPR-RSČ), which since its electoral defeat in 1998 is a marginal political force. It appeals to voters frustrated with post-communist challenges with amorphous and contradictory economic prescriptions infused with xenophobic nationalism.<sup>19</sup> The party is strongly opposed to European integration, but it primarily frames it as a German-dominated sell-out of Czech industry, without further elaboration.<sup>20</sup> SPR-RSČ is thus a hard Eurosceptic, but, as it is not clearly principally opposed to accession, it is in the lower section of the scale. In terms of motivation, SPR-RSČ is a perfect example of a populist party with no consistent value basis. Euroscepticism thus strategically accompanies the *mélange* of incoherent critique of everything. The last Czech Eurosceptic is the *Civic Democratic Party* (ODS), which is a mainstream moderate conservative party, advocating a temperate non-interventionist economic program, reaching out to educated and relatively wealthy voters. Despite their initial pro-integration stance, the party has in recent years turned to sharp multifaceted critique of the EU, which it condemns for being too socialist, too centralising and catholic, too bureaucratic, etc.<sup>21</sup> This position led ODS to collaborate with Eurosceptic groups in the EP, such as UEN and EDD, but with the nearing enlargement the party strategically opted for working within the EPP-ED group.<sup>22</sup> ODS can be generally described as a

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16 Two thirds of KSČM voters oppose entry into the EU (ČTK poll, ČTK, Prague, 24.2.2003)

17 Miloslav Ransdorf, 'Vstup do EU bych doporučil', *Právo*; 31.1.2003.

18 Karel Vymetal, 'Ano, či ne do Evropské Unie? NE, děkuji, nechci', *Haló Noviny*, 14.1.2003; Pro demokratickou Evropu – Manifest KSČM, to be found at: [http://www.kscm.cz/news\\_detail.asp?menu=1&neclD2=286&neclD=286&newId=498](http://www.kscm.cz/news_detail.asp?menu=1&neclD2=286&neclD=286&newId=498)

19 Pavel Pšejja, 'Nacionalistické strany v české republice,' in *Nacionalistické politické strany v Evropě?*, Dančák, Fiala (eds), (Brno: Masarykova Univerzita, 1999), p.77; Volební Program SPR-RSČ, to be found at: [www.ecn.cz/env/volby/SPRRSC/page01.htm](http://www.ecn.cz/env/volby/SPRRSC/page01.htm)

20 Petr Kopecky and Cas Mudde, *op. cit.*, p.306.

21 Manifest českého Eurorealismu, Zahradil, Jan; Plecíty, Petr; Adrián, Petr; Bednář, Miloslav, April, 2001, to be found at: [www.ods.cz](http://www.ods.cz) (důležité dokumenty).

22 Interview with Jan Zahradil, Jan, vice-chairman of ODS, European Parliament, Brussels, 24.4.2003.

moderately strategically driven soft Eurosceptic, approaching the upper limit of soft Euroscepticism.

The situation in Hungary, where three parties can be designated as Eurosceptic, is somewhat similar. Firstly, there is the nationalist Justice and Life Party (MIEP), which underlines the role of the state as a nation-builder. It emphasises the need for national education in connection with Christian churches, needed for the continuation of traditional Hungarian values.<sup>23</sup> MIEP is strongly hard Eurosceptic, as it opposes both political and economic ideals of European integration, which it sees as a threat to the Hungarian nation.<sup>24</sup> This opposition is consistent with the party's nationalist principles, and thus this 'hard stance [is] a logical part of this ideological baggage.'<sup>25</sup> As a result the party's position on Europe can be categorised as strongly ideologically driven. The next Eurosceptic party is the *Smallholder's Party* (FKGP), which is a conservative agrarian party addressing the concerns of rural population, particularly those employed in agriculture. Its program centres on the support of families and national culture.<sup>26</sup> The party's position on European integration is moderately soft sceptic, as it sees possible threats to its agrarian voters and to national ideals, and its Euroscepticism is thus mildly ideologically driven. Finally, *Fidesz* is a conventional moderate conservative party, advocating the free market, but also espousing restrained national sentiments. In the last years it has abandoned its pro-EU 'return to Europe' rhetoric and turned to economic and national interests critique of the EU,<sup>27</sup> which characterises it as mild soft Eurosceptic. There is a fit between the party's mild conservative nationalism and soft Euroscepticism, yet certain strategic moves (such as the Hungarian status law) were contrary to the party's overall acceptance of accession.<sup>28</sup> In motivation terms, *Fidesz* can thus be characterised as mildly strategically driven.

The Eurosceptic scene in **Poland** is the most vibrant in the region, as there are four parties which can be classified as Eurosceptic, and which together received over 30% of votes in the 2001 parliamentary elections.<sup>29</sup> To start with, the *League of Polish Families* (LPR) is an extreme nationalist, religious and protec-

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23 Lukáš Benda, 'Nacionalismus v současném maďarském stranickém systému', in *Nacionalistické politické strany v Evropě*, Dančák, Fiala (eds.), (Brno: Masarykova Univerzita, 1999), pp.115-117.

24 Petr Kopecky and Cas Mudde, *op. cit.*, p.310.

25 Paul Taggart in Agnes Batory, *op. cit.*, p.15.

26 Lukáš Benda, *op. cit.*, pp.113-4.

27 Petr Kopecky and Cas Mudde, *op. cit.*, p.308.

28 Agnes Batory, *op. cit.*, p.18.

29 Elections in Poland, to be found at: [www.electionsworld.org](http://www.electionsworld.org)

tionist party, which sees the EU as a destruction of Polish economy and especially of Polish culture and morality.<sup>30</sup> It is connected with a Christian fundamentalist and nationalist Radio Maryja, which does not spare xenophobic and anti-Semitic discourse.<sup>31</sup> Its fervent hard Euroscepticism is generally in concordance with its principles of Polish national, religious, cultural, political and economic independence, and it can thus be characterised as strongly ideologically driven.<sup>32</sup> *Samoobrona* is another representative of Polish hard Euroscepticism. The party has an amorphous political program, which advocates a 'third road,' criticising both communism and contemporary capitalism. Proposing a clearly left-wing social agenda, while denouncing government intervention in the economy,<sup>33</sup> *Samoobrona* is a good example of a populist party. Its strong, yet incoherent opposition to the EU<sup>34</sup> blends well with its tactically perfumed mix of positions. It can thus be classified as strongly strategically driven hard Eurosceptic. The next Polish Eurosceptic is the *Law and Justice Party* (PiS), which is a single-issue party centring around ex-minister of justice Lech Kaczyński, concentrating on radical reforms of the Polish justice system. Its program includes a peculiar blend of appeals to social discipline; support of state control in the economy and government sustenance of housing and unemployment; together with a reduction in corporate income tax.<sup>35</sup> The PiS supports Poland's entry into the EU, but it proposes a Europe of Nations, while opposing the draft constitution,<sup>36</sup> which would suggest that it is a soft Eurosceptic, however, in the higher echelon of the category. The party's Euroscepticism seems to be a calculated appendix to its contradictory program, due to which it deserves a label of strategically driven Eurosceptic. Finally, the *Christian National Union* (ZChN) is a faction within the Coalition Electoral Action Solidarity. It is a conservative religious party, with its identity based on Catholicism, family, nation and state sovereignty.<sup>37</sup> ZChN is a soft Eurosceptic party, in support of Polish accession, but against any federalist conceptions of the EU.<sup>38</sup> Its motivations seem to be mildly ideological, as its

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30 Petr Kopecky and Cas Mudde, *op. cit.*, p.312.

31 Michal Kubat, 'Polská politická scéna a problém nacionalismu', in *Nacionalistické politické strany v Evropě* Dančák, Fiala (eds.), (Brno: Masarykova Univerzita, 1999), p.97.

32 *Program LPR*, to be found at: <http://www2.lpr.pl/artykul.php?id=10>

33 *DLACZEGO TRZECIA DROGA*, Program document of *Samoobrona*, to be found at: [http://www.samoobrona.org.pl/pages/01.Program/index.php?document=490\\_3droga.html](http://www.samoobrona.org.pl/pages/01.Program/index.php?document=490_3droga.html)

34 For example, the party claims it does not want Poland to be limited by the many production quotas imposed by the EU. *STANOWISKO W SPRAWIE PRZYSTAPIENIA POLSKI DO UNII EUROPEJSKIEJ*, program document of *Samoobrona*, to be found at: <http://www.samoobrona.org.pl/pages/01.Program/index.php?document=491.unia.html>

35 *The Our Way*, Program statement of PiS, to be found at: <http://www.kp.pis.org.pl/>

36 Petr Kopecky and Cas Mudde, *op. cit.*, p.312; *A Referendum on the treaty is a must*, PiS, 19.9.2003 to be found at: <http://www.kp.pis.org.pl/>

37 Michal Kubat, *op. cit.*, p.99.

38 *Program ZChN*, to be found at: [http://www.zchn.waw.pl/dok\\_prog.html](http://www.zchn.waw.pl/dok_prog.html)

reservations about the form of the EU stem from its Polish interests centred visions.

In **Slovakia**, the party system is a home to five Eurosceptic parties. The first one is the *Slovak National Party* (SNS)<sup>39</sup>, which is a hard-line nationalist party. Espousing an ethnic conception of nationhood, the party sees itself as a natural leader in the unification and emancipation of the Slovak nation. It also fosters xenophobic anti-Czech, anti-Roma and anti-Hungarian sentiments.<sup>40</sup> SNS does not oppose accession directly, it, however, raises concerns about national sovereignty and the capacity of the Slovak economy to remain intact inside the EU, suggesting that Slovakia should join only when its economy is equal to that of the Union.<sup>41</sup> As this is rather unlikely to happen in the foreseeable future, the party effectively rejects EU membership, which makes it a hard Eurosceptic. The motivations for this scepticism are clearly rooted in the party's ethnic nationalist conceptions of the state and society, and are thus moderately ideologically driven. The next Slovak Eurosceptic is the *Union of Slovak Workers* (ZRS), which was a minor extreme left-wing formation appealing to the concerns of industrial and agricultural workers facing hardships of the economic transition.<sup>42</sup> It was a hard Eurosceptic party, rejecting EU membership, and maintaining that Slovakia can be self-sustainable and does not need to import EU surplus produce.<sup>43</sup> Despite being quite uninformed, this stance is generally in line with the interests of the electoral base and with the principles of the party, which suggests that it is ideologically driven. The *Communist Party of Slovakia* (KSS) offers a similar position. The party subscribes to orthodox communist ideals, criticising the contemporary capitalist system, opposing the entry of foreign capital into Slovakia and advocating state ownership of major industries, as well as state support of industry and agriculture in general.<sup>44</sup> KSS officially supports Slovakia's entry into the EU, but only when Slovakia is ready for it, which points to its essentially hard Eurosceptic orientation. This stance is in line with the general principles and propositions of the party, and is thus ideologically motivated. The next

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39 The party has split into the Slovak National Party and the Right Slovak National Party due to personal clashes of certain politicians, which led to the electoral defeat of both factions in the 2002 elections. Despite separate existence, the two parties have come to cooperate after the elections, as their visions are parallel.

40 Tomáš Urubek, 'Význam a postavní národně orientovaných politických subjektů v současném slovenském stranicko-politickém systému,' in *Nacionalistické politické strany v Evropě*, Dančák, Fiala (eds.), (Brno: Masarykova Univerzita, 1999) pp.85-87.

41 Karen Henderson, *op. cit.*, p.22.

42 Interview with ZRS party member, to be found at: <http://www.uakom.sk/hlas/19/19dostat.html>

43 Sme in Petr Kopecky and Cas Mudde, *op. cit.*, pp.314-5.

44 Program KSS, to be found at: <http://www.kss.sk/program.php>

Eurosceptic party is the *Movement for Democratic Slovakia* (HZDS), led by the infamous ex-prime minister Vladimír Mečiar. Despite its past somewhat authoritarian practices, the party is in the mainstream of the Slovak political system. It holds a rather isolationist stance, advocating slower economic and social reforms, as well as focusing on social matters, religious values and moderate nationalism.<sup>45</sup> Although a strange mixture, these proposals address the concerns of a stratum of the Slovak voters – constituting the backbone of the party's electorate – who are uneasy with the transition process. This position can be described as typically post-communist. HZDS has always been verbally in support of the EU and its current program endorses Slovak membership. Simultaneously, however, their commitment to the accession process has been questioned,<sup>46</sup> as the party's performance contradicted the accession criteria. Consequently, the party can be labelled as soft, mildly ideologically driven Eurosceptic. The final Eurosceptic party in Slovakia is the *People's Union* (LU), which is a new partisan addition to the Slovak political system, and as a result limited information is available. It split off from HZDS after the 2002 elections due to personal discord with Mečiar, yet it seems to subscribe to a similar program and address the same electoral segment.<sup>47</sup> The magnitude of LUs Euroscepticism seems to correspond with that of HZDS, as the party supports Slovakia's membership, but opposes federalist conceptions of European integration.<sup>48</sup> Due to the overall similarity and lack of detailed information, LU can be considered as coinciding with HZDS on both axes.

The above-assessed Eurosceptic parties can consequently be plotted in the Eurosceptic space in the following manner:

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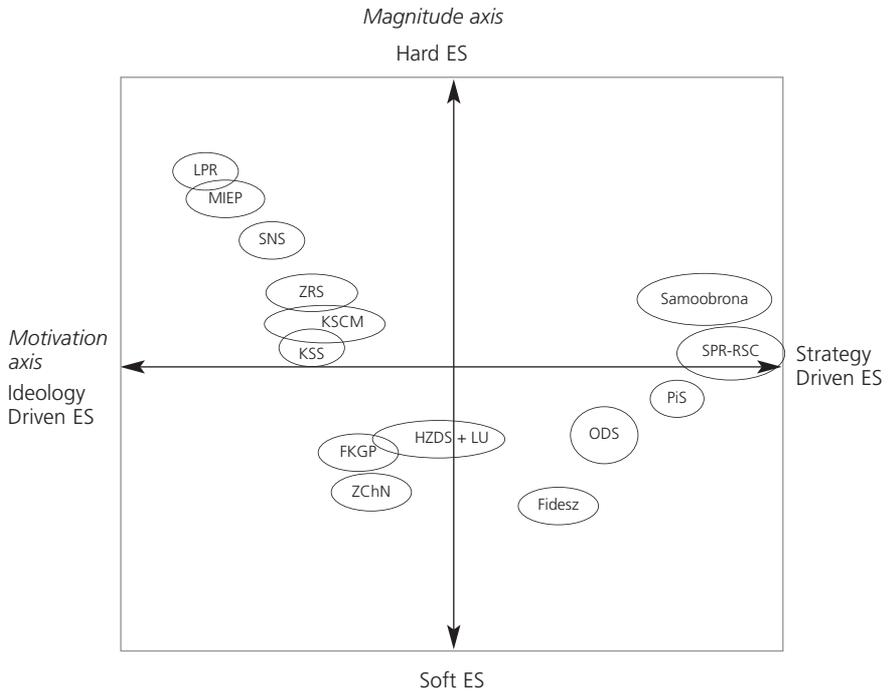
45 *Politický Program HZDS*, to be found at: <http://www.hzds.sk/dokumenty/program/>

46 Paul Taggart and Aleks Szczerbiak, 2001, op. cit., p.19

47 Information on LU can be found at <http://www.ludovaunia.sk/>; however no programmatic statement is available.

48 LU is cooperating with the UEN group in the EP, advocating a 'Europe of Nations'

**Figure 2. Positioning of Central European Eurosceptic Parties**



## 4. Conclusion

This paper concentrated on the conceptualisation of Euroscepticism on the basis of two continuums, dealing with its magnitude and motivations. In terms of magnitude of Euroscepticism, I have adopted the established distinction between soft and hard Euroscepticism, however, conceiving it as an ordinal, continuous category, which can be envisaged as a scale. In terms of motivations of Euroscepticism, I have argued for the utility of addressing whether Eurosceptic positions are adopted in connection with a party's original goals, values and core voters' interests (ideologically driven), or in connection with a pragmatic attempt at political influence increase (strategically driven). This led me to devise a motivation scale, spanning from extreme ideologically driven Euroscepticism to extreme strategically driven Euroscepticism. Putting the two axes together, allowed me to conceptualise a theoretical Eurosceptic space in which political party positions can be plotted. This was illustrated in the empirical section, which analysed the positions of Eurosceptic parties from Central Europe on these axes.

This empirical exercise uncovered some interesting relationships. First of all, there is an association between the magnitude and motivations of Euroscepticism. As outlined in figure 2., it is apparent that hard Eurosceptics tend to be either strongly ideologically or strongly strategically driven. Inversely, soft Eurosceptics tend to be moderately ideologically or strategically driven. This finding supports the claim of Taggart and Szczerbiak that hard Eurosceptics tend to lie at extremes<sup>49</sup>, which in the light of my conceptualisation applies to both ideologically and strategically driven scale limits. Secondly, there is a clear connection between certain party families and positions on both axes – supporting the conclusions of Kopecky and Mudde<sup>50</sup>. As indicated in figure 3. below, nationalist parties are inclined to be strong hard and strongly ideologically driven Eurosceptics; orthodox communists incline to hard and moderately ideologically driven Euroscepticism; post-communist and agrarian parties tend to be soft, mildly ideologically driven Eurosceptics; moderate conservatives are likely to be soft moderately strategically driven Eurosceptics; and populist parties incline to hard, strongly strategically driven Euroscepticism.

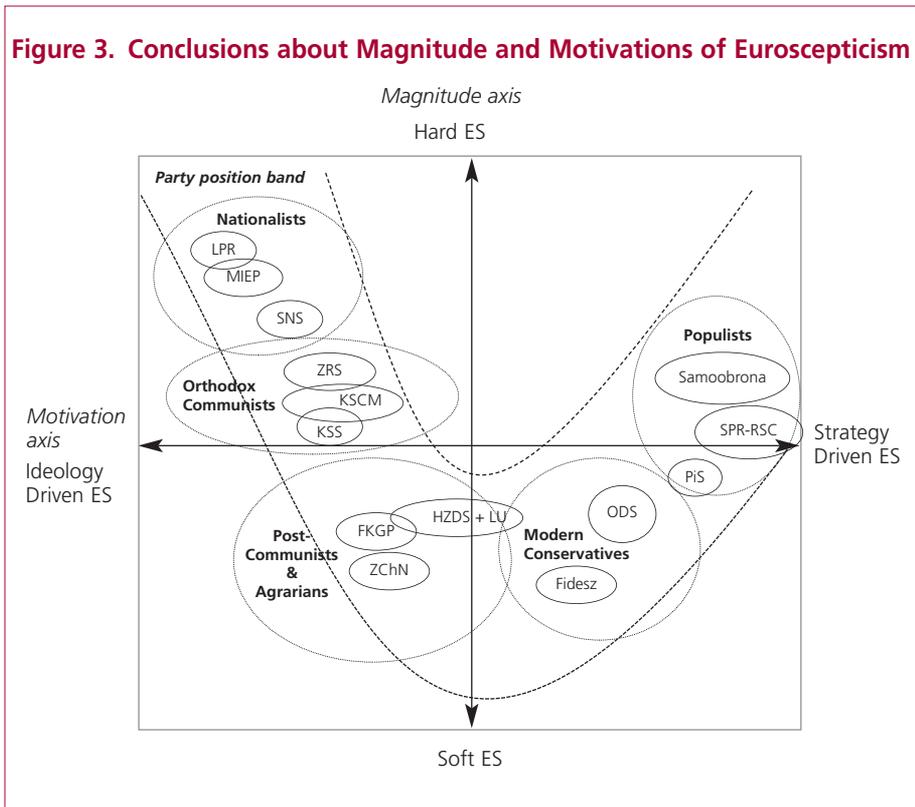
These findings suggest that political parties are likely to be located within a curved band spanning the Eurosceptic space from the upper left-hand corner, down to the bottom centre and back to the upper right-hand corner (see figure

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49 Taggart and Szczerbiak suggest that hard Eurosceptics are likely to be fringe parties. Paul Taggart and Aleks Szczerbiak, 2002, *op. cit.*, p.12.

50 Petr Kopecky and Cas Mudde, *op. cit.*, pp.319-21.

3.). As this paper addressed a static snapshot of Eurosceptic space, it would be valuable to analyse the possible movements and adjustments of political party positions on Europe. It can be speculated that all movement will take place within the party position band outlined in figure 3., however, further research is needed for confirmation. Moreover, additional research should empirically address whether this conception of Eurosceptic space applies to all Eurosceptic parties in Western, Central and Eastern Europe. Finally, it may be useful to apply the motivation axis to Europhile or Euro-optimistic parties as well, in the search for relationships between ideological and strategic motivations and the support for European integration and the EU.



## 5. *List of Abbreviations*

EDD – Europe of Democracies and Diversities (Group in the European Parliament)  
EPP-ED – European People’s Party – European Democracy (Group in the European Parliament)  
Fidesz – Hungarian Citizens’ Party (Hungary)  
FKGP – Smallholder’s Party (Hungary)  
HZDS – Movement for Democratic Slovakia (Slovakia)  
KSČM – Communist Party of Bohemia and Moravia (Czech Republic)  
KSS – Communist Party of Slovakia (Slovakia)  
LPR – League of Polish Families (Poland)  
MIEP – Justice and Life Party (Hungary)  
LU – People’s Union (Slovakia)  
ODS – Civic Democratic Party (Czech Republic)  
PiS – Law and Justice Party (Poland)  
Samoobrona – Self-defence Party (Poland)  
SNS – Slovak National Party (Slovakia)  
SPR-RSČ – Republican Party (Czech Republic)  
UEN – Union for Europe of Nations (Group in the European Parliament)  
ZChN – Christian National Union (Poland)  
ZRS – Union of Slovak Workers (Slovakia)



# Transparency Trap: Anti-Dumping and the Pursuit of Closer Trade Cooperation within the EU and the WTO

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**Anne Sophie Coleman<sup>1</sup>**

## *Abstract*

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This article examines the potentially negative consequences of increased transparency in the EU's use of commercial defence instruments such as anti-dumping. It offers a more focused definition of transparency as it applies to the EU and other multilateral regimes, and explores the connections between increased transparency and side-payments offered by governments to internal factions in pursuit of an international agreement. It also develops a graphical approach to trade negotiations between parties who are internally-divided on their support for trade liberalisation, which can be used to portray the impact of heightened transparency upon international trade negotiations.

## *1. Introduction*

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Anti-dumping duties have historically offered governments a convenient 'loop-hole' in their commitment to trade liberalisation – a means of satisfying protectionist demands from domestic industries while reducing quantitative restrictions and tariff barriers. Yet, until the mid-1980's, anti-dumping duties remained relatively unused within the trade policy arsenal of the European Union (EU). Its Member States preferred to maintain national 'shadow policies' to protect their domestic industries from international competition. The development of the Single Market has obliged Member States to abandon their shadow policies and

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1 Anne Sophie Coleman is an ancienne of the College of Europe (Promotion Simon Stevin) and this article is based on her MA Thesis written in 2001/2 in the Department of European Political and Administrative Studies. The views expressed in this article are those of the author, and do not necessarily reflect those of the U.S. Department of State or the U.S. Government. This article was written by the author prior to her employment with the Department of State.

look to centralised trade policy instruments such as anti-dumping duties to protect their domestic industries from international competition.

This reliance on centralised sources of commercial defence such as anti-dumping has promoted a relatively higher level of 'transparency' among EU Member States, as they are obliged to share information with one another about the demands made by their domestic industries. At the same time, the transformation of the relatively toothless General Agreement on Tariffs and Trade (GATT) into the World Trade Organization (WTO) has moved the multilateral trade regime itself to a heightened degree of transparency. These movements toward increased transparency can be traced to a generally held belief that higher levels of transparency would improve chances for international trade cooperation.

A good deal of this optimism can be attributed to the lack of a comprehensive operational definition of 'transparency' as it applies to international cooperation. The word 'transparency' can describe openness and access to information on a multitude of fronts – from shareholder access, to company financial records, to public access to government documents. This conceptual ambiguity has led many International Relations theorists to make optimistic blanket statements about the effects of increased 'transparency' upon international cooperation. This article exposes the inadequacy of these assumptions by demonstrating that certain types of transparency can have unexpected negative effects upon international trade cooperation. To this end, this study will proceed in four stages: First, I explore relevant theories of transparency, the interplay between domestic politics and international relations (two-level games), EU trade policy formation, and the controversial nature of anti-dumping legislation to identify gaps in the existing literature relating to transparency and trade liberalisation. Next, I draw on the 'negotiation analytic approach', to develop a model that incorporates the impacts of increased transparency upon cooperation in a two-party, two-issue negotiation.<sup>2</sup> The third stage of this article applies my theory to the use of anti-dumping legislation in the EU. Finally, I examine the case study of the French cotton weaving industry's efforts to secure anti-dumping duties. Politically powerful and historically sheltered, the textile industry offers an excellent testing ground for my theory and permits closer inspection of its internal causal mechanisms.

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2 Frederick Mayer, 'Managing Domestic Differences in International Negotiations: The Strategic Use of Internal Side-payments' in *International Organization*, Vol. 46, No. 4, 1992, pp. 793-818.

## 2. *Transparency in a Theoretical Framework*

The notion of transparency as it relates to international cooperation represents a relatively unexplored area of theories of International Relations, European integration, and trade policy formation. In its most general sense, 'transparency' refers to '... the acquisition, analysis, and dissemination' of information.<sup>3</sup> The ambiguous nature of the word 'transparency' has allowed a broad range of actors within the international system to make emphatic and well-meaning assertions of the need for heightened levels of transparency.

Conventional wisdom in neo-liberal theory dictates that international regimes promote cooperation by increasing transparency in world politics. Robert Keohane contends that this transparency can reduce transaction costs associated with obtaining information, and develop a framework within which states can effectively assess one another's behaviour.<sup>4</sup> Keohane's vision of transparency rests on the assumption that states are rational, unitary actors. If states have well-defined and non-conflicting preferences, increased access to information about the motivations and actions of other actors can aid the construction of expectations about other states' likely actions.<sup>5</sup> When states are viewed as a conglomeration of different, potentially incompatible preferences, Keohane's theory quickly unravels.

As domestic groups interact and compete with one another to gain influence on their government, a state's action in the international arena may be guided more by the efforts of politically powerful groups than by the rational decisions of a unified actor.<sup>6</sup> In this situation, secrecy may help states to assuage domestic factions that might otherwise oppose an agreement at the international level. Barkin introduces the notion that transparency may introduce negative consequences to prospects for international cooperation, but fails to link this notion with a realistic model of domestic policy formation and the international bargaining arena.<sup>7</sup>

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3 Ronald Mitchell, 'Sources of Transparency: Information Systems in International Regimes', in *International Studies Quarterly*, Vol.42, 1998.

4 Robert Keohane, 'The Demand for International Regimes', *International Organization*, Vol. 36, No. 2, 1982.

5 Also see H. Milner, 'Maintaining International Commitments in Trade Policy', in B. Rockman and K. Weaver (eds.) *Do Institutions Matter? Government Capabilities in the United States and Abroad* (Washington D.C.: Brookings Institution, 1997).

6 Sam Peltzman, 'Toward a More General Theory of Regulation', in: *Journal of Law and Economics*, Vol. 19, 1976, pp. 211-240.

7 Samuel Barkin, 'When Institutions Can Hurt You: Transparency, Domestic Politics, and International Cooperation', Paper presented at the 95th Annual Meeting of the Political Science Association. Atlanta, GA. 1999.

Frederick Mayer presents a compelling vision of the role of domestic factions in national preferences in international negotiations.<sup>8</sup> Mayer's model enriches Putnam's two-level approach by incorporating the use of internal side-payments within international negotiations in which one or more parties is internally divided.<sup>9</sup> Domestic factions that stand to gain from an international agreement can sweeten the deal for those groups who stand to lose-by adding additional issues to the negotiation table that will benefit the potential losers.<sup>10</sup> These issue linkages, also called 'side-payments' can facilitate the opening of previously closed parts of the bargaining set. Mayer's model fails to consider that some types of internal side-payments in trade negotiations can be perceived as inconsistent with the goals of trade cooperation more generally.

An analysis of the political role of anti-dumping duties must first consider the domestic political logic behind protectionism. Trade liberalisation holds the promise of diffuse benefits spread over a large number of recipients: lower consumer prices, wider variety of availability of products, and increased overall efficiency. While liberalisation stands to improve overall national welfare (including consumers and import-processing industries) and benefit foreign producers, it also hurts domestic industries faced with heightened international competition. The benefits associated with trade restricting measures (including anti-dumping duties) tend to be high and concentrated among a small number of producers. As a result, domestic producers can develop powerful lobby groups while consumer groups will tend to remain relatively unorganised.<sup>11</sup>

Although the GATT system sought to create a system of rules-based trade, it left 'loopholes' for governments to protect domestic stability by renegeing on agreements during periods of international economic upheaval and protecting its domestic industries from 'unfair trade' with instruments such as anti-dumping duties.<sup>12</sup> But because domestic groups faced an incentive to lobby in favour of

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8 Frederick Mayer, *op. cit.*

9 Robert Putnam, 'Diplomacy and Domestic Politics: The Logic of Two-Level Games', in: *International Organization*, Vol. 42, 1982, pp. 427-460.

10 The term "side-payments" traditionally refers to the incentives offered to parties in a negotiation in order to bring about a mutually-satisfactory outcome to the negotiation. Side-payments can be strictly monetary (such as a developed country linking offers of humanitarian aid to a developing country's signing of a trade agreement) or more broad in their reach (such as efforts to link infrastructure development packages to negotiations on arms reductions). My definition of side-payments expands Meyer's model beyond side-payment distributed between parties to include those employed within parties to garner support of a negotiated outcome.

11 H. Milner, *op.cit.*

12 John G. Ruggie, 'Embedded Liberalism in the Postwar Economic Order', in: *International Organisation*, Vol. 36, No. 2, 1982, pp. 379-415.

trade restrictions, Member States of the GATT/WTO have often found themselves facing protectionist pressure to deviate from their international commitments during periods of relative economic stability.<sup>13</sup> In its most general sense, 'dumping' refers to the practice by which an exporter sells a product on a foreign market at a lower price than would be charged for the same product on its domestic market.<sup>14</sup> Anti-dumping duties placed on imports makes those products less domestically competitive and hence benefiting domestic producers. 'Anti-dumping duties' can thus be viewed as a political side-payment because they can be levied by a government on foreign goods in order to benefit domestic producers who might otherwise oppose trade liberalisation.

The relationship between anti-dumping duties and the liberalisation of international trade tends to fall into one of two camps: those who feel that the duties are necessary for the existence of free trade, and those who feel that the anti-dumping procedure itself undermines progress toward liberalised trade.<sup>15</sup> Both sides of the anti-dumping debate agree that anti-dumping legislation can act as a safety valve in a liberal trade order, 'provid[ing] an outlet for protectionist pressures which otherwise might shatter the foundations of the liberal trade order itself.'<sup>16</sup> To the extent that this article will consider unfair trade laws as a side-payment that can curry the favour of anti-free-trade industries, this debate highlights the weaknesses of Mayer's assumption that side-payments can be made without diplomatic costs at the international level.

### 3. Transparency in the international trade regime

The world trade system has focused on the need for institutionalised transparency among states since the creation of the International Trade Organization (ITO) in 1944 (which became the GATT in 1947), but has achieved a deeper level of transparency under the WTO. The GATT did promote a degree of 'transparency' within the international system by requiring Member States to make their trade protection activities clear to the international community. To this end, the GATT encouraged state parties to use visible tariffs instead of more covert

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13 H. Milner, *op.cit.*

14 Clive Stanbrook and Philip Bentley. *Dumping and Subsidies: The Law and Procedures Governing the Imposition of Antidumping and Countervailing Duties in the European Community* (London: Kluwer Law International, 1996).

15 For a positive portrait of the role of anti-dumping duties, see Greg Mastel, *Anti-Dumping Laws and the U.S. Economy* (New York: M.E. Sharp, 1998). For a negative portrayal see Richard Boltuck and Robert Litan, *Down In the Dumps: Administration of the Unfair Trade Laws* (Washington D.C.: The Brookings Institute, 1991).

16 Greg Mastel, *op.cit.*, p. 3.

trade remedies such as anti-dumping legislation, subsidies, and countervailing duties. Yet the GATT did not require states to report on many aspects of their trade policies, and allowed considerable discretion in the application of non-tariff barriers.<sup>17</sup>

Trade policy in the EU mirrored this atmosphere of relative secrecy. Historically conducted out of the public eye, and without the intervention of a centralised GATT monitoring body, EU trade policy existed largely outside the scrutiny of the international system. As an instance of deeper integration within the multilateral trade regime, scholars differ on their interpretation of the EU as a force for protectionism or liberalisation in the world trade system. Many scholars, focusing on the 'schizophrenic' character of EU trade policy, argue that the EU tends to vacillate between protectionism and liberalisation.<sup>18</sup> Within this perspective, so called 'Colbertiste' states – including France, Italy, Spain and Portugal – that have historically sheltered their sunset industries, will continue to lobby for protectionism at the EU level. They will be opposed by 'Smithite' states – the U.K., Germany, Sweden, Finland and Denmark – who boast a historical commitment to more liberalised trade. Due to the fact that trade policy was '...predominantly technocratic in nature, with decisions taken after discussion between national and Commission officials', individual Member States and the Commission could operate with a certain degree of autonomy.<sup>19</sup>

Two types of transparency apply to the formation of EU trade policy within the international trade regime that I classify as 'internal' and 'external' transparency:

### ***Internal Transparency***

When states in a regionally integrated area engage in informational exchange they increase their 'internal transparency'. This increase can occur either voluntarily or because states have 'locked' themselves into a commitment that requires the formation of policy at the regime level. I assume that the regional arrangement in question has evolved to include a degree of 'fusion' among national authorities and regional supranational bodies to whom responsibilities have been delegated.<sup>20</sup> In these conditions, states acting individually cannot

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17 Graham Dunkley, *The Free Trade Adventure: The WTO, the Uruguay Round, and Globalism – A Critique*, (London: Zed Books, 2000).

18 M. Widgren, 'Voting Power in Trade Policy and Social Regulation of an Expanded EC: A Partial Homogeneity Approach'. Discussion Paper no. 433. (Helsinki: The Research Institute of the Finish Economy, 1993).

19 Stephen Woolcock, 'European Trade Policy', in: *Policy-Making in the European Union*, Ed. Helen and William Wallace, (Oxford: Oxford University Press, 2000), p. 375.

20 Wolfgang Wessels, 'An Ever Closer Fusion: A Dynamic Macropolitical View on the Integration Process', in: *Journal of Common Market Studies*, Vol. 35, No. 2, 1997, pp. 267-299.

'defect' from their notification requirements in the same way as states in a relatively loose multilateral regime.

Until the beginning of 1992, Member States maintained nearly 6,500 individual import quotas.<sup>21</sup> In order to pursue the benefits of a Single Market, Member States 'locked' themselves into a commitment to drop their national shadow policies and replace them with EU-level measures (such as anti-dumping duties). Under this commitment, a Member State must first submit a petition to the Commission, which is subsequently distributed to all Member States. Because anti-dumping investigations are handled by the Commission and supervised by an advisory committee of Member State representatives, information about the industry in question and the mathematical intricacies of the investigation process becomes open for all Members to scrutinise.<sup>22</sup>

### **External Transparency:**

'External' transparency refers to the collection and distribution of information between the EU and third parties within a multilateral regime. The Uruguay Round of trade negotiations, concluded in 1994, formalised existing GATT agreements into an international organisation with a centralised monitoring system and a legally binding dispute resolution mechanism.<sup>23</sup> Many of the changes contained in the transition to the WTO were intended to increase state access to information about (and scrutiny of) one another's trade policies. The Trade Policy Review Mechanism (TPRM) forms the cornerstone of the WTO's efforts to increase transparency. Relying both on self-submissions from the delegation being examined and on an independent report by the Secretariat, the TPRM offers an assessment of the country's trade policy with respect to its WTO commitments.<sup>24</sup> A 'central registry of notifications' then centralises all the trade practice information submitted by Members and makes the information available to all delegations permitting states to simultaneously examine the behaviour of other states and be monitored in turn.

This distinction between internal and external transparency allows us to differentiate between the level and nature of transparency within a multi-lateral regime lacking supranational authority and within regionally integrated areas

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21 John Peterson and Elizabeth Bomberg, *Decision-Making in the European Union*, (New York: Palgrave, 1999), p. 115.

22 Clive Stanbrook and Philip Bentley *op.cit.*, p.157.

23 John Jackson, 'Designing and Implementing Effective Dispute Settlement Procedures', in: Anne O. Krueger, *The WTO As An International Organization*. (Chicago: University of Chicago Press, 1998), pp. 161-180.

24 'European Union: July 1995. Trade Policy Reviews: Second Press Release and Chairperson's Conclusions', from the World Trade Organisation Website (<http://www.wto.org>), 26 July 1995, Retrieved 12 April 2002.

such as the EU characterised by the fusion of national authorities.<sup>25</sup> As a regional regime 'nested' within a looser multilateral regime, the EU presents what some would argue to be a unique adaptation to the demand for greater transparency in trade policy formation. This criticism should not prohibit the use of the EU as a subject of study with regard to transparency and unfair trade laws. First, there has been a trend towards more formally structured regimes as the EU has become a model for other attempts at forging regional integration. Thus my theory could eventually be applied to other regional arrangements that attain higher levels of information exchange than the multilateral regime within which they are embedded. And second, the 'external' transparency resulting from the EU's membership in the WTO will present challenges similar to those faced by other WTO Members with regard to their politically powerful domestic industries.<sup>26</sup>

#### 4. Theory

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Increased 'external' and 'internal' transparency will undermine prospects for international cooperation in a regime possessing two specific features:

##### ***Asymmetric benefits:***

The multilateral regime in question should be one that seeks to provide a public good to the international system. That is, the multilateral regime should strive to provide its members with benefits that can be enjoyed by all and cannot be withheld from non-members. Thus, the global system in which the regime exists will exhibit characteristics of a Tragedy of the Commons. A Tragedy of the Commons has been compared to a village green to which all farmers can bring their cows to graze. Collectively, all farmers reap benefit from the existence of the field, and thus should limit their individual usage of the field. But individually, each farmer could reap a concentrated benefit by allowing his cows to consume as much grass as possible. The pursuit of individual gain by many farmers will destroy the field itself, and thus eliminate the source of collective gain for all involved. This analogy has been used to explain why public goods such as parks, national defence, and lighthouses must be provided by public entities and not by private individuals (as governments alone will be able to overcome individual inaction to provide goods for public benefit).

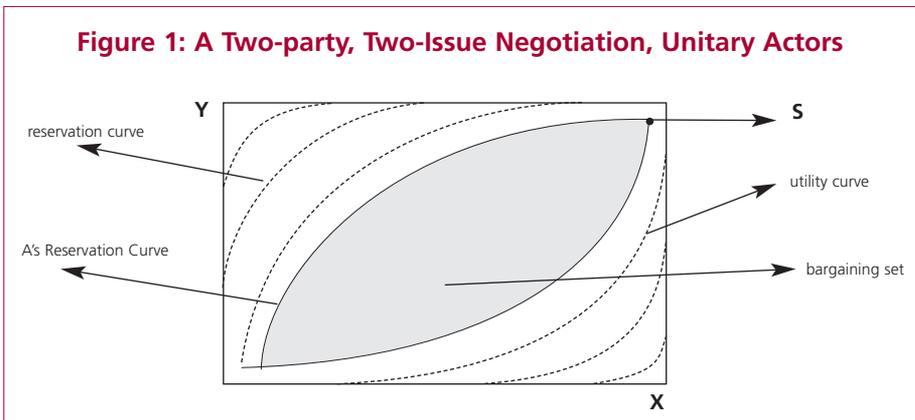
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25 Wolfgang Wessels, op.cit.

26 For example, the U.S. has often found itself facing international criticism in response to its use of unfair trade laws in favour of its steel industry.

In the case of the WTO, the public good in question is that of free trade – from which all nations collectively stand to gain, but from which a few domestic industries stand to profit by strategically erecting trade barriers. The asymmetric nature of the benefits associated with trade barriers can explain how domestic producer groups could acquire ‘veto power’ within the trade policy of certain EU Member States. These ‘concentrated benefits’ can also shed light on the notion that certain industrial side-payments spark controversy at the international level. For although every country possesses domestic industries that could benefit from such side-payments, the notion that foreign industries are gaining the fruits of protectionism at the expense of the world’s consumers does not retain this same appeal.

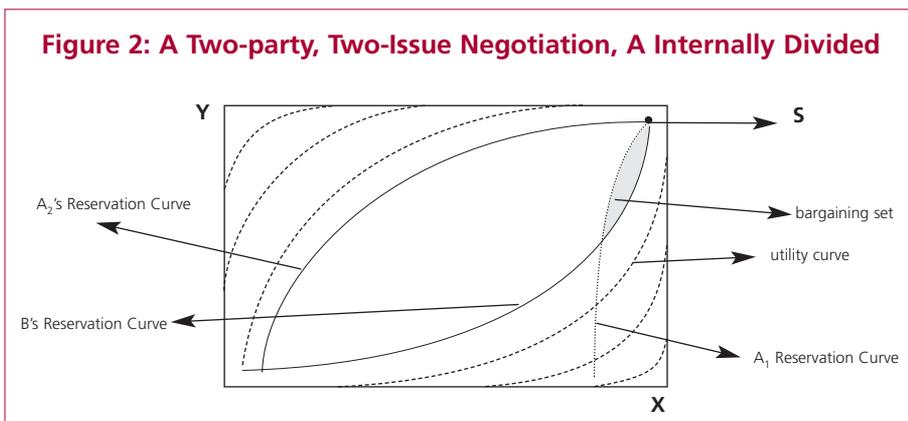
**Increased formality:**



Either the regional arrangement in question or the multilateral regime must undergo a shift toward greater formality in its structure and greater stringency in its rules. This condition is crucial to the functioning of my theory because it is closely linked with the move towards greater ‘compliance-oriented’ transparency in the regime. In the case of anti-dumping, both the EU itself (through the move towards the Single Market) and the world trade regime (through the creation of the WTO) underwent a move towards greater formality. When a regime undergoes a systemic change towards greater stringency, its member states will demand more information about one another’s activities. Without such information, the heightened level of commitment and formality would be meaningless. Thus, this move towards increased regime formality will also be accompanied by increased centralisation in monitoring tactics and efforts to ensure high levels of compliance with regime rules.

What follows is a general framework for analysing the impacts of increased transparency upon an international trade negotiation in which one party is internally divided over trade policy. Drawing on Mayer's negotiation analytic approach, this framework permits a graphical explanation of the impact of internal and external transparency on an international trade negotiation.<sup>27</sup> To the extent that these graphs depict negotiations in a 'bilateral' framework, they offer a greatly simplified interpretation of bargaining. But a flexible interpretation of the parties involved in the depicted negotiations can yield a model capable of depicting internal and external trade negotiations in the EU.

To conceptualise the effects of increased transparency on an international negotiation, let us consider a simple negotiation between two countries, A and B, over issues X and Y. In this initial example, both A and B are unitary actors lacking vocal 'anti-free trade' coalitions. Figure 4 displays the interests of countries A and B as an 'Edgeworth Box.' If, for example, the negotiation in question involves tariff rates in the two countries, X could represent the tariff rate in country A and Y the tariff rate in country B. Country A prefers higher X and lower Y; country B prefers higher Y and lower X. The dotted lines in the Edgeworth Box reflect the indifference curves of countries A and B: combinations of X and Y that are of equal value to each country.



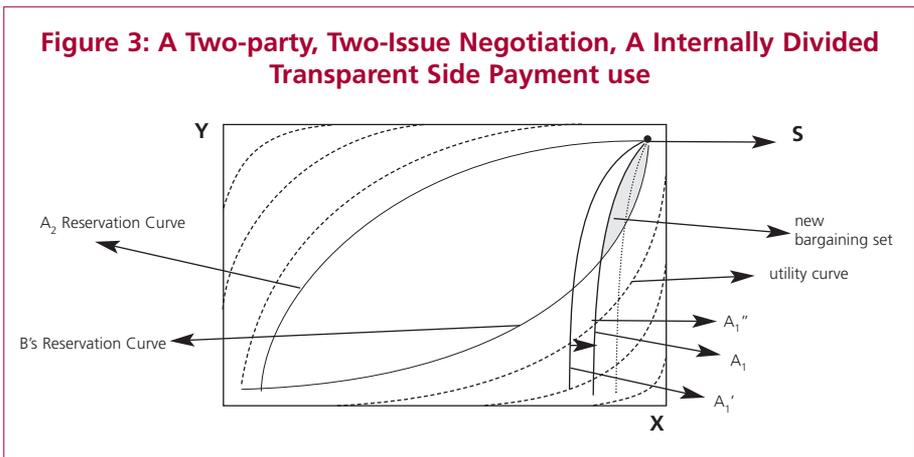
Within this model, both countries face the same alternative to the negotiated agreement, termed the 'no agreement outcome'. Neither country will accept a value of X and Y that imparts less value than the 'no agreement outcome'.<sup>28</sup> Thus, both A and B possess a 'reservation curve' reflecting the combination of

27 Frederick Mayer, *op.cit.*

28 *Ibid.*

tolerable outcomes which could result in a trade agreement. In this particular negotiation, we assume that point S reflects the starting point for the negotiation, where both A and B have relatively high tariffs. Although each country would prefer to maintain its high tariffs unilaterally while the other lowered its tariffs, both recognise the potential gain available through mutual tariff reduction. All combinations of X and Y that fall within the reservation curves of countries A and B form part of the 'bargaining set' in the negotiation.<sup>29</sup> Thus, relatively larger bargaining sets within a trade negotiation imply larger chances that the countries involved will be able to reach an agreement, because there are more potential outcomes which will be acceptable to A and B.

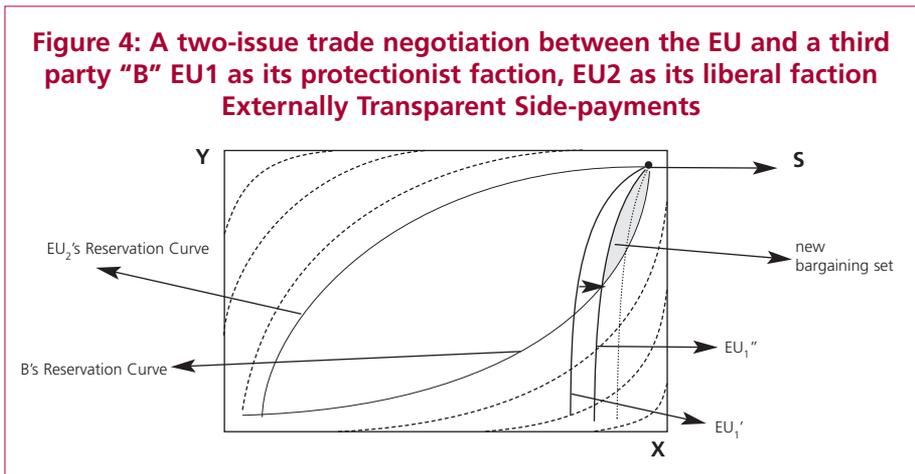
If we expand our definitions of countries A and B to allow for factional division within country A, the bargaining set becomes smaller, reflecting a slimmer chance that a trade agreement will be reached. Figure 2 depicts this situation, in which country A is composed of two domestic factions,  $A_1$  and  $A_2$ , with opposing views on the issue being negotiated. That is,  $A_1$  and  $A_2$  differ on the relative weights assigned to X and Y in the negotiation, and possess separate reservation curves. For the purpose of this study, assume that  $A_1$  represents the anti-free trade coalition in country A and  $A_2$  represents the pro-free trade coalition. We shall assume that  $A_1$  possesses a relatively large amount of veto power within A's internal negotiation. In this instance, if the anti-free trade coalition attains power over A's position in the negotiation, the original bargaining set will shift to  $A_1$ , shrinking the bargaining set and the chances that a trade agreement pleasing to A and B will be found.



29 *Ibid.*

If we include the provision of discrete side-payments to  $A_1$ , we can see how this bargaining tool can provide for a wider range of acceptable outcomes within the framework of the negotiation.<sup>30</sup> In Figure 3, state A can offer 'side payments' to anti-free trade groups, thereby opening the previously 'blocked' portion of the bargaining set. In this case, we assume that the international system is characterised by relatively low levels of awareness of the side-payment behaviours. Thus, State A can exercise discretion in the size and type of 'side-payments' used to gain the political support of  $A_1$ . Within the context of this study, domestic side payments can take the form of discrete non-tariff barriers or 'commercial defense' instruments such as anti-dumping duties or voluntary export restraints. These side-payments offer a concentrated benefit to groups within the anti-free trade faction but do not, in conditions of relative secrecy, undermine the success of the negotiation or A's credibility as a negotiation partner. Thus, the use of discrete side-payments can expand  $A_1$ 's reservation curve to  $A_1'$ , and widen the bargaining set.

Figure 4 portrays the effects of increased transparency upon the size of the bargaining set in this hypothetical negotiation. We assume that the negotiation is occurring within the context of a larger regime, which has undergone a move toward greater transparency, exposing a wider range of state behaviours to the scrutiny. These monitored behaviours include the methods by which members distribute side-payments among domestic groups, and the nature of side payments used. For the purposes of this study, we also assume that some of the side-payment methodologies used by state A would be seen as unsupportive of the goals of the negotiation in question (trade liberalisation). Once state B



30 Ibid.

acquires more information about the side-payment methods employed by state A – given that state A is aware that its side-payment behaviours are being monitored by state B – the bargaining set will shrink, reducing the range of outcomes acceptable to both parties in the negotiation.

Applied to the context of the EU, this general model can be interpreted as a means of portraying the effects of external transparency on EU side-payment allocation methods (Figure 4). In this interpretation, A represents the entire EU engaged in a trade negotiation with a third party, B, within the framework of the WTO. In this context,  $EU_1$  reflects the reservation curve of the EU's most protectionist Member State (or states).  $EU_2$  thus emerges as the combined preferences of the more liberally inclined Members. I draw on Moravcsik's conception of national preference formation at the national and EU-level by conceiving each reservation curve in this EU-framework as the product of a prior 'internal' negotiation within each Member State.

Situations in which unanimous voting is required to approve trade agreements with third countries allow the EU's most protectionist states to maintain 'veto power' over the ultimate outcome.<sup>31</sup> Under conditions of heightened internal and external transparency, relatively protectionist Member States risk having their side-payment decisions vetoed by Member States with more liberal preferences. Assuming that the EU as a whole will not approve side-payments in all instances desired by  $EU_1$ , there will be a loss of industrial support for free trade on a national level within some of the EU's most protectionist states. Combined with the de facto veto power retained by states within certain facets of EU trade policy, this change can result in the EU itself adopting a more hard-line position in international trade negotiations.

## 5. *The Impact of Transparency on EU Anti-dumping practices: Application and Results*

Within my tri-level model, an increase in transparency will undermine prospects for international trade cooperation by increasing controversy on the EU level about the need for protectionist side payments, and increasing scrutiny of EU side payment actions at the international level. The first level, or 'domestic' level, consists of domestic interest groups vying with one another to influence the national preferences of EU Member States. The second 'EU-level' plays out once

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31 Alan Winters, 'The EC and World Protectionism: Dimensions of the Political Economy', *Centre for Economic Policy Research*. Discussion Paper No. 897, (London: CEPR, 1994).

Member States take the preferences determined at the first level into the EU's institutional framework. The third 'international level' of analysis encompasses bilateral relationships between the EU and third countries as well as its reputation within the multilateral WTO.

**Domestic Level:**

Industries in the EU can file a complaint with the Commission alleging the existence of dumping of foreign products onto their domestic markets. The Commission then has the discretion to determine which complaints merit the launching of a dumping investigation.<sup>32</sup> Prior to the adoption of the new 1995 basic regulation, there was no strict definition of which domestic industries could and could not file a dumping complaint with the Commission. The 1995 regulation introduced a stricter definition of the Community industries eligible to merit a dumping investigation.<sup>33</sup> The internal transparency introduced during the move to the Single Market will oblige Member States to seek protection for their domestic industries at the EU-level. We could thus expect increased internal transparency to be followed by an increase in the demand for centralised EU-level side-payments like anti-dumping duties.

Since the demand for anti-dumping duties reflects one measure of the overall industrial demand for protection, an ideal study would compare the number of dumping complaints received by the Commission on a yearly basis before and after the increase of internal transparency. However, the Commission does not publish information about the number of complaints it receives, merely on the number of investigations undertaken.<sup>34</sup> This alternative measure of demand will guide my analysis of the empirical evidence. Between January 1, 1986 And December 31, 1995, the EU initiated an annual average of 33.1 anti-dumping cases, while between January 1, 1993 and December 31, 2000, the annual case initiation average was 39.<sup>35</sup> Although these figures reveal an increase in the measurable demand for EU-level protection, the actual underlying increase in demand could be much higher than these figures indicate. This comparison of annual investigation launchings would not reveal the existence of an increased quantity of annual complaints filed, nor can it account for an increase in the political weight of complaining industries.

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32 Clive Stanbrook and Philip Bentley, *op.cit.*

33 *Ibid.*

34 Peter Klein, Deputy Head-of-Unit, The European Commission, Directorate General Trade. Personal Interview, Brussels, 26 March 2002.

35 12th-19th Annual Reports from the Commission to the European Parliament.

**EU Level:**

My theory predicts that the centralisation of side-payment allocation methods within the Single Market, and the implementation of the more stringent criteria contained in the Uruguay Round agreement would result in a reduction of the number of complaints that 'qualify' for a side-payment. Due to the existence of the Single Market, Member States will lack recourse to discrete national measures to compensate for the lack of side-payments at the EU-level. Applied to patterns in the EU's anti-dumping activities, my theory predicts the emergence of three trends in side-payment allocation:

***An increase in the number of cases terminated initially by the Commission:***

When investigations were conducted behind closed doors, it was relatively easy for the Commission to manipulate its findings in favour of the complaining industry. When it must solicit the input of other community actors, who stood to be hurt by the imposition of anti-dumping duties, trade protection would be harder to secure. To explore this prediction, I examined the average number of anti-dumping cases terminated annually between January 1, 1983 and December 31, 1992 and January 1, 1993 and December 31, 2000, respectively.<sup>36</sup>

Increases in internal and external transparency in the Commission's investigation methodology have, in accordance with my predictions, been followed by an increase in the annual rate of case termination. Compiling statistics released by the Commission in its Annual Reports to the European Parliament on the Community's Anti-dumping activities, I calculated the number of investigations terminated annually without the imposition of a provisional duty, definitive duty, or price undertaking. Between January 1, 1990 and December 31, 1994, there was an average termination rate of 10.8 cases per year. Between January 1, 1995 (the date on which the EU's internally and externally transparent anti-dumping regulation entered into force) and December 31, 2000, the average annual termination rate increased to 19.33.

If we view each investigation as stemming from a complaint filed by EU industries that perceive themselves to be disadvantaged by 'unfair' foreign exports, we can consider the potential implications of this trend for prospects for international trade cooperation. We can assume that the industries no longer protected by anti-dumping legislation will be unable to secure side-payments at the

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36 The date January 1, 1993 is selected for the onset on internal transparency because all national barriers to trade between Member States became effectively illegal on December 21, 1992.

national level due to the heightened internal transparency inherent in the Single Market. Thus, the termination of an investigation will leave the industry relatively unprotected from foreign competition. As industries historically conditioned to receiving side-payments find themselves unprotected from foreign competition, they may have a greater incentive to oppose trade liberalisation in other areas of EU trade policy.

***Higher proportions of anti-dumping duties overturned without the application of definitive duties:***

After reaching a positive provisional dumping determination, the Commission can make a proposal to the Council in favour of the adoption of definitive (five-year) measures on the imported product.<sup>37</sup> The formal voting procedures and lobbying pressure brought to bear in national capitals by both pro-free trade and anti-free trade groups lend themselves to internal discord over the use of anti-dumping side-payments and heighten the potential impacts of increased transparency. The introduction of the 1995 anti-dumping regulation, which encourages the participation of pro-free trade groups from all Member States, will reduce governmental incentives to vote in favour of anti-dumping duties at the Council level. Within a more transparent investigation process, Member States favouring liberalisation will have less of an incentive to support protection for sunset industries in historically-protectionist Member States. We would thus expect some of the preliminary decisions reached by the Commission to be overturned at the Council level due to lack of Member State's support for the internal side-payment.

We can gain an approximate measure of the rate of definitive duty application by looking at the number of definitive duties applied in a given year as a percentage of the investigations launched in the previous year.<sup>38</sup> Due to the fact that the Commission stopped differentiating between the number of cases resulting in definitive duties and those involving price undertakings, I consider the number of cases that ended with the imposition of 'definitive measures', which encompasses both.<sup>39</sup> Between January 1, 1990 and December 31, 1994, an annual average of 75.94% of investigations resulted in the imposition of defin-

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37 Stephen Woolcock, *op.cit.*, p. 390.

38 This measure is based on the assumption that all investigations launched would be submitted to a Council vote the following year. Although the EU's anti-dumping procedures were not governed by strict deadlines until after the 1995 regulation, this assumption allows us to consider the "time delay" between the initial launch of the investigation and the Council vote.

39 Both definitive duties and price undertakings offer some measure of 'definitive' protection to EU industries, although price undertakings possess a number of unique characteristics that will be addressed in the following section.

itive measures. This figure is noticeably higher than the 64.6% of cases terminating with the application of definitive measures between January 1, 1995 and December 31, 2000, a trend which supports my predictions.

***Greater reliance on relatively discrete side-payment methods (such as price undertakings):***

As one form of this relatively discreet side-payment method, price undertakings can be negotiated in conditions of relatively greater secrecy than that surrounding the determination of definitive duties and do not require a majority vote in the Council. If the Commission determines that the conditions of dumping, injury, and Community interest have been satisfied, it can attempt to work out a minimum price level with the exporting firm involved in the investigation.<sup>40</sup> These 'price undertakings' remain an attractive side-payment option for Community industries (who can be assured that imported products will not be priced below the minimum negotiated price).

While effective in terms of their capacity to enlarge the bargaining set of international trade negotiations involving the EU and exporting countries, price undertakings are arguably more controversial from the standpoint of the EU's WTO commitments. Undertakings can be negotiated relatively early in the process of the investigation when compared to the determination of definitive duties.<sup>41</sup> This timeframe implies that there is a shorter opportunity for 'interested parties' (including pro-free trade import-processing industries) to express their views and oppose the imposition of a minimum price within the context of the undertaking. We would expect protectionist Member States (acting through the Commission) to employ price undertakings as a means of absorbing protectionist political pressure.

The EU has historically settled more of its anti-dumping investigations with price undertakings than other WTO Member.<sup>42</sup> Messerlin conducted a study of the reliance on price undertakings in the EC between 1980 and 1985 and found that 40.1% of all anti-dumping cases ended with the imposition of price undertakings.<sup>43</sup> Thus price undertakings played an important role in EU trade policy even before increases in internal and external transparency, a development not consistent with my initial predictions. Still, I contend that the greater discretion available to the Commission in the negotiation of price undertakings has caused

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40 Clive Stanbrook and Philip Bentley, *op.cit.*

41 *Ibid.*, p.178.

42 Stephen Woolcock, *op.cit.*, p.391.

43 Michael Moore, 'VER's and Price Undertakings Under the WTO', Working Paper, (Washington D.C.: The George Washington University, 2000).

them to gain even greater importance within the EU's trade policy in the wake of heightened internal and external transparency.

Although the Commission no longer publishes annual data on the quantity of price undertakings, we can glean an indication that price undertakings continue to play an important role within the EU's trade policy arsenal. Between January 1, 2000 and December 31, 2000, price undertakings were accepted by exporters from 20 third countries a number just below the 22 third countries whose exporters have been involved in the imposition of anti-dumping duties. When we take into account the number of products involved in the application of measures, the predominance of price undertakings becomes even more striking. Definitive duties for thirteen separate products were imposed between January 1, 2000 and December 31, 2000 as compared to the 14 products covered by price undertakings.<sup>44</sup> Although it is difficult to determine whether the EU's overall reliance on price undertakings has increased or declined, the EU still remains the pre-eminent user of such trade measures all WTO Member States.

### ***International Level:***

In those cases in which a sufficient majority of Member States approve the application of a side-payment to an industry, the EU risks attracting criticism at the international level in the forum of the WTO. In accordance with its Uruguay Round commitments, the EU has reduced the time frame of its anti-dumping investigations, and improved the transparency of its anti-dumping activities.<sup>45</sup> The transparency introduced in the EU's anti-dumping investigation process has resulted in the transmission of more and better quality information to the foreign firms (and their governments) involved in anti-dumping investigations.<sup>46</sup> The controversial nature of anti-dumping duties and the tendency to favour the interests of domestic producers over foreign exporters would make any anti-dumping activities ripe for criticism at the WTO-level. Foreign governments, whose products become more expensive on the EU market due to the implementation of side-payments, will now have more information with which to back up their allegations. This criticism could undermine the EU's legitimacy as one of the major players within the WTO and make it harder for the EU to take on a leadership role within the WTO.

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44 As reported in the European Commission's annual report to the European Parliament 2001.

45 'European Union: Trade Policy Reviews, Second Press Release and Chairperson's Conclusions', From the Website of the World Trade Organisation (<http://www.wto.org>), 14 November 2000. Retrieved 12 April 2002.

46 Clive Stanbrook and Philip Bentley, *op.cit.*

In order to explore the viability of this facet of my theory, I examine trade disputes within the context of the GATT/WTO. The *number* and *nature* of complaints targeting EU anti-dumping duties will provide an indication of the levels of international controversy associated with this formerly discrete side-payment method. We would expect the number of complaints targeting the EU's use of anti-dumping duties to have become more frequent in the aftermath of the Uruguay Round (and the increase in 'external' transparency it entailed). Also, if the disputes themselves have included more findings against the EU, this would indicate the increasing persuasiveness of cases brought against the EU. We would also predict an increase in the level of conflict associated with anti-dumping disputes involving the EU, as measured by the degree of media coverage surrounding these disputes and the degree of diplomatic activity they encompass. The criticism of EU anti-dumping practices at the WTO-level does emerge in patterns of anti-dumping complaints filed within the context of GATT/WTO dispute settlement. Only one trade complaint filed under the GATT against the EU involved the application of anti-dumping duties. The trade dispute in question between Brazil and the EU centered around the EU's imposition of provisional and definitive anti-dumping duties on cotton yarn, and included many references to the lack of transparency of the EU's anti-dumping investigation (GATT Committee on Anti-Dumping Practices 1995). In contrast, the period since the creation of the WTO has seen the launching of three relatively high-profile complaints against the EU's imposition of anti-dumping duties. Two cases in 1998 were filed by India concerning duties on textile products, and one case raised in 2001 by Brazil involved iron products.

Although the increase in *quantity* of trade disputes relating to EU anti-dumping practices is far from overwhelming, a closer examination of the *content* and ultimate *outcome* of these three post-Uruguay Round complaints reveals the impact that increased external transparency has had on international 'monitoring' of EU anti-dumping actions. In the GATT case, the Dispute Settlement board decided in favour of the EU and made no mention of any inconsistency between the EU's anti-dumping actions and its GATT Commitments. The case generated little press coverage. In contrast, the three complaints filed against the EU in the realm of anti-dumping after the entry into force of the Uruguay Round have focused primarily upon aspects of the EU's investigation methodology. Moreover, one of the disputes raised against the EU within the WTO has involved the appellate body ruling *against* certain prominent features of the EU's anti-dumping methodology. In its final ruling on the case involving bed linen from India, the WTO's appellate body ruled that the methodology known as 'zeroing', a central feature of nearly *all* EU anti-dumping investigations reflected a violation of the

EU's WTO commitments.<sup>47</sup> The decision stands to have vast implications not only for the EU (which may find itself having to recalculate the vast majority of its anti-dumping duties currently in place or risk the existence of a multitude of new WTO complaints), but also for other major anti-dumping users such as the US that employ 'zeroing' in their calculations. If the EU chooses to alter its anti-dumping legislation to bring it into accordance with its WTO Commitments, the Commission will have a much harder time slanting dumping investigations in favour of EU industries and employing anti-dumping duties as internal side-payments.

## 6. Case Study: The French Textile Industry and Duties on Unbleached Cotton

To explore the practical implications of heightened internal and external transparency for one industry's efforts to secure the benefits of anti-dumping duties, I explore the case of unbleached cotton. Conflicts over this seemingly banal substance produced one of the most contentious and heavily lobbied anti-dumping cases in EU history. An exploration of the underlying forces at play reveals how the move towards increased internal and external transparency can reduce the capacity for anti-dumping duties to act as political side-payments. In this case study, the French government's efforts to use anti-dumping duties as a means of securing domestic support for the liberalisation of textile trade will be hampered by the impacts of heightened internal and external transparency, resulting in reduced prospects for international trade cooperation.

Textiles, as one of the most sheltered (and therefore distorted) industries in the international trade regime, have long remained outside the multilateral framework of the WTO. Governed by a system of quotas under the Multi-Fibre Agreement (MFA), which permits WTO Member States to breach the principle of equal treatment of trading partners, the textile industry has remained relatively removed from the forces of supply and demand. The Uruguay Round initiated the integration of the textile regime into the framework of the WTO, within the 'Agreement on Textiles and Clothing' (ATC) that promised the full inclusion of textiles into GATT regulations by 2005.<sup>48</sup>

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47 Daniel Pruzin, 'EU Offers to Review Anti-dumping Duties In Light of WTO Decision Against Zeroing', *WTO Reporter*, 13 March 2001.

48 'Textiles: Back in the Mainstream', From the Website of the World Trade Organisation (<http://www.wto.org>), 1995, Retrieved 4 March 2002.

The textile industries in both the EU and the US have historically possessed 'institutionalised political resources' and close connections with the state. Although never occupying as crucial an economic position as industries like steel and ship-building, the textile industry has nonetheless developed a measure of 'veto power' within trade policy. This 'veto power' has allowed the textile industry in certain EU Member States to '...constitute a political blockage to the process of economic change, preserving domestic industrial structures beyond their sell-by date'.<sup>49</sup> This lingering veto power also helps to explain why textile industries worldwide have remained sheltered despite the sweeping liberalisation efforts occurring in other less politically powerful economic sectors.

The textile industry is well established in France, with a firm historical tradition and well-articulated policy preferences at the national level. Boasting its legacy as one of the crucial components of the French industrial revolution, the French textile industry continues to comprise an important proportion of French industrial employment (more than 10% in 1980). Due to the prevalence of textile employment in certain rural regions, the textile issue has frequently emerged as *the* crucial electoral issue for local officials. The tendency for local officials to become active on the national level in France can help explain how these local textile agendas have attained paramount importance on the national level as well.<sup>50</sup> The French government had historically proven willing to bolster the success of its textile industry through various side-payments, such as direct subsidies and tariff and non-tariff barriers. Conditioned to receiving these side-payments, '...many [French] firms...came to rely on political resources to ensure their survival'.<sup>51</sup> The 'capture' of national policy by the French textile industry carried over into an uncanny ability to dominate the policy-making process at the EU-level, through links forged with textile industries in other Member States.<sup>52</sup>

During the Uruguay Round, the EU remained divided on its support for the MFA. The Commission recognised the need to demonstrate some flexibility on the textile issue in order to obtain concessions from its trading partners in other sensitive areas, a flexibility that required the support of textile industries in protectionist Member States.<sup>53</sup> A combination of internal side-payments permitted the EU to offer its full support for the gradual phasing out of the MFA system.<sup>54</sup> Some of the side-payments given to Community textile industries in exchange for their support of the end of the MFA were in the form of direct financial trans-

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49 Geoffrey Underhil, *Industrial Crisis and the Open Economy*. (New York: St. Martin's Press, 1998), p.10.

50 *Ibid.*, p. 111.

51 *Ibid.*, p. 7.

52 *Ibid.*, p. 166.

53 *Ibid.*, p. 234.

54 *Ibid.*, p.244.

fers – such as the 400 million European Currency Unit (ECU) transfer granted to the Portuguese industry. But the vast majority of the side-payments to textile industries of protectionist Member States came in the form of non-financial transfers. The Commission's promises to strengthen the EU's anti-dumping legislation figured prominently within these side-payments, helping to convince textile workers that their interests would be upheld in a liberalised textile regime.<sup>55</sup> In an unintended consequence of this commitment, Member States became collectively involved in the protection of one another's sensitive industries, both through their votes in the Council and their place in advisory committees overseeing the activities of the Commission.<sup>56</sup> The notion that Member States came to the EU-level with different perspectives on the need for trade protection gave many historically protectionist Member States cause to fear that they would be unable to secure adequate protection for their politically powerful industries. By the same logic, many liberal Members shied away from participating in a Union whose trade actions would contradict their commitment to trade liberalisation. These fears on both sides of the ideological spectrum came to a head in the EU's internal conflicts over its acceptance of the Uruguay Round Agreements.

Eurocoton, the EU's cotton weaver lobby group, within which French cotton interests figured prominently, first filed a complaint with the Commission in January 1994.<sup>57</sup> Claiming that EU cotton producers were being damaged by unfairly-priced imports from China, Egypt, India, Indonesia, and Pakistan, Eurocoton struggled in vain to convince the Commission to impose provisional duties on all cotton imports. The Commission conducted a full investigation, of the claims presented by Eurocoton, which lasted until July 1996, but found the cotton producer's claims did not live up to the criteria required under the 1995 anti-dumping guidelines. The Commission's motivation to reject the initial complaint can be at least partially attributed to the increased stringency and transparency introduced into the anti-dumping complaint evaluation and investigation process.

In January 1996, Eurocoton filed another complaint with the Commission, this time limiting its mention of dumped imports to 'unbleached cotton' one of the most basic and frequently used textile products, and including Turkey among the targeted exporting countries.<sup>58</sup> Under pressure from Colbertiste Member States to offer some protection to their textile industries, the Commission managed to prove the existence of dumping according to the three criteria set out in the. The

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55 *Ibid.*, p. 248.

56 Brian Hanson, 'What Happened to Fortress Europe? External Trade Policy Liberalization in the European Union', In: *International Organization*, Vol. 51, i. 1, 1998, pp. 55-58.

57 Neil Buckley, 'EU Ministers Reject Cotton Duties Again', *Financial Times*, 6 October 1998.

58 *Ibid.*

Commission's imposition of provisional duties in November 1996 would be followed in May 1997 with a proposal for definitive duties of up to 36%.<sup>59</sup>

Council votes on anti-dumping duties had, prior to 1995, rarely amounted to more than a rubber stamp of approval. In this case, however, the Council vote exploded in a fury of inter-state and inter-institutional conflict, media coverage, and fierce lobbying. In the run-up to the Council vote, the French textile lobby, led by a charismatic and determined Mr. Phillippe Seguin, placed a great deal of Pressure on President Jacques Chirac to secure the definitive duties. French cotton weavers maintained that their prosperity was being threatened by the low prices of dumped cotton and that their jobs were at stake in the newly liberalised system of textile trade ushered in by the Uruguay Round. Despite the fact that the cotton weaving sector in France accounts for a mere 'five per cent of the country's textile exports and only 1.5 per cent, or 10,500 of its jobs'<sup>60</sup>, it continued to command significant political weight at the national level. In the months prior to the 1997 election, Chirac had made a commitment to support the interests of French cotton weavers a major component of his campaign.<sup>61</sup> This campaign promise offers a practical example of the ways in which policy-makers at the national level tie themselves into the adoption of a reservation curve of one of their domestic factions.

A strong coalition of Smithite Member States including the U.K., the Netherlands, Finland and Sweden rallied against the imposition of definitive duties. Fabric importers in many Smithite states warned that they risked the loss of significant levels of employment in the event of drastic increase in the price of such a crucial input.<sup>62</sup> When cotton dyers and printers in these Member States began to exert political pressure of their own, Smithite states began to strengthen their own coalition and publicly criticise the Commission's provisional decision as being motivated by the desire to appease French textile interests.<sup>63</sup>

In the days leading up to the Council's vote, the outcome appeared uncertain, with Member States divided 6-6 on the issue and three countries (Austria, Luxembourg, and Germany) undecided.<sup>64</sup> In an effort to broker a compromise between Smithites and Colbertistes, the Commission proposed a diluted version of the definitive duties that would include one year of duties and eventual review. The compromise failed. In a landmark move, the German representative voted against this proposal and was soon followed by both Austria and

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59 *Ibid.*

60 Lionel Barber and Jenny Luesby, 'France reopens wounds on cotton tariffs: Chirac has paid a high price for appeasing his country's industry lobby', *Financial Times*, 28 May 1997.

61 Christopher Booker, 'French Fury is Lifted', *The Telegraph Group Limited*, 18 May 1997.

62 Neil Buckley, *op.cit.*

63 Lionel Barber and Jenny Luesby, *op.cit.*

64 *Ibid.*

Luxembourg. The result, according to one Commission official was ‘...pandemonium in Paris.’<sup>65</sup> Over the course of the five days, President Chirac fought furiously for the re-opening of the decision, and succeeded in obtaining Chancellor Kohl’s support for a re-vote at a Paris mini-summit. But the rest of the Smithite coalition rejected Chirac’s pleas to re-open the vote. As a result, the fifteen-month time limit established by the 1995 regulation expired, and the provisional duties were removed without any application of definitive duties.<sup>66</sup>

The Commission found itself faced with a need to create a delicate compromise between Smithites and Colbertistes, fearful that ‘...the fear and mistrust generated by the cotton case could serve as an excuse to block its proposal to negotiate exclusively on behalf of the EU in intellectual property’.<sup>67</sup> In addition to a request from Colbertistes to begin another investigation against imports from the same five countries, Smithites such as Great Britain hoped that the incorporation of a wider variety of interested parties in the investigation process could reduce the probability that anti-dumping duties could be manipulated in favour of narrow protectionist interests. This demand for even higher levels of openness in the investigation process can be used to indicate another characteristic of the demand for transparency in regimes in such a way that increased transparency becomes a self-reinforcing phenomenon.

In response to these criticisms, the Commission produced a new set of guidelines in 1997 to govern its application of the Community Interest test. These guidelines were designed to take into greater account ‘the interests of producers, traders, upstream and downstream users of the products, and consumers’.<sup>68</sup> These guidelines, although desirable from an economic standpoint, stood to reduce the effectiveness of anti-dumping legislation as a political side-payment (assuaging narrow protectionist interests that might otherwise derail the liberalisation process through other channels).

The move to improve the ‘transparency’ of its anti-dumping proceedings to incorporate wider interests ultimately seemed to enrage both sides of the anti-dumping debate. Many free-traders continued to describe the Commission’s anti-dumping criteria as being ‘...so flexible [as to be] used to exclude all goods imported from the outside world’.<sup>69</sup> Meanwhile, France voiced its dissatisfaction with the soft-handed Commission’s use of anti-dumping duties by proposing that an independent agency would oversee the course of all EU anti-dumping

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65 *Ibid.*

66 ‘Eurocoton and Others vs. The Council of the European Union’, Court of First Instance, 29 November 2000.

67 Lionel Barber and Jenny Luesby, *op.cit.*

68 Stephen Woolcock, *op.cit.*, p. 390.

69 Christopher Booker, *op.cit.*

investigations and determinations – *free from Member States involvement!* These proposals encountered high resistance from other Member States and the Commission itself and were soon abandoned.<sup>70</sup> Yet they engendered high levels of controversy at the EU level, throwing the legitimacy of the Commission's anti-dumping prowess into doubt. In addition, many EU diplomats suggested that France introduced its proposal '...with an eye to multilateral negotiations on agriculture' that were due to start in the WTO the following year.<sup>71</sup> The proposal can thus be analysed as an attempt to introduce a bargaining chip to enhance its position in upcoming negotiations on the likely liberalisation of EU farm trade. Meanwhile, the Council also found itself the target of significant criticism from Eurocoton, which questioned its legal right to turn down a proposal legitimately submitted by the Commission. Eurocoton took the Council to the Court of First Instance to plead its case, arguing that the Council did not have the jurisdiction to refuse a proposal for definitive duties. The Court ruled against Eurocoton on this case, supporting the Council's prerogative to reject definitive duties.<sup>72</sup> But the fact that Eurocoton brought the case to the Court reveals the frustration on the part of the cotton weaving industry when faced with the heightened difficulty of achieving long-term protection at the EU-level. This frustration offers a practical example of my domestic predictions about the impact of heightened internal and external transparency.

The compromise that emerged from these political battles involved the filing of a second complaint by Eurocoton and the Commission's launching of another investigation against imports from the same five countries. Despite the more inclusive interpretation of the 'Community interest' clause, and the fact that several free trade groups and Smithite governments publicly voiced their opposition to provisional duties, the Commission managed to find that the complaint fit the three criteria set out in the anti-dumping regulation.<sup>73</sup> The Commission subsequently recommended a combination of definitive duties and price undertakings, at levels far less than those included in its previous recommendation.

The fact that the proposed duties were lower than those suggested the previous year could not satisfy Smithites, eight of whom signed a statement of protest after the Commission's announcement of its positive dumping determination. An awareness of the implications of the Commission's proposal also sparked the involvement of 'big retailers' such as the British Marks and Spencer's and even the French Carrefour who rely on low-priced cotton imports available from the Middle East and Asia. These retailers became intimately involved in the politics

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70 Peter Klein, *op.cit.*

71 Guy Jonquie'res, 'Paris Urges Anti-Dumping Change', *Financial Times*, 27 January 1998.

72 Court of First Instance 2000.

73 Neil Buckley, *op.cit.*

of the anti-dumping game by lobbying heavily in Brussels and even providing financial and legal assistance to foreign cotton weavers.<sup>74</sup> The statement described the Commission's provisional decision as 'regrettable' and damaging to the EU's free trade rhetoric.<sup>75</sup> Many Smithite Member States expressed their dissatisfaction with the Commission's efforts to use price undertakings as an alternate means of protection. This Smithite declaration was greeted with a counter-declaration issued by France, Italy, and Spain in support of the Commission's proposal.<sup>76</sup>

The Commission's decision to impose provisional duties and recommend definitive measures sparked a great deal of controversy at the international level. The five exporting countries involved in the investigation greeted the third investigation into their cotton pricing strategies as a form of 'trade harassment'. The Commission's proposed price undertakings also met stiff resistance from the five implicated exporting countries, who denied selling below cost and claimed that the higher prices attached to their cotton exports would harm small cotton industries, heavily dependent on cotton trade.<sup>77</sup> India subsequently voiced these concerns in a complaint to the WTO and the request for the formation of a dispute resolution panel. India claimed that the multiple investigations into its textile industry had negatively impacted its textile exports to the EU, which fell from 150 million ECU in 1996 to 100 million ECU in 1997.<sup>78</sup>

The Commission and Colbertiste Member States also undertook 'horse trading' behind the scenes, attempting to link other issues to the anti-dumping vote in an effort to win greater Member State support for definitive duties.<sup>79</sup> The Commission focused its efforts in this regard on the preferences of specific Member States whose vote appeared to be 'up for grabs'. For example, Austria, who had voiced its opposition to the inclusion of Turkey as an exporting country in the investigation, soon found itself given a Commission proposal in which Turkish cotton would be exempt from definitive duties.<sup>80</sup> Member States engaged in discrete vote-trading by attempting to link their support of unrelated Council votes to the imposition of definitive cotton duties.

The final vote, of eight to six with one Belgian abstention, overturned the Commission's proposal and threw the French yet again into a diplomatic frenzy. The exporting countries involved expressed their satisfaction with the outcome,

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74 Guy Jonquie'res and Neil Buckley, *op.cit.*

75 'EU Triples Tariff On Indian Cotton', *The Hindu*, 15 July 1998.

76 *Ibid.*

77 Neil Buckley, *op.cit.*

78 *Ibid.*

79 *Ibid.*

80 Neil Buckley, 'Cotton Plants May Cost Thousands of Jobs', *Financial Times*, 30 July 1998.

which according to Mahesh Sachdev at the Indian Embassy to the EU ‘...reaffirm[ed] the symbiotic relationship between Asian exporters and European end-users’.<sup>81</sup> Regardless of the logic underlying the final Council vote, the Colbertiste supporters of the duties found themselves unable to change the final outcome. And Chirac’s campaign promises and ‘locked-in’ commitments to his domestic faction proved insufficient to manipulate outcomes in an internally and externally transparent anti-dumping process.

But whether the fate of the unbleached cotton case reflected a decided move in favour of liberalisation remains to be seen. For although the Colbertistes could not obtain the requisite majority in the unbleached cotton case, Chirac found himself in a good position to exploit his dissatisfaction with anti-dumping rules as a means of hanging on to other forms of agricultural protection during the subsequent WTO agriculture negotiations.<sup>82</sup> The increased politicisation of anti-dumping votes has also injected a greater degree of uncertainty into the process and resulted in a pattern of ‘behind the scenes’ deal-making could, according to some policy analysts, have a negative impact on the EU’s international trade credibility more generally.<sup>83</sup> Efforts to introduce greater transparency into the process of anti-dumping investigations and duty decisions have resulted in conflict at the EU and international level, and have even obliged governments to seek out discrete means of resolving their trade interests.

## 7. Conclusion

The outcome of the analysis and research undertaken in this paper can be summarised under four headings. First, the adoption of a more focused definition of transparency in international regimes can facilitate the development of a more detailed understanding of the sources and impacts of ‘openness’ and scrutiny. In light of the differences between the nature and purpose of information exchange within the EU and between the EU and the WTO, the distinction between ‘internal’ and ‘external’ transparency can contribute to our understanding of the existing variants of regime transparency. The differentiation between internal and external transparency can also deepen our understanding of the forces governing the supply and demand of information within ‘nested’ regimes. Further study is needed in order to explore the potential impact of this disparity between levels of internal and external transparency, as well as the impact of regime structure on the demand for transparency.

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81 Neil Buckley, ‘EU Ministers Reject Cotton Duties Again’, *Financial Times*, 6 October 1998.

82 Guy Jonquie’res, ‘French Clash With Brittan on Dumping’, *Financial Times*, 30 January 1998.

83 *Ibid.*

Second, conventional assumptions of the benefits of increased transparency have failed to consider the importance of domestic factional constraints, asymmetric benefits associated with public goods provision, and side-payment controversy in their analysis. Those who portray transparency as a 'cure-all' for international conflict share two faulty assumptions about the impact of openness and scrutiny on international behaviour: first, that transparency could lead to the international acceptance of a controversial conduct, and, second, that transparency will reduce the political salience of domestic constraints at the national level. But, as my analysis of the EU's trade policy reveals, international controversy surrounding 'protectionist' side-payments lingers long after the introduction of supposedly 'transparent' procedures. This analysis could also offer insight into state actions outside the realm of the EU, and could be applied to situations such as the lingering power of the steel lobby in the U.S. and the demand for greater transparency in the U.S.'s anti-dumping procedures.

Third, my study reveals that the pursuit of a Single European Market has obliged Member States to constrain their behaviour in certain areas and provide more information about their actions to one another. The pursuit of higher levels of transparency in the EU and WTO can be linked to the desire to bring these potential benefits to fruition, by monitoring their counterparts in the regime to ensure that others are also fulfilling their regime commitments. But in the case of the international trade, this natural demand for more and better information can be viewed in many ways as a 'transparency trap' in which increased openness and knowledge of Member State behaviours can reduce the effectiveness of internal side-payments. Less effective internal side payments can, in turn, actually hinder the attainment of joint gains. The increasing use of 'second best' side-payments (such as Voluntary Export Restraints) may reflect an effort on the part of some EU Member States to circumvent the 'transparency trap' created by the move to the Single Market and the implementation of the Uruguay Round agreements. These 'unintended consequences' of increased transparency merit further study. This 'transparency trap' could reflect a phenomenon unique to the trade regime, or might also emerge in other efforts to secure greater international cooperation (such as environmental or national security agreements). In any case, these 'unintended consequences' of increased transparency merit further study and could improve the way transparency is viewed in national systems and international regimes.

Fourth, my focus on the role of anti-dumping duties as a political side-payment to EU industries reveals that increased internal and external transparency has produced effects at the domestic, EU, and international level. On the national level, increased internal transparency has driven domestic industries in EU

Member States to direct their complaints about the impacts of 'unfair' international competition to the EU. Meanwhile, the introduction of more stringent criteria and internally-transparent investigations has obliged the Commission to terminate more dumping complaints. The transformation of *national* decisions to provide protection to a collective decision has become most pronounced at the Council level. At the international level, increased international scrutiny of the EU's anti-dumping behaviours has facilitated the filing of detailed and convincing complaints against the EU. The discretion to employ anti-dumping duties as a political side-payment to domestic industries is now being limited simultaneously at the EU and the WTO level, providing a smaller bargaining set for the EU in international trade negotiations.

None of these conclusions imply that increased transparency in all its forms spells doom for international cooperation. Nor do they suggest that the move to the Single Market and the implementation of the Uruguay Round agreements will bring the EU to a standstill over anti-dumping duty investigations or the World Trade regime itself to a screeching halt. Despite the introduction of heightened internal and external transparency, governments have long proven capable of maintaining their prerogatives, seeking out loopholes, and opening windows to spite slammed doors. They do, however, imply that the potential benefits of heightened transparency should not be taken for granted, but should be analysed critically. A more thorough consideration of domestic constraints on policy-makers, and the internal side-payment behaviours underlying regime success, will help ensure that efforts to increase transparency do not unintentionally hinder the very cooperation they had been intended to promote.



# Europeanisation at Work: A Study of Regional Domestic Adaptation to the EU

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**Ana Maria Dobre<sup>1</sup>**

## *Abstract*

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The study of Europeanisation has not paid sufficient attention to domestic factors in accession countries. It is highly important to address this problem, especially in the case of the applicant countries, since the EU's impact on domestic transformations is likely to interact with other processes specific to the post-communist transition period. This article therefore concentrates on identifying domestic intervening variables that may explain the adaptation and change of domestic policy in response to Europeanisation pressures. To this end, a two-part analytical framework is developed. First, the article identifies the main intervening variables from the literature on Europeanisation. Secondly, it applies them to the Romanian regional policy case. The empirical evidence covers the theoretical assertions and the analysis displays a twofold situation for the Romanian case: a fit in terms of legislative adoption and a misfit in terms of implementation and conceptual understanding. Some tentative conclusions will then be proposed.

## *1. Introduction*

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Europeanisation matters. Both EU Member States and applicant countries have been affected by the 'emergence and the development at the European level of different structures of governance, that is, of political, legal, and social institu-

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1 Ana Maria Dobre is a PhD candidate at the Institute of International and European Policy, University of Leuven, Belgium, and an *ancienne* of the College of Europe (Promotion Simon Stevin).

tions'<sup>2</sup>. The present paper intends to contribute empirically and conceptually to the study of Europeanisation of the candidate countries, elaborating in particular on potential venues of analysis as regards the Romanian regional policy within the EU accession process.

Taking into account the scarcity of academic work on the Europeanisation of Romania and the lack of knowledge regarding its domestic political and institutional developments, I will try to depict and analyse the Romanian regional and territorial adaptation process in response to Europeanisation pressures.

As the process of enlargement invested the EU with great conditionality powers toward the candidate countries, they had to adopt the already existing *acquis* of European integration and to adapt to a newly emerging kind of governance that opened the way for a new administrative and legal environment for the local and regional actors. The European integration process - through the 1987 Single Act and the Treaty revisions at Maastricht and Amsterdam - led to the creation of new challenges and opportunities for the regional authorities, which are becoming progressively more important alongside national and supranational levels<sup>3</sup>.

In other words, the adaptation to Europe implies therefore a commitment to principles and concepts such as subsidiarity, decentralisation and a Europe of the regions, which are considered to be affecting and transforming the traditional nation-state. Accordingly, it is argued that one major effect of Europeanisation is the emergence of new actors, such as the regions 'that largely complement parties and interest groups performing representative functions'<sup>4</sup> and push for additional decentralisation and for a more efficient implementation of the European rules and funds.

Given the nature of the impact of Europeanisation on national and subnational evolutions, the investigation of the regional adaptation outcome in Romania is interesting for several reasons.

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2 Maria Green Cowles, James Caporaso, and Thomas Risse (eds), *Transforming Europe. Europeanisation and domestic change* (New York: Cornell University Press, 2001).

3 J. Loughlin, 'Introduction: The Transformation of the Democratic State in Western Europe', in: John Loughlin et al. (eds), *Subnational Democracy in the European Union. Challenges and Opportunities* (Oxford: Oxford University Press, 2001), pp.1-33.

4 Leonardo Morlino, *Europeanisation and Representation in Two Europes. Local Institutions and National Parties*, Paper prepared for the workshop Multi-Level Party Systems: The Reshaping of National Political Representation, Florence: European University Institute, Dec. 16-18 1999, p.13.

The first reason for choosing this research focus is the highly mitigated nature of the topic of regionalisation and regional reform within the domestic arena. Accordingly, it is important to study this phenomenon as it allows the researcher to touch upon sensitive and thus less empirically studied issues. The term regionalisation in itself triggered and continues to trigger (even though today to a lesser extent and intensity) vivid controversies because it questions the whole domestic understanding of several concepts such as: *the national unitary state*, *foreign interference* (in this case the EU) and its limitations for national sovereignty and *the relation between centre and periphery in general*.

A second reason is the poor status of adaptation within this policy field. When analysing the domain of regional and territorial developments in Romania, it is striking to see that after the fall of communism, there was a lack of any proper reforms. This situation of inertia persisted for a long period of time and the first set of reforms in 1997/98 proved to be very modest. Moreover, these reforms were externally induced through the EU conditionality process.

I will therefore try to explain the poor record of reforms and the central governmental resistance to change by resorting to the literature on Europeanisation and its proposed conceptualisation of domestic change. For this purpose I will pay attention to the conditions under which change can be expected at the domestic level in response to Europeanisation.

In order to tackle this research objective, I will proceed in the following steps. First, I will specify the definition of Europeanisation. Within this approach, attention will be paid to the conditions for domestic change in response to Europeanisation. Secondly, I will apply this conceptual framework of Europeanisation to a specific policy/polity case, the Romanian regional development within the context of accession negotiations. Finally, some general concluding ideas will be highlighted.

## 2. Conceptual Framework

### **2.1. Definition and Delimitation of Europeanisation**

In this part of the paper, I will specify explanatory variables and the dependent variable more clearly and discuss what I mean by Europeanisation. The concept of Europeanisation needs to be clarified and properly delimited in order to correspond to the analytical needs of the present research. Europeanisation can be

thought of as a twofold process (bottom-up, top-down perspectives) that affect both member and candidate states. Thus, Europeanisation is conceived as the process deriving from European decisions, elaborated in a distinct emerging European polity and impacting on member and candidate states' polity, politics and policies<sup>5</sup>.

In this sense, a systematic analysis of the phenomenon would take into account several aspects concerning the European polity in itself as well as the pressures for adaptation and change of domestic political and administrative/institutional structures of the member and candidate countries.

However, in this paper I am mostly interested in understanding the Europeanisation that may influence and change several aspects of a polity leading to further change in terms of domestic policy choices (the top-down approach to Europeanisation). Therefore, based on the above definition of Europeanisation, I develop some tentative propositions about domestic change, and briefly review some of the main contributions to existing knowledge on the degree of the European effect on internal developments.

Accordingly, insights from the literature on the Europeanisation of the Member States will be used to investigate the conditions for change in transitional countries applying for EU membership.

## **2.2. Explanatory Variables - The Factors Facilitating or Restraining the Domestic Adaptation to Europe**

Drawing on several contributions on Europeanisation, I will argue that there are two conditions for expecting changes in response to Europeanisation. On the one hand, a misfit must exist between the domestic and European level, generating pressures for change. On the other hand, there must be several domestic factors – actors or institutions – which could respond to these adaptational pressures, pushing thus for change<sup>6</sup>.

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5 On this point see Adrienne Héritier, 'Differential Europe: The European Union Impact on National Policymaking', in: Adrienne Héritier et al., *Differential Europe. The European Union Impact on National Policymaking* (Lanham, New York, Oxford: Rowman & Littlefield, 2001); Tanja Börzel, *States and Regions in the European Union. Institutional Adaptation to Europeanisation in Germany and Spain* (Cambridge: Cambridge University Press, 2001).

6 On this point see Maria Green Cowles, James Caporaso, and Thomas Risse, op.cit.; Tanja Börzel, and Thomas Risse, *When Europe hits home Europeanisation and domestic change*, European integration online Papers, Vol. 4, No.15, 2000. To be found at <http://eiop.or.at/eiop/texte/2000-015a.htm>; T. Börzel and T. Risse, 'Conceptualising the Domestic Impact of Europe', in: Keith Featherstone and Claudio Radaelli (eds), *The Politics of Europeanisation* (Oxford: Oxford University Press, 2003).

The literature on Europeanisation provides diverse approaches of how to conceptualise the domestic change in response to EU requirements. The contributions in the field propose to identify mediating variables encouraging or restraining national reforms in response to Europeanisation pressures. I will therefore turn to a review of recent research with the aim of presenting some of the emerging intervening factors for explaining domestic change in response to Europeanisation. In the interest of brevity, I will not draw up a complete overview of the literature on Europeanisation.

Héritier proposes three main intervening variables such as (a) *the dominant belief system of problem solving approach*, (b) *the reform capacity* of a country (a strong leadership and the existence or not of formal veto points) and (c) *the policy stage* (pre-reform, reform, post-reform), which refers to the time dimension and the differences in policy developments in Member States and Europe over time.

The author advocates a view of domestic policies, which would grasp the complexity of the domestic political processes as a result of Europeanisation. To this end, she equally proposes to interpret 'the European and national policy making as two separate, but parallel, policy streams, which intermittently interlink'<sup>7</sup>. In this way, the two arenas are presented as related to each other, but as having at the same time an endogenous dynamic of their own, depending on different mediating factors and actors.

Börzel (1999) and Green Cowles *et al.* (2000) approaches are based on the general idea of adaptational pressure. They introduce the concept of 'misfit' or 'goodness of fit'. Policy or institutional misfit, however, is only the necessary but insufficient condition for domestic change. An additional condition is the presence of distinctive factors facilitating adaptation and serving as catalysts for domestic change. Börzel and Risse thus propose the following intervening factors for explaining domestic change in response to Europeanisation. Referring mainly to neo-institutionalism, they advocate the existence of two logics of change:

First, in the light of rational-choice interpretation, they conceive Europeanisation as a process of redistribution of resources and power. Within this framework

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7 Adrienne Héritier, *op.cit.*, p.10. See also Adrienne Héritier and Christoph Knill, 'Differential Responses to European Policies: A Comparison', *Preprints aus der Max-Planck-Projektgruppe Recht der Gemeinschaftsgüter Bonn*, No.7, 2000.

there are two mediating factors with opposite effects, capable of influencing the actors' capacity to use the new opportunities or to avoid the constraints in accordance to their own interest<sup>8</sup>.

On the one hand, they highlight the existence of the '*multiple veto points*' in a country's institutional structure. These veto points can effectively empower actors with various interests to avoid the Europeanisation constraints and thus resist to internal change.

On the other hand, the authors identify the '*formal institutions*' providing actors with material for 'ideational resources' to exploit the Europeanisation opportunities, thus leading to an increased possibility of change.

Secondly, drawing on sociological institutionalism, Börzel and Risse define Europeanisation as a process of change through socialisation and learning. They identify other two additional intervening factors such as (a) the '*political culture*' of a country, which is conducive to consensus building and cost-sharing (sharing adaptational costs) and (b) the '*change agents or norm entrepreneurs*, which mobilise in the domestic context and persuade others to redefine their interests and identities'<sup>9</sup>. The presence of these variables influence whether European norms and the collective understandings which do not fit with those at the domestic level, are internalised by domestic actors leading to domestic change.

Claudio Radaelli however proposes another analytical framework for identifying mediating factors that influence a country's domestic capacity of reaction and adaptation in response to Europeanisation.

Starting by criticising the 'misfit' or 'mismatch' approach, the author acknowledges other intervening variables from the literature such as those proposed by Héritier: the *domestic institutional capacity* to produce change and the *time dimension*, establishing different stages of evolution which take into account whether a country is already involved in a reform and transformation process or whether it is yet unprepared for EU requirements.

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8 Tanja Börzel and Thomas Risse, 2000, *op.cit.*, pp 5-6.

9 *Ibid.*, p. 7.

He equally emphasises as additional factors pushing for change and reforms at the domestic level *the constellations of actors* (the advocacy coalitions and their systems of beliefs) and the *policy structures*<sup>10</sup>.

Whereas the contributions discussed above have concentrated on the Europeanisation of Member States, H. Grabbe's proposal focuses specifically on the candidate countries. In an article from 2002, Grabbe identifies the following mediating variables that determine the EU's impact on a given policy and country: the *power asymmetry* between the EU and the applicant states and the uncertainty of the accession process<sup>11</sup>. The author takes great care to provide examples of the different degrees of *uncertainty* about policy agenda, hierarchy of tasks (how to prioritise the gradual implementation of the *acquis*), timing, standards and thresholds.

When reviewing this body of literature, one can identify several intervening factors that are common to some of these authors and may be relevant in understanding and explaining domestic changes in response to Europeanisation. Several of them can be recalled by starting with '*the institutional capacity for reform*' and the willingness of the domestic actors to proceed on the path to Europeanisation. The authors focus on what they call the '*constellation of actors*' involved in the respective policy fields such as technocrats, small pressure groups, advocacy coalitions or epistemic communities etc, shaping ideas in the pursuit of their interests.

Moreover, another very important intervening variable is the policy or institutional 'misfit' between the domestic and the European level. Héritier, Börzel and Risse, and Cowles *et al* argue that such a misfit represents the necessary condition for change in response to Europeanisation. They believe that the higher the misfit, the greater the adaptational pressure for change.

Following the same path of analysis, which focuses mainly on neoinstitutionalism, Börzel and Risse, Cowles *et al* propose additional conditions for adaptational change. For this purpose, they introduce a distinction between the formal and the informal structures of a polity, which may lead to different positions and

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10 Claudio Radaelli, *Whither Europeanisation? Concept Stretching and Substantive Change*, European Integration Online Papers (EIOP), Vol. 4, No. 8, 2000. To be found at <http://eiop.or.at/eiop/texte/2000-008a.htm>

11 Heather Grabbe, *Europeanisation Goes East: Power and Uncertainty in the EU Accession Process*, Paper for the Turin ECPR Joint Sessions of Workshops, 22-27 March 2002, p.14-16.

reactions from the domestic actors in response to EU pressures and demands. Accordingly, *'the formal institutional organization'* can be conducive to change or may equally inhibit the process of reforms by structuring the access to resources, by providing voice channels for the *veto points* and the different coalitions of power. On the other hand, *'the informal institutional and political culture'* has a very important role in understanding the relations between the actors involved and their reactions and policy choices for example. Börzel and Risse argue that if a society is based on a consensual of culture, Europeanisation will be more likely to occur because the actors try constantly to avoid a polarisation between losers and winners and to share the adaptational costs of reforms and changes. As opposed to the first scenario, one can expect a difficult pace of reforms and a slower degree of adaptation within a conflictual type of society, unable to attain compromises concerning the access to new sources/opportunities and ideas. Héritier and Radaelli reinforce this line of argumentation by introducing the concept of *'system of belief(s)'*. Radaelli emphasises the role of the *'policy discourse'* that provides a rationale for reforms and creates a framework of beliefs and ideas, which justifies change at the policy level.

Finally, Grabbe presents mainly a selection of intervening factors such as *'the power asymmetry'* of the accession process and its *'uncertainty'*, which are far from encouraging a normal evolution towards Europeanisation and modernisation of the applicant countries. The process depends thus on the priority that the EU gives to the policy in question and the degree of domestic resistance to it in the candidate states. Additionally, Héritier, Radaelli and Grabbe identify *'the time perspective'*, insisting on the stage of reform and evolution specific to the different countries dealing with the EU requirements and norms.

Having synthesised the main lines of the conceptual and theoretical debate, I will now test the intervening variables proposed in the literature on Europeanisation. More precisely, the present study is broadly influenced by a neo-institutionalist perspective and follows the framework proposed by Börzel and Risse, which combines numerous explanatory variables from the literature on Europeanisation and its domestic impact. Börzel and Risse propose to conceptualise the impact of Europeanisation by resorting to rational-choice and sociological institutionalist types of explanatory variables (*the veto points, the formal institutions, the norm agents, and the type of political culture*). Nevertheless, the other intervening factors advanced by authors such as Radaelli, Héritier or Grabbe will equally be considered.

The purpose of this approach is to create a composite conceptual framework that will be appropriate for analysing and explaining a highly complex yet scarcely developed research topic: the Europeanisation outcome of the Romanian regional policy. In this way, the explanatory relevance of the multiple variables will be confirmed, disconfirmed or further elaborated in the light of the selected empirical data.

Bearing these conceptual proposals in mind, the next step will be to focus on the empirical data in order to delimitate the intervening variables that explain the degree of Europeanisation of the Romanian regional policy.

### *3. Implications for the Study of the Romanian Regional Policy*

#### **3.1. Describing the Facts**

I briefly consider the Romanian case in the light of the reviewed literature. In empirical terms, I confront these factors to a series of interviews with Romanian national and regional officials, European officials from the EU Delegation in Romania, promoters of regionalisation plans and initiatives for Romania and academic specialists in the Romanian regional policy development<sup>12</sup>. This approach will permit me to formulate and pursue several analytical leads, opening the way for a future, more empirically detailed analysis.

To begin with, it is necessary to provide a brief account of recent historical and political developments (1989-2003) in Romania focusing on regional policy. This short presentation will be followed by a broadly sketched overview of the domestic factors intervening in the process of regional policy reform in Romania.

When analysing the extent to which the domestic Romanian context facilitates or prohibits actual adjustments to European demands, the following descriptive assumptions need to be taken in consideration.

With the collapse of communism and the return to Europe, Romania entered a path towards democratisation and modernisation, which became formalised with the acceptance of Romania as a candidate country for EU membership. This trend has been reinforced both through European incentives and conditions that requested taking a modernising path and the desire of domestic elites to

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12 This article is based empirically on 14 interviews, organised in Romania (Timisoara (West), Cluj-Napoca (North-West) and Bucharest) between 14 - 25 April 2003.

demonstrate their attachment to reforms and changes to internal as well as European levels.

Nevertheless up until 1997-1998, Romania displayed a rather poor record in terms of adjustments and regional reforms despite EU requirements. Since the adoption of the 'Green Chart of Regional Development' (1997), Romania is divided into eight development regions created by formal association agreements between four to six counties<sup>13</sup>. Accordingly, in 1998, Romania reformed the regional policy and introduced a completely new institutional framework of regional agencies and a specialised ministry for regional development in order to comply with the European NUTS system and to adequately prepare itself for receiving EU structural funds<sup>14</sup>.

Far from being accepted by all actors from the regional and local levels, these recent institutional innovations that introduced a formal regional level, illustrate the first steps towards a process of reforms and adjustments in response to Europeanisation pressures.

### **3.2. Explaining the policy outcome**

Given these descriptive assumptions, it is necessary to identify the domestic effect of Europeanisation pressures. In order to do so, I will use the existing literature on the topic and will further develop several hypotheses on the conditions under which change may be expected in response to Europeanisation. Consequently, I will try to explain the slow pace of adaptation of the Romanian regional policy by referring to these conditions, which encourage or restrict domestic change as a result of actors' interest calculations or identity perceptions. Regarding this approach, there are two levels of analysis, which need to be mentioned.

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13 In accordance with the European NUTS system, Romania is organised in 8 regions (groups of counties) (NUTS II) and 42 counties (NUTS III). In Romania, the regional development law n° 151/1998 establishes the institutional framework, principles, objective, jurisdiction and the tools necessary for the implementation of regional development policies. Thus, at the level of every region there are two institutions involved, a Regional Development Agency (the executive authority) and a Regional Development Council (deliberative authority). At the national level there are equally two representative institutions, the National Council for Regional Development and the Ministry for Development and Prognosis (executive tasks). This Ministry of Development and Prognosis does not exist anymore, as a result of the 2003 reorganisation of the Romanian government, the responsibilities linked with the regional policy field were transferred to the Ministry of European Integration.

14 For a detailed analysis of the regional structures in Romania see Gérard Marcou, *Les structures régionales dans les pays candidates et leur compatibilité avec les fonds structurels (Europe centrale et orientale)*, Scientific and Technological Options Assessment Series, work document of the European Parliament, General Direction of Studies, May 2002.

First, I identify the impact of Europeanisation on the formal institutional setting governing the regional policy field. Accordingly, I explain the degree of change by referring to, confirming or disconfirming the intervening factors such as: the *'formal institutions'*, the *'reform capacity'*, and the *'multiple veto points'*.

Secondly, I focus on the informal institutional setting in order to better delimitate the range of factors intervening in the transformation of the Romanian regional policy: the *'political culture'*, the *'constellation of actors'* such as *'norm agents'*, the *'policy discourse'*.

### **3.2.1. The formal institutional organisation**

In terms of *'formal organisational'* structures, the main intervening variables that can be depicted correspond to (a) the constitutional arrangements, which proclaim the unitary nature of the Romanian state and empower the administrative centre vis-à-vis the periphery, the regions; (b) the centralised structure and centralist tradition of state power organisation; (c) the rather weak capacity of state reform and (d) the incapacity of regional actors to exploit the formal European institutions and opportunities.

In this respect, I turn to Börzel and Risse's concept of *'formal institutional organisation'* and Héritier's variable of *'reform capacity'* and claim that the poor record of adaptation of the Romanian regional policy can be explained through two main hypotheses concerning the formal institutional aspect.

On the one hand, a lack of willingness to pursue regional reforms is discernable on behalf of the governmental actors. All successive Romanian governments were defenders (with different nuances) of the tradition of central power concentration. Accordingly, confronted with the stickiness of old centralist and centralizing institutions<sup>15</sup>, the 1998 regional reform did not succeed in properly introducing a regional layer with real powers within the Romanian system of governance.

On the other hand, I emphasise the lack of necessary action capacity, since the Romanian regional actors seemed to be unable to exploit opportunities offered by the EU. Direct relations with European decision-makers can provide regions with the possibility to bypass their central governments and to search for addi-

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15 This centralist tradition corresponds to a double historical environment. First, the creation of the unitary Romanian state became possible in the XIXth century through the centralisation of historical regions (Transylvania, Moldova and Vallachia). Secondly, the communist regime reinforced this tendency towards centralisation, instrumentalising the ethnic nationalism approach.

tional material and ideational resources to promote domestic adaptation. But, these regions of recent date do not have sufficient resources to be permanently present at the European level and they are still financially and administratively dependent on the central government. Furthermore, there is also a lack of formal supportive national and regional organisations specialised in fostering exchanges between the European and the domestic levels<sup>16</sup>. For example, in the interviews with three directors out of eight of the following regional Agencies (the Region V West, Region VI North-West and Region VIII Bucharest-Ilfov), all deplored their lack of means to independently represent regional interests and identities. They corroborated the hypothesis according to which the Regional Development Agencies were highly dependent on the government actors, consequently being reduced to simple regional implementers of the executive's projects<sup>17</sup>.

Additionally, the 'time' variable (identified by Héritier, Radaelli and Grabbe as well) and the different policy stages of reform are arguably both important in understanding the developing degree of change. When faced with European demands the Romanian regional policy field was in a pre-reform stage, therefore an institutional and policy incompatibility between the European level and the domestic arrangements existed. Based on the understanding that institutional structures and routines prevent easy adaptation to external pressures<sup>18</sup>, domestic change is more likely in cases where the adoption of European policies implies an incremental rather than fundamental transformation of domestic structures. Accordingly, (a) the pre-reform stage of the Romanian regional policy with its traditional institutional arrangements and (b) the institutional, policy and conceptual misfit between the European and domestic level can be seen as explanatory factors for the modest record of change.

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16 In a recent press release of the European Commission Delegation in Romania, it is stated that the most important partners for discussions of the European Commission at the Romanian level in the regional field are the eight Agencies for Regional Development and the Ministry of Development and Prognosis. (The European Commission Delegation in Romania, Bucharest, 23 April 2003, source EuroAtlantic Club. To be found at [http://europe.org.ro/euroatlantic\\_club](http://europe.org.ro/euroatlantic_club)).

17 Sorin Maxim, Director – The Agency for Regional Development, Region V West, Timisoara, 16 April 2003; Claudiu Cosier, Director – The Agency for Regional Development, Region VI North-West, Cluj-Napoca, 18 April 2003; Emilia Balalau, Director- The Agency for Regional Development, Region VIII Bucharest-Ilfov, 22 April 2003.

18 P. Di Maggio and W. Powell, 'The Iron Cage Revisited. Institutionalised Isophormism and Collective Rationality in Organisational Field', in: P. Di Maggio and W. Powell (eds), *The new Institutionalism in Organisational Analysis* (Chicago: Chicago University Press, 1991), pp.63-82; J. March and J. Olson, *The new Institutionalism: Organisational Factors in Political Life* (New York: The Free Press, 1989).

Finally, with reference to the formal institutional organisation, the empirical data confirms *'the multiple veto points'* variable, according to which 'the more power is dispersed across the political system and the more actors have a say in political decision-making, the more difficult it is to foster the domestic consensus necessary to introduce changes in response to Europeanisation pressures'<sup>19</sup>. In the Romanian case, the presence of such veto players in the institutional domestic framework had a slowing down effect on the process of change. The veto players were represented by the nationalistic and extreme-right partisan formations such as *Vatra Romaneasca* (Romanian Cradle), the Party of National Unity of Romania (PUNR), which subsequently was incorporated into the extreme-right Romanian party (ultra nationalist, xenophobic party), *România Mare* (*Great Romania*). Forming the governmental coalition (together with the ex-communist party) in the early years after the fall of communism, these actors displayed a hard nationalist attitude restraining the process of Europeanisation. In this way, they impeded on the development towards regionalisation and state decentralisation and further amplified the gap between the Europeanisation demands for regional reforms and the domestic policy choices for state centralisation. Furthermore, the patchy record of adaptation is also a reflection of the ambiguous governmental strategy from the first years of transition (1989-1996). Formally attached to Europeanisation values and to the societal consensus of a return to Europe after decades of communist oppression, and informally defenders of nationalistic values, the neo-communist forces in office obstructed the process of Europeanisation and regionalisation.

To sum up, it can be said that change in response to Europeanisation is highly improbable in the following domestic situation, drawn from the Romanian case: (1) lack of formal institutions fostering consensus and dialogue between actors from the national, sub-national and European levels, (2) presence of veto players restraining change, (3) existence of a strong leadership, opposed to reforms and transformation in response to Europeanisation.

Having identified the formal institutional aspect, I turn to the *'informal political culture'* or *'informal institutional organisation'*.

### **3.2.2. The informal institutional framework**

Within this perspective, there are several intervening variables interacting with Europeanisation pressures that can be acknowledged in order to explain the poor record of domestic adaptation.

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19 Tanja Börzel and Thomas Risse, 2003, *op.cit.*

First, there is the variable of actors' involvement. In this respect I draw mainly on Radaelli's variable of '*constellation of actors*' and on Börzel and Risse's concepts of '*change agents*' or '*norm entrepreneurs*'. In the case of the Romanian regional policy I identified several regionalist movements. One example is a group of intellectuals, professors, journalists who organised themselves and created the journal '*Provincia*' (published in Romanian and Hungarian), which called for a public discussion of the idea of creating a 'Romania of regions'. Their most important initiative was to write a document on the regionalisation of Romania, '*The Memorandum*' (December 2001), which proposed an administrative reform redefining the status of existing territorial entities and introducing new administrative and political structures. These actors (norm entrepreneurs) did not succeed in having an influence on the reform process pursued by the central government in order to meet the European criteria. The majority of interviewees, both from civil society and from formal agencies levels<sup>20</sup> confirmed this hypothesis, according to which the domestic actors pushing for change in regional policy did not succeed in triggering governmental national reforms. They all advance the idea that the process of reform is a result of the EU pressures and the Romanian interest of having access to structural funds in the post-accession period.

Nevertheless, I argue that the explanatory factor of 'norm agents', which mobilise at the domestic level and push for further change and Europeanisation is helpful in understanding two aspects of the Romanian regional policy development. First, from the beginning the lack of norm agents and promoters of regionalisation projects impeded on the evolution of this policy field. Secondly, their embryonic existence, which became more visible at the end of the 1990', opened the way for public discussion. It led equally to more and more bottom-up demands for decentralisation and it familiarized the domestic actors with 'taboo' concepts such as regionalisation and regional, territorial reform.

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20 Mariana Cernicova, journalist and professor, Timisoara, 14 April 2003; Grigore Silasi, Professor, Dean of the Faculty of Economy, University of Timisoara West, specialist in regionalisation of Romania, Timisoara, 15 April 2003; Train Rotariu, Professor, Faculty of Sociology, University Babes-Bolyai, 17 April 2003; the three directors of the Agencies for Regional development; 2001 Memorandum authors: Bakk Miklos, Cluj-Napoca, 17 April 2003; Hadhazy Zsuzsa, Cluj-Napoca, 18 April 2003; Ovidiu Pecican Professor, Faculty of European Studies, University Babes-Bolyai, Cluj-Napoca, 18 April 2003; Sabin Gherman, President and founder of the Party of Transylvanians (promoter of several projects of regionalisation of Romania and promoter of a new Romanian constitution for allotting administrative and political powers to the regions), Cluj-Napoca, 18 April 2003.

Secondly, an analysis of the information from the interviews on the regional policy field shows that the main attitudes adopted between the governmental and the regional actors are those of confrontation or lack of consultation. For instance, several interviewees, representatives of regionalisation projects from Transylvania: (such as the writers of the 2001 Memorandum for a Romania of the regions: Bakk Miklos, Hadhazy Zsuzsa, Ovidiu Pecican, or the president of the Transylvanians Party, Sabin Gherman) backed up this hypothesis of a conflictual type of relations between the national and sub-national levels. This absence of consensus combined with the unstable environment of economic and social transition led to a permanent divergence between (a) the supporters of slow-pace reforms, advancing the issue of regional reform in a very cautious way, (b) the promoters of different regionalisation projects and (c) the hard nationalists, opposed to any kind of regionalisation or reform touching the domestic territorial and administrative organisation.

Therefore, the analysis confirms and adds new empirical information to Börzel and Risse's explanatory variable of *'political culture'*, according to which a conflictual type of culture leads to a difficult trend of reforms and a slower degree of adaptation to the Europeanisation pressures.

Thirdly, the *'policy discourse'* needs to be highlighted among the variables explaining the difficulties in adapting to the Europeanisation demands of regionalisation in the perspective of EU membership and the access to structural funds. The lack of action capacity and the unwillingness to approach this issue of regional reform can be equally explained through the existence of two contradicting discourses. The first one, more general and not only policy-centred, the discourse on Europe, became synonymous to modernisation and 'normalisation', in the sense of making Romania more similar to EU members. The second discourse, much more focused on the Romanian regional policy and development, emphasised the high sensitivity of the regionalisation issue, which is often associated with irredentism and the annihilation of a unitary Romanian state. In order to illustrate this tendency, a good example is that of president Ion Iliescu (1990-1992, 1992-1996, 2000-2004), who frequently expressed his preoccupations and fears of the consequences of the process of regionalisation. For instance, immediately after the Transylvanian Memorandum (2001) in a speech in Iasi, Iliescu declared:

"Unity has become the object of systematic and concentric attacks aiming at shattering the Romanian state spiritually before shattering it politically. It seems unnatural that people who live and do well for themselves in Romania

volunteer for launching a process that goes against the trend of integration by stimulating economic egotism and particularism of identity. As head of state, I cannot but condemn such attitudes which ignore reality and aim at the dissolution of the Romanian unitary state"<sup>21</sup>.

This type of political declaration dismisses the idea of regionalisation and constantly describes it as an insult to the Romanian national collective memory of struggles for national unity. Taking into account this top-down manipulation (propaganda) and the symbolic importance of the presidential position vis-à-vis this theme, one can easily interpret the institutional resistance to change within this policy field and the lengthy process of transformation that we are witnessing today as a result of European pressures.

Moreover, this kind of collective understanding of regionalisation was backed up by fears that Romania could go through a separatist experience such as those witnessed in other parts of Central and Eastern Europe after the fall of communism: the conflictual separation of Yugoslavia and the peaceful division of Czechoslovakia.

Consequently, in light of these ideas and examples, I confirm Radaelli's intervening factor of 'policy discourse' and bring further nuances to his interpretation. I consider that the discursive dimension of adaptation to Europe has a double role. The first one has been identified in the literature, that of justification and legitimisation for policy reforms. For instance the regional reform of 1998 was justified in the light of the EU requirements for decentralisation and for a more viable system of source distribution. The second role however is to restrain the adaptation process, especially in those cases where there is a gap between the European norms, structures of meaning and the domestic level. In the case of Romania, the discourse regarding the regional reform equally emphasises the dangers that would emerge for the unitary organisation of the state and cautions against too stretched reforms pushing for regional self-administration. Therefore, trapped between a discourse on a Europeanised Romanian regional policy and a domestic contextual policy discourse, the political actors in office who adopted the 1998 regional reform responded to the EU demands and thus created a formal regional level of organisation, but without allotting administrative or political prerogatives for this new institutional layer (the centralist tradition).

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21 *Adevarul Journal*, 24 January 2002. The indirect source of quotation is Judy Batt, *Fuzzy Statehood versus Hard Borders: the impact of EU enlargement on Romania and Yugoslavia*, Working paper 46/02, Birmingham: Centre for Russian and East European Studies, 2002.

The final remarks with reference to the intervening variables selected from the reviewed literature focus on H. Grabbe's specific proposal. I consider that Grabbe's intervening factors such as '*asymmetry*' and '*uncertainty*' are too wide-ranging categories of explanation. In the Romanian regional policy case, the asymmetric relation between the EU and the domestic level can be identified in general within the process of accession and negotiations, but it cannot be considered a decisive factor explaining the mixture of resilience and acceptance from the domestic actors faced with European requirements.

Having thus discussed the selected explanatory variables, I will turn now to drawing up some tentative conclusions.

#### 4. Tentative Conclusions

The purpose of this article has been to analyse the role of domestic intervening factors that may provide pertinent explanations for the extent of Europeanisation and changes in the case of candidate countries. The descriptive initial hypothesis was that the Romanian regional policy displays a modest degree of transformation in response to European pressures and requirements. Starting from this assertion, the essay focused on the following research question: *why is Romania changing so slowly in response to the Europeanisation pressures for decentralisation? Or in other words, under which conditions can we expect change towards Europeanisation?*

In order to tentatively answer the research question, I identified a set of features inspired mainly from several contributions on the Europeanisation of member and candidate states. Within this approach I focused mainly on explaining policy change in response to Europeanisation pressures through a series of domestic intervening factors (domestic conditions for change). Consequently, I applied these concepts to the case of regional policy developments in Romania. In the light of the selected empirical data, I confirmed, disconfirmed or further developed the existing contributions in the field of Europeanisation and its domestic impact. In doing so, I chose to focus on two levels of analysis: formal and informal institutional.

Initially, I drew on Cowles *et.al.*, Börzel and Risse, and Héritier, who consider that the necessary condition for domestic change is *the institutional and policy misfit*. They start from this hypothesis and subsequently add other domestic intervening factors as sufficient condition for change.

The following stage was to further extend this three-step-approach – (1) Europeanisation – (2) misfit between the European and domestic levels – (3) adaptational change depending on domestic mediating institutions and/or actors' strategies – by referring to different contributions in the field.

Accordingly, when looking at Börzel and Risse's input, it can be said that domestic change depends both on (a) the formal institutional organisation's capacity to induce or constrain the process of reform (the existence of '*veto points*' and of '*formal institutions*' fostering change), and on (b) the informal political culture (the existence of '*norm agents*' and of a '*confrontational or consensus-oriented type of societal culture*'). Héritier however proposes another explanatory framework: 'the formal organisation': veto points and supportive coalitions, 'the dominant belief system of problem solving approach' and 'the reform capacity'. Finally, Radaelli's work was equally useful for the purpose of the present research, focusing on the 'institutional capacity for change': formal and informal institutions, the role of the 'constellations of actors' involved in the policy field and the role of the policy discourse.

This paper favoured a heterogeneous combination of explanatory variables/conditions for domestic change in response to Europeanisation. They are mainly inspired by neo-institutionalism, more specifically by the two strands of rational choice and sociological neo-institutionalism. The theoretical perspectives are not mutually exclusive and 'they often work simultaneously or dominate different phases of the adaptational process'<sup>22</sup>.

The empirical data covered and confirmed the importance of these conditions for domestic change in response to Europeanisation. On this basis, I was able to further refine these selected explanatory variables. For instance, the policy discourse is one of the decisive conditions for expecting change within the regional policy field in Romania. It is believed that the discursive dimension of Europeanisation needs to be enhanced and used as a way of societal learning and internalisation of the regionalisation paradigm. In this way, it could lead gradually to a change in the domestic understandings and mental maps regarding the process of regionalisation.

The empirical evidence showed that these features identified in the Europeanisation literature are largely confirmed. However, there are several factors that could not be acknowledged, at least at this preliminary stage of

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22 Tanja Börzel and Thomas Risse, 2000, *op.cit.*, p. 7.

research. When analysing the Romanian regional policy case developments, H. Grabbe's proposed intervening variables (*'the asymmetry of power'* and *'the uncertainty'* factors) could not be confirmed. These conditions for change tend to be too general, and thus loose their explanatory power for the specific case of regional integration and reform in Romania.

Therefore, taking into account the intervening variables and starting from the initial descriptive hypothesis – the patchy record of adaptation – I further developed my research, arguing that within this specific policy case, we are confronted with a twofold situation: (1) a formal institutional/policy fit between the EU requests and the Romanian adjustment and (2) an informal misfit. The formal fit refers to the adoption of the 1998 reform, which led to the creation of the regional layer in accordance with the European NUTS model. In formal institutional and policy provisions, Romania responds to the EU requirements and can, at this stage of reform, deal with the system of structural funds in the post-accession process. The informal misfit on the other hand corresponds to public misunderstandings when it comes to regionalisation and regional reform. Whereas in European vocabulary, regionalisation is part of the process of modernisation, leading to efficient and democratic governance, in Romanian terms it is currently associated with the idea of disintegration of the national unitary state. Consequently, this misfit in policy conception led to a mitigated result as regards the Europeanisation process and policy change. In other words, the analysis of the Romanian regional policy status of reform displays a twofold situation: a fit in terms of legislative adoption and a misfit in terms of implementation and conceptual understanding.

To sum up the present explanatory approach, I have focused mainly on institutional preconditions of reform capacity, on the relevant constellations of actors pursuing their interests and policy goals in accordance with their system of beliefs and understandings. Further research is needed concerning the regional policy content and its specific goals, and the interests and preferences of the actors involved.

Furthermore, I proposed to add the historical, institutionalist perspective in identifying domestic factors of change, since the-mentioned authors use mainly the rational-choice and sociological approaches of neo-institutionalism (with the exception of Cowles *et.al.*). The case of Romania as well of other candidate countries, passing through a transitional post-communist period, needs such an elaborated analysis. The fall of authoritarianism represents a decisive moment of

institutional choices, which opened the way for further developments. The initial choice of return to Europe set a path-dependent evolution towards democratisation and Europeanisation. Accordingly, a historical neo-institutional approach, which focuses on the role of path dependencies and unintended consequences, would be thus be useful to understand these transformations and identify their role for explaining domestic change.

Finally, I believe that it is important to raise the question of alternative explanatory factors such as globalisation, the market economy, the transformation of the traditional nation-state and the emergence of a multi-level type of governance. Future research should focus on a better analysis of the relative impact of these factors and of alternative hypotheses for explaining the causes of policy change.

## Book Reviews

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**Nancy Bermeo (ed.)**, *Unemployment in the New Europe*, Cambridge: Cambridge University Press, 2001, 376 pp., £17.95.

The days when Europe approximated full employment came to an end in the mid-70s. Since then, in a changed and changing European environment, unemployment has become one of the European public's primary concerns. Research and publications on the issue are therefore a timely and welcome endeavour.

*Unemployment in the New Europe*, a volume edited by Nancy Bermeo, draws together a collection of essays that began as working papers for a conference on 'Unemployment's Effects' held in November 1997 at Princeton University. It 'focuses on both unemployment and economic unification' and 'examines the consequences of each and their interconnections' (p. 1). The essays cover a wide range of questions and use different approaches. Theory-oriented texts coexist with more empirical and quantitative ones.

The first three chapters offer broad overviews of the 'New European landscape' and provide 'the empirical background against which unemployment and unification can be understood' (p. 2). David Cameron gives an account of how European labour markets have evolved over the past three decades. He shows that 'the levels of unemployment vary widely across the Member States and, within the Member States, across both time and space' (p. 9) and relates the changes in the unemployment figures with the process of economic unification. In the second chapter, Peter Hall assesses and compares the 'organised managed economy model', associated with continental Europe, to the 'liberal market economy model', associated with the United States. Martin Rhodes, ending the

section, examines the impact of globalisation and economic unification on the corporatist and welfare institutions at the core of the 'organized managed economies'. The main argument of these opening chapters is that the 'organized managed economy', as opposed to a 'liberal market economy', 'served Europe well in the past and, with renovation, may yet do so in the future' (p. 2).

The following section consists of two comparative and quantitative analyses. The two essays focus on the explanatory power of institutional contexts and, beyond, tend to argue that institutions of 'organized managed economies' positively impact on the labour market. More specifically, Bruce Western and Kieran Healy look at the relations between real wage growth and unemployment between 1965 and 1993 whereas Lyle Scruggs and Peter Lange address the relation between unemployment and union density.

Next, three interesting case studies are presented. Alan Stoleroff analyses Portugal; Javier Polavieja and Andrew Richards, Spain and Steven Wolinetz, the Netherlands. Each case is designed to support the arguments developed in the first two sections by illustrating the role of the institutional context. Unfortunately, six years after the initial conference was held, the data used are rather outdated with the most recent dating from 1997 and most being older.

In the first chapter of the book's final section, Christopher Anderson 'examines the effects of unemployment on the political opinions and behavior of the unemployed' (p. 4). Having pooled two 1994 Eurobarometers, he develops a comparative analysis of the then twelve member states. He cautiously points to some differences between the employed and unemployed voters – the latter being, by and large, 'less satisfied with their own life and the performance of the political system (...) and less likely to vote' (pp. 287-288). He did, however, not find any particular relations between unemployment and extremist attitudes and behaviours. Yet, other variables, such as education or income, should certainly be taken into account in order to assess the role and relevance of unemployment as an independent variable. Unfortunately – even if he addresses the issue of the impact of the levels of welfare state development – Anderson fails to take these variables into account. This point will require further examination. Anderson's article is followed by José María Maravall and Marta Fraile's analysis of the Spanish experience, where political elites used welfare spending and collective bargaining to lessen unemployment's most negative effects. They show that different mechanisms limited the political consequences of unemployment. Notably, the effect has been 'mitigated by the influence of ideology, income lev-

els, and evaluations of the general economic conditions and of social policies' (pp. 323-324).

In the conclusion, Nancy Bermeo shows 'how various European institutions mediate the effects of unemployment and how this mediation has benefits that the ascendant liberal economic models do not afford' (p. 4). She argues that 'no single set of institutional arrangements proves uniquely superior for the correction of unemployment' (p. 349). Rather, 'coordination – in the form of competitive corporatism – trumps liberalism through inclusion as well as consensus' (p. 350) and 'the costs of inclusion are relatively low and probably well worth the price' (p. 351). Hence, she concludes that 'the organized managed economies of Europe should be reformed but not replaced' (p. 329).

The reader may regret the absence of an essay on the European Employment Strategy (ESS) in relation to the evolution of and debates on the European 'organized managed economy model', even if the EES had not yet been in existence at the time of the initial conference. Moreover, some developments on the implications of the forthcoming enlargement could have been integrated into the analysis. These two comments notwithstanding, this book is an interesting, rather comprehensive and very readable introduction to the topic (and especially to its political dimension) with appeal to the general public. The chapters are well-argued and documented and the overall structure of the book is quite coherent – which is not always the case with collections of conference papers. Furthermore, the volume offers interesting contributions to the development of research on the sustainability of (and alternatives to) a model often accused of being too inflexible, institutionalised and over-regulated. In this respect, it goes beyond introduction and is of great interest even for those readers already more familiar with the field of research.

**Geoffroy Matagne**

*Promotion Simon Stevin*

Aspirant F.N.R.S.,

Department of Political Science,

University of Liège.

**Anthony Pagden (ed.),** *The Idea of Europe: From Antiquity to the European Union*, Cambridge: Cambridge University Press, 2002, 377 pp., £ 15.95.

The question of identity is probably one of the most salient and topical issues when speaking about Europe. It is both difficult and attractive which might be why scholars from very different disciplines keep writing about it. Anthony Pagden's collection brings together 16 authors with the declared aim to trace 'the determining features of what might count as a collective "idea" of Europe as a political and cultural domain' (p.1) from the ancient world to the present. On its 377 pages and in 15 chapters the authors try to accomplish this – admittedly - ambitious task, but unfortunately without real success. Although there is an apparent logic in the book, namely that Europe and a European identity have undergone a linear evolution from the Ancient world, through the Middle Ages to the Modern and the Contemporary times, it is eventually a recollection of very heterogeneous ideas and conclusions, with no consistency between them and no common line of argumentation.

However, two aspects make this book interesting and worth reading. Firstly, by opposing different 'ideas of identity', the volume displays an internal dialectics which could, itself, be seen as forming part of Europe's foundations. Thus, in contrast to an alleged homogenisation under the 'liberal nation' and 'liberal Europe' by the so-called European values and individual liberties, producing a European society that 'was, and remains, one broadly committed to a life of civility' (p. 47, Anthony Pagden), other authors bring the unavoidable and necessary 'uncertainty over just what it was that represented European particularity in the cultural field and what it meant to be European' up in the discussion (p. 193, Luisa Passerini). Equally, eurocentric superiority, based on the idea of historical development by stages where 'all societies are located on hierarchically arranged levels' (p. 341, James Tully), and built through the 'commercial republicanism' to which Hans W. Blom dedicates his chapter, is opposed to cultural diversity with authors suggesting that 'cultures are not independent, separate, and internally uniform but overlapping, interacting, and internally contested or negotiated' (p. 344-345, James Tully). Finally, the opposition between universalism and localism is permanently present: some contributors indirectly wish for a European 'victory' over 'parochialism and prejudice' (p. 90, William Chester Jordan) whereas others praise the 'integrated unity' dependent 'on a variety of traditions and local experiences to preserve political liberty as well as to promote artistic achievement' (p. 125, Biancamaria Fontana).

The second aspect that makes the book worth reading is that, similar to puzzles, we find a series of elements in the collection that are, and probably will be, essential to piece together a 'Euroidentity'. If we agree with Luisa Passerini that a 'distance must be maintained between the historical forms of European identity and forms that are possible for the future' (p. 195), we should indeed take the same distance from most of this book's historical content and choose the most interesting or innovative among those elements: they will help us to have a much more critical view of the idea of Europe. A similarly critical view is shown by Talal Asad when he tells the reader how European history has been traditionally defined as 'a history of continuously productive actions (...) a story that can be narrated in terms of improvement and accumulation' (p. 216). Yet, this vision of European history is rejected by Luisa Passerini when she refers to Bronislaw Geremek rejecting the idea that 'totalitarian systems would be a total negation of the European tradition' (p. 196) and claims to reassign the Shoah and other processes of persecution and emargination a 'central role in the European memory' (p. 196); a claim that Talal Asad broadens to include the violence perpetrated by Europeans outside Europe (p. 212).

Once these authors have jointly established the boundaries of the events that make up European history as well as the ideas that come with them, they approach the main challenge of Europe: its multiplicity – be it plurality or diversity and be it a positive or a negative factor (p. 199) - and try to understand its origins, development and consequences. So we can decide either to assimilate or to accept the difference (p. 206), or in Milbank's words to have an 'Enlightenment simple space' or a 'gothic complex space' (p. 226). However, the suggested solution shall not be a simple one between these two extremes, but one that is 'neither a dogmatic Eurocentrism nor an unrelated cultural relativism but a critical European centrism' (p. 203). One that will leave space for what James Tully brilliantly calls 'practical identity', that is 'the aspects of citizens' identities that "matter" to them' (p. 346), transform our societies into 'multiple minorities contending and collaborating with a general ethos of forbearance and critical responsiveness' (p. 225), and make our institutions diversity-aware (p. 339).

### **Alejandro RIBO LABASTIDA**

*Aristotle Promotion*

Academic Assistant

Department of European Political and Administrative Studies,  
College of Europe, Bruges.

**Paulette Kurzer**, *Markets and Moral Regulation, Cultural Change in the European Union*, Cambridge University Press, 2001, 210 pp., £ 15.95

Freedom of movement challenges European cultural diversity: a surprising combination but with intriguing findings.

Based on a synthesis of constructivist and institutional theories, Kurzer examines how institutionalised morality norms, flagged by national governments as icons of national identity, are now challenged by the quick shift in values of post-Maastricht EU societies. Whilst the EU exerts no direct pressure for cultural harmonization it stages just that.

To assess this idea, Kurzer has picked out four famously distinctive moral regulation cases in Europe, namely the Finnish and Swedish drinking restrictions, the Dutch drug decriminalisation and the Irish abortion ban.

Kurzer argues that these atypical moral models, previously renowned for being impermeable to incoming styles, survived because they were regarded as cornerstones of national identity, reflecting unique political, social, economic, religious and legal backgrounds.

Alcohol, drugs and abortion mobilise deep-rooted beliefs pertaining to the individual and state governance. Whilst mainstream European notion of individuality rests on the idea that self-regarding enterprise should be free of state intervention unless it harms others, these cases see it from a different perspective:

In the Nordic and Irish cases, freedom of choice comes second after the right of a sovereign moral authority. Alcohol in Nordic countries is perceived as a health hazard to individuals, and thus a threat to society. National understanding is that State intervention in the production, distribution and retail is required in order to control individuals' drinking habits. Meanwhile, in the rest of Europe, alcohol is licit and easily available.

The Irish constitutional abortion ban highlights the national perception that good lifestyle is guided by a higher moral authority. Abortion is widely perceived as disregarding spiritual values, and thus a constitutional ban on abortion seems the best way to protect the natural order. This breaks away from the European perception that abortion is part of a woman's freedom of choice.

On the opposite side of the spectrum, the Dutch concept of individuality, in regulatory terms, pushes self-discretion all the way to free drug use. Attempting to limit the appeal of the population to drugs is regarded as impossible. Decriminalising drugs seems the best of two evils, as it limits damage to the societal through avoiding marginalisation of drug users. Prohibition, adopted by most European states, is seen as a breeding ground for organised crime.

The analysis of these cases over the past decade allows Kurzer to observe that these specific moral regulations are standardising, albeit gradually: Nordic alcohol laws and Irish opinion on abortion are softening, while the drug policy in the Netherlands is hardening.

This centralisation is not due to an active Europeanisation policy, but simply due to the fact that the Single Market encourages people to challenge domestic institutionalised norms by using their EU consumer rights, whether it means buying alcohol or getting access to an abortion in another Member State. This 'sin tourism' (p.17) undermines the effectiveness of moral policies of domestic institutions, and puts pressure on them to change. Kurzer concludes that 'the single market did not occasion a shift of values; rather, it enabled individuals to satisfy their new desires for cheap liquor or drugs or an abortion.' Cross border activity spills over into institutional reform. These findings enable Kurzer to point out that change in moral regulation is not lead by an elite top-down pressure for Europeanisation, but rather as a bottom up impulse from the consumers.

The book is divided according to case studies, which are developed as follows: The first part is a historical insight of the process of identity and norm building and institutionalisation. The second part assesses the impact of European integration on these norms, addressing how Dutch drug policy undermines European police cooperation, and how Nordic alcohol restrictions go against free movement of goods.

The book is well written and convincingly depicts a fascinating trend in European cultural standardisation. It is particularly the well-chosen case studies, which – despite the difference in their original position – lead to the same conclusion, thus lending force to the institutional argument. Kurzer has opened a thought path, which is sure to appeal not only to governance and social policy scholars, but also to readers interested in European cultural history at large.

**Sarah Greenwood**

*Promotion Simon Stévin*

Student in the European Political & Administrative Studies

College of Europe, Bruges

**Janne Haaland Matlány**, *Intervention for Human Rights in Europe*, London: Palgrave, 2002, 286pp., £ 50.

Cet ouvrage nous livre une remarquable perspective empirique du régime européen de protection des droits de l'homme tel que développé et mis en œuvre par trois organisations internationales : le Conseil de l'Europe, l'Organisation pour la Sécurité et la Coopération en Europe (OSCE) et l'Union européenne (UE). Il offre également un compte rendu comparé et critique des réalisations respectives de ces organismes dans ce domaine.

Au travers d'un exposé structuré, synthétique et équilibré, ce livre constitue un excellent point de départ tout en offrant une vision d'ensemble pertinente de l'action juridique et diplomatique de ces organisations européennes.

Tout au long de son étude, l'auteur conjugue ses qualités d'ancienne Secrétaire d'Etat aux affaires étrangères de son pays, la Norvège, et son poste actuel de Directrice du Département de sciences politiques à l'Université d'Oslo pour dégager une analyse scientifique précise, appuyée par de nombreux exemples pratiques, tirés de sa propre expérience.

D'un point de vue méthodologique, Janne Haaland fait à la fois preuve de rigueur et d'imagination. Elle entend aller au-delà de la confrontation entre la théorie réaliste et d'autres approches moins portées sur la force militaire comme épicerie des relations internationales : c'est le concept normatif de «*Human Security*» qui ressort de son essai, lequel réconcilie la «*Realpolitik*» avec un nombre croissant de valeurs qui, sans abandonner leur ancienne nature éthique, jouissent aujourd'hui d'un réel intérêt de la part des Etats. Ce n'est pas la primauté de la «*Realpolitik*» qui est remise en question : c'est le contexte dans laquelle elle s'exerce.

Une des thèses centrales de l'auteur consiste à affirmer qu'il existe, dans la politique étrangère occidentale, un nouvel interventionnisme qui emploie des «*soft power tools*», favorisant une diplomatie publique chaque fois plus efficace et versée sur le binôme «droits de l'homme - démocratie», ainsi que des «*hard power tools*», lesquels fournissent une consistance nouvelle aux valeurs défendues.

Il ressort donc de la lecture de cet ouvrage un «leitmotiv» qui réside dans le parallélisme entre l'évolution du régime de protection des droits de l'homme et

l'évolution de la notion traditionnelle de souveraineté, qui voit son contenu diminuer sensiblement en raison de pressions internes et externes.

Après une introduction théorique qui explique l'approche et les critères employés pour évaluer l'impact des organisations internationales et leurs « régime » en matière de protection des droits de l'homme, la seconde partie du livre est consacrée à un examen successif des trois entités, au moyen d'un intéressant parcours qui fournit au lecteur des jalons chronologiques, juridiques et politiques précieux.

En ce qui concerne le Conseil de l'Europe, deux repères principaux sont fournis : l'action de la Cour européenne des droits de l'homme comme instrument légal quasi-contraignant, et l'action éducative et d'assistance proactive fournie par le poste politique de Commissaire européen des droits de l'homme. Le revers de la médaille tient dans les difficultés et lacunes du Conseil de l'Europe à faire face aux nouveaux membres, en situation de grave déficit de protection des droits fondamentaux.

Pour sa part, l'OSCE est présentée comme une organisation plus opérationnelle, capable de développer des facultés d'observation sur le terrain. Les missions qui ont été mises en œuvre révèlent les avantages de cette organisation dont le travail en matière de démocratisation, condition indispensable à l'enracinement des droits de l'homme, est souvent ignoré.

Quant à l'UE, l'ouvrage décrit une image fondée sur une habile combinaison des instruments provenant des différentes méthodes d'intégration, communautaire et intergouvernementale, qui ont pour effet de renforcer la notion de « conditionnalité » à la base de l'action externe de l'UE.

Les « *hard power tools* » de l'UE continuent néanmoins d'être à l'état embryonnaire, ce qui constitue certainement un problème et un défi majeur pour acquérir davantage de crédibilité sur la scène internationale.

Cette étude comparée a l'avantage de mettre en valeur les complémentarités existantes et potentielles entre ces organisations, en dépit des questions qui subsistent concernant leur rôle futur, particulièrement s'agissant de l'expansion de l'UE et de sa problématique quête d'une Politique extérieure et de sécurité commune.

Néanmoins, en dépit des conclusions de l'auteur qui dressent un bilan très positif dans ce domaine, où l'Europe est sans doute à l'avant-garde, il serait peut-être souhaitable que Janne Haaland adopte une approche plus critique à l'égard des motivations réelles et de l'utilisation faussée que l'on a fait du discours sur les droits de l'homme pour dissimuler parfois d'autres intérêts, inavoués, dans le domaine des «interventions humanitaires».

### **Tony Fernández Arias**

*Promotion Bertha von Suttner*

Student in European Legal Studies

College of Europe, Bruges.

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**David Friggieri**, *The EU and Sovereignty – towards multi-level governance*, Malta: Minima Publishers, 2002, 146 pp., 10 EUR.

This work is based on the author's doctoral thesis presented to the Faculty of Law at the University of Malta in June 2001. It essentially deals with the thorny issue of national sovereignty. Friggieri's work is divided into three chapters. In the first part, the nature of the legal order of the Community is tackled (pp. 17-55). The second chapter is dedicated to the central issue of this study, i.e. the reaction of Member States to European integration in general, and the constitutionalisation of the treaties by the European Court of Justice in particular (pp. 57-75). The key concept of sovereignty is examined in some detail. Also, the constitutional evolution in different Member States is analysed. In the final chapter, Friggieri deals with the somehow difficult relationship between national constitutions and the Community's constitutional order. The author concludes with an examination of the concept of multi-level constitutionalism – a theoretical model – which claims to bridge the gap between national constitutions and the European Constitution.

The author begins his analysis with a somewhat popular approach: 'The European Union lacks a constitution, but still has a constitutional legal order' (p.17). He then draws the reader's attention to the fact that the European constitutional order is being developed at both the European level and at the national level, and that Europe consequently has a 'multi-level constitution' (p.17). Concerning the nature of the Community, Friggieri presents a concise and well-balanced synthesis of the jurisprudence of the Court of Justice and doctrinal reactions to it. A very useful scheme of analysis with regard to the constitution-

al *acquis* of the Community, respectively the Union, can be found on page 35. For the author, the main conflicts between national constitutions and the constitutional order of the Union are based on two controversial questions, namely the question of national sovereignty and a conflicting perception of the nature and legal order of the Community and the Union.

The author perceives sovereignty in terms of state competences, the key question being to what extent these can be organised internationally. (p.61). This seems to be all the more important, given that the ECJ, in contrast to the Member States' constitutional courts, perceives the status of Community law in the national legal systems as a matter for Community law itself. The author opts for what he calls a "moderate" approach to the notion of sovereignty', justifying his approach with the classical argument that states voluntarily join international organisations and thus have to respect the norms that they produce (p.62).

With regard to the originality of the Community legal order, Friggieri recalls that the EU is indeed more than a mere international organisation (based on co-operation), but still less than a federal State (p.65). For Friggieri, Member States' constitutions form an essential building block in the EU constitutional order, as there is no European Constitution yet. Concerning the eventual adoption of a latter, Friggieri sees the main problem in the absence of a 'pouvoir constituant' at the European level (pp. 94-102). He believes that the theoretical concept of multi-level constitutionalism is apt to provide a solution to what he calls the 'constitutional conflict' in Europe.

Friggieri claims that the relationship between the national constitutions and the EU Constitution 'will be one of the most burning questions on the European legal and political scene for years to come' (p.116). He spots a problem in the lacking agreement on the destiny of the EU. For him, the answer to the question of what the EU should look like in the future seems to be a requisite for the adoption of a constitution. Therefore he believes that the latter is not a realistic proposition at present.

Do present day developments, notably the achievement of the European Convention to adopt a single text invalidate Friggieri's conclusion? Not necessarily, because the process leading to a European Constitution is still on tenterhooks. Is an agreement on the destiny of the EU crucial in the constitutional debate? We believe that these two questions are not necessarily linked in the way that the failure of answering one automatically leads to pointlessness of the other.

Even if we do not share the author's conclusion, we find that Friggieri's work is extremely rich, notably in presenting the most important doctrinal discussions and the Court's jurisprudence in the constitutional field. Friggieri's book thus represents a thoroughly researched compilation of partly classical, partly new arguments and constitutes a valuable addition to the existing works on multi-level-constitutionalism. Given its length (146 pages, of which 117 p. are text), Friggieri's work might also constitute a useful introduction to non-specialists. Despite some formal shortcomings (e.g. quotes from secondary sources) this treatise is thus a useful reference to any reader who is interested in the ongoing constitutional debate in Europe.

**Petra Zeinhofer**

*Promotion Bertha Von Suttner*

Department of European Legal Studies

College of Europe, Bruges.

# News from the College of Europe

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## *Keynote Speech*

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- **M. Joschka Fischer**

Ministre fédéral des Affaires Etrangères de l'Allemagne

Cérémonie d'ouverture de la 54<sup>ième</sup> année académique du Collège d'Europe, Bruges

1 décembre 2003, Bruges

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## *Conferences*

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- **Making a Constitution for the Enlarged Union**

Conférence organisée par le Collège d'Europe et l'Institut d'études juridiques européennes de l'Université de Liège, avec le soutien du Bureau fédéral des affaires scientifiques, techniques et culturelles

9 & 10 mai 2003, Bruges

- **After Cancún, which choice for Europe?**

Patrick Messerlin, Professor at the IEP Paris

29 October 2003, Bruges

- **The Role of the Media in the European Union**

Fritz Groothues, former Controller, Strategy and Public affairs, BBC World Service, Karel Barták, Journalist

31 October & 1 November 2003, Bruges

- **Now for something completely different: a New History of the European Union**  
John R. Gilligham, Professor at the University of Missouri, Saint Louis  
10 November 2003, Bruges
  - **Regional Integration: A Public Goods Perspective**  
Inge Kaul, Director of the Office of Development Studies at the United Nations Development Programme, Second UNU-CRIS Annual Lecture  
20 November 2003, Bruges
  - **La libre-circulation des personnes dix ans après 1993: nouveaux développements et nouvelles frontières**  
Organisée conjointement avec l'IEJE/PAI et le département juridique de Liège  
5-6 décembre 2003, Liège
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## *Seminars*

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- **The Future Member States of the EU**  
A series of lectures and conferences organised by national experts for officials of the *Office for Harmonisation in the Internal Market*  
16 May, 16 June, 18 July, 2 September, 13 Octobre, 17 November & 9 December 2003  
Alicante (Spain)
- **Training programme on Legal Aspects of Trade policy for Officials of the Directorate general Trade**  
15-16 May 2003 and 22-23 September 2003, Bruges
- **Short seminar on various aspects of the EU for American political science students**  
In cooperation with the Hansard Society for Parliamentary Government  
4-6 June 2003, Bruges

- **New Challenges for Interest Representation, the possible outcomes of the upcoming IGC for the decision-making structure of the EU**  
European Managers meeting for *Microsoft Corp*  
6 June 2003, Bruges
- **European Union Training Seminar on Southeast Europe (EUSSEE)**  
In cooperation with the American University in Bulgaria  
6-18 July 2003, Blagoevgrad (Bulgaria)
- **Training programme on the European Employment Strategy and its application at the local level for the officials of the Province of Genova**  
11-18 July 2003, Bruges
- **An Insight into the EU, introductory training programme for officials of the People's Republic of China**  
17-30 August 2003, Bruges
- **Journée de réflexion sur la problématique des pays d'Europe Centrale et Orientale pour les officiels du Secrétariat du Conseil Général**  
8 octobre 2003, Bruxelles
- **Analysis of EU integration, training programme for officials of the Council of the EU, organised for the Council General Secretariat**  
13-15 October 2003, Bruges
- **Training programme on Consumer protection and Competition Policy for the Polish Office for Competition and Consumer Protection (OCCP)**  
2-8 November, 16-22 November & 1-5 December 2003, Bruges
- **Training programme on Information and communication in the EU for Bulgarian journalists, organised for the Institute for European Studies and Information of Bulgaria**  
11-13 November 2003, Bruges

- **Regional Integration and Public Goods**

UNU-CRIS

20 & 21 November 2003, Bruges

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## *Workshops*

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- **International Negotiation**

Scott Ratzan, Vice President Government Affairs, Europe, Johnson & Johnson and Angela O'Neil, Director of Communications, the College of Europe

26-27 September 2003, Bruges

- **Communications**

R. Collins, M. Delbarge, A. O'Neill, C. Vandebussche

18-19 October 2003, Bruges

- **European Foreign Policy in the making**

31 October 2003, Bruges

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## *Staff News*

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The College of Europe is pleased to announce the appointment of **Mrs Inge Govaere** as its new Director of the department of European Legal Studies.

The College also welcomes the following new members of staff:

- **Michelle Cini**

Professor

Senior Lecturer in Politics and Jean Monnet Lecturer in EC Studies at the University of Bristol

- **Sylvie Goulard**

Professor

Group of Policy Advisors, Task Force Convention, European Commission

- **Vassilis Hatzopoulos**  
Professor  
Lecturer at Democritus University of Thrace and at the National School of Public Administration of Athens, Lawyer at the Athens Court of Appeal
- **Robert Ladrech**  
Professor  
Director of the Keele European Research Centre (KERC) at Keele University
- **Siofra O’Leary**  
Professor  
Chamber of Judge F. Macken, CJCE
- **Alfred Steinherr**  
Professor  
Chief Economist at the European Investment Bank and Founding Rector of the Free University of Bozen-Bolzano
- **Richard Whish**  
Professor  
Professor at the King’s College, London
- **Lisa Heldwein**  
*Promotion Bertha Von Suttner*  
Teaching Assistant  
Department of European Political and Administrative Studies
- **Michael Latsch**  
Teaching Assistant to the Toyota Chair for Industry and Sustainability  
Department of European Economic Studies
- **Dimitrios Magos**  
Teaching Assistant  
*Promotion Bertha Von Suttner*  
Department of European Economic Studies

- **David Mamane**  
*Promotion Bertha Von Suttner*  
Teaching Assistant  
Department of European Legal Studies
  
- **Tatiana Márquez Uriarte**  
*Promotion Bertha Von Suttner*  
Teaching Assistant  
Department of European Political and Administrative Studies
  
- **Elise Muir**  
*Promotion Bertha Von Suttner*  
Teaching Assistant  
Department of European Legal Studies
  
- **Jan Rovny**  
*Promotion Bertha Von Suttner*  
Teaching Assistant  
Department of European Political and Administrative Studies
  
- **Annette Bergmann**  
Codification Team, Development Department
  
- **Sara Collantes Mateos**  
Codification Team, Development Department
  
- **Jeroen Dubois**  
Codification Team, Development Department
  
- **Nina Klemola**  
Codification Team, Development Department
  
- **Peter Rejnholdt**  
*Promotion Bertha Von Suttner*  
Codification Team, Development Department
  
- **Cécile Bonino**  
Contrat de service avec la Commission européenne, Development Department

- **Thomas Boué**  
Contrat de service avec la Commission européenne, Development Department
- **Eleonora Wäktare**  
Contrat de service avec la Commission européenne, Development Department
- **Sandra Paesen**  
Research projects on the Foreign policy of the Flemish Region, Development Department



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**“The World’s Oldest Post-Graduate Institute for European Studies”**

Dijver 11, B-8000 Brugge, Belgium  
Tel: +32 (0) 50 47 71 11 – Fax: +32 (0) 50 47 71 10

ul. Nowoursynowska 84, Box 120, PL - 02/797, Warszawa 78, Poland  
Tel: + 48 22 545 94 00 – Fax: + 48 22 649 13 52

Email: [info@coleurop.be](mailto:info@coleurop.be) / [info@natolin.edu.pl](mailto:info@natolin.edu.pl)

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