



EUROPEAN UNION STUDIES ASSOCIATION

Vol. 18, No.3 ISSN 1535-7031
Summer 2005 www.eustudies.org

EUSA REVIEW

The Magic of the C-Word *Eric Stein*

The following is the keynote address delivered by Eric Stein, in accepting EUSA's fourth Lifetime Contribution to the Field Prize, at EUSA's 9th International Conference, April 1, 2005, Austin, Texas.

I WANT TO THANK MOST SINCERELY YOU, Mr. President, the Executive Committee and the members at large of this Association for granting me this significant prize. I have a special reason to appreciate it because I am the first lawyer so honored, following in the footsteps of three outstanding political scientists—but I find myself in an unusual position of facing a distinguished audience in which lawyers form a small minority.

It is perhaps natural that the award has made me look back at my life and ask the question just what I have done to merit this recognition—this may or may not prove an embarrassing inquiry, but more immediately, it has made me want to talk about myself, an impulse I shall try to restrain, if not completely suppress, in my remarks tonight.

When I became interested in European integration in the late 1950s there was no EUSA, no specialized review – and since I had been teaching international law, I found my home in the American Society of International Law. But when the then editor-in-chief of the American Journal of International Law accepted my piece on harmonization of law in the European Community, Professor Dickinson, an icon in the field at the time, told me that my piece was interesting but it had nothing to do with international law. Today – things are different – I have my home in EUSA and there is a multitude of specialized periodicals in the field. So much about myself.

Let me start with a quotation the source of which you may or may not recognize:

[There is a form of society], in which several states are fused into one with regard to certain common interests, although they remain distinct, or only confederate, with regard to all other concerns. In this case the central power acts directly upon the governed, whom it rules and judges in the same manner as a national government, but in a more limited circle.

Evidently, this is [not] a federal government, but an incomplete national government, which is neither exactly national nor exactly federal but the new word which ought to express this novel thing does not exist.

While you contemplate the likely author, let me read one more passage from the same source: “The human understanding more easily invents new things than new words, and we are hence constrained to employ many improper and inadequate expressions.”

It may come as a surprise to you—as it has to me—that the author is none other than the 19th century French aristocratic traveler, Alexis de Tocqueville, describing one of the categories of his model of composite states, and—what is even more astounding—his prophesy of the predicament which we have been facing in dealing with European integration. This is what Professor Neil MacCormick has said about the European Community: “Here we have not merely a new legal system, but maybe even a new kind of legal system.... We have remained, as it were, bewitched with the paradigm of the state and its law....” We are “juristic pre-Darwinians,” unwilling to welcome a new species, any “novel interlopers into our judicial consciousness.” In fact, we still insist on translating solutions developed within the state to the novel phenomenon and using state nomenclature. This, in a sense, is a natural tendency since the state is, so to speak, the only show in town if one looks for a model and international law is of little help.

I shall mention some more or less egregious examples of the “translation” conundrum. Take the word “demos.” Demos, I am told by my colleague in classics, meant anywhere from 6000 to 13,000 Athenians, free and male, who met in an assembly (Ekklesia), first in the Agora and later in a place with the intriguing name Pnyx. What, please tell me, has this picture to do with the situation of the peoples in the European Union Member States or with the non-existent European people? Yet demos and demoi have become embedded in the vocabulary of EU scholarship.

Another—and perhaps more serious example—is the term “identity.” National identity in the ethnic-cultural-historic-territorial sense, is—sociologists tell me—a well established category. But, the so-called “European identity,” to the extent that it exists today, is an entirely different cup of tea, and we should have another name for it. If nothing else

(continued on p. 3)

EUSA Review

The *EUSA Review* (ISSN 1535-7031) [formerly the *ECSA Review*] is published four times yearly by the European Union Studies Association, a membership association and non-profit organization (founded in 1988 as the European Community Studies Association) devoted to the exchange of information and ideas on the European Union. We welcome the submission of scholarly manuscripts. Subscription to the *EUSA Review* is a benefit of Association membership.

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From the Chair

John T.S. Keeler

The Internationalization of EUSA

IT IS AN HONOR BUT ALSO A WEIGHTY RESPONSIBILITY to serve as Chair of EUSA. Fortunately, we have a very skillful and committed Executive Director, Joe Figliuolo, who makes the job seem far less daunting than it might otherwise be. I would like to begin my term by thanking Joe publicly for the quality guidance he has provided to date and for his recent pledge to remain with EUSA for the foreseeable future. Thanks also to my predecessor, George Ross, and to the other two Executive Committee members who stepped down in June, Karen Alter and Jeff Anderson, from whom I learned a great deal while serving as Vice-Chair over the past two years. It is reassuring to know that the ExCom and I will continue to benefit from the formidable presence of Grainne de Burca, Virginie Guiraudon and Sophie Meunier, and that we will be joined by such sterling colleagues as Liesbet Hooghe (our new Vice-Chair), Frank Schimmelfennig and Amy Verdun.

It is the composition of our 2005-2007 ExCom that inspired the theme of this essay: the internationalization of EUSA. As a number of friends and colleagues have observed, this is the first EUSA ExCom ever to include only a single native-born U.S. citizen (me). Only two other members are based at U.S. universities, and both of them are native Europeans (Meunier, from France, at Princeton; Hooghe, from Belgium, at UNC). A majority of our members, the other four, are native Europeans based either in Europe (de Burca, from Ireland, at EUI; Guiraudon, from France, at EUI; and Schimmelfennig, from Germany, at Mannheim) or Canada (Verdun, from the Netherlands, at Victoria).

This might seem curious to anyone taking a sufficient break from following the rancorous debates over the EU Constitutional Treaty to read the two-page Constitution of our Association (available online at www.eustudies.org). After all, the formal title of our organization is the “European Union Studies Association of the United States” (emphasis added). And the Preamble asserts that the “Association exists to develop a community of persons in North America interested in the EU and to raise the level of knowledge about the EU” (emphasis added).

But as all EU scholars know, organizations often develop in unanticipated ways. The constitutional clauses that, in retrospect, paved the way for the internationalization of EUSA are those stipulating (Article II) that “Membership in the Association shall be open to all persons and institutions who have paid annual dues” and that “the Executive Committee shall be elected by the membership.” (*continued on p. 22*)

(continued from p. 1) the babble of 20 languages and the prospect of Turkey's admission to the Union makes a mockery of any reliance on ethnicity or history.

In an interesting research project, the British sociologist Yasemin Soysal examined how Europe is portrayed in school books and debates about school curricula in the UK, Germany and France, and her conclusion illuminates the problem. She points out that what she calls European identity differs considerably from the national type of identity which is deeply rooted in histories, cultures or territories. She found that history schoolbooks may glorify Europe's Roman, Catholic or even Greek origins as remarkable European achievements; but these origins are less and less offered within a religious or ethnic narrative, and increasingly in the more abstract form of the universal principles they contain; what holds Europe together, in schoolbooks, she concludes, is a set of civic ideals and universalistic principles.

I would agree that these ideals and principles, along with common expectations, European Union law, Walter Hallstein's "Rechtsgemeinschaft" and the drafting of an EU constitution, provide the foundation for an evolving identification with "Europe". In other words they provide the foundation for a European identity, if I must use the term, in the absence of a better word for a new phenomenon.

My third example of the translation problem is applying the "democracy-accountability" concept to Union institutions. I had my say on this subject some years ago. Let me just mention the approach taken in the recent draft Constitution: that document incorporates the present form of the so-called dual accountability, that is the accountability of Ministers in the Council to national parliaments and the Commission accountability to the European parliament elected by the peoples in the individual Member States. The accountability of Ministers to their parliaments remains illusory in most member states, but the Constitution would have sought to increase the role of the European Parliament as a means of improving accountability.

In addition, however, the Constitutional text included three other innovations: first, a "participatory model," defined as a structured, systematic dialogue between the institutions and the civil society. A spokesman for civil society argued that this could either be a potential "milestone" for a change in decisionmaking, or just "a blast of hot air" ending again in mere consultation. Professor Jo Shaw shared the latter skeptical view. According to the second innovation, the national parliaments would be given an opportunity to give their opinion on proposed Union legislation, clearly an effort to advance the subsidiarity principle. And finally, an elaborate provision for a popular initiative aimed at inducing the Commission to act where it has failed to act.

Lastly, in this litany of translation troubles, are the terms "constitution" and "constitutionalizing." The use or misuse of these concepts is startling. I have seen references to *Constitutio Westphalica* and a Westphalian constitutional

moment. But let me go back just to the aftermath of World War II—the halcyon days of international institution building. The basic documents of international organizations founded at the time, such as the International Labor Organization and the World Health Organization are named "Constitutions." Allow me to mention a talk I gave back in 1955—just half a century ago—while I was on the staff of the State Department Bureau of United Nations.

I questioned the use of the term 'constitutional' with reference to the United Nations. The U.N. – I said – was a loose association of sovereign states in a world fundamentally dominated by power considerations and we could not analyze its problems in terms of an orderly community, operating under a rule of law. Today, I would suggest a similar caution in the current academic debate about "constitutionalizing" the World Trade Organization.

The same year, in 1955, I was in a working group of officials, facing a blank sheet of paper, with a mandate to make a first draft of a basic document for a new international organization which was to deal with the novel nuclear energy problems. This was at the time when the vision of a new, post-war world order had begun to fade. I don't remember which one of us in the working group had the good sense of calling the new creature modestly "an agency" and its basic document a "statute" rather than "a constitution." The International Atomic Energy Agency was eventually established in Vienna and it has emerged as an important player in the nuclear nonproliferation campaign.

And this brings us chronologically to the birth of the judicial "constitutionalization" saga in European integration. It is, to add a touch of drama (with a grain of salt) a story of a dark conspiracy and outrageous collusion, engineered by a coven of judges and lawyers against unsuspecting governments. It started, you will recall, with a trivial controversy over import duties – the notorious *Van Gend en Loos* case – which the Dutch court referred to the European Court.

In 1962-63 I was spending some months in Brussels with the Legal Service of the Commission at the invitation of its Director General, the brilliant and influential Michel Gaudet, formerly of the *Conseil d'Etat*. I was able to sit in the meeting of the Legal Service lawyers that was to work out a formal opinion of the Commission in the *Van Gend* case for submission to the Court of Justice. In the fascinating debate, advocates of the "constitutional" approach argued with the traditional internationalists. I must confess that—looking at the text of the Treaty—I did not see an alternative to the internationalist position. In the end, led by the Director General, the "constitutionalists" prevailed. The conclusion, written in the Commission brief and accepted by the Court, was that it was the Court of Justice, not the national court, that decides whether a Community Treaty provision had a direct effect in the legal orders of the member states and the Court would apply the most liberal criteria of interpretation: the spirit, general scheme and wording. In the Court's vision, the

Community Treaty is not an ordinary treaty. The Community constitutes a new legal order “for the benefit of which the states have limited their sovereign rights within limited fields, and the subjects of which comprise not only member states but also their nationals and that imposes obligations upon, and confers rights upon individuals as part of their legal heritage.”

I do not know which one of the judges on the European Court was the principal co-conspirator with the Gaudet-cabal. But at any event, it is the Commission rather than the Court that deserves the credit (or the blame) for the basic idea of “constitutionalizing” the EC Treaty, a move designed to replace the international law canon with public law concepts—all this on the basis of rather scant provisions of the Community Treaty.

The result, as evidenced by subsequent European Court decisions, has been to turn the broad Community Treaty obligations addressed to governments and the principles which were to be implemented by the political institutions, into directly effective provisions enforceable by interested individuals. The “vigilance of the individuals,” as the Court put it, along with the reduction of the unanimity requirement in the Council have made the common and the single markets a reality.

The second act in the constitutionalization drama was the equally well known *Costa v. E.N.E.L.* case. It originated in an obvious collusion between a Milan justice of the peace and Costa, a local attorney, who hated the nationalization of the public utility in his city. Costa sued to question the payee of his monthly electric bill and the justice of peace managed to push the case before both the Italian Constitutional Court and the European Court of Justice. The European Court seized this opportunity, passed up in *Van Gend*, to establish the general principle of “precedence” of Community law over national law and it claimed the last word in any conflict between the two legal orders. So, the broadly defined direct effect of Community law in the national legal orders, the principles of supremacy, preemption, and implied powers and the crucial case law on foreign affairs powers—along with the expansion of the unique system of judicial review and enforcement of Community law—have become the foundation of the “supranational” or proto-federal legal order, so aptly envisaged by de Tocqueville.

On this foundation the Court has built further constitutional-type general principles, such as a broad definition of European citizenship and the protection of basic human rights of individuals against acts of Community institutions. The Court has fashioned its own human rights doctrine from the constitutional traditions of the member states and from the European Convention on Fundamental Rights. Incidentally, the Court’s solicitude for individual rights is in a stark contrast with its persistently restrictive interpretation of the individual’s direct access to the Court. This widely criticized interpretation was to be partly “overruled” in the draft Constitution.

In an expansive mood, the Court called the Community Treaty a “constitutional charter,” and it tended to construe the Community powers—and its own jurisdiction—quite broadly in the early years when Community legislation was scarce and there was a need to fill in the gap by judge-made law. It was criticized on that score. There is some evidence that as Community legislation multiplied, the Court has inclined toward a less expansive definition of Community powers in both the internal and external spheres of its activities; but this assessment is contradicted for instance by the Court’s more recent bold interpretations of gender equality. Also, the Court continued to fill in gaps in the Treaty system, for example by the path-breaking holding on member state liability for damages caused to individuals by member state breach of Community law, and the liberal use of the concept of “cohesion,” and of the very general Treaty provision calling for cooperation in the Community. The Court’s jurisdiction has been extended along with the competences of the Union by successive amendments of the constituent treaties and it would have been further expanded in the Constitution for Europe. It is too early to estimate the impact of the principle of subsidiarity but it is interesting that only in October 2000, for the first time in its history, the Court arguably struck down a Community law for lack of Community competence.

So much for the constitutionalizing process which appeared to reach its climax in the drafting of the treaty establishing a Constitution for Europe. This is what the President of the European Parliament, Josep Borrell Fontelles, had to say about the magic of the word “Constitution” at the signing of the document in Rome last October:

The word ‘Constitution’ ... carries political and symbolic weight. We should stand by our choice of this word, as we Europeans know how significant it is. In the past, the word ‘Constitution’ has been a point of departure when dictatorships have fallen. It has helped to bring a new dawn of democracy to Poland, to France, and to my own country, Spain, not so very long ago.”

This is a telling explanation why the Europeans, having created “a new thing” in de Tocqueville words, refuse to find a truly new name for it even though it has features incompatible with the standard pattern of a national constitution. As a treaty, it had to be ratified by all member states through national treaty making processes, and provided for a right to withdraw from membership, and in its Part III, it dealt in massive detail with policies and voting formulae. But the first and second Parts have all the trappings of a national basic law. The official title, “Treaty Establishing a Constitution for Europe” clearly distinguishes between the Treaty as a form and Constitution as a substance (Lenaerts). At the end of the day, the European Council of the Heads of State and Government recognized the inherent ambiguity and spoke

of a “Constitutional Treaty.”

At any rate, the Constitution seemed to represent a new phase in the half-a-century integration process which has been marked by a persistent tugging, with the connivance of the hesitant governments, at the umbilical cord that ties the new creature to the international law “Grundnorm.”

In concluding, I shall take the liberty to lapse again into a bit of personal musing. There is in all of us a need for a vision that would help us “escape the two-dimensional, stale image of the world.” For me, it was first the idea of the new post-war international order centered on the United Nations. As I mentioned earlier, I worked in the State Department Bureau of United Nations (later significantly renamed the Bureau of International Organization). I started there in 1946. By the early 1950s, I became disillusioned with the unfulfilled vision of the UN. At the same time, dispatches passing over my desk reported about the novel, strange structure rising in Luxembourg. There is in all of us—as Dr. Freud tells us—a longing for returning to the locale and dreams of our childhood. To see my old Europe attempting to shed its old ways for a new art of governance was an appealing prospect.

Clearly, these thoughts and feelings have been at the foundation of my positive attitude toward European integration for more than half-a-century. Professor Trevor Hartley who emphatically rejects the constitutionalist theory, has written that I apparently was the first to put that theory forward. Yet it was the Court itself that first enunciated the theory in its *Van Gend* and *Costa* opinions. The basic concept has been elaborated by scores of scholars, most recently by Professor Daniel Halberstam in his captivating theory of “recalibration” of the position in the Union of individuals as citizens, consumers, officials, judges.

There has been, needless to say, articulate opposition to such theories by realists, neo-functionalists and intergovernmentalists of different hues. Clearly, the Union, an evolving creature with an ambition for a self-referential basis, does not fit readily into the crystalline, positivist, anti-constitutionalist world. I readily confess my membership in the constitutionalist club—but with an important caveat. I expect that the Union will become a premier player in the world arena but, I have consistently disagreed with the idea of some “constitutionalists” that the Union will or should or could become ultimately a centralized federation, a “super-state.” Professor Weiler has made the case against that goal more forcefully than I could. He points to the negative, exclusionary features of such a form, to the absence of a truly constitutional foundation and to the pervasive differences between the peoples of the member states I mentioned earlier.

The pressing issue of the day is the timely completion of the ratification of the Constitution by all members; 11 of the 25 have opted for a popular referendum. If extended delays are expected, all or some member governments may agree on a provisional application of some of the features of the

Constitution, such as the monitoring by the national parliaments or a full empowerment of the new European Foreign Minister and his group of diplomats. This could be done by legal instruments available in EU practice such as an inter-institutional agreement, or by an agreement under international law. The Intergovernmental Conference faced the possibility of [I quote] “one or two members” failing to ratify by June 2007 but the only solution it could think of was dropping the problem into the lap of the European Council. The Council would then be faced with a number of more or less unenviable options. But that is a story for another day.

Let me conclude with thanking you again—also on behalf of my wife Virginia who must share in this honor I could not have achieved without her. She was with me from Brussels to Beijing, used the long waiting hours to broaden her art historian’s knowledge and edited every word I’ve written. Thanks again.

Eric Stein

**Hessel E. Yntema Professor of Law Emeritus
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The *EUSA Review* follows an annual calendar of announcements and listings organized in four topic areas: Winter (December 15): [EU-Related Academic Programs](#) (degree or certificate-granting, worldwide); Spring (March 15): [EU-Related Web Sites](#) (especially primary sources such as databases, on-line publications, and bibliographies); Summer (June 15): [EU-Related Organizations](#) (academic and professional associations or independent research centers (such as think tanks) with significant EU aspects in their missions); and Fall (September 15): [EUSA Members’ Research Notes](#) (current, EU-related, funded research projects). Send brief announcements by e-mail to <eusa@pitt.edu> or by mail to EUSA, 415 Bellefield Hall, University of Pittsburgh, Pittsburgh, PA 15260 USA. We reserve the right to edit for length, and we cannot guarantee inclusion in the listings. We do not accept unsolicited e-mail attachments.

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Teaching the EU

Teaching the EU to Europeans: How Can “old” and “new” Europe be Brought Together?

Eileen Fuchs and Robin van der Hout

Introduction

NOT LONG AGO EUROPEAN LEADERS CELEBRATED the unification of their continent beneath the Athens Acropolis.¹ The signing of the Constitution for Europe² is a milestone of a development which started more than fifteen years ago with the unexpected fall of the Berlin Wall and the German reunification. All European countries - but especially those in the East of the continent - have hence been going through exciting and sometimes troubling times. After the recent events in the Ukraine it appears to be evident that these times are not over yet.³ A “Unified Europe,” meaning the enlarged European Union⁴ is not yet being proclaimed by EU leaders, and few European citizens feel ready to give their full consent to this. Moreover, public opinion polls clearly show that only a slight minority regards themselves as being simply “Europeans”. Indeed, most Europeans agree to be European only beside their “true” nationality, i.e., for example, German, Dutch or Irish. Overall, the spread of Euro-skepticism has become especially obvious in the negative outcome of the referenda on the European Constitution held in France and the Netherlands. The question is whether and how these attitudes about the Europe and its future impact the teaching of European students from both East and West.

Students from “old” and “new” Europe - differences in mentality

The students entering Universities this year were born in 1986 or 1987. For them, the division of the continent into “East” and “West” is already a part of history and far less formative than used to be the case. Students from the new member states are especially familiar with the sermon of the new and unparalleled chances supposed to be open to them. However, most of them also experienced new insecurity and the loss of the well-known. Still, the vast majority - especially those accepting the challenge and going abroad - follow a sober and unprejudiced approach. They want to achieve something in life - better today than tomorrow.

Students coming from the old member states, however, often have different priorities. Many of them grew up in social and financial security and still presume that opportunities will be open to them in the future.⁵ Due to their “Western” lifestyle, they still know very little about their new neighbors in the “East”, which suddenly emerged after the “iron curtain” disappeared. Who of them, including the authors, is truly familiar with the specific features of Slovenia and Slovakia or of Lithuania and Latvia?

Editor’s note: This column is written by members of EUSA’s “Teaching the EU” Interest Section. For details about the Section and how to join, please visit www.eustudies.org/teachingsection.html.

It seems that students from the “West” far less appreciate the opportunities of an enlarged European Union. Their colleagues from the “East”, however, are often more resolute and energetic, sometimes truly overwhelming their Western counterparts in our view. Speaking more generally, the new member states generally give new impetus to the old EU-15 and might even help the overly self-contented countries of “old” Europe to rediscover their enterprising spirit.

European Institutions and the movement of students

What can the EU do to overcome those differences in mentality and culture insofar as they constitute obstacles to further integration? The institutions of the European Union and also national bodies are very active in bringing young Europeans together. For example, more than 1.2 million students have participated in the well known ERASMUS-Program since 1987.⁶ Nevertheless, it needs to be realized that providing funds is not always sufficient. Students’ desire to meet and learn from another must be fostered, they must be given opportunities to acquaint themselves with one another. Until recently, it appeared that citizens from the new member states were eager to spend time in the old member states, whereas vice versa, this was rather seldom the case.⁷ What is more, students from the British Isles seemingly are not interested in spending time in Germany or Austria, preferring destinations in Spain and Italy.

What the European Union needs in order to improve the described situation are more institutions designed to teach the European project and to form a generation with a stronger “European spirit”. One of these desired “melting pots” already existing is the Institute for European Studies in Saarbrücken. The oldest of its kind in Germany and second oldest in Europe, our institute celebrated its 50th birthday in 2001. Its history reaches back to 1951, only six years after the end of World War II, when students and lecturers from France and Germany began to work, study and live together on campus, thereby working towards another, but not less important European unification. What lessons can be drawn from these fifty-five years of experience when speaking of students from “old” and “new” Europe and how to bring them together?

Learning about Europe

The first lesson is that Europe only will be unified when its citizens learn about it - together. Therefore, the starting point must be the creation of a common basis of learning- a point that is already problematic in itself. Educational systems and learning methods vary greatly among Member States, with

lines not simply dividing along East and West.⁸ The so-called “Bologna Process”⁹ launched by the European Union aims mainly at the harmonization of university degrees, but has only indirect effect on the diverse methods of teaching. For this reason, European Union studies have to identify and take into account the major existing distinctions.

Speaking in a very general manner about the different approaches to learning, the “Southern” educational system, as it can be found, e.g., in France or Italy, and even more so in the new member states, is rather “scholastic,” allowing students little flexibility and independence: Attendance of most lectures is obligatory and students carefully follow and minute the lecturers’ words. Acquiring a vast factual knowledge by learning by heart is deemed to be a priority, whereas oral contributions by students are not very common in most classrooms. Therefore, written exams sometimes mainly consist of what was said in the lecture - word for word.

In the “Northern” educational system, as one may find it in the Scandinavian Countries, the UK or Germany, students are supposed to work in a far more autonomous manner. Attendance of lectures is mostly expected but not obligatory, students rather listen than take notes and often raise questions. This independence-encouraging approach of course includes the risk of people remaining at university for years without significant advancement and without the need to face reality. Also, students more often than not feel left to their own devices. Law students in Germany, for example, often pay tuition to private institutions to help them prepare for their final exams.

The only solution to this described clash of systems is to create a well-balanced mixture allowing students to profit of each of these systems’ strengths and to learn from each other. Students from various backgrounds have a very different starting ground in a one year master program at our institute, but most all manage to adapt and succeed. For example, during the first days of lecture of every academic year, class is truly divided. Some students literally stenograph of what is said - others just sit and listen. When the students are called upon to ask questions or give their own opinions on a certain topic, some do and some wonder why they should. By the end of the year, however, the “writers” become more relaxed and participate in discussions and the “speakers” find out that it can be helpful to also take some notes.

Furthermore, the need to combine methods is reflected in the way exams are drafted, too. Most written exams are devised using a twofold approach. First, questions are posed which can be answered only by showing detailed knowledge which could be drawn from the lecture. Second, students are asked to analyze and solve cases, thereby applying the general system of analysis that they were taught. Students from the “Southern” system are especially apprehensive regarding cases, finding them very difficult due to a lack of experience. People from the “North”, on the other hand, complain

about the unacceptable amount of detailed knowledge they are expected to acquire. In the end, however, good grades can be reached by students from both groups, without some students having considerable advantages over others.

In short, teaching the European Union to a mixed group of students from all member states requires considering different educational systems, backgrounds and approaches to academic learning. Only if the basic methods of each system are combined in the system of teaching and design of exams will it be possible to avoid giving a competitive advantage to one group of students and allow all students to meet both the demands of a common program. Comprehensive European Union Studies also must consist of a workable mix of theory and practice, which includes a mixture of teaching forms addressing students’ different skills. Seminars and written exams focus on research and autonomous writing, while case studies and moot courts encourage students to test their practical and verbal skills. As a result, students acquire a recognized and comparable Master degree, allowing them to compete for professional positions on a level playing field with graduates from other postgraduate programs in Europe.

Understanding each other

The second lesson that we can draw from our experience is that Europe will only be unified when its people achieve a better understanding of each other’s culture and mentality. In addition to the comparable academic skills just described, students must also learn to communicate with one another. Indeed, This applies to relations between “East” and “West”, as well as all Member States.

First and foremost, communication naturally stands for linguistic skills. The enlarged European Union of 25 counts 20 official languages. All the same, only 45 percent of European citizens can converse in a language other than their mother tongue. There are, however, large variations among Member States and population groups: While the aforementioned is true for more than 80 percent of people living in the Netherlands, Denmark or Sweden, it applies to less than 30 percent of the Portuguese or the British.¹⁰ The main reason for the poor British result, of course, is the fact that the EU’s *lingua franca* has become English - whether the French like it or not. When asked which foreign language Europeans find most useful, nearly 70 percent said it was English and only 37 percent French, not to mention German, which was named by only 26 percent of the respondents. In contrast, almost 80 percent have foreign language skills. Although promising, this is still not sufficient, since the command of just one foreign language is not deemed adequate for working and living in a multi-national environment.

Therefore, language training has to be an integral part of European Studies. Students should be given the opportunity to follow lectures in different languages and courses to learn and improve their language skills need to be offered. In doing

so, the focus should not only lie on English. A good knowledge of the English language is so widely expected in the Europe of today that it can no longer be considered as a distinctive asset. On the contrary, its absence must be justified and generally is a true career obstacle. Due to this fact, only the sound knowledge of another European language gives students a clear advantage in the European professional world.

Of course, communication does not consist of language only. In an enlarged and enlarging Europe, intercultural skills are equally important. It goes without saying that it takes more than words to understand another person. Adjusting to other cultures is a complex task and cannot effectively be taught in seminars, but needs to be practiced. Students need to spend time abroad with people from other cultures.

The sometimes vast differences in mentality become apparent, for example, in students' attitude towards their teachers. Generally speaking, students from the aforementioned "Northern" educational system show more self-confidence towards their lecturers and are often quite critical. This is generally not the case with students from the "Southern" system, which is based on a strict hierarchical structure and does not allow much room for an equal dialogue. The latter is also especially true for most students from the new member states formerly belonging to the Eastern Bloc. From their educational systems, especially since many of their teachers grew up and were taught in communist times, these students are used to discipline and compliance in a way that was widely abandoned in Western Europe after the so-called cultural and political revolution of 1968.

Concerning students from the new EU member states, our experience shows that most of them appreciate a liberal atmosphere of studying, and that a lot of them leave with a new-found self-confidence. However, there seem to be significant differences in behavior between students from new member states such as Poland or Hungary and those few students from more distant countries, such as the Ukraine, the Southern-Caucasus, Kazakhstan or Turkmenistan. The latter usually arrive with a distinctive assertiveness about them which can sometimes cause integrative difficulties. Often, it seems that the very fact that they have the opportunity to study in Western-Europe creates in them the impression of being a kind of "elite", which can result in a quite demanding attitude.

All the same, of course, intercultural differences are fascinating and learning about them is definitely firmly connected to studying the European Union. Intercultural competence is necessary, especially as differences can easily create substantial conflicts. A serious example is a Romanian and a Hungarian student of ours getting into an actual fistfight over the long standing geographic dispute between their two countries. This incident demonstrates that even if the EU contributes to formally settling conflicts between states, this does not mean at all that its citizens are yet ready to follow.

In drawing a conclusion, we can state that an inherent part of teaching the EU is teaching and fostering communication by conveying language skills, as well as intercultural competence. Only if European students can learn to understand each others' mentalities is there a good chance that not only member states, but also their citizen, can form "an ever closer Union".

How to bring students together

Europe can only be united while maintaining its diversity.¹¹ The diversity of Europe becomes apparent not only in its different cultures and languages, but also in the wide range of topics European Union Studies generally cover, namely the historical and political background of the Union as well as its legal foundations. All in all, this constitutes an overwhelming range of subjects for a single student, which she or he can only master by making choices. "Teaching" in this respect entails helping to make these choices, while bearing in mind that the complexity and coherence of EU matters mean leaving out some issues and details, while not leaving any substantial gaps in knowledge.

Therefore, a distinction needs to be drawn between the basic knowledge obligatory for all students and specialized knowledge which builds on that base and from which students may choose. The basics certainly encompass the main features of European History of the last century and the evolvement of the process of European integration after World War II. Further, it is necessary to give an overview of today's most important EU policies and of the position of the EU in the World.

Many specialized subjects are imaginable. All of the five special subject areas taught at our institute are relevant for students from old and new member states. However, it seems that not all of those subjects enjoy equal popularity among students in the two mentioned groups. For example, the topic "Foreign Trade" deals with economic globalization, international trade relations and foreign investment. Remarkably, students from the new member states take a greater interest in this. The reason for this may be that all of them come from rather small and economically weak states still exploring the potentials of good trade relations and therefore having a special need for well trained experts in this field. More or less the same can be observed with regard to the study units "European Management" and "European Economic Law", which focus on the economic activities of the European Union and are of special interest to students aiming at a career in the European or International business sector. While students from the old member states are certainly also interested in these subjects, it is striking that nearly all students from the new member states choose to specialize in these areas.

On the other hand, the opposite is true for the study units "European Media Law" and especially "European Protection of Human Rights". Here students from the old member

states dominate. What might be the reasons for this noticeable allocation? The authors initially mentioned the sober and unprejudiced approach of students from the East. Deducting from this observation, there seems to be a close relation between students' origin and their choice of specialization. Most students from the new member states appear to perceive a concentration on Human Rights and Fundamental Freedoms as a luxury they simply cannot afford yet. On the contrary, "Westerners", especially from the northern countries, apparently strongly believe in the importance of the political and moral implications of European integration. Maybe it is true after all what Bertolt Brecht wrote in his *Three Penny Opera*: *First comes the feeding, then come the morals*.

To formulate a last conclusion: European Union studies should allow students to make their own choices. This certainly is one of the most attractive features of this subject area. Interestingly, the different approaches towards EU-Studies - and perhaps also to the EU itself - are reflected in choices made by students from East and West at our institute. Insofar as the chosen specialization has a common basis, this should be fostered. At the same time, however, all students should have the opportunity and, what is more, should be encouraged, to look into other areas of study that might not interest them at first glance.

Notes

¹ The Treaty of Accession of the ten new Member States was signed on 16 April 2003 in Athens; it can be viewed or downloaded from http://www.europa.eu.int/comm/enlargement/negotiations/treaty_of_accession_2003/index.htm.

² Treaty establishing a Constitution for Europe (Official Journal of the European Union, December 16th 2004, C Nr. 310), signed in Rome on October 29th, 2004.

³ "Time to offer more to Ukraine during 'birth of a new European nation'", in: *European Voice*, Vol. 10 Nr. 44, 16 December 2004.

⁴ Bulgaria, Romania, Croatia and Turkey are still (official) candidate countries. All 46 European States with the exception of Belarus are, however, members of the Council of Europe in Strasbourg, France.

⁵ According to the results of "Jugend 2002, 14. Shell-Jugendstudie", young people in Germany look into the future optimistically regarding their professional and material position.

⁶ The ERASMUS-Program is today part of the SOCRATES II-Program which runs until the end of 2006. It has a budget of 187,5 Million Euros for 2004. Currently 2199 higher education institutions in 31 countries are participating in ERASMUS. The program consists of many different activities; student and teacher exchanges, joint development of study programmes (Curriculum Development), international intensive programmes, thematic net-

works between departments and faculties across Europe, language courses (EILC), European credit transfer system (ECTS).

⁷ As clearly shown by Commission statistical data, to be found under: <http://www.europa.eu.int/comm/education/programmes/socrates/erasmus/statisti/stat14.pdf>.

⁸ Walter Müller/Wolfgang Karle „Social Selection in Educational Systems in Europe“, *European Sociological Review*, 1993:9, issue 1, p. 1-22.

⁹ Bologna Declaration of 19 June 1999 envisaging the establishment of a European area of higher education by 2010.

¹⁰ For more detailed information see the "Eurobarometer 54 Special - Europeans and Languages, Report produced by International Research Associates (INRA - Europe)" of February 2001.

¹¹ The EU itself acknowledged this by introducing the principle of subsidiarity with the Maastricht Treaty preamble and today's TEC Article 5.

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Book Reviews

Michael Zürn and Christain Joerges (eds.). Law and Governance in Postnational Europe: Compliance beyond the Nation-State. Cambridge, UK: Cambridge University Press, 297 pp.

IS LAW CONCEIVABLE BEYOND THE NATION-STATE? Whether you are a skeptic or believer, *Law and Governance in Postnational Europe* will be one volume you will want to read. The authors in this edited volume answer with a resounding YES – a theoretically rigorous and empirically rich response that is particularly welcome (and assuring for those interested in the future of EU constitutional and legal reforms) at a time when NO seems an increasingly popular response in Europe.

The volume takes as its central focus the possibility of transnational law and adopts a law and politics approach to answer this question. This is a wise strategy. In the European Union, scholars and practitioners alike agree that to understand EU politics today one must pay close attention to the increasingly powerful linkages between law, courts and society at the national and EU levels. Similarly at the global level, law is increasingly salient for understanding a myriad of issues from trade disputes to individual rights politics.

Zürn, Joerges and colleagues answer the question whether transnational law is possible by examining an equally important and connected puzzle: what accounts for compliance beyond the nation-state (p.2)? The volume offers a comparative analysis – across sectors and multiple levels of governance – of compliance in Germany, the European Union and the World Trade Organization (WTO). The research design is meticulous and rigorous, systematically examining three levels of governance each across three different policy areas: state aid, food regulations, and fiscal redistributive policies. Analytically the research project also contributes to the growing, and very productive, collaboration we see flourishing between lawyers and international relations scholars – a multidisciplinary approach that is essential for understanding world politics today.

Theoretically, the volume also moves beyond previous compliance scholarship in two important ways. First, the authors look beyond the “problem-solving capacity” or simple “effectiveness” of international rules and focus on the process. Compliance is thus understood by examining both policy creation and then the subsequent impact on the regulation’s application. Second, and of even greater importance, the research not only examines why governments comply or not but also identifies key elements of democratically legitimate forms of governance. Thus, a crucial connection is made between compliance rates and the construction of democratic

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Publishers should send two review copies of books directly to Dr. Kelemen.

governance beyond the nation. The democratic nature of global politics is a crucial question of our time and the contributors take a unique angle by focusing on the relationship between democratic legitimacy and compliance.

The book’s main argument is provocative. Good compliance is not dependent on an administration or agent with a superior availability of material resources. In particular, high compliance rates are not necessarily linked to two key features of the nation-state: a monopoly on legitimate force and a national identity embodying consent between regulations and the individuals governed by them. This argument turns on its head dominant theories of both law and international relations that are highly skeptical of law beyond the nation-state. Testing a series of independent variables, the authors assert that high compliance is linked to two general conditions that are not necessarily bound by the state structure, but instead may occur at various levels of governance from the state to the global. Adopting a rational institutionalist approach, they argue that effective monitoring and enforcement mechanisms are crucial for compliance. Second, the case studies also illustrate that a high degree of legalization – defined as the degree of “juridification” and also “internalization” – of both the polity and the policy leads consistently to higher compliance rates (p.195). This volume is both a complement to and extension of the burgeoning literature on “legalization” processes, and the authors’ great care in defining and specifying this broad term is particularly welcome. Interestingly, the authors do test two other variables, legitimacy and management explanations, and find that while both clearly matter to compliance and can assist in sustaining high rates, neither are necessary or sufficient in securing better compliance.

Empirically, what is the most remarkable finding in the case study chapters? Again, these chapters empirically test these compliance assumptions in the 3 policy areas (state aid, food stuffs and redistributive policies) along 3 different levels of governance (state, regional and global). Is transnational law possible, does compliance work beyond the national state? In the authors’ own conclusions, “the winner is: The EU.” (p. 183). This is significant, for both scholars and practitioners who have viewed European integration skeptically or even at minimum assumed the superiority of nation-state level

compliance mechanisms over those of their regional or international counterparts. In Wolf's chapter on state aid, the EU is compared to both Germany and the WTO system, and the EU compliance rate surpasses the other two regimes. Neyer's chapter on foodstuffs compares the EU and WTO systems and similarly concludes the EU system of monitoring, enforcement and successful litigation led to higher degrees of compliance. In the final empirical chapter, intergovernmental redistribution policies are compared in Germany and the EU, and here too the EU comes out ahead – although only slightly. This case study is particularly striking as the comparative analysis reveals almost identical findings within these two redistributive arrangements from the range of actors involved to levels of legal internalization – an observation that clearly challenges assumptions that redistributive payments can only succeed within a national community.

The book does suffer a common ailment of edited volumes: there is a less cohesive overall analysis and voice carrying through the theoretical exploration and empirical analyses than one might hope for. That said, this may be a product of the ten year time period over which this collaborative project between four scholars developed. While the book is concerned with examining multiple levels of governance, a concern with the EU dominates the volume. While the EU focus is clearly of value, it does pose limitations to an equally constructed comparison. Further, while Joerges' final chapter on legal perspectives of compliance research offers a cogent argument, it seems almost an afterthought in terms of organizational placement, rather than having this very well articulated argument developed throughout the volume.

But these setbacks are minor compared to the real value of the book. The volume's core message will resonate loudly: for us to understand compliance, the law and legal systems more generally, we must "reconfigure" our disciplines to grasp the theoretical, empirical and normative nuances that exist in our global world today. The authors use this perspective to successfully rebuff compliance literature, turning a glass is half empty argument into a theoretically and empirically strong explanation of why the European Union has strong compliance in comparative terms. This multidisciplinary approach is historically at the heart of European studies and will be an asset for understanding both transnational law and the future of European integration. The other key lesson that makes this book required reading for both EU scholars and EU constitution builders, is the disconnect that can occur between compliance with the law and democratic legitimacy – just because we have one doesn't ensure we have the other. This is a lesson that is crucial for the democratic future of the EU.

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Milada Anna Vachudova. *Europe Undivided: Democracy, Leverage, and Integration After Communism*. Oxford, UK: Oxford University Press, 2005, 360 pp.

EVEN IN THE MIDST OF POST-REFERENDUM UNCERTAINTY, such otherwise opposite actors and opinion-makers as the European Commission and the Economist agree on one thing: that enlargement has been a highly successful policy and that - in spite of the widespread uneasiness expressed in the referendums and opinion-polls - it would be wrong to discontinue it. Milada Vachudova's excellent book tells us why. It not only arrives at a highly positive evaluation of the impact of enlargement in the accession countries but also at a cautiously optimistic view on its consequences for the EU. This well-organized book is essential reading for the specialist but its high accessibility and broad scope also make it suitable for a more general readership.

Europe Undivided is a comprehensive study of the political development of post-Cold War Eastern Europe that systematically links the domestic politics of transition with the politics of European integration. It straddles the (increasingly permeated) dividing line between International Relations and Comparative Politics and demonstrates convincingly that we cannot explain the political and economic transformation of ex-communist Eastern Europe without taking into account the impact of international organizations, above all the EU. Nor can we account for the influence of the EU on political and economic reform in these countries without an understanding of the political legacies of communism and the early transition period. In an analysis that covers the period from the anticommunist revolutions of 1989 to EU accession in 2004 and compares developments in six countries (Bulgaria, the Czech Republic, Hungary, Poland, Romania, and Slovakia), Vachudova shows how change in the external incentives ("leverage") provided by the perspective of EU membership, on the one hand, and in the political costs of EU accession conditionality to Central and Eastern European governments, on the other, initially reproduced "liberal" and "illiberal patterns" of transformation but finally brought about convergence toward liberal reform and EU membership. *Europe Undivided* steers a middle course between theory and history. Rather than engaging the great debates of integration or transition theory, the book focuses on middle-range causal mechanisms and conditions; and rather than telling long and separate stories on each of the case countries, Vachudova provides brief narratives to illustrate her general arguments.

Vachudova distinguishes two main periods. At the beginning, the fact that Czechoslovakia, Hungary, and Poland had developed a strong opposition during communism put them on the track to liberal democracy, whereas Bulgaria and Romania embarked upon a path toward illiberal democracy. Despite its enormous economic attractiveness, the EU did

not have a major impact on either group in the initial period (roughly the first half of the 1990s) because it failed to provide the Central and Eastern European countries with a credible membership perspective and to differentiate between the liberal and illiberal democracies during the association process. This is what Vachudova calls “passive leverage” - a somewhat infelicitous term for an EU policy that was not passive at all but simply did not offer sufficiently high and selective incentives for change. Under these circumstances, the illiberal governments were under no pressure to give up the policies of authoritarian control, ethnic nationalism, and economic corruption on which their power depended. In the second half of the 1990s, however, the EU both offered a credible membership perspective to liberal democracies and excluded the illiberal democracies from the accession negotiations (“active leverage”). This new policy still failed to have an impact on the illiberal governments because complying with EU conditions would undermine their domestic power resources. Rather, the prospect of EU membership provided a focal point and a common goal for cooperation among opposition political forces and the vocal criticism of the EU weakened the credibility of the illiberal governments with electorates aspiring to EU membership. Both influences helped the liberal opposition to come to power and to join the liberal states in the accession process. As the accession process deepened, the room for maneuver decreased and the potential costs of pursuing EU-incompatible policies increased. The result was convergence toward comprehensive political and economic reform.

Europe Undivided reinforces the “rationalist consensus” in recent publications on the impact of the EU on the transformation of Central Eastern Europe, which agree on the crucial causal importance of the credibility of the EU’s membership incentives and of domestic constellations and costs.¹ The main theoretical value added of *Europe Undivided* is the careful specification and combination, from early transition to EU membership, of external and domestic mechanisms and conditions of variation and change. One factor stands out: the quality of political competition. It drives the differentiation of liberal and illiberal patterns of change in the first period and it is through improving the quality of political competition in the second period that the EU transforms the illiberal democracies. I will therefore focus my critical remarks on this factor. To begin with, the quality of political competition is not well-defined. Vachudova puts the main distinction in the form of a question: “Did the first decade of democratic government witness the alternation in power of liberal democratic parties, or the monopoly on power of illiberal parties that suppressed political competition ...?” (p. 11). This definition is actually based on two variables (monopoly/alternation of governments and political orientation of governments) and excludes political systems in which liberal democratic parties have been in power for a long time and

those in which there has been alternation in power between illiberal and liberal parties. Later, Vachudova emphasizes that the “alternation of political parties in power stands out as the most important” factor contributing to the quality of political cooperation (p. 14-15) and that the “development of liberal democracy is not simply a function of having liberal democrats on hand in 1989” (p. 21).

This clarification does not get the analysis out of empirical trouble, however. The fact that liberal pattern countries such as the Czech Republic and Slovenia have seen no major alternation in power for a long time - and less alternation than illiberal-pattern Bulgaria and Slovakia - obviously contradicts the argument. By contrast, it does matter who governs. Long periods of government by the same liberal democratic party or parties create problems (as Vachudova shows in the Czech case) but will not lead to illiberal democracy as even short periods of government by unreformed post-communist parties or nationalist-authoritarian parties inevitably will. Correspondingly, in the second period, it was not alternation as such that led to convergence but the coming to power of liberal democratic parties that swiftly introduced political and economic reforms. And paradoxically, it was by limiting political competition (on core European rules) that the EU has made the most important impact on the candidate countries.

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Note

¹ For book publications, see the monographs by Wade Jacoby (*Ordering from the Menu*, Cambridge University Press 2005) and Judith Kelley (*Ethnic Politics in Europe*, Princeton University Press 2004) as well as the volumes edited by Paul Kubicek (*The European Union and Democratization* 2003) and by Frank Schimmelfennig and Ulrich Sedelmeier (*The Europeanization of Central and Eastern Europe*, Cornell University Press 2005).

Mark Hallerberg. Domestic Budgets in a United Europe: Fiscal Governance from the End of the Bretton Woods System to EMU. Ithaca and London: Cornell University Press, 2004.

IN JULY 2004, the European Court of Justice noted that the member states are responsible for fiscal policy coordination in the Council of Ministers. They cannot make up their own procedures. But, effectively, they can do what they want. The following March, the ECOFIN Council reinterpreted the rules for fiscal policy coordination. They cannot ignore the language of the treaties altogether. But, effectively, they can do what they want. Or perhaps that is too strong. All member states want to treat their economic policies as a matter of common interest. They all want to benefit from the advan-

tages of coordination. It is just that, for whatever reason, not all of them are up to the task. Try as they might—and want what they will—some member states are simply not as good at balancing their finances as others. Figuring out why that is so has become one of the major research challenges of the 21st century. Or at least it would have, if Mark Hallerberg had not written this book.

Domestic Budgets is the right book at the right time. In cutting through the current controversy (which was only beginning as the book went to press), Hallerberg makes three powerful arguments: First, budgetary policy is predominantly a domestic matter, and is largely immune to European influence; second, sound budgets are forged either via delegation to a strong finance minister, prior commitment to a specific distribution of revenues and resources, or some combination of the two; third, the choice for budgetary strategy is determined by the structure of political competition in the party system—and, critically, the same competition may prevent any meaningful choice from being made or enacted.

These are all credible arguments and they are carefully made. Hallerberg gives one of the best quantitative and case-study combinations I have read in a while. The book starts by setting out the problem, positing the theory, and testing it against some empirical data (his dependent variable is the change in the gross debt burden—although much of the narrative is based on cyclically adjusted budget balances). Hallerberg codes for his own forms of fiscal governance (the three possibilities listed as his second argument above), and finds that all three play a role in a determining fiscal outcomes. Chapter three of the book provides a digression into the institutional rules for fiscal policy coordination at the European level—personally I think this could be dropped in the paperback edition. And the rest of the book offers case studies of how different types of budgetary regime come to pass in different countries and with what results. The case studies are rich with interview data and anecdotes. In his acknowledgments, Hallerberg says that he actually conducted interviews in fourteen of fifteen member states. By the end of the book, you realize that he means it.

This book is very impressive. But is the argument right? I really want to believe that it is. Nevertheless, I am skeptical—particularly about the quantitative analysis. My biggest concern is with the choice of dependent variable. Hallerberg wants to understand how domestic budgets are put together. The focus of his inquiry is on the relationship between funding ministries and spending ministries—typically between the Minister of Finance (who funds) and everyone else (who spends). His proxy for measuring this relationship is the cyclically adjusted budget balance (when he narrates the argument) and the change in the gross debt burden (when he subjects the argument to formal analysis). But are these really good proxies? Probably not.

The big problem is that a large part of any change in the deficit or in the stock of public debt is due to factors outside

the relationship between the Minister of Finance and the other parts of government. Cyclical adjustment of the data in order to reflect what budgetary flows would look like under conditions of trend or potential growth can account for only a small fraction of the noise. The lion's share is due to changes in the cost of debt servicing. As interest payments increase, even herculean reform efforts can be drowned out. And when interest payments decrease, even the weakest minister of finance can earn a reputation for rigor.

Consider the case of Italy. Hallerberg wants to argue that the political shake-up in 1992 is the watershed for Italian fiscal policy. Before 1992, Italy operated as a fiefdom with little or no fiscal control. After 1992, the Italian Executive became stronger and it delegated significant authority to the Treasury, which in turn asserted effective control. The results can be seen in the cyclically adjusted deficits measured as a share of gross domestic product. From 1987 to 1992, the deficit moved from 11.6 percent of gross domestic product (GDP) to 10.9 percent, and from 1992 to 1997, it moved from 10.9 percent to 2.5 percent. These are not exactly the same numbers reported by Hallerberg, but we use the same data source (the European Commission) and any differences are due only to revisions to the data that occurred between his writing and this review. And the data seems clear. There was a fiscal crisis in the late 1980s—during which the deficit fell by only 0.7 percent—and a dramatic improvement in the mid-1990s—during which the deficit fell by 8.4 percent.

Once we factor in the cost of debt servicing, however, the picture becomes more complicated. Because debts have to be paid, any increase in the cost of debt servicing cuts immediately into the common pool of resources for the spending ministries, while any decrease adds to the pool. When debt servicing costs increase, Finance Ministries have to share the pain—which is hard. But when they decrease, Finance Ministries get to share the windfall—or not, if they choose instead to reduce the deficit and pay down the debt. These factors are very important in Italy, which has a large public debt. From 1987 to 1992, the cost of debt servicing rose from 8.2 percent of GDP to 12.6 percent—a drop in the common resource pool of 4.4 percent of GDP. From 1992 to 1997, meanwhile, the cost of debt servicing actually fell from 12.6 percent of GDP to 9.6 percent. By implication, the common resource pool effectively grew by 3 percent of GDP.

When we add these differences to the deficit changes listed above, the two time periods are close to balance. Finance Ministers had to rein in the spending ministries to the tune of 5.1 percent of GDP during the period from 1987 to 1992 (0.7 to reduce the deficit and 4.4 to pay for higher debt servicing) while they had to rein in a further 5.4 percent of GDP in the subsequent period from 1992 to 1997 (8.4 percent in deficit reduction less 3 percent in windfall from lower debt servicing costs). Moreover, these numbers are calculated using cyclically adjusted balances—which I imagine no Finance Minister uses in conversations with spending minis-

tries. In straight money terms (current market rates as a percentage of GDP), the net consolidation is only 5 percent in the 1992 to 1997 period and it is 5.7 percent in the 1987 to 1992 period.

We could tell a similar story with respect to Portugal—but more quickly. During the 1991 to 1997 period, the Portuguese deficit (this time not cyclically adjusted) declined from 7.6 percent of GDP to 3.6 percent. Portugal still qualified for participation in the single currency, but that is a different story. The point is that the cost of debt servicing over the same period declined from 8.8 percent of GDP to 4.2 percent. The difference in the deficit is 4.0 percent. The difference in the cost of debt servicing is 4.6 percent. By implication, Portuguese Finance Ministers had 0.6 percent of GDP more to give away in the common resource pool than at the start.

The obvious solution to this problem is to use primary balances as the measure of fiscal rigor. The primary balance measures the ratio of expenditure to revenue net of the cost of debt servicing. The Commission makes these balances available both in cyclically adjusted and in straight accounting terms. Again, however, such adjustments are only ancillary to the real story.

Compare the Belgian and Dutch cases. Hallerberg identifies the Netherlands as the ideal case for commitment, with a strong fiscal reform in the 1980s that carried over into the 1990s. Belgium, by contrast, is less successful—at least until the 1990s. This judgement does not seem to me to be quite fair. If we look at the period from 1981 to 1986, the cyclically adjusted primary balance in Belgium increased from a deficit of 7.6 percent of GDP to a surplus of 2.7 percent. That means that Belgian Finance Ministers pulled more than 10 percent of GDP out of the common resource pool during a six year period. At the same time, the primary balance in the Netherlands increased from a deficit of 0.1 percent to a surplus of 2.3 percent. Dutch Finance Ministers pulled only 2.4 percent of GDP out of the common resource pool—less than one-fourth the effort of their Belgian counterparts. So who is really the more impressive? Moreover, the primary surplus in Belgium has exceeded that in the Netherlands for every year since 1986. And this only stands to reason. Domestic budgeting is harder in Belgium because they have a bigger debt problem and correspondingly fewer resources to work with. Anyone still paying off student-loan and credit card debts will know what I mean. Daddy Warbucks may have very good accountants and he may keep a firm eye on the books, but he still does not understand real discipline.

Even if the dependent variable is flawed, the argument remains sound. If you want to control your domestic budget then you had better have a Finance Minister with a strong grip on spending, a binding contract, or some combination of the two. Obviously there are situations in which one solution works better than another or different actors will not agree to impose such burdens on themselves. Nevertheless, it is

important to keep in mind that domestic budgets are just that, domestic. No one from the outside is likely to be successful in imposing tight controls on sovereign nations. Hallerberg does us a great service by underscoring this importance of this reality and by showing how it plays out in countries across Europe.

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Author's Response

ERIK JONES' REVIEW REPRESENTS a careful reading of my book. He asks quite appropriately whether the argument I make is right. The EUSA Review Editor has kindly allowed me to respond to this question. I am not used to the privilege of responding to reviewers, and in this case (as in most) his criticisms are quite fair. His critique really has two elements to it. The first is that I should use primary balances as the dependent variable. The second is that the analysis pays too little heed to debt servicing effects. Of course, if one looks at primary balances one also takes care of the debt services issue, but one could look at balances per se (instead of primary balances) as an alternative to changes in the gross debt burden. In the interests of furthering discussion on this topic, I discuss his critique below and I consider both issues instead of one.

The book does have a short explanation for why I use gross debt burdens. As stated on p. 41, "This measure is used because it is more consistent over longer periods of time than changes in the budget balance. States did not necessarily use the same accounting standards to determine their budget balances, but there are few differences across countries in measuring gross debt." Technically, ESA 79 (data I used for the book) and ESA 95 (latest standard) are supposed to harmonize everything so that deficits and debts are directly comparable. Yet, as von Hagen and Wolff (2004) show in a recent working paper, there is not necessarily a correlation between balances and debt burdens. The reason they give, and I think they are right, is that Member States can use accounting tricks to improve their budget balances, and these tricks are more prevalent when a country nears 3% of GDP. The tricks still show up in gross debt figures, which are meant to count everything. Their data indicate a notable decline in the correlation between the two measures under Stage III of EMU, that is, in the period generally at the end of the coverage in the book. In earlier periods, such as in the 1970s, the data for budget balances are less reliable because countries did not collect data in a standardized fashion. Given the problems at both ends of the years I cover, I prefer to use the measure that is more robust.

Can one still learn something from the budget balances? Absolutely. They were the primary target in the runup to Stage III, and I discuss them at length in the case studies. I suppose I could have also included them in the regressions as well. In a working paper co-written with Jürgen von Hagen and Rolf Strauch (2005), we do look at changes in budget balances with a somewhat different index, that is, one that measures the extent to which a country is either delegation or contract/commitment based on the type of fiscal rules it has in place. We have the strongest results with changes in the gross debt burden, but we have similar findings with budget balances (significant results, but with smaller point estimates). Moreover, there are other dependent variables I would think one could examine under this framework. A book manuscript we are working on that covers the period 1985-04 has four dependent variables—change in debt, change in balance, change in expenditures, and economic forecasting errors. Someone else might want to consider taxation, amendments to budget bills, exchange rate regimes, or other dependent variables of interest to examine whether the theoretical framework is of additional use.

Yet the core of Jones' critique is not that I should have looked at additional measures, but rather that I should have looked at balances, and especially primary balances, instead of changes in gross debt levels. I have three reasons why I do not like this alternative measure. First, interest rates on the debt are largely endogenous to other variables in the regression, and in particular to the budgetary institutions themselves. To go back to the Italian example Jones brings up in his critique, Ciampi's accession to Treasury Minister, and the new powers that he brought into office with him (documented on pp. 191-2 in the book), were responsible for a big dip in interest rates paid on debt, a dip that took the rates almost to German levels. Second, as his discussion implies, debt servicing costs are simply another budget item. Why should they be excluded from the calculation of deficits and debts while everything else is included? An economic downturn could boost unemployment payments, but I would not want to exclude social payments from the analysis because governments cannot control unemployment rates. Indeed, it is the way that countries adapt to unexpected changes in their budgetary situations that represents a key part of the discussion of forms of fiscal governance. What powers does the finance minister have to correct the course of the budget during its execution? Ciampi decided in 1996 not to spend 70 trillion lira in money that the parliament had authorized because he wanted to maintain fiscal discipline after seeing how the budget was performing mid-year (p. 191 of book). His predecessors in the late 1980s did not have the same ability to make cuts. Third, if the real issue is debt servicing, one can enter them directly into the regression as an independent variable. I have done this for different sets of years when looking at changes in gross debt levels in unpublished and published work

(Hallerberg and von Hagen 1999). While they generally have the correct sign, they are not statistically significant, and the results for the other variables remain substantively the same. Of course, Jones rightly notes that these regressions are not in the book. It is a clear oversight that I did not include them.

Mark Hallerberg
Emory University

Citations

Hallerberg, Mark, Rolf Strauch, and Jürgen von Hagen. 2005. *Forms of Fiscal Governance: Evidence from Europe*. Book Manuscript.

Hallerberg, Mark, and Jürgen von Hagen. 1999. "Electoral Institutions, Cabinet Negotiations, and Budget Deficits within the European Union." in Poterba, James, and Jürgen von Hagen, Eds. *Fiscal Institutions and Fiscal Performance*. Chicago: University of Chicago Press, 209-232.

von Hagen, Jürgen, Mark Hallerberg, and Rolf Strauch. 2005. "The Design of Fiscal Rules and Forms of Governance in European Union Countries." Working Paper.

von Hagen, Jürgen, and Guntram Wolff. 2004. "What Do Deficits Tell Us About Debts? Empirical Evidence on Creative Accounting with Fiscal Rules in the EU." Centre for Economic Policy Research Working Paper # 4759.

We are grateful for all the members of EUSA,

and we especially appreciate those who:

- have EUSA and its Web site (www.eustudies.org) listed as a resource on their EU-related course syllabi
- recommend EUSA membership to their students/colleagues as the key source for the latest ideas and scholarship on European integration, EU affairs, and transatlantic relations
- contact the EUSA office for EUSA membership brochures to take to EU-related events they attend
- list EUSA's biennial international conference on calendars of upcoming events and help circulate EUSA's call for proposals
- encourage their students to submit paper/poster proposals for the EUSA conference
- vote in (and run for) our biennial executive committee election (the next election takes place in Spring 2007)

Thanks, EUSA members, for your support!

EU-Related Organizations

This list includes independent non-profit organizations, foundations, and think tanks with a significant EU focus as part of their missions.

Academy of European Law is a public foundation whose purpose is to provide law practitioners with both continuing education opportunities and a forum for debate on EU law. The Academy holds conferences and seminars in several European cities and has an office in Brussels as well.

www.era.int

Atlantic Council of the United States has a Program on Transatlantic Relations that promotes dialogue on the major issues that will affect transatlantic relations in the near term, through publications, conferences, briefing tours, and public events. It also serves as the NATO liaison office in the U.S.

www.acus.org
info@acus.org

Center for Strategic and International Studies has a Europe Program for public debate on U.S.-European and intra-European relations, from the perspectives of nation-states and institutions such as the EU and NATO. Sponsors a Euro-Forum and Euro-Focus newsletters, *inter alia*.

www.csis.org
webmaster@csis.org

Centre for European Policy Studies is a research institute with a focus on European economic policy and security policy (including Europe's external relations). CEPS sponsors many lectures and fora and publishes many briefs and reports.

www.ceps.be
info@ceps.be

Council for European Studies promotes the interdisciplinary research and study of Europe in the social sciences and humanities. It holds the Conference of Europeanists, gives pre-dissertation fellowships, publishes a newsletter, and more.

www.europanet.org
ces@columbia.edu

Europa Grande operates in Spanish, on-line, and is devoted to information gathering, the commissioning of studies, and the transmission of information on European integration and enlargement to policy makers and the general public.

info@europagrande.org
www.europagrande.org

Europe 2020 is a think tank “for the generations born since the Rome Treaty,” working with European institutions, news media, research centers, and others, providing seminars, fora, position papers, etc., often on-line (site in French and English).

www.europe2020.org
centre@europe2020.org

European Community Studies Association is a project of the European Commission developed to be an umbrella for associations of EU scholars, primarily in EU member states. It promotes the study/teaching of European integration and cooperation among its member associations. It offers technical assistance to associations and organizes a biennial conference.

European Institute of Public Administration is funded in part by EU member states and the European Commission to provide high-level training for public officials in the member states and candidate countries. EIPA provides services to develop the capacities of public officials in dealing with EU affairs through training, applied research, consultancy and publications, with frequent seminars in Maastricht and satellite offices in Barcelona, Luxembourg, and Milan.

www.eipa.nl
eipa@eipa-nl.com

European Union Studies Association is one of the premier scholarly and professional associations, worldwide, for all those following EU affairs. With members in more than 20 countries, EUSA publishes a quarterly journal, a book series, (*State of the European Union*), holds international conferences, gives awards, has member-based special interest sections, and much more.

415 Bellefield Hall
University of Pittsburgh
Pittsburgh, PA 15260
www.eustudies.org
eusa@pitt.edu

Forum Europe offers governments, international institutions, industry associations, and companies information and contacts at the senior levels of European policy making by organizing conferences, high-level roundtables, working groups, and news media visits, as well as through its publications.

www.forum-europe.com
info@forum-europe.com

Hellenic Centre for European Studies (aka EKEM) is an independent research centre focusing on issues concerning the European unification and the participation of Greece in the EU as well as general issues that affect Greek foreign policy. Sponsors research groups, conferences, various publications.

www.ekem.gr
info@ekem.gr

International Atlantic Economic Society facilitates communication among economists across the Atlantic, promotes the field of economics, and fosters the intellectual development of economists by sponsoring conferences and publishing articles for international dissemination.

www.iaes.org
iaes@iaes.org

L'Observatoire Social Européen is a research and information center that "foster[s] a better understanding ... of the social implications of the building of Europe." It produces books and dossiers, supports original research, creates training materials, and houses a documents library for civil servants, journalists, NGOs, policy makers, researchers, and others.

www.ose.be
info@ose.be

Transatlantic Business Dialogue promotes closer trade ties between the U.S. and the EU. It is an informal process in which European and American companies and business associations develop joint trade policy recommendations, working with the EU European Commission and the U.S. government.

www.tabd.com
info@tabd.com

Transatlantic Consumer Dialogue is a forum of U.S. and EU consumer organizations which develops consumer policy recommendations to the U.S. government and EU in order to promote the consumer's interests; through it, EU and U.S. consumer groups have input into EU - U.S. negotiations.

www.tacd.org
tacd@consint.org

Transatlantic Information Exchange Service, also known as TIESWeb, uses the Internet to promote transatlantic dialogue on a people to people level. The site offers a Webzine, subscription to a daily EU news digest, on-line fora, and much more. TIESWeb sponsors a conference in Miami in April 2004, "Reshaping Transatlantic Relations for the 21st Century: The Citizens' Perspective Reconsidered."

www.tiesweb.org contact@tiesweb.org

Transatlantic Studies Association, launched in 2002, focuses on "all aspects of transatlantic studies in all time periods." The field is defined as Europe as it relates to North, South, and Central America and the Caribbean, including the history of economic, political and security links, migration, and interdependence. Organizes a biennial conference.

University of Nottingham
Nottingham, NG7 2RD
England
www.nottingham.ac.uk/hrc/tsc

TransEuropean Policy Studies Association promotes the study of European public policy, particularly EMU, EU institutions, CFSP, enlargement, and citizens' acceptance of the above. It organizes pre-EU presidency conferences and links national institutes in member states and candidate countries. Its members are European institutes and centres.

www.tepsa.be
tepsa@tepsa.be

University Association for Contemporary European Studies brings together academics researching Europe with practitioners in European affairs. It is a clearing house for information on European studies, and promotes research and the development of research networks through conferences, workshops, publications, and more.

UACES Secretariat
King's College
Strand
London WC2R 2LS
United Kingdom
www.uaces.org
admin@uaces.org

Young European Federalists is a supranational, political movement active in most European countries. It is an autonomous youth organization with no political party affiliations or commitments; it works for increased democracy on the federal model, mainly at the EU level and Europe-wide.

www.jef-europe.net
info@jef-europe.net

Our next compilation of EU-related organizations will be published in the Summer 2006 EUSA Review. Send brief details to <eusa@pitt.edu> by June 15, 2006.

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Publications

New EU-Related Books and Working Papers

- Eleni Apospori and Jane Millar (2005) *The Dynamics of Social Exclusion in Europe: Comparing Austria, Germany, Greece, Portugal and the UK*. Northampton, MA: Edward Elgar Publishing.
- A. Burrell, and A. Oskam (2005) *Turkey in the European Union: Implications for Agriculture, Food and Structural Policy*. Wallingford, UK: CABI Publishing.
- Peter Cameron (ed.) *Legal Aspects of EU Energy Regulation : Implementing the New Directives on Electricity and Gas across Europe*. Oxford, UK: Oxford University Press.
- Youri Devuyt (2005) *The European Union Transformed: Community Method and Institutional Evolution from the Schuman Plan to the Constitution for Europe*. Brussels, Belgium: Peter Lang Publishing Group.
- Peter Humphreys and Seamus Simpson (2006) *Globalization, Convergence and European Telecommunications Regulation*. Northampton, MA: Edward Elgar Publishing.
- Michael Keating (2005) *Regions and Regionalism in Europe*. Northampton, MA: Edward Elgar Publishing.
- Donato Masciandaro(ed) (2005) *Handbook of Central Banking and Financial Authorities in Europe: New Architectures in the Supervision of Financial Markets*. Northampton, MA: Edward Elgar Publishing.
- Constantin Stefanou (ed.) (2005) *Cyprus and the EU: the Road to Accession*. Burlington, VT: Ashgate.
- Marc Weller (ed.) *The Rights of Minorities in Europe: a Commentary on the European Framework Convention for the Protection of National Minorities*. Oxford, UK: Oxford University Press.

EUSA News and Notes

To all who participated in the 2005 EUSA Biennial Conference in Austin, Texas-thanks for contributing to a great conference! If you presented a paper but have not submitted it electronically to EUSA, please do so as soon as possible. All papers delivered at EUSA conferences, eventually going back to 1991, will be available on the web site of the Archive of European Integration. The archive of EUSA conference papers promises to be comprehensive, so please submit your paper electronically to pwilkin@pitt.edu or eusaa@pitt.edu.

Please make a note in your planner that the dates of our **2007 10th Biennial International Conference** in Montreal, Canada, are **May 17-19, 2007**. We will be at the Le Centre Sheraton in Montreal and will circulate the Call for Proposals in Spring 2006.

Some information about Montreal: Throughout its history, Montréal has been in turn a French settlement, a British stronghold and a bilingual city. Today it is officially bilingual and proud of its status as the largest French-speaking city in North America and second-largest French-speaking city in the world.

Today as you tour the Old Port and Old Montréal, you'll find that much of what they and their ancestors built has been lovingly preserved: graceful stone buildings, stately churches, cobblestone streets... Elsewhere, historic neighbourhoods are being restored so more people can live downtown, but it is being done very carefully so as to preserve the special character of each area.

EUSA Interest Sections

The European Union Studies Association is happy to announce its newest Interest Section, the EUSA Public Policy Interest Section. EUSA now has eight active interest sections based on members' areas of special interest in European integration, including the existing seven: EU Law; EU Political Economy; Teaching the EU; EU Latin America Caribbean; EU Economics; EU Public Opinion and Participation; and EU as Global Actor. Each section has its own Web pages (with syllabi banks, textbook lists, and more) and e-mail distribution list, and all will hold business meetings at the EUSA Conference in Montreal (May 2007). For more information, please visit www.eustudies.org/EUSAsections.html.

From the Chair

(continued from p. 2) EUSA has had non-US members since its inception as ECSA in 1988, but those numbers have grown sharply over time. The key factors in this membership growth have been the ever-growing appeal of EUSA's biennial conferences and the Association's Olsonian offer (note that the website trumpets the many "concrete benefits of membership") of a discounted registration rate for members. In recent years the EUSA conferences have achieved a remarkable degree of parity in participation by scholars on the two sides of the Atlantic. By 1995 44% of the program participants were Europe-based, and this figure reached 56% in 2005.

Non-U.S. membership in EUSA has grown accordingly, and it is to be expected that the Executive Committee and EUSA policy would reflect this trend. Whereas EUSA remains based administratively in the U.S., the words "of the United States" no longer appear at the end of the association title in brochures or the website. EUSA is described in the latest brochure simply as "the premier scholarly and professional association, *worldwide*, focusing on the European Union." The Association strives to serve its global membership, which means promoting the study of the EU beyond North America and recognizing quality scholarship without territorial restrictions (though with linguistic limits—English is assumed to be the lingua franca). The rules governing several newly launched EUSA awards reflect this fact. For example, students "pursuing the doctoral degree (PhD) at an accredited institution *in any country*," as long as they are "writing a dissertation in English," are eligible for the EUSA Haas Fund Fellowships. Dissertations written in English on any aspect of European integration submitted in completion of the Ph.D. *at any university* are eligible for The EUSA Prize for Best Dissertation in EU Studies. All books in English on any aspect of EU studies and published in the two years prior to the EUSA Conference are eligible for the EUSA Book Prize. And every scholar presenting a paper at a EUSA conference is eligible for the Best EUSA Conference Paper Award.

It is important to note that EUSA's award committees have not only been willing to consider applicants from beyond North America, but have increasingly bestowed their honors on them.¹ EUSA recently awarded its first-ever book prize to a continental European scholar (Frank Schimmelfennig), and also named another (Berthold Rittberger, a German national with a D.Phil. from Nuffield College, Oxford) as one of two co-winners of its 2005 dissertation award. The last two Best EUSA Conference Paper Awards have been given to scholars based at the Free University of Berlin (Henrik Enderlein) and the University of Lille II (Virginie Guiraudon). This year's Haas Fellow-

ship winners are both from universities in the United States, but both are foreign nationals—one from Turkey (Umut Aydin of the University of Washington) and one from New Zealand (Kate Nicholls of Notre Dame).²

The internationalization of EUSA has recently been manifested in other ways as well. For example, the EUSA Executive Committee held its annual meeting in Europe (Paris) for the first time in 2003. And the next biennial EUSA conference, scheduled for May 17-19, 2007 in Montreal, will be the first held outside the United States.

Should the next logical step be for EUSA to hold one of its biennial conferences in Europe? That is the sort of question that arises in ExCom meetings in this age of internationalization. What do EUSA members think? We hold our offices because of you and are here to serve you—please do let us know what you think.

John T.S. Keeler
University of Washington (Seattle)

NOTES

¹ For a discussion of more extensive evidence of change in the balance of transatlantic influence within the EU Studies field, see my "Mapping EU Studies: The Evolution from Boutique to Boom Field 1960-2001," *Journal of Common Market Studies* 43:3 (September 2005), pp. 549-580.

² The Haas Fellowship committee received proposals from 14 students at 10 universities in the United States, 11 students at 10 universities in the United Kingdom, and 7 students at 5 universities in continental Europe.

EUSA Prizes

THE EXECUTIVE COMMITTEE of the European Union Studies Association is delighted to announce the winners of the 2005 Ernst Haas Memorial Fellowship, an annual fellowship for graduate students conducting EU-related dissertation research. The Fellowship Fund consists entirely of member contributions to the Ernst Haas Memorial Fund for EU Studies, launched in June 2003 to honor the memory of the late scholar Ernst B. Haas. Winners this year are **Umut Aydin** of the University of Washington and **Kathleen Nichols** of the University of Notre Dame.

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EU Public Opinion and Participation Section _____ \$10 (2 yrs.)

EU as Global Actor Section _____ \$10 (2 yrs.)

EUSA Public Policy Interest Section _____ \$10 (2 yrs.)

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Inside the Summer 2005 EUSA Review:

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to honor the seminal work of Ernst B. Haas and support dissertation research in EU studies

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