EU Political Economy Newsletter

Newsletter of the EUSA EU Political Economy Interest Section
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The EU Political Economy Interest Section is an official section of the ***European Union Studies Association****.*

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Letter from the Section Chairs

The EUSA European Union Political Economy Interest Section started only months after the Lisbon European Council summit. The strategic objective announced at Lisbon was to make Europe the world's most competitive and dynamic knowledge-based economy. Our more modest objective was to encourage EUSA members to share experience in interdisciplinary research, to make it easier for like-minded scholars for find each other for joint research projects, and to make it more obvious how wide the ambit of 'political economy' had become.

Now the Lisbon agenda is having its mid-term review. The preliminary assessments are not good. Efforts are scattered, progress is uneven, hopes have been raised, and energy has been wasted. We hope our own tenure doesn't earn a similar report card.

The EU Political Economy Interest Section has had its own share of fits and starts. The website and paper archive that we proposed originally never took off. Our efforts to pull together conference panel proposals for non-EUSA events have not generated the clearing house we were looking for. We have not managed to tighten relations with the *European Political Economy Review* as we had hoped. And we have not put our steering committee to good use.

That said, the section has chalked up at least a few of the accomplishments we had hoped it would realize. The special issue of the *Journal of European Public Policy* attracted some attention and has since metamorphosed into a much larger collection published by Routledge. Members of the steering committee have pulled together to launch and edit a newsletter for the section that continues to appear despite the belated contributions of the section chairs. Finally, members of the section as a whole have been increasingly active as members of EUSA. As a result, the EU political economy interest section is now the largest in EUSA.

Clearly there is a need for greater attention to the political economy of European integration. This need is methodological as

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well as substantive. We started this interest section to help those working with different techniques and different assumptions in order to answer different questions to gain insight and access across the literature. Since the section began, the literature has only expanded – expanding the need for a common network along with it. And while we salute the development of interest sections with a more specific focus on economics or public policy, we hope that the political economy section can continue to serve as a meeting point for the wide variety of perspectives.

The substantive need for a political economy interest section is apparent in the poor performance of the Lisbon strategy. More broadly, it is apparent in the failure of European politicians and policymakers to capitalize on the completion and expansion of the internal market. At the moment, European economic policymaking is dominated by three agendas. There is a Maastricht agenda aimed at the development of Europe as a zone of macroeconomic stability; a Lisbon agenda intended to make Europe the world's most competitive and dynamic knowledge-based economy; and a Laeken agenda which aspires to bring 'Europe' closer to 'the people' in order to bolster support for integration as a project.

These three agendas were conceived separately. And yet it has become clear over the past few years that these agendas are deeply interdependent. Macroeconomic stability depends upon the dynamic flexibility of European markets. Market flexibility depends upon popular support for welfare state reform. Popular support depends upon economic performance. In the virtuous circle, the European economic is stable, competitive, and consensual. In the vicious circle, it is unstable, moribund, and conflictive. At the moment Europe lies between these extremes. The challenge is not just to locate where Europe is headed, but also to ensure that it develops along a virtuous path. This challenge cannot be addressed by focusing on economics or politics in isolation. Clearly a more encompassing perspective – or set of perspectives – is required.

In closing we would like to thank Valerie Staats and Joe Figulio for their tireless support of our efforts. We would also like to thank Alasdair Young, Mary Farrell, and Tal Sadeh for helping us to maintain contact with the wider section. And we would like to thank James Walsh and Orfeo Fioretos for consistent – and consistently good -advice. Finally, we would like to thank all of you who are members of the EUSA EU Political Economy Interest Section. It has been a fun five years working on the section. We wish you all the very best for the future.

Amy and Erik

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Letter from the Managing Editor

Like Amy and Erik, I will be stepping down with the EUSA Conference in Austin and this issue of the Newsletter. Although this Newsletter has not engaged as many of you as consistently as I would have liked, I hope you have found it interesting. There is certainly plenty of room for whomever comes after me to improve it.

I would like to take this opportunity to thank publicly Mary and Tal for their contributions to the Newsletter over the past two years; their input and effort have been far greater than mine. I would also like to thank Amy and Erik for founding the Interest Section and for leading it for so long and so well. I look forward to seeing many of you in Austin and wish you all the best.

Alasdair

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Review Forum

Mary Farrell, Forum Editor

Introduction

2005 looks like being an auspicious year for the processes of integration in the European Union. For those outside the EU, it must seem that the EU is advancing towards deeper integration internally and is poised to expand its role in the world through the promotion of regional integration strategies in other regions. Having just gone through the latest round of enlargement, bringing the community to a total of twenty-five countries, and with other countries waiting in the wings, the EU can now be seen as an economic powerhouse on the world stage, with a dominant share of global trade. Even if the stigma of political inadequacy still taints this image of the EU as an actor capable of exercising its influence, in contrast to the United States, internally there is every indication of the kind of dynamism that permeated the politics and integration movement of the 1980s, which emanated from the proposal to establish a single European market.

There is much to be accomplished in the coming years, if the EU is to deliver on the promises made to the citizens of the EU-15 countries, and if it is to meet the expectations built up both among the new states and the aspiring states. The possible failure to protect, defend and represent the interests of its growing and diverse constituency becomes for the EU a potential source of instability, and ultimately weakens the legitimacy of the EU in the eyes of its citizens and the political interests that make up this widening community. Similarly, the EU as a model of integration has attracted the interest and attention of political communities elsewhere, searching for cooperative arrangements to deal with a variety of common problems. Even when there is no desire to emulate the EU model, the diversity of governance and policy networks that have been created in the European model constitute a 'laboratory' for study and comparison, it offers a useful benchmark against which to assess other regional structures of governance, and it may point to pitfalls to be avoided.

This year begins with the great challenge for the individual member states to convince their publics to ratify the Constitutional Treaty. Everything that could be done at the supranational level has been done – the discussions in the European Convention, the negotiations among different interests, the drafting of a text acceptable to all countries, and finally the agreement of member governments at the European Council summit in late 2004. The next, and last phase is ratification by each state, including in the case of at least 10 countries public referendums. At this stage, we must await the outcome of each national vote. But many of the treaty's supporters (and indeed also its opponents) remain concerned about the limited public knowledge and understanding of the rationale for the new treaty, much less the implications of the constitution for democracy and decision-making in the EU.

The year also begins with a new Commission, which has the difficult task of keeping the EU functioning effectively over the next few years. Despite the initial approval of Barroso's choice of Commissioners, controversy once more surrounded the group before the dust settled and a new team was finally approved by the European Parliament. With 25 countries and no additional resources, the Commission has to both find the basis for consensus on the finances for 2006-13 and work with the other European institutions to find a resolution to the impasse of the Growth and Stability Pact. In the meantime, the European economies have not been showing impressive growth rates and the average growth rate is below that of either the United States or Japan.

For the Commission, and indeed even more so for the national governments, the question is how to restore growth. Can European economic growth be restored, or must there be a compromise with the other goal of stability, which lies at the heart of the European monetary union? Is there a dilemma, and can Europe resolve this dilemma? Stefano Fella presents some thoughts on this dilemma and recent attempts to resolve it. Michelle Cini looks at the new programme of the Barroso Commission and evaluates the prospects for real outcomes and positive results over the next few years. Mary Farrell takes a brief look at the EU's policy of 'expanding the regional integration model', and considers whether the EU model is indeed exportable.

Growth and Stability? The European Union's Dilemma

Stefano Fella, *University of Trento*

As the European Union adjusts to a new phase of integration with 25 member states and an uneasy start to the new term of office for the European Commission led by José Manuel Barrosso, there are many challenges to be faced if the EU is to meet the array of commitments and deliver on the promises that have already been made. Clearly, the ratification of the Constitutional Treaty by all the member states will test the political skills of each national government, as well as providing a barometer of the degree of popular support for European unity.

Although there are contentious issues, such as the negotiations over the application for membership by Turkey and the trade talks under the Doha Development Agenda, it is the internal issues that may prove most difficult to resolve and may well test the limits of integration to a degree not experienced since the 'empty chair' policy of France's President de Gaulle during the 1960s, which was to eventually lead to the Luxembourg Compromise and the retention of the national veto. Although the single market programme of the 1980s provided the opportunity to discard or limit the use of this veto, Europe is once more witnessing a resurgence of 'national interest' as individual countries seek to resolve economic problems such as low growth, rising unemployment and greater levels of insecurity among both the employed and the jobless in society.

At the heart of Europe's current problem is the failure to resolve the dilemma of 'growth or stability?'. The Growth and Stability Pact was adopted in 1996 as a mechanism to tie in the euro area governments to certain commitments on budget deficits once the single currency came into circulation. More than anything else, the pact was a way to build the credibility of the eurozone's monetary authorities and implicit in the arrangements was the view that growth would be facilitated through the practice of sound public financial management.

However, the actual growth rates in the eurozone's economies have not been impressive. The 2% average GDP growth rate over the past year is much less than that of either the United States or Japan. To complicate matters further, there are quite sharp differences in the growth rates across the major European countries. Germany's gross domestic product (GDP) grew by only 1.5% in 2004, while its neighbour, France, attained a 3% growth rate. An *Economist* poll (12 February 2005) predicted a growth rate for the euro area of 1.6% in 2005, compared to a forecast of 3.5% for the US. Across the euro area, the differences in aggregate growth rates are more difficult to resolve since the factors driving growth vary considerably (while a single interest rate policy works best when there is a convergence of economic growth rates). In France growth has been driven by the strength of domestic consumption. In Germany a more cautious society harbours fears of unemployment and has held back from spending, leaving the energy for growth largely in the external sector. In other countries – notably Belgium, Ireland, Italy and Spain – a booming property market has supported strong consumer confidence and a feeling of wealth from rising asset values has kept consumer spending levels robust.

In the new member states growth rates have, on balance, been much more favourable. In Poland, the Czech Republic, Hungary, Slovakia and Slovenia growth averaged 4.6% in 2004, compared with 3.5% in the year before accession. The three Baltic countries – Estonia, Latvia and Lithuania – performed even better, with an average growth rate for 2004 of 6.7%. The new member states have a major advantage in the low wage costs and low levels of taxation compared to the EU-15, and this has been the key to growth.

In 2000, the EU-15 member states agreed to the Lisbon Strategy, with the aim of making the EU the most competitive, knowledge-based economy in the world by 2010. Despite the consensus among the member states and persistent government preoccupation with the search for faster economic growth, very little action was taken in the wake of the Lisbon summit. In 2003, the Sapir Report on the Growth and Stability Pact[1] endorsed the need for a commonly agreed set of rules in the area of fiscal policy, partly because of the long-run threat that high levels of debt could pose to Europe's financial stability. The report also stressed that undisciplined and uncoordinated policies could lead to high real interest rates, an outcome that would be detrimental to growth and likely to discourage foreign direct investment. The report stressed the importance of coordination and rules, the early detection of budgetary problems, and for countries to aim for a symmetric budgetary stance across the business cycle while still allowing for a degree of flexibility in the short-term.

Significantly, this report reiterated the importance of the European Commission having a stronger role in monitoring national budgets and being able to decide when to issue warnings without having to consult other European institutions. The report advocates retaining the 3% deficit ceiling and calls for a redefinition of the exceptional circumstances that might permit a state to exceed the deficit ceiling. Very little lee-way in fiscal variation from cyclical balance was in fact envisaged, and instead the report suggests that governments could use the surplus budgetary funds collected during boom years to create a 'rainy-day fund' to cover any deficit that might arise during an economic down-turn. Politicians would have to resist pressures for additional spending in periods of low growth. To ensure fiscal restraint, the Sapir Report recommended that withdrawals from the fund would have to be recommended by the Commission and authorised by the Council and the member state concerned.

The message remains that Europe needs a high and sustainable level of economic growth in order to maintain social cohesion and to manage the future problems that contemporary demographic trends will throw at policymakers. The region must already prepare for how it will facilitate future burden-sharing. The recent accession of 10 new member states, as well as possible future enlargements, make for a greater number of countries with lower per capita incomes, and these countries must grow faster to catch-up. It is both politically necessary and economically desirable.

More generally, but no less importantly, the EU must prove its value-added to the citizens of all the member states. There is much less consensus around the idea of European unity, and the vision of an 'ever closer union' no longer serves as the rallying cry for action in the way that it did in the past. For several decades after its establishment, the EU was largely an elite-driven project, supported by national political elites and supranational bureaucrats from the founding states, all of whom shared the memory of a destructive war and a desire to create the conditions within Europe that would make war impossible in the future.

From the 1980s, the political elites were joined by business elites who threw their support behind the Single Market Programme and the subsequent programme for monetary union. During this period of both widening and deepening the European integration project, popular support for the project was at best indifferent, and at times very muted. But the European Union project was still in a position to deliver economic, social, and political benefits – the social contract between national governments and their citizens was in large measure replicated at the European level, and the citizens could enjoy the prospect of continued prosperity as integration processes moved forward.

Under conditions of lower (or zero) growth, however, the social and political costs are likely to be high, all the more so when there is no unifying rationale for European integration around which to build broad public consensus. Low growth affects business confidence and hence levels of investment, leading to a vicious cycle of weak growth, unemployment, falling levels of government revenues and rising demands for redistribution policies. What are the options available to European and national governments to ensure long-term growth and, ultimately, the support of popular opinion?

Until now, the implicit view was that growth would emerge out of the internal market, strengthened by the credible framework of the monetary union with its emphasis upon price stability. At the heart of this integrated market and single currency is the European regulatory framework, supranationality coexisting with the coordination of national macro-economic policies. The dense network of European coordination processes seems an impressive result of the commitment to the integration model, all the more so since many of these processes take the form of 'soft' regulation rather than 'hard' laws. A typical example of the soft regulatory approach is the Open Method of Coordination, where the member states agree on common goals (for example, in employment) and combine these with the use of indicators to measure progress towards the goals, and making use of benchmarking and guidelines, with the requirement for member states to report annually to the Commission on the national initiatives and actions adopted at the country level to reach the agreed goals.

One of the problems with this loose regulatory approach is the general absence of precise proposals – the exception is in the area of monetary policy, where rules and targets have been specified with some precision. For many analysts, this lack of precision and the failure to link national initiatives to structural economic reforms provide an explanation for the failure to secure positive outcomes in the areas of employment and growth. Following this line of thinking, the argument is that active labour market policies (such as training schemes, job-centres and the dissemination of information on vacancies) are inadequate without changes to employment protection legislation. The broader implications arising from this line of reasoning point to the requirement for national governments to pursue fundamental reforms to the national social model that had served the respective countries well in the past. Not surprisingly, there is much popular and indeed political opposition to such proposals. In Germany and France, for instance, governments are evidently trying to balance the demands for structural reform against social and political resistance.

This conflict between the pressures for national structural reforms to accompany European level policies of integration, and the national political pressures and demands from specific interest groups encapsulates the tensions between national politics and European-level initiatives on stability. Is this conflict likely to produce an impasse, with national governments continually caught up in the dilemma of choosing to go for stability at the expense of growth, or vice versa? So far, the outcome of European integration has favoured (price) stability without much real impact upon growth. Yet, the experience of the central and eastern European countries has been one of positive growth, and accession has provided opportunities for further growth. The challenge is to replicate this experience in the EU-15 economies, particularly the larger ones. To do this with fairly evenly spread results will require both economic and political action.

The question is what needs to be done? Economists would tend to focus upon a set of recommendations covering the provision of incentives to facilitate market liberalisation and enhanced flexibility, an improved investment climate for business (including small and medium-sized enterprises), investment in research and development, and improved quality of education provision. One of the recommendations of the Sapir Report was that government should work to make the European single market more dynamic, and speed up the implementation of the liberalisation directives.

The political response has to come from the national governments. The message of the Kok Report of the High Level Group on the Lisbon Strategy (presented in November 2004) [2] was that achieving higher growth and employment requires committed and convincing political leadership by national governments, as well as at the European level. The report advocated greater political ownership of the Lisbon Strategy through a multi-level approach, with the European Council taking the lead in driving the strategy forward, and the member states preparing national action programmes to commit themselves to delivery and, critically, to engage citizens in the process.

There are some similar messages in the Sapir and Kok reports, and both share the view that Europe must now take action on the reforms and adjustments that it committed itself to in the past, and especially important is the consensus on structural reform and liberalisation. However, the Kok Report deals with the context of enlargement and was presented as an inquiry to address the concerns of European citizens about how the accession of new members might affect the existing distribution of benefits and burdens. Still, the orientation differs in another important way through the specific focus on enlargement, which is described as ‘the most successful act of foreign policy that the EU has ever made.’

Although the Kok Report seeks to outline the multiplicity of benefits that can accrue to everybody as a result of enlargement, the recommendations serve several distinct aims. The emphasis on growth and convergence is both familiar and unsurprising, so too the urging of national governments to open their borders to workers from the new states as soon as possible, and the advocacy of structural spending on environment, infrastructure, human resources and education in the new member states. Unwittingly perhaps, the report has hit upon what is most likely to be the principal driver of growth in the coming years – namely the dynamic states of central and eastern Europe as they continue the catch-up phase of their development. Indeed, it may well be that EU-15 has come close to exhausting its endogenous growth potential and must now exploit growth opportunities outside the region – in eastern Europe and further afield. It is evident that the EU as a major trading bloc relies on the continued development of new markets outside the EU, and this is one reason why it supports multilateral trade liberalisation so strongly. The speedy conclusion of the Doha Development Agenda would contribute to this market access strategy and to further economic growth.

The Kok Report is optimistic and confident that the different levels of governance can respond to the challenge. However, there are doubts about the degree of political commitment in a Europe that seems more biased towards intergovernmentalism than supranationalism. National governments remain divided over the appropriate strategy for long-term growth, and are increasingly unwilling to make political sacrifices, especially in conditions of rising insecurity and with fewer resources available to devote to redistributive policies.

The next few years will test the durability of the enlarged EU-25, as it finds a new political equilibrium that balances the interests of a more diverse community. Added to this is the task of ratifying the Constitutional Treaty by all the member states, a task made all the more difficult by the fact that many national governments have yet to 'sell' it to their citizens. It will be extremely difficult to convince voters to support a document that may be perceived as the harbinger of bad times, in particular by bringing greater political and social costs, in contrast to the benefits of integration that societies had come to expect in the past. This will especially be the case if the governments cannot offer a convincing *raison d'être* for the European project itself. Since Europe's citizens have not really engaged with the European project, it may be difficult to convince them of the merits of growth strategies that seem more likely to threaten their economic and social security rather than to deliver prosperity. Even now, there is little agreement on the exact meaning of economic growth and Europe's citizens have not reached a consensus on how the responsibilities for delivering growth should be shared. It is small wonder that the dilemma over growth and stability exists within European politics and doubtless that it will remain for some time to come.

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[1] Sapir, A. et al. (2003) *An Agenda for a Growing Europe: Making the EU System Deliver*. Report of an Independent High Level Group established at the initiative of the President of the European Commission, July 2003.

[2] Kok, W. (2004) *Facing the Challenge.* A report of the High Level Group on the Lisbon Strategy.

Pragmatism and Renewal: The Five-Year Strategy of the New European Commission

Michelle Cini, *University of Bristol*

After an extremely rough appointment process, which led the newly appointed Commission President, José Manuel Barroso, to withdraw his team of Commissioners prior to what would almost certainly have been a negative vote in the European Parliament, the new European Commission was finally approved on 18 November 2004. Although there had been a great deal of speculation beforehand as to what Barroso's priorities would be,[1] it was not until 26 January 2005 that the Commission President introduced and delivered to the European Parliament the Commission's five-year strategy document,[2] together with its work programme for 2005[3]. The strategy document spelt out objectives that the Commission planned to pursue over its term in office, identifying three key objectives: prosperity, solidarity and security, as headings under which a broad range of policies were discussed.

This short paper introduces the Commission's strategy, and questions whether the Barroso Presidency marks the start of a new era for the Commission. Two concepts provide a starting point for the review. The first, 'renewal,' is mentioned in part of the title of the Strategy ('a Partnership for European Renewal'), though it is nowhere defined within the document. It is really unclear to what this 'European renewal' refers. Perhaps the substance of the Strategy provides us with some clues. The second concept is 'pragmatism.' On the day the Strategy was published George Parker and Raphael Minder of the *Financial Times*, published an article headed: 'Barroso sets out a pragmatic agenda for EU.' In it they argued that the Commission's plans for the coming five years were 'pragmatic.' For those (like myself) who consider the notion of a 'pragmatic Commission' a contradiction-in-terms, this account of the Commission's five-year strategy begs further investigation. What follows is a brief survey of the contents of the Strategy.[4]

Prosperity takes pride of place at the top of the strategy document, highlighting this objective as the Barroso Commission's main priority. To Commission-watchers this came as no surprise and had been highlighted in speeches and press reports at the end of 2004. Under the rubric of prosperity, which Barroso went as far as calling (explicitly) his 'number one priority,' the central pillar is clearly the Lisbon Strategy. There is even a reference to 2010 (the Lisbon deadline) as well as 2009 in the title of the strategy document, which echoes the original Lisbon Strategy deadline.

When it was first conceived, the Lisbon Strategy was intended to provide a framework for turning the EU into 'the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010.' It was adopted by the European Council in 2000, but by 2004 very little had been achieved. Indeed, having been asked to review the Lisbon Strategy by the European Council in 2004, the Commission's initial conclusions, delivered in the Kok Report of November 2004, were far from positive. The report argued that the delivery of results had been 'disappointing' largely due to an 'overloaded agenda, poor co-ordination and conflicting priorities.' Above all, however, it blamed the lack of progress on an absence of political will within the member states. In presenting his own strategy for 2005-09, Barroso acknowledged these past problems. His agenda spoke of finding a way to revitalize, or 'renew' at this mid-term point, the Lisbon Agenda.

The priorities outlined in the Commission's strategy document under the heading of 'prosperity' are little different from those that appear in the original Lisbon Strategy. They emphasize the need to prioritise economic growth and jobs, and to enhance European competitiveness and productivity. Reform is to lie at the heart of this agenda, understood as necessary if Europe wants to be a more dynamic economy. The Commission's strategy document places emphasis on the need for economic growth based on sound macroeconomic foundations, alongside a legal framework that will encourage entrepreneurship (and support small and medium-sized enterprises). It also supports more investment in the knowledge economy, and the creation of more *and better* jobs. As in the Lisbon Strategy, this is a wish-list, which provides no real indication of *how* the Commission intends to deliver these goals. (It is after all a *strategy* paper). What it does is make Lisbon unequivocally the Commission's primary objective over the next few years.

Barroso has committed himself to picking up and running with this agenda, which proved so problematic for the member states the first time and which was never really a priority of the Prodi Commission.

Although prosperity is the number one priority, two further objectives also provide insights into how the Commission sees its future role within the EU system. A second set of priorities under the rubric of *solidarity* emphasizes social justice, the environment, and common European values. These are rather tenuously linked together in the Strategy document. First, the principle of cohesion is highlighted in the now conventional sense of reducing regional disparities (which have increased three-fold since enlargement, according to the Commission), and diminishing the gap between rich and poor in the Union. This is already an EU commitment, so there is little that is new here, but it matters all the same that the Commission has prioritized it (to some degree) in its strategy. There is some discussion of a revised social agenda, which would be the tool used to address these issues, though we will have to wait for the specifics. On the environment, the Commission picks up on another treaty obligation and stresses the need to ensure that the growth promoted under the 'prosperity' banner is growth of a sustainable kind. The 'solidarity' rationale here relates to the relationship between present actions and future generations, and it is of more than a passing interest that the environment finds itself discussed here and not in the section on 'security.' In this section, climate change policy is referred to as a particular priority, but so too are the competitive gains that the EU might benefit from in environmental technologies and eco-efficiency efforts (again, linking back to the earlier 'prosperity' objective). Finally, the solidarity goal also incorporates a commitment to 'European' values (fundamental rights, anti-discrimination policy, gender equality, cultural diversity and so on). Again, there is little that is new here, though there is some indication in the strategy document that what the Commission is doing here is flagging up aspects of the Constitutional Treaty. Indeed, at one point in the document there is a passing admonition that EU actors should start to behave *as though* the Treaty was already in force.

The third and final objective spelt out in the strategy document is 'security.' Security is defined in both a military sense and also more broadly to include security of energy supply, security against natural disasters, security of transport links, and security in public health matters. This section begins with what we have come to expect: references to terrorism and crime (especially organised crime). Following on from this, the paper highlights the importance of implementing the Hague Strategy, a five year multi-annual programme agreed in November 2004, which aims to continue efforts to create an area of freedom, security and justice within the EU, focusing in particular on the setting up of common immigration and asylum policies.

Although not specified as an objective as such, there is a fourth 'theme' in the strategy document, which is presented as a cross-cutting priority, affecting all of the three objectives above. This relates to the EU's international dimension. As Barroso put it when giving his speech to the European Parliament on the 26 January, 'The border line between our internal and external policies is gradually vanishing.' The message is that the EU cannot divorce what might once have been considered internal or 'domestic' EU policy from it external relations. It must act as a 'global partner' in all areas of its work. Alongside this general point, specific policies are highlighted: the need to work towards the next round(s) of enlargement and to inspire relations with the 'new' neighbours (for example, the Ukraine). Other priorities mentioned include the promotion of multilateralism (and of the United Nations) and the reinvigoration of relations with

Africa, and the US. To those interested in EU-US relations, it is worth noting that there is little more that a sentence on transatlantic relations in the strategy document.

Two further themes in the strategy document are particularly worthy of note as they provide two overarching narratives which might help to account for the Commission's priorities over the next five years. The first of these is that 'prosperity' is a pre-requisite for social solidarity, and is not at odds with it. Barroso has made the point before that he does not want the EU to go down the American road of sacrificing social justice for economic growth. As he told the European Parliament, 'Growth and jobs in a dynamic competitive economy, and a modernised social protection and solidarity, are the key to our model of social justice and sustainability.' The economy serves the people, and not the other way round!

The second theme is implementation. One dimension of this concerns what is clearly a preoccupation: money. There are frequent references throughout Barroso's recent speeches that the Commission, and the EU more generally, have to be given the resources they need to fulfil their ambitions. More specifically, resources are a pre-requisite for delivery of the strategy. This picks up on a key theme in the Commission's administrative reform agenda under Prodi: that the Commission should only act where it was given the resources to do so effectively. Clearly, reaching an agreement on the multi-annual Financial Perspective (2007-09) is much in Barroso's mind as he starts the first full year of his presidency. This almost came across as pleading when he presented his strategy in person to the Parliament, 'All the Commission is asking is to endow the Union with the financial translation of the commitments made a various European summits over the years … one cannot have more Europe for less money.'

There are other, albeit inter-related, perspectives on this theme of implementation, however. The most important tells us what the Commission's strategy is about. What the strategy document tells us is that the Commission is going to spend the best part of the next five years delivering policies that have already been agreed. Moreover, these policies have for the most part been agreed by actors other than the Commission (usually the Council). There is virtually nothing in the Commission's five-year strategy that is new or innovative; that we have not seen before. The rationale behind this, as set out in the Commission's own documentation, seems to be that the only way to ensure the support of EU citizens, at a time when the EU suffers from a disconnect between the EU's institutions and the 'people' is to demonstrate that the EU can deliver on its promises (rather than by taking on, and being seen to take on, new obligations). This point is interesting in its own right as it seems to suggest an understanding of Commission legitimacy less based on democratic accountability and more on effectiveness or efficiency. Although Barroso suggests that vision is important in regaining the trust of the people, he also makes it clear, at the start of the strategy document that 'The priority should be to bring to fruition the grand projects that have been launched.'

There are two concluding points that can be made to this short note on the new Commission's strategy. The first is that while Barroso may be right to focus at this time on the implementation or on the delivery of existing strategies and policies, the problem for the Commission is that in delivering on its commitments it is dependent on the EU's member states. Without a commitment from national governments there is little the Commission can do to see its strategy through to completion. It is only by making use of its softer functions of brokerage and consensus-building that the Commission might be able to persuade and cajole national governments into implementing key elements of its strategy. Yet these functions are no less political than the more traditional application of the 'Community method' of decision-making, and may even require greater political skill on the part of the Commissioners and their senior officials.

It is hard to deny, however, that to say that its new strategy is all about implementation implies that the Barroso Commission will be one of consolidation rather than innovation. Assuming this to be the case, then, does this also imply a lack of vision on their part? Is this an abdication of the Commission's leadership function, a recognition that recent attempts by the Commission to set the EU agenda have backfired, leaving the Commission perceived as a weaker body than it would otherwise have been?

It would be incorrect to say that there is no vision within the Commission's strategy, however. There is a vision, albeit one which the Greens and the Socialists within the European Parliament criticise for its neo-conservatism (an accusation made specifically by Poul Nyrup Rasmussen, President of the Party of European Socialists, on the 26 January). It is a vision of an economically strong, competitive Europe, able to use that economic strength to provide social justice and security for its citizens and to influence the global agenda. But this vision originates outside the Commission. What Barroso seems to be doing, then, is transmitting a clear and simple message, whilst identifying a set of priorities upon which the member states *might* converge over the next few years – they did after all sign up to the Lisbon Strategy, even if their commitment to it in practice has been less than enthusiastic. Without drawing untenable parallels, this is not that far removed from what Delors tried to do with his single market agenda at the start of his first term. It is debatable whether Delors was any less dependent on member state compliance than is Barroso, though clearly the role of the European Parliament has changed substantially since that the mid-1980s.

Is it correct, then, to define the Commission's strategy as 'pragmatic'? I would suggest at this point that it is – though perhaps not in the way the *Financial Times* journalists mentioned above used the term. The strategy is pragmatic, not in the sense that it is without 'vision,' but in the sense that it plays to the Commission's strengths. The new Commission has started to recognise that the Commission's status and influence in the EU system does not begin and end with the 'Community method.' Even if Barroso continues to make frequent references in his speeches to its importance, the strategy tells a rather different story. It flags up the centrality of functions other than that of initiative and initiation to the Commission. It may be premature to conclude that this marks the beginning of a new era for the Commission, but it may at least allow the Commission to redefine its role together with, rather than in opposition to, the EU's member states.

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[1] 'What "Big Idea" for the Barroso Commission?' Report reflecting the highlights of the roundtable meeting organized by 'Friends of Europe' and Euractiv.com to review the priorities for the EU's 2004-09 agenda, Friday October 15 2004, La Bibliothèque Solvay, Brussels.

[2] European Commission *Strategic Objectives 2005-09. 'Europe 2010: A Partnership for European Renewal. Prosperity, Solidarity and Security.* Communication from the President, in agreement with Vice-President Wallström, COM (2005) 12 final, Brussels, 26.1. 2005.

[3] European Commission *Commission Work Programme for 2005.* Communication from the President, in agreement with Vice-President Wallström. COM (2005) 15, 26.1.2005.

[4] See, in particular, Speech by José Manuel Barroso at the Inauguration of the Academic Year 2004-05, College of Europe, Bruges, 23 Nov. 2004; Speech to the European Parliament, 05/43, 26 Jan. 2005.

Exporting the European Model of Regional Integration?

Mary Farrell, *United Nations University*

Is regional integration getting the attention it deserves in political economy? The question may appear surprising to those of us long accustomed to teaching and conducting research on European political economy – particularly since the object of enquiry (the EU) is so clearly defined and understood as one of the successful cases of regional integration. Yet, there is often a tendency to take an approach that isolates distinct elements of the European integration process, such as monetary union, and to analyse it through the political economy lens without taking into account the broader aspects and full complexity of the integration model. Of course, there are excellent and very topical exceptions to this narrow perspective in the literature, as exemplified in recent contributions that focus, for example, on the models and varieties of capitalism.

Research on European political economy is taking on an increasingly diverse range of issues and expanding the topics for analysis as interest in the discipline widens, bringing in new scholars and also attracting the interest of established scholars from related and not-so-near related disciplines. This plurality of approaches is to be welcomed, and is indeed something which the editors of this newsletter support very strongly. Of course, we can find such familiar topics as money, finance, trade, and investment in the burgeoning literature on European political economy; and there is the rich conceptual discussions of different methodological approaches, with the on-going debate over the relative merits of realism versus liberalism, while newer approaches such as social constructivism seek to find a place in the mainstream literature and to add new insights to existing phenomena or to raise hither-to unasked questions about the structures and processes, the social relations and constructions that form the contemporary EU project.

In borrowing from international political economy, we can broaden the geographic scope of our analysis and situate the object of enquiry – the EU – in a wider world within which the relations between the economic and the political become more complex. Issues of power and politics are still there, but interacting with and being shaped by global economic forces and the powerful interests of a new set of strategic actors, in the form of the multinational corporations and the regional trading blocs. The European Union has itself become one of those powerful actors in the international arena – but it is generally recognized more for its economic strength and the influence that economic weight can lend to international negotiations rather than political influence in the game of global politics.

The old image of the EU as an economic giant and a political pygmy still remains. However, it is gradually fading as the EU finds new ways to exert its influence on the global stage, spreading its economic tentacles in a widening pool of economic agreements that span both bilateral and multilateral arrangements. A recent strategy that offers a perfect blend of the political and the economic is the EU's attempts to export the European model of integration. Indeed, numerous policy statements from the different directorates and Commissioners have highlighted the extent to which the promotion of regional integration has become one of the central planks of external relations.

In a few short years, this policy shift on the part of the Commission is reflected in an ever-growing combination of efforts, embracing dialogue, policy initiatives and public statements by officials in the trade and external relations directorates, emphasizing the merits of regional integration. The precise form of approach adopted by the Commission authorities varies, depending upon the target audience and region of the world, or the broader EU programme to which the regional integration strategy is situated. Recently, the Commission has adopted the notion of partnership to describe the myriad relations with certain parts of the world - notably the countries on the border of the newly enlarged EU-25 (including Russia, Ukraine, Moldova, and Belarus), the Mediterranean countries (under the Barcelona process), and the countries of the Africa, Caribbean, and Pacific (ACP). However, the growing use of the partnership term has not so far coincided with any attempt to define the nature and scope of the partnership model. On closer examination of the different partnership programmes and strategies, the impression is that the notion of partnership is fluid and is interpreted flexibly to suit the context and the political sensitivities, as well as the economic conditions, existing between the sets of partners. In other words, the EU has no single model of partnership.

What does this imply for the strategy to 'export regional integration'? Clearly, regional integration processes are developing in different parts of the world. In some cases, long-standing regional cooperation agreements are being revived or re-invigorated for a host of reasons, with the participating countries seeking to enhance existing cooperative frameworks in order to address new problems and challenges, or to manage common interests, to offer a bulwark against the threat (perceived or real) of globalisation, or to avail of a cooperative approach to problem-solving where state capacity is considered to be inadequate to undertake action at the national level alone. Recent proposals circulating in the Association of South East Asian Nations (ASEAN) to deepen economic integration and establish a free-trade area among the existing ten member states, together with new cooperative monetary arrangements (falling short of full monetary union for the moment) can be seen in the context of globalisation trends and the pressures to remain competitive in the global economy, while also taking to heart the lessons from the financial crisis of 1997.

The EU's success in constructing a regional (economic) community has spurred regional integration efforts in other parts of the world, particularly since the 1980s when the Commission launched its single market programme. Undoubtedly, part of the response was linked to a fear that the single market would result in fortress Europe. Once these fears proved unfounded, regional integration efforts escalated, encouraged by the example of successful European integration – in the Americas, with the proposal for a Free Trade Area of the Americas, in Latin America with arrangements such as the Andean Community and Mercosur, and in Africa with the proposal to establish an African Union. Interestingly, while the EU was in many respects the exemplar for the renewed and/or new regional integration arrangements, most of them were adamant in their desire 'not to do what the Europeans were doing', but to construct their own model of regional integration that would reflect regional conditions and interests. At this stage, there was no need for a concerted effort on the part of the EU to export regional integration – the external perception of the EU's success in managing internal integration was sufficient to stimulate others towards launching their own regional cooperation. As the political economy literature has long recognised, ideas play a key role in shaping the expectations and behaviour of actors, and ultimately structuring the policy choices and political outcomes.

Looking around the globe at the different regional integration arrangements, one is struck by the diversity of the arrangements and agreements that operate within each region. If there is any common element among them, it seems to lie with the proposals to be found in nearly all of the existing regional integration arrangements to advance regional economic cooperation and to enhance economic liberalization rather than having a strategic plan for far-reaching integration to encompass legal, institutional, social and political institutions. One of the declared objectives of the Cotonou Agreement (2000) signed between the EU and the ACP states was the promotion of regional integration. In this agreement, there appears to be a new departure in policy, based on the presumption that the emergence of regional integration required specific strategies by the Commission instead of a passive expectation that the success of regional integration in Europe was enough to inspire similar efforts among the African states.

Central to the Cotonou Agreement was the provision for establishing economic partnership agreements (EAPs) between the EU and the ACP, to come into effect in 2008. The agreement itself, and the subsequent and on-going negotiations between the Commission and the representatives of the ACP have emphasized the establishment of regional integration agreements between the EU and groups of states from the ACP, and also encourages regional integration among African states. Article 35.2 of the Cotonou Agreement describes the approach ‘’economic and trade cooperation shall build on regional integration initiatives … a key instrument in the integration of ACP countries in the world economy.’ Article 29 of the agreement promotes regional economic integration. Article 30 advocates functional regional cooperation in such areas as infrastructure, water resources, health and education.

The Cotonou Agreement succeeded the Lomé Agreements that had institutionalized EU-ACP cooperation since the 1970s. Under the Lomé Agreements, the ACP primary producers were offered free access to the EU market, without the requirement of reciprocity, and various aid and financial assistance programmes complemented the package. The singular feature of these agreements (four in all) was the institutionalized frameworks for dialogue, involving ministerial meetings at the highest level – hailed at the time as innovative with the clear emphasis upon the partnership nature of cooperation. Regional integration was not then part of the package, and the European policy was constructed under the rubric of development aid and assistance rather than an explicit focus upon trade.

Post-Lomé, regional integration was given heightened priority through the Economic Partnership Agreements, and the African countries were required to offer reciprocal market access in the economic agreements to be negotiated with the EU. Notably, these agreements would be subject to the WTO rules on trade liberalization, at the insistence of the Commission which was itself responding to previous criticism of the EU-ACP agreements by the global trading body.

What model of regional integration is emerging out of the EPAs that the Commission is negotiating with groups of countries, in some cases with existing regional organizations in Africa and the Caribbean? Clearly, the negotiations between the EU and the countries of the ACP will continue for some time, although the Commission is intending to meet the deadline agreed by both sides and to have EPAs in place by the beginning of 2008. While the adoption of a phased approach towards deepening integration has served the EU well in the past (witness the single European market, the introduction of the euro, and the recent enlargement) there is no guarantee that this approach will continue to succeed in the EPA negotiations. There are many more actors, a greater diversity of interests and clear disparities with regard to the political commitment of all parties and, not least, there is no offer of membership of the EU at the end of the process. Essentially, the incentives to complete the EPA negotiations are not widely appreciated by all actors, while there are great uncertainties among the developing countries regarding the precise nature of what exactly they are negotiating and the likely implications for political autonomy and capacity to make policy choices in the future. Two things seem clear at this stage – the model of regional integration is one that is deeply rooted in economic liberalization; and it comes with a number of conditionality clauses attached, the effect being to radically change the whole notion of partnership between the EU and the countries in the ACP.

The EU strategy to promote regional integration is therefore inextricably linked to the promotion of economic liberalization, based upon reciprocity of market access between the two regions and the requirement that the ACP countries (no longer treated as one bloc) also pursue regional integration among themselves. A difficulty in this requirement for regional integration lies not so much in the possibility that the countries do not want to pursue regional integration, but more in the fact that demands are being imposed upon them for faster opening up of domestic markets against the uncertain capacity of many sectors to compete in the international economy. It will be remembered that EU internal liberalization was a gradual process, and indeed is still going on in many areas, including the European banking and finance sectors.

Regional integration among the African countries is not entering into its first phase as a result of the Cotonou provisions – some of the regional organizations date back more than three decades. EU policy, however, is turning regional integration from an evolutionary and endogenous process into one that is reacting to and being shaped by external pressures. There is an implicit assumption that the countries likely to engage in regional integration on an intra-regional or extra-regional basis have the necessary state capacity (institutional, legal, and financial resources) to engage in further and deeper integration. There is a further assumption, referred to briefly above, and that is that the economic structures of the countries concerned are capable of withstanding competitive pressures, and to able to deliver development and national growth. Both of these assumptions give little or no cognizance of the widely acknowledged reality that impinges upon any plan to promote the integration of the African countries into the global economy – namely, the almost complete marginalisation of these countries, and the continued prevalence of protectionist policies on the part of the developed countries.

The conditionality aspects of the Cotonou Agreement represented a revitalization of the political dimension that had featured in previous agreements. This time around, certain new features were introduced in the form of clauses on human rights, democracy, the rule of law, and good governance with added emphasis that lent a new, coercive tone to the partnership. The principles of human rights, democracy, and the rule of law were inserted as 'essential elements' of the Cotonou Agreement, effectively treating these as conditions that must be observed under international law. Violations of these conditions would open the way to possible remedies, in accordance with international law, and having due regard to the nature of the violation. Under international law, a party can suspend a treaty if the partner commits a 'material breach' of the treaty (a provision of the 1969 Vienna Convention). In practical terms, violations of these principles could lead to the suspension of cooperation or aid under a non-execution clause that was inserted by the EU against the wishes of the ACP states.

The model of regional integration thus being proposed by the EU for the African countries is one based upon economic liberalization, with conditionality clauses that allow the EU to pursue a normative agenda around certain key European values – human rights, democracy, rule of law. The inclusion of these values in international agreements was agreed by the EU in the early 1990s, and can now be found in all external agreements of a bilateral or regional nature. In fact, EU development policy had shifted in the 1990s so that the promotion of democracy, the strengthening of good governance, and the rule of law progressively became both an objective and a condition for development assistance.

However, the close linkage of such clauses to economic liberalization raises doubts about the credibility of the EU approach. Two broad categories of doubts will be briefly considered here. Firstly, the nature of the model of regional integration is distinctly different in degree and complexity to what has evolved within Europe. The European model has evolved gradually from its original inception in the Treaty of Rome into a multi-faceted, and multi-layered system of governance, with a complex institutional and political structure, supported by a legal order and a juridical system with the European Court of Justice at the helm. It is a political community that combines both intergovernmental and supranational dimensions, and a regulatory order based upon internal liberalization underpinned by a harmonized competition policy and external liberalization through the common commercial policy. Economic liberalization has proceeded gradually, but never preceded the construction of the political and juridical order.

The second set of questions regarding the model of regional integration proposed by the EU for the African countries relates to the possibility of democracy promotion. Are democracy promotion and good governance outcomes in themselves, or simply means towards securing and pushing ahead with economic liberalization? Market freedom and political freedom (in the shape of liberal democracy) are mutually dependent, and essential to the achievement of developmental outcomes. Current orthodoxy also suggests that democratic politics and a small-scale public sector are both necessary and desirable for an active free market. But under this perspective, the role of democracy becomes limited to serving the needs of the market. This is not how or why democracy was originally conceived, and is certainly far from the conception of democracy so familiar to either African or European scholars.

There are risks in this new version of democracy, not least of which is the possibility that strengthening popular control over government decision-making becomes secondary to the demands of economic liberalization. Even more problematical is the implicit (and often explicit) challenge to the power of the state. Development requires a strong state and, as the history of the advanced countries confirms, the public sector has an important role to play in the allocation and redistribution of resources to support development and growth. For the developmental state, the capacity to make independent decisions, to intervene in the economy, and to engage in regional integration and cooperation wherever it considers desirable are all fundamental prerequisites to fostering a real democratic state.

There are several broader political economy considerations that arise from the issue of the ‘exportability’ of the European model of regional integration. The success of the European model at home gives it certain credibility at the international level, and especially for groups of countries wishing to engage in deeper regional integration – and there is the possibility for the EU to exercise normative influence on the evolving regional/world order. But, there is also the possibility of the EU exporting part of the model in the pursuit of its own interests, and in particular to promote economic liberalization in order to widen its own market access. Strengthening its role and position as a global actor is a key strategy for the EU, and one of the ways of securing that strategy is through the promotion of regional integration.

A political economy approach in the Susan Strange tradition will always seek to establish who benefits, and whose interests are served by exporting the European model of regional integration. It is not the intention here to suggest that the European model of regional integration is the best model. It happens to work (more or less) in Europe – but it is important to consider that the model emerged out of a particular configuration of historical, political, economic, and social conditions. This precise set of conditions cannot be replicated elsewhere, so it becomes difficult to replicate the integration model. However, the EU model should now be given more serious consideration in any examination of the configuration of the global political economy, for the EU (through this regional model) has developed the 'actorness' to enable it to shape and structure regional orders elsewhere in the world. This means not simply promoting economic liberalization, which is part of globalisation processes already under way, but also that the promotion of the EU regulatory order, its rules, standards and norms and principles are being adopted or imitated. We can see the 'variable geometry' principle that underpinned earlier European internal integration processes now being extended beyond the EU to its international partners. A more detailed political economy approach would also help to identify the extent to which the EU model would or could be adopted in practice, for it is also a question of considering the interests in the receiving region.

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Data Resources Review

CID-World Bank DataMart

Tal Sadeh

CID-World Bank DataMart is a one-stop shop for cross-country political, economic, and demographic datasets. Users can retrieve all or part of pre-existing datasets, as well as combine variables from multiple sources to create custom-made datasets. The project is headed by David Epstein, Sharyn O'Halloran, and Robert Bates, and sponsored by the Harvard Center for International Development jointly with the World Bank. It is available at: http://paradocs.pols.columbia.edu:8080/datavine/MainFrameSet.jsp.

Data can be downloaded or saved on the site for later use, an especially helpful option for co-authors. When a user downloads a dataset, they also get a codebook listing the authors of all variables they received, along with citation information. In addition, users with original and relatively good cross-country coverage data can have it added to the database, by sending it via e-mail to: de11@columbia.edu. The database is free, but registration is required to use it. The table on the next page details currently available datasets on *CID-World Bank DataMart* and the following discussion provides a brief summary of each and information on using the DataMart.

Datasets available on CID-World Bank DataMart

Dataset name	Author(s)	Variables	Period	Countries
Database of Political Institutions	Phil Keefer	108	1975-1995	177
Polity III	Ted Robert Gurr	23	1960-1994	160
Political Handbook		71	1960-1994	160
Political Constraints (Henisz)	Witold Henisz	17	1960-1994	160
Easterly	William Easterly	9	1960-1990*	262**
Easterly and Levine	William Easterly and Ross Levine	11	1960-1989	158
Governance Indicators	Dani Kaufmann and Pablo Zoido	6	1998	178
International Aid	Craig Burnside and David Dollar	19	1975-1995	132
Penn World Tables	Alan Heston and Robert Summers	29	1950-1992	152
Barro-Lee Education Data	Robert Barro and Jong-Wha Lee	66	1960-1994	118

* One observation per decade. ** Including regions within countries.

Phil Keefer's Database of Political Institutions offers a wide variety of variables describing the political system in each country. Variables describe the chief executive (for example, is he/she directly elected? a military officer? can serve multiple terms?) and his/her party (name, time in office, religious affiliation). Other variables cover the legislature (fractionalization, type of majority); electoral rules; largest, second and third largest governing parties (right-wing? rural? how many seats?); and similar data for opposition parties. Finally, data is also available on political polarization and various parameters of federalism.

Polity III offers indicators of autocracy and democracy, characteristics of authoritarianism, and indicators of regime transition. This dataset is an old version of *Polity IV* project, available at: http://www.cidcm.umd.edu/inscr/polity/. *Polity IV Project on Political Regime Characteristics and Transitions*, run by the Center for International Development and Conflict Management (CIDCM) at the University of Maryland, is not only more up-to-date, but also covers a much longer period (1800-2003) and 33 variables. However, some users may find the smaller dataset offered in *CID-World Bank DataMart* more manageable, since it retrieves subsets of information more easily than *Polity IV*.

Heston and Summers's Penn World Table provides purchasing power parity and national income accounts converted to international prices. This is one of the best databases for international comparisons. Its full version (available at: http://pwt.econ.upenn.edu/) has data on 179 countries for 1950-2000. The version available in *CID-World Bank DataMart* is more restricted in its time span and choice of countries and does not improve accessibility.

Witold Henisz's Political Constraints dataset deals mostly with inter-institutional relations. For example, is the legislature in opposition to the executive? Are courts independent? Is the legislature effective? It is also available at: http://www-management.wharton.upenn.edu/henisz/. Easterly and Levine's dataset is more focused on parameters of civil unrest such as riots, coups, anti-government demonstrations, and civil wars. It is also much clearer on the meaning and significance of its indicators than are the other datasets. However, it does not seem highly relevant to EU member states.

William Easterly's dataset has a rather narrow range of variables, offering data on vaguely related indicators, such as child labour, strikes, war deaths and military expenditure. Burnside and Dollar's dataset on International Aid provides detailed information on the structure of foreign aid (Is it multilateral? How is it disbursed? Is it in the form of grants or loans?).

Kaufmann and Zoido's Governance Indicators focuses on government-market relations with indicators on corruption and regulations, but offers only a limited choice of variables. The Barro-Lee Education dataset details the percentage of schooling and average schooling years in the population by level (primary, secondary and higher), sex and age. The Political Handbook dataset resembles the *Database of Political Institutions*, but focuses on the party structure of the legislature rather than on the government.

To download data hit the 'Browse' button on the toolbar, and enter Dataset View, with all available datasets listed. Clicking on a dataset will list its variables. To download the entire dataset click on the 'Quick Download' link. Depending on how your browser is configured, you will either be presented with a comma delimited file, or the file will be automatically opened in Microsoft Excel. For selective downloading click on the 'Variables', 'Years' and 'Countries' tabs and use the checkboxes. Years and countries can be selected individually or by groups. Years are grouped by decades, and countries by regions. One region of interest to our readers of course is the EU. However, the ten new member states are absent from this group. Users can view their subset, download it, or add it to their data cart. Be sure to first allow pop-ups for these functions to work.

Use the data cart to combine variables from more than one dataset. Select variables from one set and then click on 'Add Subset to Data Cart.' Repeat this process for each desired dataset. Use the top toolbar to switch to 'Cart View,' where you can view your current data cart's contents, download it or delete variables from it. To save a data cart for later use, click the 'Save Data Cart' button in 'Cart View.' Fill in the details in the pop up window and indicate whether to make the data cart public. Public data carts enable anyone logging on to the system (such as co-author) to see your data cart and update it. To retrieve a saved data cart go to the 'Archive' button on the top menu. Your saved carts as well as all publicly saved carts are listed. Make sure to save variables currently in a data cart before taking another data cart from the archive, or your current data cart will be lost.

CID-World Bank DataMart is probably still in its early phases. Most of the datasets offer hardly any explanation of variables or methods of data gathering and analysis. Information in codebooks of datasets is incomplete. There is a degree of overlap among some of the datasets. However, data is easy to retrieve and handle (no need to save files first and then open in different applications). Perhaps the greatest advantage of *CID-World Bank DataMart* is its interactive nature, allowing users to share their thoughts with authors of existing datasets (click on 'Comments' on each variable's line) as well as post their own datasets. Teams of researchers can use *CID-World Bank DataMart* to collaborate on a project. There is a great potential here for a true data market – it all depends on users making more original data publicly available.

Members' News

Alfred Tovias is on sabbatical leave from the Hebrew University October 2004–October 2005. He is a Visiting Research Fellow at the CEPII (Centre d'Etudes Prospectives et d'Informations Internationales) in Paris for the first semester and a Visiting Research Fellow at the OECD's Development Centre for the second semester. He can be contacted at his usual email address mstovi@mscc.huji.ac.il

Fran Burwell (the Atlantic Council), Rachel Epstein (EUI), John Peterson (Edinburgh), **Mark Pollack** (Temple), Joseph Quinlan (Bank of America), Helen Wallace (EUI) and **Alasdair Young** (Glasgow) and Deloitte Brussels have been awarded a contract by the European Commission's DG RELEX to conduct a review of the framework for relations between the European Union and the United States. The report, due in April, will inform the Commission's proposals for the EU-US summit this summer.

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Members' Recent and Forthcoming Publications

James Angresano, 'European Union Lessons for ASEAN: The Importance of Contextual Specificity,' *Journal of Asian Economics* 14 (6), 2004, pp. 909-26.

Rafael Leal-Arcas, 'The Significance of the Nice Treaty and Constitutional Treaty in Relation to Services Trade in the Doha Round Framework' *International Relations and Politics Online Quaterly* (forthcoming 2005)

Rafael Leal-Arcas, 'Doha Negotiations on Services Trade: Consequences of the Nice Treaty Reform and the Constitutional Treaty,' The Federal Trust for Education and Research online Papers, 22/04, 2004, pp. 1-11, www.fedtrust.co.uk/uploads/constitution/22_04.pdf

Rafael Leal-Arcas, 'The WTO and the EC: The Three-Level Game of Decision-Making. What Multilateralism Can Learn from Regionalism,' European Integration online Papers, 8/14, 2004, pp. 1-43, eiop.or.at/eiop/texte/2004-014.htm

Sophie Meunier, 'Anti-Americanisms in France,' *European Studies Newsletter*, 34 (3/4), January 2005 www.princeton.edu/~smeunier/Meunier%20CES%20Newsletter%200105.pdf

Karen Alter and **Sophie Meunier**, 'Banana Splits: Nested and Overlapping Regimes in the Transatlantic Banana Trade Disptute' Kellogg Working Paper #322, Dispute Resolution Center, Northwestern University, 2005.

AlfredTovias and Mehmet Ugur, 'Can the EU Anchor Policy Reform in Third Countries? An Analysis of the EURO-MED Partnership,' *European Union Politics*, 5/4, 2004, pp. 395-418.

Alfred Tovias, 'Thinking Ahead: Israel's Future Relations With The European Union in P.Herrmann and A.Tausch (eds), *The Mediterranean, The World System and The 'Wider Europe'*, Vol. 1, Dar Al Islam, 2004, pp.198-208. www.fscpo.unict.it/EuroMed/DaralIslam1.pdf

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Introducing the new peer-reviewed *Journal of European Political Economy* (published by Nova Science)

Co-editors Patrick M. Crowley and **David Howarth**
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With an ever growing list of titles, new journals today need justification. As editors of this venture, we have had several long discussions about exactly what a journal of 'European Political Economy' is supposed to be, considering there are other journals that cover European integration and political economy from both a political science and an economics perspective.

The term *political economy* itself is open to differing interpretations dependent on academic domain. The term avoids both the discipline-based words 'politics' and 'economics,' instead combining rather obliquely 'political' and 'economy.' Political economy, of course, goes back a long way, predating the birth of modern economics, and has its origins in the writings of philosophers such as Adam Smith and David Hume. Moving forward in time we see political economy embracing a variety of different notions of what constitutes the overlap between both political science and economics. The label 'political economy' today encompasses a variety of different approaches, from the modeling of political systems from an economics standpoint to the study of the dynamics of economic development through the prism of politics. Our interpretation of political economy does not conform to either of these distinct but extreme visions, but views the subject as a way of studying issues that pertain to both political science and economics.

This overlap between the two disciplines is our starting point for the *Journal of European Political Economy* (*JEPE)*. It is in this sense that we hope to have found our niche among the plethora of academic journals. Thus unlike other journals which study Europe, we aim to publish articles that incorporate elements of both politics and economics. In many respects our approach is an interdisciplinary one, in that we aim to publish articles that will receive an audience in both the political science and economics subject areas – and, hopefully, beyond.

Although *JEPE* is new, it does have a predecessor not entirely disconnected with the present endeavour. The journal *Current Politics and Economics of Europe* (*CPEE*) published articles on both the politics and economics of European integration, but without the focus we aim to give the new journal. We hope that those previously subscribing to *CPEE* will continue their subscriptions to this new journal and welcome our tighter and more focused approach to the study of Europe.

It is our aim that readers will recognize in the first issue of *JEPE* (out in March/April 2005) an embodiment of the general aims of the journal mentioned above. By publishing articles by leading economists and political scientists alike on the topics of European and North American monetary union, we aim to shed some light on the intertwining of political and economic issues in the decision to adopt a single currency. With its focus extending beyond the European Union, we have embraced this special edition as a manifestation of our ambition to attract analytically rich perspectives that help to shed new light on the study of European political economy.

In closing, we look forward to reviewing and compiling some exciting new issues of the journal in the future, and invite prospective authors to submit their work to us for consideration.

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