



EU Political Economy Newsletter



Newsletter of the EUSA EU Political Economy Interest Section

<http://www.eustudies.org/pesection.html>

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

Section co-chairs: Erik Jones and Amy Verdun

Managing editor: Alasdair Young

Issue 1

Autumn 2003

Letter from the Section Chairs

The publication of the *EU Political Economy Newsletter* marks the second step in our institutionalization of this special interest section. The first step was taken shortly after our section meeting in Nashville in March 2003. Drawing upon volunteers from those who attended the meeting, we have convened a steering committee to assume responsibility for guiding the interest section in the future. The members of that steering committee are:

- Mary Farrell, United Nations
University -- mfarrell@cris.unu.edu
- Orfeo Fioretos, University of Wisconsin
-- fioretos@polisci.wisc.edu
- Tal Sadeh, Tel Aviv University --
mstalsad@mscc.huji.ac.il
- Jim Walsh, University of North
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- Alasdair Young, University of Glasgow
-- a.young@socsci.gla.ac.uk

This steering group has three functions:

- i. maintaining the research momentum of the group;
- ii. responding to suggestions from the members, and

- iii. providing continuity during the transition from one set of chairs to another.

The EU political economy interest section has accomplished much in its first three years of existence, but we are sure that it will achieve much more in the future.

Beyond organizational details, our efforts to survey the breadth political economy approaches to the study of European integration continue to bear fruit. In the spring of 2003, we sent out a call for papers to broaden our special issue of the *Journal of European Public Policy* (10:1) into a fully-fledged teaching book on the political economy of European integration. We are pleased to announce that Routledge has agreed to publish the book in paperback as well as hardback editions and it should be available for course adoption (*continued*)

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by the spring or summer of 2004. As editors of that volume, we would like to extend a strong note of thanks to all those members of the interest section who responded to our initial call for papers.

Finally, we should note that this newsletter would not have been possible without the considerable efforts put in by its editors Alasdair Young, Mary Farrell, and Tal Sadeh. We hope that you find the newsletter to be of use, that you will tell us of any ways that we can improve it, and that you will consider either contributing something of your own or encouraging your graduate students to do so. As with everything else in this interest section, the newsletter is meant to be a resource, but it will only succeed if you use it.

All the best,

Amy and Erik

Message from the Managing Editor

I would like to add my greetings to Amy and Erik's and to emphasise their message that we need your help to make this newsletter work. Please send us your comments and suggestions. The editorial team is:

Managing Editor:

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This issue aims to set the ball rolling and is thus intentionally limited in its ambitions. Our intention, however, is to rapidly develop the *EU Political Economy Newsletter* into a valuable and welcome resource. To do that we need your help. Please contribute,

Alasdair

Review Forum

Letter from the Forum Editor

Welcome to the review forum, in this first issue of the EU Political Economy Newsletter. In the Spring 2003 issue of *EUSA Review* (16:2) Erik Jones and Amy Verdun explained the reasons for setting up the EU Political Economy Interest Section as a response to the enormous expansion of interest in European Union studies in the past decade, combined with the growth of interest in analytical and disciplinary approaches that reflect the inter-connection between politics and economics.

In fact, the burgeoning growth of European Union studies is not simply to be found among the institutions on either side of the Atlantic. We are witnessing an expansion

in academic programmes oriented towards the EU in the countries of Central and Latin America, in Eastern Europe beyond the accession states, and in a number of countries throughout Asia. The increasingly international nature of such interest is due in part to the unique and peculiar nature of the subject under discussion, but it also reflects the desire of students to understand how the processes of integration are evolving, and impacting upon the societies within the EU as well as in the wider world.

For those of us who work within the area of EU Political Economy, two considerations arise out of this internationalisation of EU studies. First,

the audience and 'market' (to use an economic term) for research and publications is much broader, with a diversity of interests and concerns based upon different viewpoints and perspectives – an outlook that is not merely European, or American, and that brings a more critical perspective to the question of the relevance of the European experience.

The second consideration is that this large and diversified market, united by a common interest in political economy, remains somewhat segregated by the existing divisions that demarcate the body of knowledge and the disciplinary branches through which our knowledge is organised. Must we search for a common language by which we can communicate to the 'market' that is European Political Economy? The question is really whether it is necessary to begin by an attempt to answer the question 'What is Political Economy?'

Starting from first principles, Political Economy may be described as the study of the relationship between the political and the economic. In the recent newsletter of the APSA Section on Political Economy (Fall 2003) Elizabeth Gerber ponders the question of how to define the sub-field of Political Economy. She quite rightly considers there is a need for some delineation of the 'boundaries' of the subject, and contrasts what she describes as the 'big tent' approach – a broad-based perspective that would include a diversity of interests, encompassing such matters as government regulation of the domestic economy, trade policy, fiscal policy, nationalisation and privatisation, budget processes, lobbying, business involvement in the political process, and international economic cooperation – with an alternative perspective, which she bases upon the need for a common methodological approach. In the experience of APSA members the loosely defined, and hence poorly understood, conceptualisation of the Political Economy area resulted in a

scholarly community that lacked coherence and homogeneity. In an effort to overcome these perceived defects and to offer a common methodological framework, Elizabeth Gerber proposes a definition of Political Economy: the study of political phenomena using the tools of economic analysis.

The question is whether this is a sufficient definition to apply to European Political Economy. I think not. For one thing, we have to emphasise that the interaction is a two-way process, between politics and economics and vice versa. Political Economy perspectives should examine the political aspects of economic relations, and the economic implications of political phenomena. In addition, the APSA definition is aimed at the study of political phenomena within the context of a particular political system, and directed to a community of scholars with a rich agenda of interests, yet heavily influenced by the discipline of political science and the engagement with topics of national interest.

The community of scholars around European Political Economy already has one unifying interest – the focus upon the European Union and what is generally accepted as a *sui generis* political entity, with its origins in the desire of the founders to create a political community by economic means. That fact alone would suggest the scope for a political economy approach to the study of subsequent developments in the process of European integration. And, the emergence of a European Union as a major economic power in the global economy adds a further dimension for those who seek to merge the economic and political focus of their enquiry in addressing the causal factors, outcomes, and implications of European economic power for international relations generally as well as for such matters as global governance, north-south relations, hegemonic and counter-hegemonic tendencies.

In the contemporary scholarship on the European Union, there are many aspects of integration that lend themselves to a political economy approach – monetary integration, trade, multinational corporations and the single market, enlargement, the role of interest groups in the policy process, and external relations of the European Union, to name just a few. Recent scholarship has extended this list quite considerably, to include studies on the changing economic structures and the varieties of capitalism, the role of institutions such as the European Central bank and the European Court of Justice, and the use (and abuse) of power, as well as the issue of hegemony. In the latter context, there is much more scope for work that examines the hegemonic role of the EU in its external relations with different regions and groups of countries, and perhaps also to address the question of European integration as a possible counter-hegemonic project in the contemporary world dominated by a sole superpower with a preference for a strong unilateralist position in international relations.

In an important, and dynamic sense, we are defining the field of European Political Economy through the actual practice of the research and the preferences of the researchers as to the focus of their work and their intellectual interests, through the teaching and the dissemination of the results of research endeavours. By enumerating the issues likely to be located within the field, as I have done above, there is the risk of presenting a partial picture of the arena – the blind man describing the elephant, in the image evoked by Donald Puchala in the early days of the emergence of European Studies as a distinct field of endeavour.

Of course, there are certain dimensions that we can use to describe our subject-matter – the political and economic relations of the European Union – where the definition can be narrowed further in the search for greater precision and clarity

of conceptualisation. One possible dimension is the substantive level, for example the domestic vs. the international level, a distinction and analytical approach that is common to international political economy. In the case of EU Political Economy, we would need to distinguish the domestic/international more clearly, since the domestic level can be interpreted as ‘national’ or ‘European’, depending upon the perspective being adopted. So, for instance, a political economy approach towards European monetary integration could at one level examine the implications for a member state’s national interests, and at another level focus upon the impact of the European monetary regime on the international financial system (or vice versa).

Other substantive dimensions could focus upon the political authority (European or national) as independent or dependent variables, or upon the interaction of different actors in the policy framework. An alternative approach is along methodological dimensions, where there exists a large body of literature spanning the theoretical and empirical examinations of different aspects of the European Union’s polity, or studies that embrace a qualitative or quantitative examination of the EU, or present historical and cross-sectional analyses.

Clearly, a common language is necessary for communication within the field of European Political Economy. However, this is not to suggest that we should start out with a preference for a particular methodological approach, for this would foreclose on possible future avenues of research enriched by new analytical methods and perspectives, and would confine us to a very partial picture of ‘the beast’.

What, then, is the alternative? Amy Verdun and Erik Jones have identified the methodological pluralism that characterises the political economy literature on European Union studies. This

is one of the major strengths of the field, since it allows for a rich vein of research to be explored and exploited in the study of a phenomenon that is continually evolving, and doing so in the context of a rapidly changing external and global environment.

Moreover, the readers of this newsletter and indeed the members of the Political Economy Interest Section have already self-selected themselves by the combination of professional expertise and their interest in the subject matter. Hence, a common language already exists among those who regard themselves as political economists, and they are bound by these ties of expertise and interest that enable them to communicate within the sub-discipline according to their respective concerns.

At this juncture, it would not serve the interests of the EU Political Economy Interest Section for the newsletter to define the field any more narrowly, in what could be a misguided attempt at boundary-setting, for an area that does not lend itself so readily to such precision. Instead, we can take as useful starting points the methodological pluralism that already exists within the field of European Union studies, and the degree of coherence and common understanding that is already evident in the literature and amply demonstrated in the inter-disciplinarity of such journals as the *Journal of Common Market Studies*, the *Journal of European Public Policy*, *European Union Politics*, and the *Journal of European Integration*.

I would add to this a rejoinder to all the members of the EU Political Economy Interest Section to be mindful of what can be produced in the research field by political economy researchers if we are able to combine the intellectual integrity of the discipline with an openness of mind and a tolerance of the diversity of intellectual traditions. In particular, I commend the viewpoint of Susan Strange, who was enormously influential in the field of international political economy, in

her contribution to the debate that launched the *Review of International Political Economy* (vol. 1, no. 2, Summer 1994) when she advocated the importance of thinking:

whether the who-gets-what questions cannot also include (as Marx advised) social classes, and other social groupings like firms or professions, generations (as demanded by the demographers and the environmentalists), gender (as demanded by women's studies) and species of life (as demanded by the geographers and the ecologists). It is no longer enough to see the preservation of order as the only legitimate value for political aspirations. Nor is order simply to be seen as the absence of inter-state wars. The world out there is not only changing, the realities of change are much more exciting than realists realise.

This quote offers a useful starting point to thinking about and reflecting upon what might be the emerging issues in European Union Political Economy. We should be predisposed to thinking about the emerging issues in an inter-disciplinary and open manner, and to be ready to identify new issues and new approaches as well as new ways of looking at old phenomenon and ideas. The contemporary European Union is a fruitful area for research and intellectual analysis upon which the liberal intellectual tradition can prevail, in a concerted endeavour to build up our own understanding of what is going on within the European Union and how it affects local, regional and international communities.

This newsletter, and the review forum in particular, will aim to flesh out some of these uncertainties over the question of what is European Political Economy. Is it in some way distinctive from 'Political Economy' or indeed from 'International Political Economy'? The second aim of the

review forum is to highlight some new and emerging issues in the field of European Political Economy, and to contribute to scholarship among existing and new scholars, both researchers and practitioners, in the field.

For the next issue of the review forum, readers are invited to contribute to the question 'What is distinctive about European Political Economy'? If any reader would like to contribute a response,

you can send it to me at mfarrell@cris.unu.edu, and depending on the number and length of responses we get, we will be happy to include some of these in the forum review of the next newsletter. Readers are also invited to suggest issues for discussion in future reviews. Dear reader, it is over to you for more concrete suggestions and proposals as to how we can fill in the details and the shape of the subject matter.

Data Resources Review

AMECO database

Tal Sadeh

AMECO, the annual macro-economic database of the European Commission's Directorate General for Economic and Financial Affairs (DG ECFIN), is regularly cited in DG ECFIN's publications and extensively used for its analyses and reports. Recently AMECO data was made available to the public free of charge, for personal and non-commercial use only. According to DG ECFIN this is part of its effort to make its analyses verifiable and transparent to the public.

AMECO contains data since 1960 for EU-15; the euro area; EU member states; acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia); other candidate countries (Bulgaria Romania and Turkey); and other OECD countries (United States, Japan, Canada, Switzerland, Norway, Iceland, Mexico, Korea, Australia and New Zealand) - a total of 38 countries.

700 variables are available, including details on their calculation methods and data sources, chart facilities, and methodological notes. The main data source is the Statistical Office of the European Commission (Eurostat). The variables are grouped under 20 headings covering population, national accounts,

labor, trade, exchange rates, interest rates, the corporate and non-profit sectors, and public finance. AMECO also contains DG ECFIN's spring and autumn short-term economic forecasts. Since AMECO's European System of Accounts (ESA 95) code is consistent with the revised System of National Accounts (SNA 93) used by non-EU countries, the time series are in principal comparable among all countries in the database. A detailed list of variables and methodological notes is available in pdf format in AMECO's home page.

AMECO's data is available at: http://europa.eu.int/comm/economy_financ/e/indicators/annual_macro_economic_data_base/ameco_en.htm in downloadable zipped text-files as well as on-line. On-line data retrieval is available through an electronic selection form, in which the user specifies the selection parameters: one variable at a time; one unit of account (original data, ECU/EURO, purchasing power standards, percentage GDP, or relative performance variables); any number of specified countries; and any number of specified years. A selected series can also be calculated as annual percentage change or an index. Data can be extracted in either table or graph format. The user can navigate and browse through

the tables and the graphs, as well as capture their screen image, paste and print it. The data can also be exported in text format. If you receive the file in html format simply use the “save as” command to convert it to text format. Excel’s text-importing wizard can later convert the text format into a spreadsheet format. A more detailed instruction manual for on-line data retrieval is available on the upper left corner of the electronic selection form. As for downloading zipped text-files, when choosing this option the user can only select a heading of variables, after which he/she receives a text file with data for all variables under the heading, all countries and all years.

Making this database available to the public is of course a welcome step. However, from the point of view of political economists specializing in the EU and European economies there are a few difficulties. First, there is a methodological issue. While the ESA 95 code is consistent with the SNA 93 code, it is unclear whether pre-1995 data, which is based on the ESA 79 code is similarly consistent. Then there is a specification problem. The data is available only in annual frequency, an obvious shortcoming given the reliance of much of the Political Economy literature on higher-frequency data. Finally, there are technical difficulties. AMECO cannot

produce tables with a multitude of variables for a single country or year. This diminishes the database’s potential in producing easy and illustrative tables and charts. Moreover, some of the variables appear under potentially misleading headings. For example, part of the wage data is found under the National Accounts heading instead of the more obvious Labour Costs. While there may be methodological reasons for this it might not be user-friendly.

On the positive side, AMECO does provide the public with data on European economies that is otherwise either not free or not as easily accessible, which is especially in the age of budget cuts in academic institutions. Such data includes age structure of population; gross fixed capital formation by type of goods; detailed wage data; capital stock data (such as factor productivity, and capital contribution to production); employment by sectors; national accounts by sectors; the corporate and non-profit sectors; and detailed public revenue, expenditure and debt data.

Thus, while more could be done to make AMECO more helpful for academics, it is nevertheless a valuable database, and one that convincingly achieves the DC ECFIN’s stated goal of transparency.

Members’ News

Chad Damro has been appointed lecturer in politics at the University of Edinburgh and is co-programme director of the MSc in International and European Politics.

Michelle Egan was promoted to Associate Professor in School of International Service at American University. She received a Howard Grant from Brown University to finish her new book, *Single Markets: Economic Integration in Europe and US* (forthcoming from Oxford University Press).

Jim Walsh was promoted to Associate Professor in the Department of Political Science at the University of North Carolina at Charlotte.

Alasdair Young received a grant from the British Academy for the project ‘Deciding to dispute: The European Union’s use of the World Trade Organisation’s dispute settlement mechanism.’

Members' Recent Publications

Susana Borrás, *The Innovation Policy of the European Union. From Government to Governance*, Edward Elgar, 2003.

Chad Damro and Pilar Luaces Méndez, 'Emissions Trading at Kyoto: From EU Resistance to Union Innovation,' *Environmental Politics*, 12/2, 2003.

Chad Damro and Alberta Sbragia, 'The New Framework of Transatlantic Economic Governance: Strategic Trade Management and Regulatory Conflict in a Multilateral Global Economy,' in M. L. Campanella and S. C. W. Eijffinger (eds), *EU Economic Governance and Globalization*, Edward Elgar, 2003.

Fatima Monteiro, Jose Tavares, **Miguel Glatzer** and Angelo Cardoso (eds), *Portugal: Strategic Options in a European Context*, Lexington Books, 2003.

Justin Greenwood, *Interest Representation in the EU*, Palgrave/Macmillan, 2003.

Justin Greenwood (ed.), *The Challenge of Change in EU Business Associations*, Palgrave/Macmillan, 2003.

Layna Mosley, *Global Capital and National Governments*, Cambridge University Press, 2003

Michèle Knodt and **Sebastian Princen** (eds), *Understanding the EU's External Relations*, Routledge, 2003.

Tal Sadeh, 'Some Trade Effects of the EMU Process on Israel,' *Israel Affairs*, 10/1-2, 2003.

Tal Sadeh, 'Currency Unions and the Different Dimensions of Money,' in L. Jonung and J. Nautz (eds), *Conflict Potentials in Monetary Unions*, Steiner Verlag, 2003.

Kazuto Suzuki, *Policy Logics and Institutions of European Space Collaboration*, Ashgate, 2003.

Jim Walsh, 'Capital Mobility, Domestic Politics, and French Monetary Diplomacy,' *Review of Policy Studies*

Jim Walsh, 'National Preferences and International Institutions: Evidence from European Monetary Integration,' *International Studies Quarterly*.

Alasdair Young, 'Political Transfer and "Trading Up": Transatlantic Trade in Genetically Modified Food and US Politics,' *World Politics*, 55, July 2003.

Alasdair Young, 'What Game? By Which Rules? Adaptation and Flexibility in the EC's Foreign Economic Policy,' in M. Knodt and S. Princen (eds), *Understanding the EU's External Relations*, Routledge, 2003.

Deadline

for submissions to the next issue

Monday 9 February 2004

Please direct all correspondence concerning the Forum and the Data Resources Review to the appropriate editor. All other correspondence to the Managing editor.

In particular we are looking for:

- ◇ Members' Recent publications (since this issue)
- ◇ Members' news (since this issue)
- ◇ Calls for papers
- ◇ Notice of forthcoming events

Notice of Forthcoming Events

**'The current EU agenda and Business Associations:
Unpacking the meaning of EU agendas for associations'**

Brussels, October 29 2003.

Examines the impact of the draft constitution, two way transparency agenda, competition policy, regulatory agencies, extended impact assessments upon interest associations . €100, €60 for full time Ph.D students.

Additional details at www.ey.be/euroconference. Register with nele.devolder@be.ey.com

UACES Research Students Conference

18 November 2003

Kings College, London

Further details available at: www.uaces.org

Regional Integration and Public Goods

United Nations University

Bruges, Belgium

20/21 November 2003.

Further details available at

www.cris.unu.edu

British International Studies Association**Annual Conference**

15-17 December 2003

University of Birmingham.

Details available at www.bisa.org.uk

14th Biennial**Conference of Europeanists**

11-13 March 2004

Chicago

Details available at: www.europamet.org

Calls for Papers

ECPR Joint Sessions of Workshops

Uppsala, Sweden

13-18 April 2004.

Submission Deadline: 1 December 2003.

Further information available at:

www.essex.ac.uk/ECPR/events/jointsessions/uppsala/index.asp

ECPR Standing Group on International Relations

2004 Pan-European Conference

The Hague

9-11 September 2004

Submission Deadline: 1 February 2004.

Further information available at:

www.sgir.org/conference2004/

Applications for UACES Student Scholarships

For up to six months during the period 1 January 2004 to 31 August 2004.

Closing date for applications is 31 October 2003.

Details available at www.uaces.org.
