



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*

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Greetings from the co-chairs of the EUSA Political Economy section:

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Dear Section Members,

The Section's project on *Economic Interests and European Integration* (see previous issues of the newsletter) is now completed. Six papers were published in January 2008 as a special edition of the *British Journal of Politics and International Relations* (BJPIR). These articles and additional pieces are planned to be published as a longer edited volume (see members' publications section below for details on the special issue).

With this project behind us, the focus of our attention has now shifted to the Section's new project on *Completing the Single Market*, which we launched in EUSA's tenth biennial meeting in Montreal last May (see the previous issue of the newsletter). The objective of this project is to provide an opportunity for section members to participate in a collective endeavour, network with other

members and produce a high quality journal publication on an important theme.

In response to our call for papers we have received an unexpectedly large number of submissions. After carefully reviewing and vetting the proposals we have selected 17 submissions for the second stage of the project, in which participants are expected to submit synopses of their papers by April 1, 2008. These synopses will allow us to look into the direction of the papers, start to draw out themes and provide the participants with initial comments.

The third stage of our project will take place in the form of a workshop and five successive panels in Edinburgh during UACES' conference in September 2008. We would like to take this opportunity to invite members of the Section to attend the UACES conference in general, and the panel of our project in particular. We

regard the engagement in the project of the wider Section membership as a priority.

For the fourth stage of the project we plan to select only 10-12 of the drafts presented at the workshop and conference. We will send revised versions of these drafts to external reviewers. Their reports will be used to select the final set of papers to be included in a special issue of a leading academic journal.

It is also our intention to organize panels at the 2009 EUSA meeting based on the project's papers. Stefanie Walter, our website editor, has already posted a report on the project's progress, and we plan to keep providing updates.

Indeed, thanks to Stefanie our web site now has a lively page advertising various calls for papers of interest to our members. We encourage you to browse this page and to inform Stefanie of relevant conferences, seminars workshops, prizes and competitions.

Another ongoing project is organized by Amy Verdun and Henrik Enderlein on *EMU after 10 years: What have we*

learned in Political Science? Having circulated a call for papers last May, 14 scholars of EMU were invited to participate in a special workshop in Berlin late in April. Following this workshop, contributions will be published as a special edition of the *Journal of European Public Policy*.

We would like to thank all of you for being so responsive to the Section's various calls for papers, and for maintaining its reputation as the most active EUSA interest section, with the most engaged membership. We wish you all a fruitful and productive spring.

David and Tal

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Data Resources Review

Comparative Study of Electoral Systems

Patrick Leblond
HEC Montreal

For those PE scholars interested in using electoral variables in their analyses, there is a useful database that provides data on a comparative basis: Comparative Study of Electoral Systems (www.cses.org). It contains data from post-election (and in some cases pre-election) surveys for contests held between 1996-2001 (module 1) and 2001-2006 (module 2) for the following countries: Albania, Australia, Belgium, Brazil, Bulgaria, Canada, Chile,

Czech Republic, Denmark, Finland, France, Germany, Great Britain, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Kyrgyzstan, Mexico, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Romania, Russia, Slovenia, Spain, Sweden, Switzerland, Taiwan, United States.

Content

The datasets (modules 1 and 2) combine the country survey results into one file, which makes it possible to perform comparative analyses. They contain micro-level, district-level and macro-level variables.

Micro-level Variables

Micro-level data contain demographic, vote choice and election variables.

Demographic variables include the respondents' age, gender, education, marital status, employment status and type, religiosity, race, ethnicity, and primary electoral district. They also include information on the respondents' household (income, size, spouse's employment, etc.).

Vote choice variables indicate for which party/candidate respondents voted in presidential elections as well as parliamentary elections (lower and upper houses).

Election variables include respondents' level of participation in the elections, party affiliation/identification and ideology (left-right). They also provide data on respondents' views on the incumbent government's performance, the performance of the economy, the democratic and electoral process in general in the country, as well as party ideologies.

District-level Variables

These variables include information on the number of candidates and party lists in the district. They also provide information on the percentage of votes that a party received in a given district as well as voter turnout.

Macro-level Variables

This category provides data on parties (year of foundation, ideological family, position on the left-right scale, affiliation with European Parliamentary groups, and affiliation with international organization, percentage of parliamentary seats received in relevant legislative election, percentage of presidential votes received in relevant election, number of portfolios in government [before and after]); electoral

turnout; electoral alliance; size of cabinet; most salient factors in the election; the head of state, his or her mode of selection and the office's powers; the head of government, his or her mode of selection, and the office's powers; the legislature, its mode of selection, and the second chamber's powers.

Strengths

The main strength of the CSES datasets is the comparative nature of the data and its substantive breadth (both individual level and macro-level data).

Another strength of the CSES database is that it provides the data for free on its website and users can download the datasets in STATA, SAS and SPSS formats (the raw data is also available in .txt format). The codebooks are also available and easy to follow, with the list of variables provided at the beginning and separated according to the above-mentioned categories.

The website also provides a list of publications, papers and presentations that make use of the CSES datasets. This is useful for those who want to see how scholars have used the data until now and in what context. This yields a better sense of the scope of the CSES database.

The website also provides examples of the kinds of result that may be obtained from the datasets. For example, the site shows how individuals in different countries place themselves on the left-right scale on average. It also provides evidence that individuals who cast a ballot have higher incomes than those who do not.

Weaknesses

The major weakness of the CSES datasets is that they do not include data on all elections that have taken place over a given period (i.e. a module) for a given

country. For each module, there is usually only one election included per country. Therefore, one may question to what extent the data are really representative of a country's situation. Moreover, the datasets combine data on elections that have taken place over different years over a period of five years. This may affect cross-sectional comparability to a certain extent. Scholars should note these limits when using the CSES data.

Still, this is a very useful data resource for political economy scholars who may want to integrate electoral variables into their comparative analyses, whether they focus strictly on European countries or seek to cast their net wider.

Forum Section

Dermot Hodson, Forum Editor

Introduction

The enlargement of the European Union is a topic that is of enduring interest to political economists. The accession of 12 new member states over the period 2004-2006 provides a unique natural experiment to observe the economic and political impact of EU membership and the interplay between European integration and domestic reforms. In this edition of the Forum, two distinguished scholars from CASE (the Centre for Social and Economic Research, Warsaw), Marek Dabrowski and Artur Radziwill, use the concepts of club goods to explain the costs and benefits of further enlargement for current and prospect EU Member States.

The Review Forum is open to all members of the EUSA Political Economy Interest Section who wish to share their views on empirical, theoretical and policy questions relating to EU Political Economy. Please send contributions to the next newsletter to Dermot Hodson (d.hodson@bbk.ac.uk) by 12 September 2008.

“Do as we do, be one of us”

Can external anchoring of national reform process be delivered as global public good?

Marek Dabrowski

Artur Radziwill

CASE – Center for Social and Economic Research

The enlargement of the European Union (EU) has been a very effective regional public (club) good, helping to promote better transition outcomes in Central and Eastern European countries. In particular, the consolidation phase in democratization,

institution building and structural transformation has been considerably more successful in countries reforming under EU accession conditionality (including Western Balkan countries and Turkey) compared with other forms of

conditionality provided, for example, by the Bretton Woods institutions. In the area of trade, the gains from WTO accession have been dwarfed by the impact of the opening of the EU trading block for accession countries. Finally, countries participating in the process of EU integration have shown greater discipline in maintaining macroeconomic stability, while IMF programs have been less effective in inducing stability in the absence of the European factor.

The EU's success at providing an external anchor for reforms in its accession states raises a number of important questions. Can this success be repeated in relation to the countries that have recently expressed an interest in becoming future EU members (like Moldova, Ukraine and Georgia)? Can the European Neighborhood Policy (ENP), a mechanism launched in 2004 and directed at CIS, Middle East and Northern Africa countries, be successful if it does not include the EU membership prospects? Pushing the question even further, is it possible to emulate the European integration model on other continents? Finally, can any lessons be drawn for global international organizations attempting to anchor reforms worldwide?

Unfortunately, it seems that momentum for further EU enlargements is currently very low. EU politicians, faced with a rejection of the Constitutional Treaty as result of the French and Dutch referenda in May 2005 linked by many to 'enlargement fatigue', are unlikely to push for new rounds of accession soon. Indeed many politicians explicitly criticize the treatment of European enlargement as a 'civilization project' preferring to focus on the interests and problems of current members.

From a political economy perspective, it comes as little surprise that incumbent members of a 'club' may be reluctant to provide unlimited membership privileges

to newcomers even if the latter are ready to meet all the entry criteria. This is in the very nature of 'club goods', of which European integration is a typical example. The enlargement of a 'club' generally involves certain costs and risks to the incumbent members. In the concrete case of the EU, such costs are related, for example, to the size and structure of financial transfers, adjustment costs connected with expansion of the Single European Market, the risk of 'diluting' the influence of some incumbents in EU decision-making and making the latter more complicated and less predictable...etc. These costs might be particularly high in the cases of Turkey and the Ukraine, whose size, geopolitical location, demographic potential and institutional problems are viewed as a serious challenge for some incumbent member states.* This means that future EU candidates face a more distant and less certain 'carrot' and the prospect of a bigger 'stick' in the form of potential exclusion. Whether this less favorable balance of incentives will provide sufficient incentives for reform remains an open question.

The same question can be asked of the European Neighborhood Policy (ENP). The lack of an explicit EU membership perspective creates doubts about whether the ENP can provide a sufficient external anchor for domestic reforms. On the other hand, one can try to imagine an attractive non-EU-membership 'carrot' for the EU neighbors in the form of enhanced security cooperation (NATO membership and/or close cooperation with the EU in the foreign and security policy spheres) in exchange for respecting European standards of human rights and democratic institutions (the first pillar of the Copenhagen criteria) and access to four basic economic freedoms in exchange for economic and institutional reforms (elements of the second and third pillar). While the early free movement of goods

can be considered as an important benefit and the immediate proof of EU goodwill, the ultimate reward probably lies in the free movement of persons. Theoretically, these benefits can be delivered without actual EU membership and could become a part of the ENP or an even wider development compact.

Finding an effective non-EU-membership model of economic and political integration in Europe and in its closest neighborhood may also be important for countries which are not interested in a full EU membership for various reasons, including Russia. This model could be based on the experience of West European countries which declined to join the EU but remain in a very close association with the EU (the European Economic Area in the case of Iceland and Norway, a system of bilateral agreements in the case of Switzerland).

This also leads us to the question of what are the chances of repeating the EU experience in other geographical regions. At the moment, many of the historical conditions that underpinned the launch of the European integration project in the 1950s seem not to exist in other regions. Although the past few decades brought numerous initiatives aimed at promoting economic and political integration in Asia, Arab countries, Latin America and Africa, most of them failed to deliver the expected results. An unwillingness to give up a significant part of national sovereignty in order to build effective regional institutions can be considered the basic reason for this failure. However, one cannot exclude changes in this respect in the future. Thus, learning from the EU experience, it makes sense to promote good governance and good policies. These lessons also may be partly useful for global institutions and arrangements that are responsible for delivery of global public goods.

The key lesson is that the long-term benefits of good governance and good reforms should be considered by major domestic constituencies as realistic, understandable and widely desirable. While the benefits of economic growth and poverty reduction are desirable and understandable, they might seem too distant and uncertain to strongly influence domestic reform efforts. So the effective external anchoring of national reforms should involve the credible commitment on the part of developed countries and international organizations acting on their behalf to deliver attractive rewards (club benefits like external security and access to four basic economic freedoms), when the conditionality is fulfilled. Conditionality itself must be broad-based and go beyond the narrowly defined specific technical criteria (i.e., it must promote real democracy, rule of law and free market). It should also be demanding and focused on implementation, as it was in the case of the Copenhagen EU accession criteria. In other words, an offer consisting of honest conditions and irresistible rewards, best summarized by the simple phrase: 'do as we do, be one of us', must be made. Such an offer is perhaps the public good that is in greatest deficit today both globally and in Europe, where enlargement risks losing its momentum and mechanisms of productive non-accession cooperation have yet to be found.

* This note is based on the results of a research project on regional and global goods in the case of post-communist countries, which are published in CASE Network Studies and Analyses, No. 336. http://www.case.com.pl/upload/publikacja_plik/13493806_sa336.pdf

Please send contributions to the next newsletter to Dermot Hodson (d.hodson@bbk.ac.uk) by 12 September 2008.

Members' Recent Publications

James Angresano, *French Welfare State Reform: Idealism Versus Swedish, New Zealand and Dutch Pragmatism*. London: Anthem Press, 2007.

James Angresano, "Orthodox Economic Education, Ideology and Commercial Interests: Relationships that Inhibit Poverty Alleviation," *Post-Autistic Economics Review*, Issue no. 44, 9 December 2007, pp. 37-58.

James Angresano, "Can France, Germany and Italy continue to afford generous welfare states?" *Global Business & Economics Anthology*, Volume 1, December 2007, pp. 1-13.

James Angresano, "Sustaining the Welfare State: Why Sweden's economy performs favorably while that of France languishes," *Connections: European Studies Annual Review*, Volume 3, 2007, pp. 38-48.

Ivo Maes, *Half a century of European financial integration. From the Rome treaty to the 21st century*. Mercatorfonds, 2007

T. Sadeh, 'Policies Adjusting to EMU: Idiosyncrasy and Democratic Institutions',

David Howarth and Tal Sadeh, "Economic Interests and the European Union: A Catalyst for European Integration or a Hindrance?" (pp. 1-8)

Patrick Leblond, "The Fog of Integration: Reassessing the Role of Economic Interests in European Integration" (pp. 9-26)

Andreas Dür, "Bringing Economic Interests Back into the Study of EU Trade Policy-Making" (pp. 27-45)

ACES Cases, No. 2007.3. Available at: http://transatlantic.sais-jhu.edu/ACES/ACES_Cases

Yves Tiberghien, *Entrepreneurial States: Reforming Corporate Governance in France, Japan and Korea*. A volume in the series: Cornell Studies in Political Economy, edited by Peter J. Katzenstein. Cornell University Press: Ithaca and London, 2007. <http://faculty.arts.ubc.ca/tiberg/Yves%27%20Homepage/Entrepreneurial%20States.html>

Yves Tiberghien and Miranda A. Schreurs, "Multi-Level Reinforcement: Explaining European Union Leadership in Climate Change Mitigation." *Global Environmental Politics* 7, no. 4 (2007): 19-46. http://faculty.arts.ubc.ca/tiberg/Yves%27%20Homepage/Climate_change.htm

Nikolaos Zahariadis, *State Subsidies in the Global Economy*. New York: Palgrave Macmillan, 2008.

Special Issue of *The British Journal of Politics & International Relations* (Volume 10, Numer 1, February 2008)

Lucia Quaglia, "Setting the Pace? Private Financial Interests and European Financial Market Integration" (pp. 46-63)

Mitchell P. Smith, "All Access Points are Not Created Equal: Explaining the Fate of Diffuse Interests in the EU" (pp. 64-83)

Andreas Bieler, "Labour and the Struggle over the Future European Model of Capitalism: British and Swedish Trade Unions and their Positions on EMU and European Co-operation" (pp. 84-104)

Alexandra Hennessy, "Economic Interests and the Construction of a European Single Pension Market" (pp. 105-128)

Amy Verdun, "Policy-Making and Integration in the European Union: Do Economic Interest Groups Matter?" (pp. 129-137)

Members' News

In November, the Global Subsidies Initiative of the International Institute for Sustainable Development published Kenny Thomas' study, "Investment Incentives: Growing Use, Uncertain Benefits, Uneven Controls." While the study covers incentives worldwide, there is substantial material on EU countries and on the EU state aid system. The 80-page report is available at http://www.globalsubsidies.org/IMG/pdf/GSI_Investment_Incentives.pdf.

Tal Sadeh's paper on policy adjustment to EMU (see list of members' publications, above) won the 2007 working-paper competition organized by The American Consortium on EU Studies (ACES).

Deadline

For submissions to the Fall 2008 issue

Friday, 12 September 2008

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

Patrick LeBlond (Data Resources Review): patrick.leblond@hec.ca

Dermot Hodson (Forum Editor): d.hodson@bbk.ac.uk

Mitchell P. Smith (Managing Editor): mpps@ou.edu

In particular we are looking for:

- ◇ Members' recent publications (since this issue)
- ◇ Members' news (since this issue)
- ◇ Calls for papers (due dates prior to 15 March 2009)
- ◇ Notice of forthcoming events (taking place prior to 15 March 2009)