



EUSA Review Forum

Taking Stock of the Lisbon Agenda: Is Lisbon Flawed, Necessary, Window-Dressing, or All of the Above?

AT THE EUROPEAN COUNCIL in Lisbon in 2000 the European Union (EU) famously declared it was going to try to become the most competitive economy and dynamic knowledge-based economy by the year 2010. This objective has been met with considerable mockery in part because of the lack of a credible strategy or record of European member states prior to 2000 and in part because the immediate period that followed by no means seemed to be heading in the right direction. After decades of analyses and warnings of American decline, even in the immediate months and year following the September 11, 2001 attacks, investors were sending their funds in large quantities to the US, and Europe's new single currency, the euro was reducing in value.

At its mid-term review, the economic situation in Europe had stabilized a little, but there was still no sign of an obvious clear coherent strategy or likelihood of Europe being on track to reach its objective. If anything, talk of 'Lisbon failure' was paramount. The November 2004 the Kok report suggested that the Lisbon strategy had contradictory goals and needed clearer governance. Of course its objectives are noble: invest in education, research and development (R&D), developing the skills of citizens, improve the business climate by cutting red-tape, seeking to increase employment by providing apprenticeships for recent graduates, increasing childcare facilities, and achieving these objectives in an environment of sustainability (including exploiting more sustainable energy sources). Following the 2005 reform of the Lisbon Agenda, the second half of this decade will be a serious testing period for the EU, in that it needs to determine how important the Lisbon Agenda's objectives really are. Is it merely a public relations exercise (i.e. does it have as aim to tell European citizens that the ultimate aim of the EU is to try to boost competitiveness and growth)? Or is it seeking to find ways to remove rigidities in the market place and tackle relatively low labor participation in Europe? Or perhaps the aim is to find a European solution to the increasing pressures from 'globalization' that seem to keep threatening to undermine Europe's social model

without providing some of the benefits of it in return (such as more jobs and higher growth)?

This forum asked five contributors to reflect on these various dimensions of the Lisbon Agenda and make an assessment of where we are at. Groenendijk offers a general overview of the Lisbon Agenda and argues that its objectives are crucial but its tools to achieve them are flawed. Bongardt and Torres explain the role of the single market and competition policy in trying to reach the Lisbon objectives and what are some of the positive effects of having sought to achieve them. Schelkle takes the developments in Economic and Monetary Union (EMU) (in particular the fiscal regime elaborated upon through the Stability and Growth Pact) into account and examines if Lisbon and EMU are compatible. Pochet also examines the EMU regime, but from a broader perspective. He offers an analysis of the various alliances and groups in support of various visions of European integration and examines how Lisbon and the OMC might seek to promote competitiveness and growth without destroying Europe's social model. Finally, the contribution by Smith looks at the competitiveness objective is embedded in the committee structure of the European Parliament. Taking the case of REACH, a new regulation for the chemicals sector, he discusses how it affects lobbying and policy networks. In conclusion, returning to the question set out in the title, it seems to me that the contributors of this forum conclude that Lisbon is 'all of the above': flawed, necessary, window-dressing and more...

*-Amy Verdun, University of Victoria,
EUSA Forum Editor*

The Revised Lisbon Agenda: Flawed but not yet Failed Nico Groenendijk

THE LISBON AGENDA, put forward in 2000, has now been in place for six years. The failure of the initial overly ambitious policy agenda ('becoming the most competitive and dynamic knowledge-based economy in the world capable of sustainable growth with more and better jobs and greater social cohesion, in 2010') is unmistakable. Defeat has – implicitly – been acknowledged in the 2004 review (by the High Level Group chaired by Wim Kok) and in the 2005 mid-term reform by the Commis-

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EUSA Review

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

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From the Chair

John T.S. Keeler

PLANS FOR OUR 2007 INTERNATIONAL CONFERENCE (May 17-19) in Montreal are now moving along. Our conference program committee has met, under the leadership of Wade Jacoby of Brigham Young University, and the program is taking shape. The program committee faces the difficult tasks of choosing from among many paper and panel proposals, combining paper proposals together into coherent panels, and putting together a program schedule where topics and presentations flow without overlap. We received over 100 panel proposals and almost 400 paper proposals, which is a substantial increase over the 60 panel proposals and 260 paper proposals we received for the 2005 conference in Austin.

In all, we will have more than 100 panels over three days, but even this number of panels will be insufficient to accommodate all of the fine proposals that we receive. The EUSA office will send out responses to your proposals in December, and complete conference registration forms and hotel and logistical information will be posted on our Web site shortly.

One of our most important activities is the upcoming biennial election of Executive committee members of the organization (ballots will be mailed to current EUSA members in January 2007). For this election, four seats on the board will be open for four-year terms that run 2007-2011. Any current EUSA member who has not already served eight years total on the committee is eligible to run for a seat on the Executive Committee, which meets once a year and sets policies and programs for the organization. The full call for nominations appears in this issue. I encourage any EUSA member who is interested in serving the organization to nominate him/herself or another member. The deadline for nominations is December 31, 2007.

John T.S. Keeler
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The initial agenda suffered from an overload of policy objectives: 28 in total, rendered into 120 sub-objectives and 117 policy indicators. Problems of incompatibility of these objectives were neglected and the implementation by member states was inadequate due to a lack of political will. Giving this false start the go-by, the question now is how to assess the merits and demerits of the current revised agenda with its focus on growth and jobs.

Central to the current Lisbon policy framework is economic welfare in terms of Gross Domestic Product (GDP) *per capita* (pc). On that criterion the EU performs poorly compared to the US. Labor input is low showing itself in high unemployment rates, low participation rates, and low numbers of hours worked. Hourly labor productivity growth (well above the US level some decades ago) has also slowed down considerably. In Europe relatively few people put in relatively few hours during which relatively little economic value is created.

One could argue that GDP pc does not fully capture welfare, as it disregards environmental and social impacts, and ignores equity issues (for example, how is welfare distributed?). Furthermore, comparing productivity between different regions in the global economy is rather tricky, as low productivity performance could well be the result of explicit collective choices regarding the upbringing of children, retirement age, possibilities to enjoy holidays, et cetera, which have a direct effect on labor input.

In essence, the Lisbon Agenda is about conjoining economic restructuring (necessary due to globalization) and the 'European way of life', about gearing (labor) productivity issues to choices made in the social domain, within a stable macroeconomic framework. Obviously this raises questions of compatibility. First, there is the issue of compatibility of structural (labor market) reforms and macroeconomic consolidation, addressed in more detail in this Review Forum by Waltraud Schelkle. Is such consolidation, especially fiscal stinginess, enabling or detrimental to structural reforms? Second, there are problems of gearing economic restructuring to (the renewal of) social policies (see also the contribution by Philippe Pochet). 'Gearing to' sometimes is a matter of trade-off between policy goals (like with relaxing severance regulations) but often productivity growth and social policy objectives go hand in hand (like with fighting youth unemployment).

The current Lisbon Agenda thus is an inherently complex one in terms of objectives, which can be mutually reinforcing or conflicting. Its success or failure cannot readily be assessed by looking at GDP pc only. The fourteen structural Lisbon indicators agreed upon as part of the 2005 reform by the Council and the Commission rightfully include macroeconomic variables,

employment indicators, indicators on innovation and research, on economic reform, on social cohesion, and on the environment.

Still, singling out fourteen heterogeneous indicators is different from adequately dealing with links between various policy fields. Unfortunately, the Lisbon Strategy itself does not seem to grasp fully this point. Even after the 2005 reform, it is simply not subtle enough in its policy objectives and methods. Various policy goals are lumped together in an overall strategy that uses a single mode of governance (the open method of coordination (OMC)), aimed uniformly at all twenty-five member states. Such a strategy is highly flawed and what is needed is more diverse and sophisticated governance, both in terms of policy theory and policy implementation.

The Barcelona target, which is part of the Lisbon Agenda, can be used to illustrate this argument. This target refers to Guideline 12 ('To increase and facilitate investment in Research and Development (R&D)') of the 23 Integrated Guidelines for growth and jobs and contains a clear mark: three per cent of GDP should be spent on R&D, of which two percentage points should be private R&D expenditure. This EU-wide target serves as a reference value at the domestic level and is implemented through the OMC, as part of which member states write biennial National Action Plans which are then peer-reviewed. Not surprisingly, the Barcelona target is increasingly reproduced within member states on the regional level (by similar systems of open coordination, using Regional Action Plans). However, of the 254 regions in the EU only 21 reach the three per cent target (2002 figures); of the 25 member states only Finland (3.5%) and Sweden (3.7%) qualify (2004 figures).

The Barcelona target suffers from being based on a rather traditional, mechanical and largely outdated view of innovation. Innovation does not only depend on R&D expenditure but also on member states' and regions' organizational and social capacities. The Lisbon Agenda largely assumes growth is technology driven, which may have been an adequate view in from the 1950s through the 1980s, but which does not hold anymore. Technological innovation is important, but it is not the prime driver of growth. (Productivity) growth is influenced by other factors than innovation. Often these factors are of more importance than innovation as such. Such ('hard') factors comprise taxation, (labor market) regulation, workers' skills, and (intercontinental) accessibility of regions. Of course, such factors are partly addressed within the Lisbon Strategy by other guidelines. But it raises the question, where to raise or spend our money? Should we lower taxes, stimulate entrepreneurship, invest in education or in R&D? The Lisbon Agenda tells us to do it all at once.

Moreover, setting a reference value for all 25 member states ignores the investment character of R&D expenditure and the existence of geographical patterns of economic activity within the EU. Investments should be made where they give the highest return and not simply across-the-board. Also, the Barcelona target does not really deal with the possibility of crowding-out between public and private R&D investment or with the fact that private R&D expenditure generally has a higher impact on growth than public R&D expenditure. In short, the Barcelona target is too simple and out of touch with the more complex economic reality. Our general understanding of that reality is insufficiently incorporated into the Lisbon policies.

As far as policy implementation is concerned, the Lisbon Agenda leans heavily on the OMC, the advantages and disadvantages of which have been discussed extensively over the last years. The OMC's main advantage, namely its ability to deal with diversity within the European Union, does not really show in its use within the Lisbon Strategy, given the emphasis within this strategy on uniformly applicable reference values. Its main disadvantage, lack of enforceability, clearly presents a problem if EU wide objectives (like minimum labor participation rates or fiscal deficit ceilings) are to be reached. The same goes for highly important policy objectives like the establishment of a European Research Area or the introduction of EU wide patent law. Such objectives call for old-fashioned directives and/or an increase in the EU budget, rather than soft coordination.

In summary, one could argue that although the Lisbon Agenda was originally stated as a naively opportunistic set of goals, the revised Lisbon Agenda has remedied some of its flaws but definitely not all.

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Is Lisbon not Delivering?

Annette Bongardt and Francisco Torres

EUROPEAN ECONOMIC INTEGRATION and in particular the single European market often appear to be only the smallest common denominator but have been instrumental in putting in motion governance patterns in the European Union (EU). The Lisbon Agenda that outlines an economic and social strategy meant to relaunch the EU within a changed setting is a case in point.

Lisbon Agenda: Objectives, Means and Implementation

In Lisbon in March 2000 the European Council set

the strategic goal of turning the EU into the most competitive and dynamic knowledge-based economy in the world by 2010, with sustained economic growth with more and better employment, greater social cohesion and sustainable development. The Lisbon strategy featured broad objectives and ramifications and coincided with a new governance method, the open method of coordination (OMC). It was drawn up against the background of a productivity slowdown in Europe that contrasted with a productivity revival in the United States from the mid-1990s onwards, attributed to the new economy, and within a context of globalization and liberalization.

The European Council had held that an average economic growth rate of three per cent of Gross Domestic Product (GDP) was possible, provided that a variety of measures were taken that would – directly or indirectly – facilitate the shift towards an information society (such as to promote Research and Development (R&D) and the creation of small and medium-sized enterprises, complete the internal market, modernize the European social model, ensure a sound macroeconomic setting).

Within this context the completion of the single European market is key. The Lisbon strategy represents a European industrial policy, not of the interventionist type (choosing winners) but one that creates generally favorable conditions for competition, ensures a level playing field for economic agents (hence the importance of competition policy) and remedy market failure. The Lisbon strategy goes however much beyond that. Given common goals and the reality of European mixed economies, it hinges on complementary and coordinated policies in many domains that involve not only the EU but also the Member State level.

Successive European Councils have sought to improve the Lisbon strategy by formulating deliverables. Yet, half way into the decade the failure to reach the targets was obvious. The Kok report (Kok 2004) attributed the lack of success to both EU and Member State failure to implement the Lisbon strategy. More specifically, it pointed to the fact that Lisbon had too broad an agenda and was suffering from shortcomings in the governance structure. The 2005 mid-term review led to sharpening the Lisbon objectives to focusing more narrowly on employment and growth. Furthermore it suggested the need for changes in governance in particular to ensure the coordination of national reform programs (NRP) (the NRPs are Member States' responsibility).

Liberalization and Institutional Reform

The twin-challenge posed by the new economy (characterized by the importance attributed to knowledge and to information and communications technology)

gies that raise the productivity of third sectors) and liberalization and globalization not only calls into question firms' competitiveness, but also whether institutions and governance patterns in the EU are adequate for realizing the benefits from a knowledge-based and globalized economy and produce growth. The need to encourage innovation and take economic advantage of globalization and of a fast-changing technological and market environment requires functioning markets but also an institutional framework conducive to innovation and change. The implementation of the Lisbon common goals in the reality of European mixed economies implies that institutions (broadly defined) and a variety of policies need to be coordinated with a view to synergies and complementarities and to policy learning.

While the European single market is a reality (and mostly in the EU domain), although progress in some areas has been slower (in particular in services), it has been a major challenge to adapt national institutions and policies created in a very different economic and technological environment. While society as a whole stands to benefit from gains from trade and liberalization that contribute to higher living standards, within society there are winners and losers. Whether and how those latter ones are to be compensated will not only be important for the political acceptability of reforms (issues of equity and distribution), but also raises the question of sustainability and of the efficiency (providing adequate incentives) of social systems; adequately designed social policies can be efficiency-enhancing. The 2005 Lisbon mid-term review's innovation in terms of governance consists in the introduction of NRPs, to be coordinated by the Integrated Guidelines for Growth and Jobs (2005-8) adopted by the Council (Pisani-Ferry and Sapir 2006). It is the main instrument to achieve coherence. To the extent that it succeeds in increasing stakeholder involvement, or ownership in governance, it might mitigate conflicts and thus foster the implementation of national reforms with a view to the Lisbon goals.

This would be important since liberalization (within the internal market and with respect to the rest of the world) and benefits from trade have contributed to high present European living standards and are at the heart of European economic and political integration but also because Europe needs to adapt itself as to take advantage of globalization and confront future challenges. Unsatisfactory economic performance and/or an inadequate (or perceived as such) social system imply political risks, to the extent that public opinion might turn against internal and external liberalization on the European single market and in the World Trade Organization, respectively, and resist necessary structural and institutional change or enlargement in the name of some 'European model', and eventually threaten the EU po-

litical integration project itself. The Bolkestein services directive, and its role in the rejection of the EU constitution in the Netherlands and in France, is a case in point.

Governance of the Lisbon Process: OMC and Beyond

Policies that are vital for the implementation of the Lisbon goals involve not only various governance levels but as well different coordination modes. The Lisbon strategy is often identified with soft coordination through the open method of coordination (OMC). The OMC's weak point reportedly is its reliance on benchmarking (that is, peer pressure and public opinion) in the absence of formal sanctions. Reforms require commitment beside functioning markets. The fact that the OMC seems not to have worked as a commitment device for the Lisbon strategy contrasts with Economic and Monetary Union where there was a timetable and there were conditions that had to be met by Member States. It is interesting to note that the institution of NRPs in the re-focused Lisbon strategy aims to involve stakeholders and thus increase commitment.

The Kok report had advocated improving the governance of the Lisbon strategy by a tripartite approach, namely NRPs coordinated by EU guidelines, an EU budget with adequate resources and priorities with respect to the Lisbon objectives, and benchmarking as a coercion mechanism for poor performers. In the event, the governance system of the reformed Lisbon strategy came to rely on NRPs, with EU budget reform postponed and benchmarking through comparative performance indicators watered down.

It remains to be seen to what extent NRPs will trigger a national debate in poorly performing countries and whether national ownership proves sufficient to overcome national resistance to reforms with an EU rationale and increase commitment as to successfully implement reform programs. Despite possible governance weaknesses, it might be important, however, to not lose sight of the fact that the very discussions prompted by and facilitated within the context of the Lisbon Agenda have meant that Lisbon has in practice moved on beyond OMC and makes use of a range of instruments. Governance levels and modes in the EU are moreover not static but in flux as a function of internal market developments (see Bongardt 2006, on the case of competition policy). The Lisbon process has not only made shortcomings more visible and led to more similar preferences and possibly circumstances, but issues have been pulled to a European level (e.g. Bologna process) and institutions were created, it has resulted in the application of the normal legislative process (EU directives that are the result of discussions within the Lisbon strategy), or in EU regulations.

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Structural Reform and Fiscal Consolidation: How Compatible are the Lisbon and Maastricht Agendas?

Waltraud Schelkle

THE LISBON STRATEGY SUPPORTS an overhaul of existing welfare state arrangements in the European Union (EU) so as to further the goal of making the European economy a 'most competitive and dynamic knowledge-based economy', including more and better jobs and social cohesion. At the same time, the fiscal philosophy of the Stability and Growth Pact (SGP) endorses 'rule-based' as opposed to discretionary macroeconomic stabilization (Buti et al. 2003: 28). Governments should allow only the automatic or 'in-built' stabilizers to do the smoothing of aggregate income while coordination must care for the long-term sustainability of public finances by forcing governments to play by the rules of 'close to balance or in surplus' over the cycle and no more than three per cent deficit to Gross Domestic Product (GDP), except in severe recessions. But how compatible are these two agendas of economic governance in the EU: the Lisbon and the Maastricht agendas?

There has been a considerable amount of research on the impact of fiscal consolidation on structural reforms (for a succinct review see IMF 2004: 113-116). One strand in the literature maintains that the hardening of governments' budget constraints will provide a political environment which facilitates structural reforms. This reform strategy of 'back against the wall' or TINA ('there is no alternative') is based on the idea that fiscal

crises or permanent austerity raise awareness of the (unsustainable) costs of the status quo and thus weaken the opposition to reform. Another strand, by contrast, sees tensions, suggesting that fiscal space is required so as to allow compensation of potential or actual losers from reforms; a strategy that is based on the 'need for bribes' or political exchanges. A rise in the budget deficit may be necessary in the beginning not only to buy off opposition from the beneficiaries of the status quo, but also in order to bear the upfront costs of reforms.

Comparative research on reform processes in thirty countries that are member of the Organisation for Economic Co-operation and Development (OECD) has established three findings that speak to these competing hypotheses. First, reforms seem to be easier and more likely in good times or an expansionary phase of the business cycle. Second, EU membership is a positive predictor of reform activism, although more for the slashing of non-employment benefits than for deregulation of employment protection. Third, after the start of Economic and Monetary Union (EMU) in the EU in 1999, the reform activism of euro area members has become weaker compared to the non-EMU members in the union, although it was still higher than for other OECD countries.

These findings can be read as evidence for 'political exchanges in the shadow of fiscal austerity'. Political exchanges are easier when there is actually the prospect of rewards despite temporary hardships, be it in the form of job growth or membership in EMU. Reform fatigue sets in rather quickly in bad times and has been evident since EMU was established. The shadow of fiscal austerity is noticeable in the pattern of reform that privileges measures that promise some relief for public finances, while shifting costs to firms (better employment protection for existing employees) and to those who must accept lower non-employment benefits or non-standard contracts (less employment protection for part-timers and temporary workers). The shadow of fiscal austerity may thus contribute to the (re-)creation of insider-outsider labor markets that the Lisbon Agenda set out to reform.

The revision of the Stability and Growth Pact in spring 2005 can be seen as reflecting policy-makers' awareness of the limitations of austerity as a reform lever. The Pact now allows for a postponement of the Excessive Deficit Procedure if governments can show that an excessive deficit has been caused by temporary costs of reforms and will lead to fiscal savings over the medium to long run. Pension reforms which accumulate funds and lower the entitlements under pay-as-you-go systems are explicitly mentioned. Thus, the revision of the fiscal rules can be read as admitting that a 'back

against the wall' strategy could not be sustained indefinitely.

Does this mean that the two Agendas have become compatible, now that the Pact has been revised? The answer is 'not necessarily' since structural reforms may impair the stabilizing capacity of member states' tax-transfer systems. Not much research has been done on this question, yet some insights can be gained from the economic literature on automatic stabilizers (Auerbach and Feenberg 2000, van den Noord 2000). Why might there be tensions between the thrust of the Lisbon Agenda and the fiscal philosophy of EMU? To give an example, the mantra of every statement on the European reform and social policy agenda is that incentives for creating and maintaining employment need adjustment. This translates into an explicit call for lower marginal and average tax rates. By contrast, old and new research in public finance tell us that automatic stabilizers are more likely to be effective if government is 'big' and thus the average tax rates high, or if the tax system is progressive which makes for high marginal tax rates (van den Noord 2000: 7). Thus, there seems to be a tension between the ever popular call for lowering tax rates and the requirements of effective stabilization in the EU.

The Lisbon Agenda also contains elements that may actually strengthen the stabilizers built into the tax and transfer systems. Reforms that would shift social expenditure from what have become permanent and open-ended transfers, such as those for long-term unemployment or early retirement, to temporary transfers, for instance to subsidies for entry wages and training, would go some way to restore the cyclical sensitivity of the benefit system. This responsiveness on the expenditure side of budgets has largely gone missing in most member states (van den Noord 2000: 19). Obviously, the extent of complementarity between welfare reform and fiscal policy coordination is of much interest since that would allow exploiting synergies between the two processes.

The evidence again suggests that the EU's dual agenda could be problematic. Mabbett and Schelkle (forthcoming) used EUROMOD, a tax-benefit simulation model based on micro-data on individual households for EU-15 member states (Sutherland 2001), to estimate how tax reforms would affect the strength of automatic stabilizers. Unsurprisingly, lowering the level and the progressivity of income taxation, in order to improve labor supply incentives, weakens the effectiveness of fiscal stabilization in EMU. Moreover, shrinking the tax state weakens it more than making tax rates less progressive. While EUROMOD allowed us to look at tax changes only, these findings are unlikely to be challenged by taking the benefit side into account: ben-

efits that vary with the business cycle, for instance unemployment benefits, are simply too small to overcompensate the effect on the revenue side of the budget.

In sum, research suggests that the Lisbon Agenda of structural reform must be seen in its interaction with the Maastricht Agenda of fiscal consolidation. This is because its own effectiveness may be impaired by the simultaneous attempt to make public finances sustainable. In turn, the effectiveness of automatic stabilizers which are supposed to do all the macroeconomic smoothing in member states may be weakened by Lisbon-type reforms. These findings call for more conscious efforts to take the political dynamics and the aggregate consequences of reform processes into account, especially now that the revised Pact allows to prioritize reforms.

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Lisbon and the Open Method of Coordination: Political Alliances and an Unclear Future Philippe Pochet

LISBON IS OFTEN ASSOCIATED WITH the Open Method of Coordination (OMC) and the emerging new modes of governance linked to it. Attention has focused on the (po-

tential) effects of such a soft method, raising research questions, such as does Lisbon mark a turn toward a renewal of the EU social dimension, and, how does OMC affect the domestic politics in the member states? I would like to propose another interpretation of Lisbon and the underlying dynamics behind economic and social recent developments. My starting point is Economic and Monetary Union (EMU) and the institutional changes it implies for social policies. In understanding Lisbon, varieties of capitalism, political economy, new institutionalist, and party-political approaches could offer useful perspectives when analyzing European developments.

Since the Maastricht treaty, different actors have supported different economic and social strategies with a view to (re-)discovering a European growth path. Each group possesses its own underlying economic (and social) vision, which lends overall coherence to its actions in the economic and social field. The main level for change could be national or European. Below, I describe very briefly their main focus distinguishing between two groups (economist versus social) and each of them having two variants.

Mainstream economists and central banks are the dominant group. Mainstream economists have as their key argument is that in case of asymmetric shocks adjustments must be made through labor markets (flexible employment contracts, but also flexible wages). The labor market must become a true market and collective functions must be confined to cases of market failure. In addition, social security – often regarded as a burden by this group - should be scaled down. Deregulation should take place at the national level. The main task of the EU is to remove obstacles to the markets in goods, capital, services and persons.

On many points, the second group, composed of proponents of endogenous growth theory is not fundamentally distinct from the first. But those who are in this group believe in bolstering the growth rate by investing in research, education and lifelong learning. Unlike the mainstream economists, they are not backed by any particular social group. Their importance derives mainly from the position they hold within the Commission. At the national level, budgets must be redirected towards growth-producing areas; so must the European budget.

Group 3 (which I will label 'Delors' followers') is not guided by an economic *'corpus'* that is clearly identifiable. Delors' followers accept globalization and EMU, but want their adverse social effects to be tempered. Lifelong learning and education are the appropriate responses to globalization. They focus on the issues of poverty and social exclusion (new social risks). Political union is central both for regulating globalization and

creating an EU social dimension. Well-balanced reforms should be carried out at national level.

The last group – traditional neo-keynesian left – stresses the importance of macro-economic policies for growth and employment. The neo-keynesians want EMU to be altered because, unlike the previous groups, they believe that monetary policy is always effective in reducing unemployment. The Maastricht criteria must therefore be modified and ECB must back the goal of full employment. At European level, the aim is to ensure greater economic policy coordination (European economic government).

Let's examine rapidly the sequences of events and the dynamic between the different groups (for a full account see Pochet 2005).

The inclusion in the Maastricht Treaty of the goals of Economic and Monetary Union and its convergence criteria marked a victory for those who advocated deepening the economic dimension, as opposed to the social and political dimension, of European integration (group 1 and 2). But the game is dynamic and the reaction of the social groups was to try to complement EMU. It was a period of intense institutional creativity at EU and national level: creation of the European Employment Strategy (EES), the employment committee, the Stability and Growth Pact, creation of the sectoral social dialogue committees, macro-economic dialogue, OMC, national social pacts, et cetera

The Lisbon European Council of 2000 was a turning point as it tried to elaborate a first synthesis of the various developments. It took place in a context in which social-democrat governments had a clear majority in national governments member states. Alliances were shifting. Group 2 was distancing itself from mainstream economists and aligning itself with group 3. Their alliance was on the substance: investment in a knowledge-based society was the concern shared by both strands. According to Rodrigues who was a key player (2002: 14) 'Its (Lisbon strategy) central idea is to recognize that, in order to sustain the European social model, we need to renew it well as well as to renew its economic basis by focusing on knowledge and innovation. This should be the main purpose of an agenda for structural reforms.' This contrasts with the competitiveness credo of the mainstream economist group.

The OMC was the procedural brainchild of group 3 in an attempt to achieve European social convergence. The compromise between groups 2 and 3 related also to levels of action, since the OMC contained both national reform programs (priority of group 2) and a means of creating a social Europe (priority of group 3).

The first steps to create European social convergence were to adopt joint European indicators (at one point there were almost 150 for the EES) and by stan-

standardizing the national data contained in the various national action plans. National social institutions were not directly challenged (no support for a single model) but it was anticipated that they should be able to improve their performance (by learning).

This alliance between groups 2 and 3, around the knowledge-based society, deepened the divide between the two social groups. From the outset, group 4 saw the OMC to be inappropriate and inefficient (a view shared by the mainstream economists). This divide between 2 and 3, on the one hand, and 1, on the other, was accentuated later by different opinions on the draft constitution.

This consensus lasted for just over two years. In 2002, the Barcelona European Council signaled the end of the predominance of social-democrat governments and the start of a new liberal ideological offensive (new synthesis) which waged fights on three fields (hierarchy between social and economy, level of action, content).

First, the new hierarchy took the shape of grouping together the various processes, with a view to simplifying ('streamlining') them but the result was to subordinate the European Employment Strategy to economic objectives (there are now two guidelines on wage moderation). EES is no longer an (parallel) experimental exercise but should be seen as forming part of the main economic objectives.

The second involved abandoning European aspirations and falling back on national reforms, with group 2 insisting now that social affairs must be handled at national level (see Sapir reports, 2003, 2005). All the instruments supporting the emergence of an EU dimension were challenged (less indicators, less standardized reports, more flexibility in the national priorities et cetera).

The third consisted of addressing issues in terms of competitiveness – no longer in terms of a society based on knowledge and innovation. This part was not completely successful as social actors mobilized and succeeded to keep social protection OMC alive even if more marginalized than before.

What's next?

If Lisbon and the OMCs are in a bad shape, what is left? My answer is that the key question should be, how to rearrange social and economic institutions at national and European levels in order to secure growth in the Eurozone. In my view it would be a mistake to take a functional view at answering this question (that is, to believe that in the end the social will adapt to the requirements of the new monetary regime) as the actual deregulatory political agenda seems to suggest. In fact, as we have learned from the Varieties of Capital and

neo-institutionalist literatures, a radical neo-liberal institutional turn does not happen in more or less coordinated economy. Lisbon and the OMCs were experimental tools (long term commitment, soft law approach, learning, diversity, participation et cetera) which sought to deal with the creation of institutions and change at EU and national level. What may be the appropriate tools that will be able to combine diversity and economic performance is still to be discovered. We still have a long way to go to finding appropriate strategies to rearrange national and European social and economic institutions so as to secure growth. But it should be a high priority to come up with creative proactive ideas and strategies.

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Lisbon Lives: Institutional Embedding of the Competitiveness Objective *Mitchell P. Smith*

FOR APPROXIMATELY FIVE YEARS following its inception, scholars viewed the Lisbon process as a relatively empty rhetorical exercise, doomed by the coupling of deep ambiguities in the framing of the Lisbon Agenda with the excessive ambition of its stated goals. But the Lisbon process recently has come to life. While debates continue in Europe over the most productive means to achieve competitiveness, Lisbon has become infused with meaning because a dominant conception of competitiveness has become embedded in EU institutions. Focusing on the embedding of the competitiveness objective in the committee structure of the European Parliament, this contribution to the Forum illustrates the argument with reference to the trajectory of REACH (registration, evaluation, and authorization of chemicals), a new regulation for the chemicals sector that has been the most intensively lobbied piece of legislation in EU history.

The initial language of Lisbon reflected the inherent ambiguities of the competitiveness concept. The Lisbon Agenda posited that augmented dynamism of European industry and enhanced protection of the environment are interrelated components of future competitiveness. At least by implication, industrial competitiveness could be driven by environmentally-friendly innovation, in addition to intensified investment in research and development and liberalization of markets. This produced a highly contested discourse, in which a wide range of actors, including environmental interest associations, sought to invoke Lisbon to advance their preferences. But during the past two years, a dominant framing of

Lisbon has emerged, in which competitiveness is defined by minimization of the regulatory burden on industry.

The debate following the November 2004 Kok Report marked the turning point in the substantiation of Lisbon. The high-level group authoring the report underscored the need to lend the Lisbon Agenda clear meaning, noting that, at mid-term, the Lisbon process 'is about everything and thus about nothing.'¹ The Kok report hardly settled the ambiguities of Lisbon, but while it acknowledged that environmental technologies can boost competitiveness and create first-mover advantages for European industry, it decisively gave primacy to competitiveness and job creation over environmental protection. As suggested by an all-party environment group for the British Parliament, according to the Kok Report, 'growth and employment are preconditions for social and environmental protection.'²

Most critical to establishing the dominance of this particular conceptualization, emphasis on the regulatory burden as the essence of competitiveness has gained footing through the Competitiveness Council, Directorate-General (DG) Enterprise, and the European Parliament's Internal Market and Consumer Affairs (IMCO) and Industry, Research and Energy (ITRE) committees. Institutional embedding of this conception of competitiveness has in turn privileged organized interests with well-developed channels of access to each of these institutional nodes. For example, European industry federations in 2004 formed the Alliance for a Competitive European Industry (ACEI), an effort to define the Lisbon concept by establishing a uniform, routinized impact assessment process. Intensifying pressure on the European Commission to embrace impact assessment procedures more sympathetic to the regulatory costs imposed on business, ACEI called specifically for an external impact assessment process independent from the Commission and reporting to the Council and the Parliament, on the grounds that the existing process lacked transparency, independence, and quality control.³

Reflecting the ascendancy of DG Enterprise within the Commission, in its statement of strategic objectives for 2005-2009, the Commission emphasized the critical role of impact assessment as an integral component of its quest for 'better regulation' a reduced regulatory burden on business, and a reinvigorated Lisbon Agenda. Moreover, while the Commission has responded to pressures from industry with a sustained focus on developing methods for quantifying administrative burdens, the Commission has not granted comparable attention to measuring environmental and health benefits.

Within the European Parliament, the intersection

of heightened competitiveness concerns with proposals to regulate on behalf of diffuse interests such as human health and the environment has drawn in more actors to debates over such regulation. This includes intensified industry lobbying, more extensive EP dialogue with the Council from the first reading of proposed legislation, and the active involvement of additional EP committees. Foremost among these is the new Committee on Internal Market and Consumer Affairs (IMCO), which in several recent instances has claimed shared competence with the Environment Committee (ENVI) over regulations having both environmental and competitiveness implications. The involvement of these actors has multiplied and diversified information resources, reducing exclusive reliance upon and deference to the Environment Committee, rendering ENVI reports less likely to carry convincing majorities in plenary without concessions to the competitiveness concerns of Members of the European Parliament (MEPs) outside ENVI.

This is illustrated clearly by the recent case of REACH, a new regulation for the chemicals sector. Asserting that the REACH regulation is about industrial policy, as much as environmental policy, the Internal Market Committee (IMCO)⁴ contested exclusive ENVI responsibility for REACH. In response, the Parliament's Conference of Presidents invoked the EP's enhanced Hughes procedure, taking the unusual step of granting *both* the Internal Market as well as the Industry, Research, and Energy (ITRE) committees enhanced status. The additional authority extended to IMCO and ITRE ultimately made it necessary for ENVI to hew closer to the industry position in order to obtain a majority in plenary. Much of this followed from the bifurcation of lobbying that ensued; rather than having to work through ENVI, the chemicals industry federation (CEFIC) was able to focus its activities on MEPs with whom it already had established relationships. In other words, the ability of the Internal Market and Industry Committees to claim shared jurisdiction over chemicals sector regulation represented a favorable shift in the political opportunity structure for chemical industry interests.

Environmental NGOs found their network links with Environment Committee MEPs substantially neutralized by ENVI's need to compromise with IMCO and ITRE. Environmental interest associations did not possess the resources to build anew relations with members of other committees. Moreover, environmentalists encountered a critical asymmetry: while industry federations CEFIC and UNICE enjoyed access to IMCO and ENVI alike, IMCO members expected environmental interests to articulate their arguments predominantly through ENVI.

Furthermore, when institutional actors like the Competitiveness Council and concentrated interests such as national chemicals sector industry federations frame

debates over environmental issues in terms of competitiveness, environmentalists can not readily pose an effective alternative frame. Competitiveness framing typically acknowledges the importance of environmental protection, but subsumes the environmental frame by positing that a robust business environment is a precondition for investments in production processes that can improve environmental quality. In general, while members of plenary may defer to ENVI members on technical environmental issues, they do not make the same concessions on questions of economic impact of environmental measures. This increases the likelihood that ENVI will have to amend its positions in accordance with the wishes of MEPs from other committees in order to gain substantial majorities in plenary.

As the competitiveness frame becomes more deeply embedded as the compass for EU policy making, institutions like the European Parliament's IMCO and ITRE gain additional leverage to claim shared competence over proposed legislation, to legitimate the need for close attention to competitiveness concerns, and even to induce ENVI to recast its positions on environmental legislation in anticipation of resistance within the EP. This dynamic is not limited to the case of REACH, and has been displayed, for example, in the recent debate over proposed regulation to restrict nutrition claims on food labels. In this case, too, the Environment Committee was highly constrained by competitiveness discourse and the influence of IMCO in its ability to act as a determined advocate for health interests. In a broader sense, institutional embedding of competitiveness in the EP is a hallmark of a shift in the logic of internal EP politics from a cooperative game to advance the collective interests of the institution (including deeper European integration and institutional aggrandizement), to a competitive logic in which parties and committees compete to harness the institution's influence to advance their policy visions.

The institutional embedding of a dominant definition of competitiveness by no means implies that the EU will achieve the Lisbon objectives. However, institutionalization of a commitment to minimize the regulatory burden on industry does restructure the political opportunities presented to concentrated and diffuse interests by EU policy making.

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Notes

¹ Facing the Challenge: The Lisbon Strategy for Growth and Employment," Report from the High Level Group chaired by Wim Kok, November 2004. Luxembourg: Office for Official Publications of the European Communities; accessed at http://europa.eu.int/comm/lisbon_strategy/index_en.html.

² David Wilkinson, Claire Monkhouse & David Baldock (2004), "The Future of EU environment policy: challenges & opportunities," A special report for the All-party Parliamentary Environment Group, British Parliament, p. 18.

³ Press Release, "Alliance for a Competitive European Industry Calls on EU Institutions to Prioritise Impact Assessments," November 29, 2004. See www.euractive.com/en/innovation/new-business-alliance-wants-better-independent-impact-assessments/article-132944?

⁴ The Internal Market and Consumer Affairs Committee is the newest EP committee, created in 2004. IMCO's brief is the internal market, competitiveness, and economic protection of consumers (protection of consumer health falling under the remit of ENVI).

Call for Nominations EUSA Executive Committee

Nominations for the 2007 European Union Studies Association (EUSA) Executive Committee election are now being accepted. The seven members of the Executive Committee meet once a year, determine Association policies, and oversee programs; four seats are open for the 2007 election, to be elected to four-year terms. Nominations (including self-nominations) must include:

- (1) a letter of interest;
- (2) current curriculum vita (short version preferred);
- (3) one brief biographical paragraph not to exceed 100 words (for use with the ballot); and,
- (4) a short narrative describing any past/current service to EUSA.

Executive Committee members must be current members of EUSA who have not already served eight years total on the Committee. EUSA welcomes all qualified candidates, including those from outside the academy. It is hoped that the final slate will be characterized by a balance among senior and junior level candidates, and among minority and women candidates, as well as a cross-representation of academic disciplines, colleges and universities, and geographic locations.

All nomination materials should be sent by regular mail to 415 Bellefield Hall, University of Pittsburgh, Pittsburgh, PA 15260 USA. Deadline for receipt of materials is December 31, 2006. A ballot will be mailed to all current EUSA members in January of 2007. Election results will be announced in March 2007 and the four new Executive Committee members will take office on May 20, 2007, at the EUSA Conference in Montreal.

EUSA Law Interest Section Essay

United States-European Union Trade Dispute Over Biotechnology Agricultural Products

Joseph A. McKinney

THE TRANSATLANTIC ECONOMIC RELATIONSHIP is unparalleled in its breadth and depth. Together the United States and the European Union account for approximately 40 per cent of world output, and for more than one-third of world trade. The United States and the European Union account for about one-fifth of each other's merchandise trade, and for more than one-third of each other's trade in services.

As significant as transatlantic trade is to both the United States and the European Union, transatlantic investment is more significant and implies an even deeper level of economic integration. The European Union is the destination of almost one-half of the United States foreign direct investment flows, and the European Union accounts for almost three-fourths of all foreign investment in the United States. (Hamilton and Quinlan, 2004) One result of this level of transatlantic direct foreign investment is that the combined sales of foreign affiliates of United States firms in the European Union market, and of foreign affiliates of European Union firms in the United States market, are five times greater than transatlantic trade flows.

For the most part, this intensive and extensive economic activity between the United States and the European Union takes place without controversy. However, on a few issues there have been seemingly intractable disputes. One of the more complex and difficult of these is the dispute over trade in biotechnology agricultural products, new product varieties that are created through recombinant DNA technologies.

Background of the Dispute

Genetic engineering of agricultural products began in the 1970s, and some of them became commercially available in the mid-1990s. For centuries new crop varieties had been developed through selective breeding and cross-breeding of varieties. Conventional agricultural biotechnology techniques for developing new crops applied, however, only to related species, and were very time-consuming. Technological breakthroughs allowing for direct genetic manipulation changed the picture in two important ways. They enabled very rapid development of new varieties, and also made possible the introduction of genes into plants and animals across biological genera and kingdoms that

had been impossible before, creating products with entirely new characteristics. Agri-businesses immediately realized the commercial potential of crops that could be genetically engineered to be insect resistant, herbicide resistant, viral resistant, less subject to spoilage, and having enhanced nutritional content.

Some consumers, however, had reservations about genetically modified organisms. Some were uncomfortable with the idea of "tampering with nature." Others feared that Genetically Modified Organisms (GMOs) would give corporate agricultural interests too much control over the food supply. More specific concerns related to: possible allergenicity or toxicity of GM foods that could pose a threat to human or animal health; the possibility of genetic transfer to neighboring plants that could be harmful to the environment (e.g., development of "superweeds" that would be resistant to herbicides); the possibility of antibiotic-resistant genes being transferred to animals or humans making treatment of diseases less effective; and the possibility that the balance of nature could be affected by adverse effects on insects, butterflies, etc.

Nature of the Dispute

For a variety of reasons, consumers in the United States have been much less concerned about GM foods than those in some European Union countries. In general, American consumers have a great deal of confidence in the ability of the Food and Drug Administration (FDA) to protect the safety of the food supply in the United States. In contrast, European consumers have had much less confidence in their regulatory authorities and processes to maintain food safety. Until recently there existed no FDA counterpart at the EU level.¹ Also, European consumers have been alarmed by failures in the national food protection systems. For example, authorities in the United Kingdom for several years maintained that "mad cow disease" (BSE) was a disease affecting only animals, and could not be transferred to humans by consumption of the meat of infected animals. When it became clear that this was not the case, attitudes toward the safety of the food supply were affected not only in the UK but throughout all of Europe. Other food safety failures in countries such as Belgium and France further eroded confidence.

As a result of these and other factors, European consumers have been quite skeptical of the safety of GM foods. Because civil society groups in the EU very effectively publicized the possible dangers of GM foods, public sentiment against these foods in the EU became a major problem for regulatory authorities. While sixteen GM food varieties were approved during 1996-1998 for release or marketing within the EU (including four

varieties of corn, four varieties of oilseed rape, and one variety of soybean), by 1998 popular opposition brought the approval process to a halt.²

Austria and Luxembourg, countries in which opposition was strongest, in 1997 banned varieties of GM corn that had been approved by the EU. Other EU-approved product varieties were subsequently banned by Austria, Italy, Greece and Germany. In June of 1999 the Environment Council of the EU decided not to approve any other GM foods until the EU regulatory framework had been modified to remedy perceived shortcomings in it. Several EU countries formed a blocking coalition that prevented approvals of new products despite the desire of other countries within the EU to approve the products. The regulatory changes demanded included more stringent risk assessment procedures, more effective labeling requirements, and traceability legislation that would make it possible to track the source of GM foods through the food distribution chain should problems develop. (Murphy and Yanacopulos, 2005)

In 2001 a new directive was issued by the European Commission tightening up the EU approval process for GM products, and the directive went into effect in October 2002. However, several member states refused to implement the directive, saying that they would wait for new rules on traceability of GM products through the food chain and labeling requirements for biotechnology food and feed products to come into effect before doing so. (USTR, 2004) In July of 2003 the European Commission referred the eleven countries to the European Court of Justice for having failed to implement the directive. (Pew, 2003) Meanwhile, national bans on new GM varieties remained in effect in several EU countries.

Because of the failure of the EU to approve new GM crop varieties, US agricultural exports to the EU decreased significantly. The US has taken the lead in development and production of genetically modified crops, and accounts for more than two-thirds of world production of such crops.³ In 2003, 40% of the corn, 73% of the cotton and 81% of the soybeans grown in the United States had been genetically engineered.⁴ (Pew, 2003) Because of the commingling of GM and non-GM varieties in the distribution system, it was difficult for US exporters to assure that their products did not contain varieties of the products that had not been approved in the EU. Consequently, between 1998 and 2002, US exports of cotton to the EU decreased by 39% and corn exports decreased by 93%.⁵ (Pew, 2003) In addition to direct effects, US agricultural exporters feared that indirect effects of the EU policy would adversely affect exports to other parts of the world. This possibil-

ity was dramatically demonstrated when in 2002 some southern African countries refused food aid from the US that was sorely needed to feed their populations, fearing that some of it would commingle with domestic crops and cause their exports to be turned away from EU markets.

The Trade Dispute Case

World Trade Organization rules allow countries to establish regulations and standards for products entering their countries for the purpose of protecting the health and safety of consumers and to protect the environment. However, WTO rules require that there be sufficient scientific basis to justify such rules, and that the approval procedures for new products proceed without "undue delay". Given that the EU had not approved any new GM products for five years, while the normal time for such approval in countries such as the United States, Canada, and Japan is 6-9 months, the US charged that there was "undue delay" on the part of the EU. In addition, the US contended that no credible scientific basis existed for either the lack of approvals at the EU level or for the bans maintained by EU member states. Consequently, the United States, joined by Canada and Australia, in May of 2003 asked for a dispute settlement panel to rule on the consistency of EU practices on GM products with its WTO obligations.

The EU Defense

In its defense, the EU denied that there had been a moratorium on the approval of GM products, despite the fact that no approvals were given during a 6 year period when other countries were giving or denying approvals in less than a year. According to the EU position, because GM foods are an entirely new phenomenon, much time is required "for a prudent government to set up and apply a process for effective risk assessment of products which are novel for its territory and ecosystems, and that have the potential of causing irreversible harm to public health and the environment." (EC, 2004b) Mention was made of the fact that the international community has recognized, in both the UN Convention on Biological Diversity and its amendment, the Cartagena Protocol on Biosafety,⁶ that special rules are called for in the case of genetically engineered products.

A bedrock foundation of the EU defense of its GM food approval policy is the "precautionary principle", as articulated in the 1992 Rio Declaration on Environment and Development. This document states that "...where there are threats of serious or irreversible environmental damage, a lack of full scientific certainty should not be used as a reason for postponing cost-effective mea-

tures to prevent environmental degradation.” (EC, 2004a) The basic idea behind the precautionary principle is that, when the possibility of significant harm exists, it is better to proceed cautiously even though scientific evidence of the possible harm cannot be established. The EU points out that when a GMO is introduced into the environment there is an element of irreversibility in that the GMO can potentially reproduce itself and spread into the environment. In contrast to products like pharmaceuticals which can be recalled in case of a problem, withdrawing GMOs once they are introduced into the environment may not be possible.

Further, the EU argues that in the case of GM foods scientific assessment alone may not be sufficient. Quoting from a statement issued by the joint EU/US Biotechnology Forum of 2000, the EU contends that, There are legitimate concerns for which science, at least natural science, cannot provide answers. Such concerns may cover issues of distribution of power and influence, risks of concentration of knowledge and expertise to a few very large corporations, relations between different social groups and classes, between ethics and social values, between large corporations and small companies, between small-scale subsistence farmers and family farmers and the agro industrial complex, between developed and developing countries. (EC, 2004b)

The use of this quotation by the EU in defending its approval practices for GM foods is revealing. It demonstrates that the concerns in this case run far beyond the issue of food safety, and involve matters that are not normally considered in determining the conformity of regulatory practices to the obligations and disciplines of the WTO agreement.

US Rebuttal

In its rebuttal to the EU position, the US disputed the EU denial that there was a moratorium on the approval of new GM products. By way of refutation, the US pointed to the fact that no new products had made it through the approval process during a five year period. The US also supplied statements from various EU and member state officials to the effect that there was, in fact, a moratorium on the approval of new GM products.

Further, the US pointed out that both EU scientific committees and national committees of EU member states have rendered judgments saying that GM foods are safe, only to have these judgments ignored at the political level. The US asserts that the EU statements concerning the possible risks of GM foods are misleading, arguing that a consensus has existed among international experts since the 1980s that the possible risks

posed by GM foods are no different than those posed by foods produced using conventional technologies. In support of this position, the US cites work done by the OECD, the US National Academy of Sciences, the Royal Society of the United Kingdom, the Scientific Steering Committee of the European Commission, and the International Council for Science. (EC, 2004c)

With regard to the EU use of the precautionary principle to justify its delay in approving new GM food varieties, the US disputes the notion that “precaution”, which it contends cannot be defined, could be a legal norm. Therefore, the US position is that the precautionary principle has not become a rule of international law. In any case, the US points out that the precautionary principle was not written into the WTO Sanitary and Phytosanitary Agreement, and could not possibly override the provisions of the agreement that have been violated by the EU in maintaining a moratorium on the approval of new GM foods and by its tolerating the bans on such food products by member states.⁷

The Panel Decision

On 29 September 2006 the WTO dispute settlement panel made public its final ruling in the GMO case. The panel found that the EU had maintained a de facto moratorium on approvals of new GM varieties, and that the moratorium had caused “undue delays” in new product approvals. Since the WTO Agreement on the Application of Sanitary and Phytosanitary Measures requires action on applications for new product approvals without undue delay, the EU was judged to have been in violation of its WTO obligations concerning new product approvals. No action was recommended by the panel on this issue because it observed that the de facto moratorium had ended shortly after the dispute case was filed. (WTO, 2006)

With regard to specific products that had been submitted for approval, the panel ruled that for 24 out of 27 products the approval process had been unduly delayed by the EU. The panel recommended that the WTO Dispute Settlement Body instruct the EU to bring its practices into conformity with its WTO obligations by finishing the approval process for the remaining applications. (WTO, 2006)

Finally, the panel ruled that marketing and import bans on GMO products by certain EU states were a violation of their WTO obligations. Most countries maintain pre-marketing approval procedures for new products, and the complaining parties did not challenge these procedures. Rather, the complaining parties contended that the countries involved had failed to comply with their own regulations and procedures by delaying approval of GM products. The dispute settlement panel ruled

that the relevant EU scientific committees had judged each of the products under question to pose no significant risk to either human health or the environment, and that therefore each of the member states that had imposed the bans should have been able to perform risk assessments for the products in accordance with the terms of the WTO Sanitary and Phytosanitary Agreement. Therefore, the panel recommended that either the national bans be revoked or that a risk assessment consistent with the terms of the WTO Sanitary and Phytosanitary Agreement be submitted to justify the bans. (WTO, 2006)

What Does this Case Indicate about WTO Dispute Settlement?

The US-EU trade dispute over biotechnology agricultural is a complex case both scientifically and politically. The dispute settlement panel several times requested time extensions for ruling on the case because of its complexity, and also requested and was granted access to expert scientific consultations.

There can be no doubt that US agricultural producers were adversely affected by the delays in the EU of new GM food approvals, and by member state bans on the marketing of such foods. There can be no doubt, as well, that popular opposition to GM foods has posed serious regulatory problems for the EU. The WTO dispute settlement procedures have provided a mechanism for depoliticizing the dispute, to some extent, by having it considered by an objective third party.

Within a year of the time that the dispute settlement case was filed, the EU had put into place the new rules on labeling and traceability of GMOs that the Environment Ministers had established as a precondition for ending the de facto moratorium. Within a month after these new rules were in place, a new GM food variety had been approved, and subsequently several others have been approved. While these new food varieties were deemed safe by the European Food Safety Authority, their approval was not accomplished by a qualified majority vote in either the Regulatory Committee or in the Council, however. Instead, the European Commission had to approve them itself according to the "comitology procedures in force." (Jank, et.al., 2005) EU Environment Ministers recently voted to permit individual member states to keep in place their bans on the marketing of GM foods. (Dube, 2005)

It is unlikely that, in the absence of the WTO dispute settlement case, the European Commission would have proceeded to approve new GM food varieties in the face of strong political opposition. Whether the dispute settlement process helped to eliminate a nontariff barrier to trade, or inappropriately infringed upon the

sovereignty of member states, depends on one's point of view. By some estimates 70% of the population in the EU is opposed to GM foods. However, it is possible that public opinion has been shaped by protectionist interests in the economy that have exaggerated the possible risks from GM foods in their own self interest. (Anderson, et. al., 2004)

Implications of the Case for Transatlantic Relations

The US-EU trade dispute over biotechnology agricultural products is merely one example of the fact that, under the current international trade regime, the focus has moved from border restrictions that might distort trade to behind-the-border regulations that may have this effect. Other examples of such US-EU disputes are the hormone-treated beef case that dealt with food safety regulation, the Foreign Sales Corporation case that challenged national tax policy, and the Boeing-Airbus case that challenges national and regional industrial policies. In the view of some observers, these challenges to domestic regulation so infringe on national sovereignty, and so complicate political relations among countries, that they should not be allowed under the rules of the world trading system.

However, while costs are imposed by challenges to trade-distorting regulations, significant potential benefits also exist. A recent study by the OECD Economics Department estimated that reduction of regulatory barriers to trade between the United States and the European Union would increase United States exports by 17.5% and European Union exports by 23.0%. (OECD, 2005) The same study further estimated that, as a result of these regulatory reforms, GDP per capita would increase by 1.7% in the United States and by 2.8% in the European Union. These were estimates of the static effects of regulatory reform. Positive dynamic effects on long run growth rates resulting from the reforms would almost certainly outweigh the static effects.

While the dispute over biotechnology agricultural products has caused some frictions between the United States and the European Union, the filing of the dispute settlement case has focused a great deal of attention on the issue of appropriate approval processes for biotechnology foods. In the long run there will almost certainly be a narrowing of transatlantic differences in regulatory approaches to this important and relatively new class of products as a result. Significant potential benefits exist for both sides from such a narrowing of regulatory differences.

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Notes

¹ A European Food Safety Authority was established in 2002.

² Despite popular opposition to such crops, four EU countries (Germany, France, Spain and Portugal) produce such crops commercially, and six EU countries (Germany, Spain, Italy, the UK, the Netherlands and Belgium) have carried out field trials on such plants. (Pew, 2003)

³ In 2001, the US accounted for 68% of such crops, Argentina for 22%, and Canada for 6%. (USITC, 2002)

⁴ Production of GM crops is heavily concentrated in a few crops and few varieties. In 2003, more than 90% of the areas planted with GM crops were growing products implanted with one of two herbicide tolerant genes (73%) or one of two insect resistant genes (18%). More than 99% of the areas were growing either soybeans (61%), corn (23%), cotton (11%) or oilseed rape (5%) (EC, 2004b)

⁵ The decline in soybean exports was not caused by the de facto GM approval moratorium, because the most produced variety of soybean had been approved in the EU before the de facto moratorium.

⁶ The UN Convention on Biological Diversity was adopted in 1992 at the Earth Summit in Rio de Janeiro. It commits signatory countries to the conservation and sustainable use of the world's biodiversity, and also to the equitable use of genetic resources. The Cartagena Protocol on Biosafety was adopted in January 2000 with the aim of providing that exporters had to obtain consent from the national authorities in importing countries before exporting to them certain biotechnology products that would be released into the environment.

⁷ A simplified way of stating the precautionary principle is: "It is better to be safe than sorry." At least in this formulation, the precautionary principle could hardly be a basis for policy. The question becomes, "how safe, and at what cost?" Risk cannot be totally eliminated, so one has to weigh the degree of risk that will be tolerated, in view of the cost of reducing it, against the probable benefits of the proposed activity. (See Hahn and Sunstein, 2005)

Book Reviews

Lauren M. McLaren. *Identity, interests and attitudes to European integration*. London: Palgrave Studies in European Union Politics, 2006.

THIS BOOK IS A VERY WELCOME ADDITION to the field of research on public opinion toward EU and EU integration. In this field, the publications and work of Lauren M. McLaren (Lecturer in comparative politics, Nottingham University) are already well-known but this extensive study will make them available to a larger public. The introductory chapter provides a very condensed and up-to-date point of view about the importance and interest of studying public opinion towards European integration. It includes very important lines about the EU citizens "direct effect on what happens at the EU level" and the author makes the link with referenda, specially the French and Dutch ones on the EU Constitution. The remainder of the introduction is a very concise and clear recall of the main hypotheses and theoretical frameworks, summarizing it chronologically: the post-materialism hypothesis, cognitive mobilization, support for the governing party (an hypothesis that the author developed in an article published in 1994 with Mark Franklin and Michael Marsh), and what she calls "rationalism" (the cost-benefit hypothesis or so-called "instrumental" approach to EU citizen support for European integration). The main approach developed in the book and the empirical confrontation with two big research questions completes the introduction: the "group-conflict" approach, which says that citizens belonging to a group (in this case their national belongings and their attachment to nation) are hostile to members of another group (the EU process or institutions) because they feel that this second group would like to take benefits from the first one; the "in-group/out-group" approach which says that the important reason why there are oppositions to the out-group, is not about resources but about norms and values (what the author calls the "symbolic" dimension of the in-group/out-group conflict).

After this introductory chapter, the book is organized in a very clear way. The second chapter addresses theoretical frameworks about the meaning of support or opposition to EU integration. Using Eurobarometers data across time and taking care with measurement questions, the analysis sets out to combine measures of attitudes to EU and attitude to integration. The third chapter is very central since it gives an empirical assessment of the "utilitarian" models: partly supported by the data, these models are very well presented. In particular, the author uses the "sociotropic" utilitarian frame-

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work which is supported by interesting evidence and support: not only can one link support to the EU and individual perceptions of being “winners” or “losers” of the process, but also one can try to link that to the actual and macro benefits received by citizens through the EU’s allocations of budgets and resources. That part of the book is one of the most convincing. Chapters 4 and 5 present the two models of group interests and values that were sketched out in the introduction: again, the author gives attention to theories and measurement before doing data analysis. This reader particularly appreciated the pages (pages 61-67) devoted to the empirical test that wealthier countries’ (France for instance), citizens feel that “group resources” (for instance social benefits) could be threatened and taken away. The other part of the story, about norms and values conflict between national and European belonging, is also well demonstrated and very powerful. Chapter 7, the longest one, adds an extra dimension to the analysis: it specifies the nature of support and lack of support by addressing the issues of attitudes to policy-making in Europe. It uses Eurobarometer’s battery of items about which domains of public-policy should be left to the nation level or transferred to the EU level. The author shows that utilitarian explanation provide good explanations about why in certain groups (countries, sociological groups) citizens are firmly in favor of maintaining public policies such as environment or unemployment in the hands of nation-states. The last chapter opens a huge avenue of research which is about new EU members: the sociological and utilitarian explanations are used here also but the latter one is given more importance than in “old” EU members.

The conclusion and the bibliography (very extensive), completes this very good book. The only regret is about the data analysis techniques used: the author could have taken great benefit from using multilevel modeling analysis. This said, she certainly used the data

analysis techniques that were chosen very thoroughly (a lot of regression analysis, many excellent graphs).

Bruno Cautrès

CEVIPOF- Centre de recherches politiques de Sciences Po (Paris)

Gerda Kalkner, Oliver Treib, Miriam Hartlapp and Simone Leiber. *Complying with Europe: EU Harmonisation and Soft Law in the Member States*. Cambridge, UK: Cambridge University Press, 2005.

AT A TIME WHEN THERE EXISTS a multitude of publications on the Europeanization of government policies, this present study will serve as a benchmark as to the manner in which the impact of European directives on the member states can be tested. It is a systematic analysis of the implementation and the consequences at the national level of six European directives pertaining to social policies and, more particularly, labour law concerning employment contracts, pregnant workers, working hours, young people at work, parental leave, and part-time working, directives that were all adopted in the mid 90’s. The deadline for transposition of these directives into national legislation (the latest being the year 2000 for the directive on part-time working) allows the study of the full life-cycle of directives, from preparation and elaboration at the European level to their implementation and effects at the national level.

Two types of questioning support the inquiry: on the one hand, questions concerning the nature of European social policies and their effects; on the other hand, a set of more general questions on the mechanisms of implementation and Europeanization of policies and the characterization of national states’ possible reactions.

Following an enlightening synthesis of the theoretical debates on the domestic impact of European law, the study highlights how the number of directives did not diminish throughout the 90’s. The proposition that “soft law” has taken the place of “hard law” does not stand up to the statistical analysis that demonstrates not a substitution but the addition of a growing number of non-binding rules (including the orientations given by the open methods of coordination, of which a note on page 51 informs us that the success cannot yet be judged due to a lack of data on the concrete effects within the member states) to an equally expanding number of binding rules. The fact remains that the researchers prefer to use the term *soft law* to qualify these directives, which contain numerous exemption clauses and non-binding measures.

The heart of the study is dedicated to the detailed analysis of the life-cycle of the six directives, going back

over the negotiation process then the implementation at the national level in each one of the fifteen pre-2004 member states (chapters 4 to 9). There follows a comparative analysis which points out that the actions of the member states are not limited to a minimalist form of implementation, the reasoning behind the application of European law being principally supported by a domestic logic (chapter 10), even though the Commission's follow-up procedures reinforce the application at national level (chapter 11).

As far as the effect on social policies is concerned, the analysis highlights a certain degree of convergence within the fifteen member states in the elaboration of labour law, tending towards a common "moderated model of corporatism" (p. 258) involving employer and employee representatives (which is something new in Latin cultures) as well as representatives of the state (which is something new for Scandinavians). Moreover, the application of Community law has almost nowhere led to brutal changes in national law, neither in the direction of unrestrained liberalism, nor towards the reinforcement of employees' rights.

The main conclusion of the book is, therefore, that there is "a non-compliance problem" (p. 276) which must be understood. This understanding can be achieved by the analysis of national interactions rather than that of the process of elaboration at the European level. The study therefore questions the validity of approaches based on the notion of *misfit* for the comprehension of more or less correct implementation of European law (see the works of Risse, Caporaso, Börzel....). For the authors of the present study the important element is the national level. Among the fifteen member states three *worlds of compliance* have been identified: the countries which apply European law (the *world of observance*, the three Scandinavian countries), those which are more concerned with internal political interests (the *world of domestic politics*, Germany, Austria, the United Kingdom, the Netherlands and Spain), and those which neglect European law (the *world of neglect*, Greece, Portugal, Luxemburg, Ireland, Italy....and France, imbued with a sort of "national arrogance" which alleges that European law is but a pale copy of French law...). This cataloguing aims to point out national traits and cultural aspects which might predetermine different practices and approaches to the implementation (or non-implementation) of European law.

The study could be taken to task on two points: the absence of analysis of the new form of community social intervention, namely the open methods of coordination whose procedures and results also contribute to European *soft law*; we may also feel ill at ease with the notion of *culture of compliance* which is proposed as an alternative to the *misfit* theory. Indeed, it would have

been desirable to test the latter rather than simply reject it for being merely the tip of the iceberg (why is it that the three Scandinavian countries apply community directives so well if not that European norms are close to their own?). The fact remains that this is an essential book, not only for the study of European social policies but also, and above all, for a systematic and finely-tuned understanding of the political processes involved in the implementation (or otherwise) of European law.

Bruno Palier

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EUSA Public Policy Interest Section Essay

Road Safety: A Lesson in the Complexities of EU Policy-Making

Eleanor E. Zeff and Ellen B. Pirro

AS MORE MEMBERS JOIN the European Union, policy-making has developed into a very complicated process, requiring several levels of institutional adaptation. Each policy takes on a life of its own as it proceeds through the various stages of policy development: the supranational (e.g. EU) level, the nation state level, and the regional and local levels. Furthermore, the process itself occurs in multi-layers, first, the EU administration formulates policies and passes treaties and directives. Then, the member-states are supposed to implement these mandated policies and make the necessary changes to their state administrations and laws, so that they are in accordance with EU law. This second stage, itself, involves a new round of policy formulation and passage of national laws and national administrative directives. In many cases, implementation takes place at the regional and local levels with still further policy adaptation. The area of transportation and in particular road safety, illustrates this multi-layered process. The following brief paper describes the development of recent EU road safety policies, and follows their progress through several levels of decision-making.

Transportation is seen as a key element in the continued integration of the EU and necessary to help fulfill the EU goals of free movement of goods, services and people. It is considered to be central to the growth of a healthy competitive European system, as well as a key issue for economic growth and development in the European Union. The idea of a common transport policy (CTP), originated with the Treaty of Rome in 1957, although a full realization of this goal has taken longer than expected due to continued government intervention in national transport issues and public ownership of many transport facilities.¹ Meanwhile, road safety issues have cost the EU economy billions of euros each year (an estimated • 200 billion in 2005).²

On October 6, 2000, the European Council called for a "halving of traffic death by the year 2010."³ This alert began a policy cycle still operative in 2006 and expected to continue beyond this date. Each EU organization and each level involved has entered into some form of policy activity to implement this basic goal. All EU and state and local governments, and public and private groups, wanted to be included in this policy cycle. Often, as with road safety, the European Council sets the broad policy agendas, and then publishes the results of these Council meetings (usually two to three times a year). In recent years, it has had to share some of this policy process with the European Parliament because of treaty-mandated co-decision procedures. Because road accidents had killed over 40,000 people annually throughout EU15 and injured more than 1.7 million people,⁴ the Council called for a conference on transportation safety issues. Following this initiative, the European Commission, in 2001, published its White Paper on transport entitled "European Transport Policy

for 2010: A Time to Decide."⁵ At the heart of this White Paper's section on road safety, the Commission adopted the European Road Safety Action Programme. As part of the new programme, the Commission called for the initiative of a European Road Safety Charter, which the Commission agreed to in principle and planned to implement by the second half of 2003.⁶

Besides studying problem areas, developing legislation, and issuing White Papers, the Commission also oversees the implementation of laws in the member states. On transportation safety issues, the EU Commission, the Council and the European Council, along with the EU Presidency handle and make most of the EU's policies on transportation, covering all four sectors; rail, road, air and sea/river travel. Several transportation issues must also pass through the EU Parliament for discussion or co-decision procedures. To ensure that responsibilities for road safety are shared, the White Paper's programme encouraged all parties involved (EU, Member-States, regional and local authorities, industry, transport companies and private users) to improve their behavior, make vehicles and infrastructure safer, help establish a European Road Safety Observatory within the Commission and subscribe to the European Road Safety Charter. "The European Road Safety Charter is an appeal and a driving force for all civil society organizations to provide a tangible contribution to increasing road safety in Europe. It is a forum and a platform for the signatories to exchange experiences and new ideas – across national borders."⁷

Transportation falls under the EU Commission's Energy and Transport Directorate-General (DG TREN). Currently (2006), Jacques Barrot is the Commissioner for Transport. In April and May of 2006, the DG TREN launched two "public consultations" ("Safer Roads Through Infrastructure Safety Management"), and ("Safer Trucks through Blind Spot Mirrors"). Both consultations considered road infrastructure safety management and were completed on May 19, 2006⁸ in preparation for proposals for Council and Parliament directives on these issues. Over 50 comments were received from national, regional and local governments and research institutes, user associations and road operator associations, as well as other experts in road safety. Meanwhile, on May 9, 2006, Directive 2003/20 instructed everyone to fasten seat belts, other recent legislation has harmonized and tightened drivers' license requirements, and on October 5, 2006, the Commission adopted a proposal for a Directive on the retrofitting of mirrors.⁹

The Commission has followed the 2001 White Paper with further legislation and regular "mid-term" reports on the progress of the proposals made in the White Paper. Among their activities have been research on roadway improvements; a call for inter-modality (utilizing different modes to convey freight which would reduce road traffic); work on a EU-wide driver's license; promotion of public transport; and raising awareness among the public of safety issues. In addition, the European Commission also developed and today operates a Road Accident database (CARE).¹⁰

The Presidency has become a major factor in policy generation, focusing on issues of importance. Clearly, the Presidency was not to be left behind in the road safety policy situation. As an indication of the EU's growing awareness of the need for more common transportation policies, the Dutch Presi-

dency of 2004 (second half) declared transportation to be a major area of concern for their Presidency. During the second half of 2006, Finland held the EU Presidency, and made several statements on transportation policy. A brief look at how this institution handles transportation policy presents a good example of one level of EU policy making. The Transport, Telecommunication and Energy Council (TTE) met every two months during this period. Ministers responsible for transport, telecommunications and energy attended these meetings. There were three meetings of this Council during Finland's Presidency, and they were chaired by either Finland's Minister of Transport and Communications, Susanna Huovinen or by the Minister of Trade and Industry, Mauri Pekkarinen. The Finnish Presidency identified seven goals for its Presidency in the transportation sector including road safety. Along with road safety, the Finnish Presidency also emphasized that mobility must not be restrained.¹¹

On November 3, 2006, Vice-President Jacques Barrot (Commissioner of Transport), along with Alessandro Bianchi, the Italian Minister of Transport and Susanna Huovinen, the Finnish Minister of Transport, opened the Fourth Verona Conference on Road Safety. More than 30 ministerial delegations from Europe attended and exchanged views on "Innovative Approaches to Road Safety."¹²

The EU Parliament's role in policy making at the supranational level has also increased in recent years. Often it combines with the Council and the Commission to recommend legislation and policies. Many new traffic safety measures (drivers' license requirements and safety restraints for children) come from co-decisions by Parliament and the EU's Council of Ministers, and they form part of the "Third Road Safety Action Programme" adopted in 2003 by the Commission. In addition to its new co-decision powers with the Council, the Parliament can also recommend its own legislation and hold regular committee meetings, and Parliament has its own transportation committee. On September 28, 2006, Ari Vatanen, former world rally champion from Finland and currently a Member of the European Parliament (MEP) from France, presented to the Parliament, a report adopted by the European Parliament's Transport Committee. This report emphasized the high cost of inadequate road safety to the EU, in both euros and traffic deaths and accidents, and advocated three approaches to improving road safety; better drivers, better roads and better cars. "If everyone wore a seatbelt, complied with the speed limit and did not drive under the influence of alcohol, fatalities would be cut by 60%," according to Mr. Vatanen. While the EU Parliament acknowledged that this resolution, adopted by the full Parliament on September 29, 2006, did not propose any new legislation, it recognized its contribution to the ongoing debate on road safety at the European level.¹³

National implementation of transportation policy illustrates how EU policies are translated at the domestic level. Transportation policy forms a nexus for EU policy versus domestic policy. Throughout Europe (both West and East), state governments have traditionally administered transportation policy, and there have been fewer attempts at common European policies than in other policy areas. This primacy of the nation-state in creating specific transportation actions and programs is recognized in the White Paper of 2001. Similarly, the

Parliament's Vatanen Report, while an attempt at advocating supranational policies, recognized that cultural and law enforcement issues (which are the preserve of EU member states) greatly affected road safety. This report also suggested that the EU's supranational role in promoting road safety should include coordination of national policies, and conducting research and awareness campaigns and exchanges of best practices.¹⁴ The objective for transportation policy has typically been that the member states should take these recommendations and directives from the supranational level and implement them in accordance with national norms and laws.

Some examples of national responses indicate that the member states have a variety of different approaches to complying to and adapting EU proposals on road safety issues at the national, regional and local levels of government. Many national adaptations also reflect national concerns as well as domestic and local problems. For example, the 2004 accession countries have very poor infrastructures, which inhibit their compliance, even on important issues such as safety (poor roads and inadequate signage increase accidents). The UK and Sweden currently have the best safety record.¹⁵ Sweden is notable for its strict limitations on the use of alcohol while driving. Its regulations are vigorously and comprehensively enforced at all levels of government, which help lower accident counts. Although the UK has an enviable safety record overall, closer examination of its statistics reveals that teens account for a disproportionate number of its fatalities.

Examining the evolution of road safety issues in France demonstrates one state's approach to implementing EU policy in accordance with national priorities and governance procedures. Since the early 1990s, France has tried to reduce its traffic fatalities. Between 1994 and 2000, while the number of vehicles on the road increased, the number of road fatalities was decreasing but at a very slow rate. Several NGO's formed around this policy area and began to pressure both government and media to take measures to reduce road accidents.¹⁶ Public awareness of road safety increased when it became an issue in the 2002 election campaign and then a top priority for the current administration of President Chirac. Much of the resulting action is due to the campaigns of various government agencies as well as NGO's, concerned about the high accident rates and to the media's focus on this issue, devoting a great deal of attention and spotlight to government policies and preventable accidents.

In France, ongoing road safety policies are coordinated and implemented through the Inter-Ministerial Committee for Road Safety (CISR), chaired by the Prime Minister, and comprised of the other ministers whose departments are connected in some way with road safety. There is also a National Inter-Ministerial Road Safety Observatory to collect data and a National Road Safety Council, which includes all the stakeholders (NGO's, associations, local administrations, etc.) concerned with road safety. The Road Safety and Traffic Department is responsible for the implementation of CISR decisions and technical regulations concerned with road safety. The National and Municipal Police and the Gendarmerie also work to prevent traffic fatalities. Since 2002, the coordinated efforts of the French Government, along with increased public awareness and media coverage have resulted in a 41.8% reduction in traffic fatalities in France, the largest drop in EU-25. Media

and public awareness campaigns against traffic violations, and stricter enforcement of existing and new laws coupled with increased penalties have all contributed to the success of the road safety campaign in France.¹⁷

The Czech Republic provides another and quite different example of national implementation of road safety policies. A post-Communist nation, the Czechs suffer from poor roads, lack of funds to improve infrastructure, and a huge increase in the numbers of cars on the roads. Although they only joined the EU in 2004, the Czechs had to incorporate the EU's "Transportation Aquis" into their national legislation and began, in 2002, to work on halving the road fatality rate. However, this new member state faces many challenges because of the complex way in which responsibilities for transportation policies are distributed. Unlike in France, where the Prime Minister has oversight over all the different transport policy areas, in the Czech Republic there are four governing levels; the Government, the Parliament, the regions and the municipalities. Each of these governing levels has some responsibilities for road safety policy issues. At the national level the Ministry of Transport is the highest state authority for road traffic and road safety, which also includes the design and construction of safe roads. It also sponsors research into road safety and maintains the registry of vehicles. The Minister of Transport chairs the Czech National Governmental Council for Road Safety, which is composed of many different stakeholders although there are no national road safety groups. The Minister of Interior maintains the Driver Registry and collects and compiles accident statistics. Police forces operate at both municipal and national levels, and each also has accident prevention groups, but they do not necessarily work together. One of the biggest problems with road safety in the Czech Republic is the lack of coordination among the various groups and levels of government responsible for road safety.¹⁸

In April of 2004, the Czech government adopted a National Road Safety Strategy to try to improve coordination among the various governmental offices and non-governmental organizations and to comply with the EU directives on transportation safety. The Strategy also includes measures to improve law enforcement and measures to raise public awareness. However, no money was budgeted for the new Safety Strategy, and the agency executing the program was expected to pay for some parts of it. Accident rates had grown significantly before the Czech Republic began implementing its auto safety programs. Among the primary reasons for many accidents was the huge increase in the number of cars on Czech roads. Car ownership grew because more Czech citizens could afford to buy cars when the Czech economy improved. Lorry traffic also increased, as the Czech Republic quickly became a major transit route for the EU. The roads themselves were not in any condition to absorb this increased traffic and have rapidly deteriorated, further contributing to higher accident rates. In the years from 2001 to 2006, traffic fatalities in the Czech Republic did drop by 22%, but this improvement is only about half the French drop rate. Furthermore, in 2006, the rate of traffic deaths in the Czech Republic was twice that of France.¹⁹

In 2006, Lithuania was the only nation in EU-25 to have had an increase in traffic fatalities since the incorporation of

the road safety directives. Lithuania itself cites a lethal combination of factors producing this negative result. First their roadways are in poor condition and cannot support the general speed limits enacted by local authorities. Also, most Lithuanian motorists exceed the speed limit, and there is very poor enforcement of traffic regulations. In addition, there has been a 10% per year increase in motor traffic, and there is a prevalence of "drink-driving" with little local action to prevent it or enforce regulations against it. Lithuania contends that its situation is unique in the EU, and it is currently attempting to enact measures to reverse this trend – although there is little funding available for road safety, and as the Lithuanians say, public awareness campaigns have had little effect to date.²⁰

The focus on road safety seems to be working – at least in a number of countries. From 2005 – 2006, the overall death rate from road accidents in EU-25 was down 8%.²¹ However, in 2005, there were still 41,000 people killed in road traffic accidents. Some 1.9 million people were also injured. Also, although the overall EU-25 death and accident toll was lower, the disparity among countries was growing, with the accident rate in the Baltic countries failing to improve, and in some cases even getting worse.²² The economic damage generated was estimated at approximately 2% of the EU's GDP.²³ While these figures represent a slight decline from the highs of 2000, they do not approach the goal of halving the number by 2010.

This brief look at road safety policy, clearly illustrates the complexities involved in EU policymaking and implementation. At the very start, there are multiple responsibilities divided between the EU and the member states. At the EU level, there are conferences, committees and decision-making occurring in every major institution: the Presidency, Council, Commission and Parliament. (Policy making also occurs with judicial decisions, although this layer was eliminated here in the interests of time and space). Examination at the nation-state level uncovers a similar pattern to what we see at the EU level- distribution of activities and programs among different bureaucracies: NGOs and national, regional and municipal government ministries. From the vantage point of 2006, it does not look as if EU-25 will achieve its goal of halving traffic fatalities by 2010. In the case of road safety issues and policies, it appears as if lack of coordination among the multi-levels of policy implementers²⁴ plays a significant role in slowing down, and sometimes even impeding, the adaptation of EU policy down to the member state level.

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¹ Treaty of Rome, 1957, Title V: Transport, Article 70:
See also Francis McGowan in *Encyclopedia of the European Union*, Desmond Dinan, ed. Lynne Rienner, 2000, pp.460-462.

² Cutting Road Accidents By Half By 2010" News-Press Service Information, European Parliament, March 1, 2006, p. 2: (www.europarl.eu/news/expert/infopress_page/062-830...en.htm)

³ European road safety programme – halving the number of road accident victims in the European Union by 2010: a shared

responsibility [COM (2003) 311 final, 2 June 2003]. This was endorsed by the Council (Conclusions of the Transport Council of 5 June 2003, document 9686/03 (Press 146), p.22) and the European Parliament (resolution of 12 February 2003, OJ C43#, 19.2.2004, p.250).

⁴ Ari Vatanen, Rapporteur: Report on the European Road Safety Action Programme: Halving the number of road accident victims in the European Union by 2010: A shared responsibility (2004/2162(INI)), Final, European Parliament, A-6-0225/2005.

⁵ Commission White Paper of 12 September: "European transport policy for 2010: a time to decide" COM (2001) 370.

⁶ Council Conclusions, 2001

⁷ Europa, Transport-Road Safety Charter: http://ec.europa.eu/transport/roadsafety/charter_en.htm

⁸ "Safer Roads Through Infrastructure Safety Management": http://ec.europa.eu/transport/roadsafety/infrastructure/safety_mgmt_en.htm

⁹ European Commission-Road Safety: http://ec.europa.eu/transport/roadsafety/vehicle_safety/introduction_e...

¹⁰ CARE project data: http://europa.eu/int/comm/transport/care/index_en.htm

¹¹ Finland's EU Presidency: Transport, Telecommunications and Energy: http://www.eu2006.fi/eu_and_policy_areas/en_GB/trans...

¹² "Fourth Verona Conference on Road Safety: On Track Towards saving 25.000 Lives", Europa Rapid Press Releases, November 3, 2006: <http://europa.eu/rapid/pressReleaseAction.do?reference=IP/06/1505&...en.htm>

¹³ "Cutting Road Accidents By Half By 2010" News-Press Service Information, European Parliament, March 1, 2006, p. 2: www.europarl.eu/news/expert/infopress_page/062-830...en.htm

¹⁴ Ari Vatanen, Rapporteur: Report on the European Road Safety Action Programme: Halving the number of road accident victims in the European Union by 2010: A shared responsibility (2004/2162(INI)), Final, European Parliament, A-6-0225/2005.

¹⁵ European Commission, DG Energy and Transport, Road Safety Observatory, Flash data: November 2006.

¹⁶ These include the Road Accident Victims Union, etc.

¹⁷ Road Safety Country Profile, France: http://ec.europa.eu/transport/roadsafety_fr.htm

¹⁸ Road Safety Country Profile, The Czech Republic: http://ed.europa.eu/transport/roadsafety_cz.htm

¹⁹ Op cit. Road Safety Observatory, November 2006.

²⁰ Road Safety Country Profile, Lietuva: http://ed.europa.eu/transport/roadsafety_lv.htm

²¹ Jacques Barrot, Fourth Verona Conference on Road Safety, November 2006, Brussels, Nov. 3, 2006. "Introductory Remarks."

²² Ibid.

²³ Cutting Road Accidents By Half By 2010" News-Press Service Information, European Parliament, March 1, 2006, p. 2: (www.europarl.eu/news/expert/infopress_page/062-830...en.htm)

²⁴ We recognize that lack of "goodness of fit" (Maria Cowles, James Caporaso, Thomas Risse, *Transforming Europe*, Cornell University Press, 2001) and other factors may also slow down policy implementation at the member state level, but in this paper we are concentrating on structural problems.

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