

## The EU in crisis – testing the limits and potential

**Prof Jörg Monar**

**SEI Professor**

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Solidarity between the member states and the citizens of the EU can be regarded as one of the constitutional principles of the European construction. It has had its own career in the EU treaties, progressing from five references in the post-Maastricht treaties (three in the TEU and two in the TEC), over seven in the post-Amsterdam treaties (five in the TEU and two in the TEC) to no less than 19 in the post-Lisbon treaty framework (eleven TEU and eight in the TFEU). But it is not only codified in the EU treaties. Apart from having been invoked by many EU political figures almost mantra-like as the eurozone crisis has deepened, Eurobarometer opinion polls have indicated that European citizens ranked solidarity fifth amongst a list of twelve values 'best representing the European Union' after democracy, human rights, peace and rule of law, but before values such as equality and tolerance.

The eurozone sovereign debt crisis is a crisis in many respects: financial, economic, constitutional – the list could be prolonged – but it is clearly also a fundamental crisis of solidarity. The crisis has been testing – and in the Greek case, for the first time, to the breaking point – to what extent other eurozone member states are willing to come to the rescue of one member state (and possibly others) facing a potentially catastrophic sovereign debt default which could force it out of the single currency. Far

beyond the references to solidarity in the Treaties – and certainly not helped by the 'non-solidarity' no-bailout clause regarding national financial liabilities of Article 125 TFEU – the sovereign debt crisis has transformed an often vaguely invoked value into an existential question for the future of the eurozone, and perhaps even the EU itself. The changed perception of solidarity was put aptly into words by European Council President Van Rompuy in October, when he said that solidarity 'is not a virtue, because a virtue is voluntary' and that contrary to such voluntarism, 'solidarity within the euro area is a matter of necessity and survival'. This echoed an earlier dramatic statement in August by EP President Buzek, who declared solidarity to be 'the main component of Europe' and that 'without solidarity Europe will not survive'. The sudden centrality of the principle of solidarity to the preservation of the European construction has, inevitably, also generated an unprecedented debate about the necessary counterparts for solidarity on the side of its actual or potential beneficiaries. Greece is currently experiencing the full weight these counterparts can take, although other member states – most recently, Italy – are feeling the extent of the conditionality pressures of financial solidarity as well.

In the midst of the turmoil of the Eurozone solidarity crisis, it is easy to forget that crucial solidarity issues have arisen on two other occasions in the last year. The first was when Italy asked for solidarity from its Schengen partners in March 2011, when faced with an – for domestic political purposes much exaggerated – influx of refugees, mainly from Tunisia, in relation with the Arab Spring developments. When such solidarity was not forthcoming, Italy started issuing these refugees with temporary

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## Activities

residence, permitting them effectively to enter and to travel within the Schengen zone. With many of them trying to reach France, the French government reacted with the temporary reintroduction of border controls between France and Italy, the rounding-up of the refugees and their sending back to Italy. All of these measures were clearly contrary to the spirit, if not the letter, of the Schengen rules, and created a serious risk of an unravelling of the Schengen open internal border system. Other Schengen members, such as Denmark, also started to envisage the reintroduction of internal border controls, and, in April, Italian Prime Minister Berlusconi and French President Sarkozy jointly demanded an amendment to the Schengen agreement allowing for a suspension of the open border rules in response to migration management difficulties. The risk of a disintegration of the Schengen system seems, for the moment, reined in as a result of a clearly negative reaction of the European Parliament (which has co-decision powers in the field) to the Franco-Italian initiative and fairly moderate and balanced proposals made by the Commission (which has the exclusive right of initiative) in September. Yet the - in comparison with the Eurozone issue 'mini-crisis' of Schengen this year - has shown that the lack of effective solidarity mechanisms has been on the point of threatening another major historic achievement of the European integration process: the free movement of persons across internal borders.

Last but certainly not least, the solidarity issue has also forcefully come up in the debate and negotiations on the new EU Financial Framework for 2014-2020. With the EU budget arguably being the most important instrument of solidarity involving all the member states, Commission President Barroso certainly had a point in presenting the Commission's June proposals for the new Financial Framework as being governed throughout by the 'theme' of solidarity. At a time of massive tightening of national budgets and unprecedented austerity measures, the far from spectacular spending increases proposed by the Commission have provoked predictable negative reactions from many member states. Yet, having regard to the fact that even under the Commission's proposals the EU budget would remain a fairly modest common instrument with 1.05% of the Gross National Income, the almost immediate national cost/benefit calculations in the

national capitals show the negotiations on the new Perspective are unlikely to be guided by a prevailing spirit of solidarity.

So does all this mean that solidarity is really a lost cause in the EU? Perhaps paradoxically the answer is no – and potentially even the contrary. The eurozone crisis has in fact already generated unprecedented solidarity: with a projected guarantee ceiling of 780 billion euro, the European Financial Stability Facility (EFSF), which comes on top of the 110 billion euro bailout granted to Greece in 2010 as a bilateral commitment between the Eurozone countries, the EFSF is the single biggest solidarity instrument ever created in the context of the European integration process. Whether this instrument will be sufficient to stabilise the eurozone remains to be seen. It is also clear that this instrument has not grown out of a sudden eruption of unselfish solidarity but out of sheer necessity, in order to avoid a collapse of the single currency with truly 'incalculable' political and economic consequences. Yet the 'solidarité de fait' to which French Foreign Minister Schuman referred in his declaration on 9 May 1950 at very outset of the integration process has been given a new, and almost spectacular, dimension. New and reinforced mechanisms of solidarity for Schengen members experiencing migration management problems at their external borders have also been included in the Commission's aforementioned proposals of September, so that here as well the utter necessity of keeping the Schengen system sustainable are potentially generating more, rather than less, solidarity.

In all of this there is also a warning for the United Kingdom: there may be some feeling of relief (and perhaps, in some quarters, even relish) in a member state enjoying an opt-out from deeper integration projects like the eurozone and Schengen which have run into deep trouble. But being forced to proceed with more solidarity – and the Franco-German proposals of December for new treaty changes on fiscal discipline are a continuation of this logic – could well bring the participating countries more strongly together, not only in legal terms but also in political coherence – and lead to a increasing political marginalisation of the UK within the European construction, to the point of irrelevancy on some crucial issues of the future.

## Who we are...

**euroscope** is the newsletter of the Sussex European Institute (SEI).

It reports to members and beyond about activities and research going on at the SEI and presents feature articles and reports by SEI staff, researchers, students and associates. The deadline for submissions for the Summer term issue is: 1st March 2012.

**Co-Editors:** Amy Busby, Anne Wesemann & Rebecca Partos  
([euroscope@sussex.ac.uk](mailto:euroscope@sussex.ac.uk))

**The SEI** was founded in 1992 and is a Jean Monnet Centre of Excellence and a Marie Curie Research Training Site. It is the leading research and postgraduate training centre on contemporary European issues. SEI has a distinctive philosophy built on interdisciplinarity and a broad and inclusive approach to Europe. Its research is policy-relevant and at the academic cutting edge, and focuses on integrating the European and domestic levels of analysis. As well as delivering internationally renowned Masters, doctoral programmes and providing tailored programmes for practitioners, it acts as the hub of a large range of networks of academics, researchers and practitioners who teach, supervise and collaborate with us on research projects.

**Co-Directors:** Prof Sue Millns & Prof Aleks Szczerbiak  
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## Where to find euroscope!

*euroscope* is easily accessible in the following places:

- the SEI website: <http://www.sussex.ac.uk/sei/euroscope>
- via the official mailing list, contact: [euroscope@sussex.ac.uk](mailto:euroscope@sussex.ac.uk)
- hard copies are available from LPS office
- via its new and dedicated facebook group and fan page called 'euroscope', where you can also join in discussions on the articles

**Also feel free to contact us to comment on articles and research and we may publish your letters and thoughts.**

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## Features Section: The EU in Crisis

This issue of *euroscope* is a special edition presenting articles on the very contemporary developments in the European Union. You can find our special Features pieces on pages 14-28 and other topic related articles in the Research section. The Dispatches section also contains articles from our associates concerning the EU crisis and surrounding areas.

# Message from the Co-Director...

**By Professor Susan Millns**  
*SEI Co-Director*  
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This special issue of Euroscope is devoted to the immense problems generated by the present economic crisis in Europe and the consequences for the European Union and the United Kingdom. The collapse of the Euro, the UK's exit from Europe, the end of the government coalition and even the political disintegration of the United Kingdom (should Scotland and Wales object to the government's stance) are all put forward as potential dramatic outcomes of the crisis.

The crisis, argues **Professor Jörg Monar** in his leading article 'The EU in Crisis – Testing the Limits and Potential of Solidarity' may be economic, financial and constitutional, but above all it is a crisis of solidarity, one of the fundamental values of the EU. It has tested, to breaking point, the extent to which eurozone member states are willing to express their solidarity and to come to the rescue of another member state at the point of a catastrophic sovereign debt default which could force it out of the single currency. Solidarity though should not be equated with altruism. It is a necessity not a virtue, without which Europe will not survive. Equally it comes with strings attached and has generated an unprecedented debate about the responsibilities and obligations of its beneficiaries.

The conditionality pressures of financial solidarity have been brought to bear heavily on Greece and are now being felt by other states such as Italy. Despite this crisis of solidarity, perhaps even because of it, the value of solidarity, argues Professor Monar, is not a lost cause. The eurozone crisis itself has generat-

ed unprecedented solidarity with the European Financial Stability Facility (EFSF) amounting to the biggest solidarity instrument ever created in the European integration process.



The UK, of course, remains outside of this solidarity arrangement and the consequences of this stance are the object of a number of other contributions to this issue. While some in the UK may feel a sense of relief at opting out of deeper integration, the proposals for new Treaty changes to address fiscal discipline will have the consequence of bringing participating states more closely together, both in legal and political terms, and will lead to a consequent marginalisation, if not irrelevance, of the UK at the supranational EU level.

Hence, the new Treaty being proposed by the European Council will be intergovernmental and will stand outside the existing Treaties. It will leave the UK as a member of the EU, however one that has become increasingly regarded by the other 26 member states as unreliable, lacking in solidarity and destructive of the European project.

Continental Europe (including importantly previous allies such as the Swedes, the Danes and the Poles) views the UK Prime Minister as trying to undermine efforts to save the Euro. It is unlikely, therefore, that any state would object to the UK's exit from the EU should that be what the UK government wants. Paradoxically, as **Professor Tim Bale** suggests in his contribution, Britain's distance from the operations of the single currency

may well have made it easier for the rules to be bent by countries which did adopt the Euro and it was the bending of these rules that contributed to the current crisis.

Equally, **Professor Jim Rollo** points out in his contribution, the UK's stance has forced other non Euro countries away from the UK and into the waiting arms of the members of the eurozone with a consequent shift in the dynamics of the EU, leaving the UK isolated and excluded from the drawing up of new legislation on the functioning of the eurozone and the single market. Regulation without representation appears to be the unfortunate consequence.

Critics of the government rightly argue that the UK has thrown away in a short space of time the political capital and credibility that governments on both sides have spent building up over previous years. As for the hapless LibDem coalition partners, this may mark the beginning of the end. Professor Bale is not the only one to wonder exactly what the LibDems are now for!

Four further contributions to this special issue (by **Dr Peter Holmes**, **Dr Martine Huberty**, **Professor Alan Mayhew** and **Dr Lucia Quaglia** with **Dr Kenneth Dyson**) highlight specific aspects of the financial crisis.

**Dr Holmes** explains the rationale behind the Euro in low inflation and low interest rates, but the factual consequences which have proven completely opposite. He suggests that while policy makers seem to be acting as if the crisis is due to excessive government borrowing (and therefore cutting public spending is the solution), this is not the case except for Greece.

**Lucia Quaglia** and **Kenneth Dyson** explain the problems associated with the sovereign debt crisis as the culmination of ongoing

economic and financial problems in the EU. They call the EU's response 'ad hoc and feeble' and suggest that the EFSF has been constrained by German emphasis on the competitiveness and sovereign debt problems of the euro area as long-term problems that require mechanisms to buy time while painful domestic adjustments are made but still maintaining the key principles of the Maastricht monetary constitution.

**Professor Mayhew** too analyses the background of the German position on the current crisis and discusses the reasons why Germany (a repentant sinner itself) has been advocating a more substantive fiscal structure to support the euro and end the crisis through Treaty change.

The whole is summed up by **Martine Huberty** as a question of legitimacy. She asks the critical constitutional question: Who exactly is ultimately politically accountable for the painful reforms being demanded? The EU political system, she suggests, is so discredited that it needs to borrow credibility from the independent ECB and from technocrats. Not surprisingly, at the national level these reforms will be highly contested by national parliaments.

In this respect the present financial crisis is one more acute example of ongoing struggles for supremacy, democracy, legitimacy and survival which have characterised the European integration project over the last half century.

# The SEI Diary



The SEI Diary provides snippets on the many exciting and memorable activities connected to teaching, researching and presenting contemporary Europe that members of the SEI have been involved in during Autumn 2011.

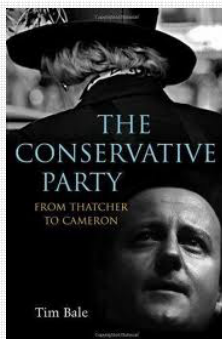
## September:

### **9 September - UKIP welcomes European anti-immigration parties**

SEI based Professor of Politics Tim Bale commented on the rise of Finnish political party, True Finns in *The Independent*

### **SEI Professor Wins Prestigious Book Prize**

Tim Bale's book 'The Conservative Party from Thatcher to Cameron' was awarded the Political Studies Association W.J.M. Mackenzie Book prize. The jury wrote that Prof Bale "has composed a thoughtful, perceptive and exhaustively researched study. It covers all aspects of the Conservative party – organisation, policy, ideology, and political strategy – in a finely researched and meticulous way.



### **13 September - Redrawing political lines**

Professor Tim Bale described how the boundary review would change the political

landscape on BBC Sussex Drivetime

### **15-16 September - Conference at Södertörn University in Sweden**

Prof Aleks Szczerbiak attended a conference on 'Old Theory, New Cases: The Study of Party Politics in Central and Eastern Europe' where he gave a guest keynote lecture on "Party politics in Eastern and Western Europe: convergence or divergence?"

Profs Paul Taggart and Paul Webb attended the same conference.

### **26 September - Guest lecture at Polish Embassy**

Prof Aleks Szczerbiak gave a guest lecture at the Polish Embassy in London at the launch of my new book: "Poland Within the European Partner: New Awkward Partner or New Heart of Europe?" See page 47.

### **28 September - Franco - British Workshop**

Prof Paul Taggart also participated in the Franco-British workshop on 'The Role of Referendums in France and the UK' in London.

### **New SEI Working Paper On West European Communist Parties Published**

A new SEI working papers was published on: "'When life gives you lemons make lemonade": Party organisation and adaptation by West European Communist Parties' by SEI-

## Activities

based scholar Daniel Keith.

<http://www.sussex.ac.uk/sei/publications/seiworkingpapers>

### Divided in Victory

Prof Tim Bale published together with Robin

Kolodny a book chapter on in T. Casey (ed) "Legacy of the Crash: How the Financial Crisis Changed America and Britain" titled "Divided in Victory: the Conservatives and the Republicans".

## October:

### 9 October - Planning and debt

Prof Tim Bale talked about the EU and planning law, in the *BBC Politics Show*

### 11 October - SEI sponsored Polish election roundtable

Prof Aleks Szczerbiak spoke on "The 2011 Polish parliamentary election: deepening the divide?" at a roundtable sponsored by SEI and the School of Slavonic and East European Studies/University College London held at SSEES/UCL in London.

### 12 October - Lecture on 'Corruption, Governance and Anti-Corruption'

Dr Daniel Hough gave a lecture at the Renmin Law School, Renmin University of China (in Beijing).



### 12 October - SEI round table on "The EU in Crisis"

Prof Alan Mayhew and Prof Jörg Monar spoke in the SEI Research seminar on this topic.

### SEI welcomes new Doctoral Students

**Will Hammonds** (wh42@sussex.ac.uk) is working on 'The practice and politics of preventing radicalisation' with James Hampshire and Shamit Sagar.

**Stine Laursen** (s.b.laursen@gmail.com) is working on 'A comparative study of irregular migration in Northern Europe' with James Hampshire and Mike Collyer.

**Roxana Mihaila** (r.i.michaila@sussex.ac.uk) is working on 'Tangible reforms or business as usual? Bulgarian and Romanian Party Politics and Europeanisation' with Paul Taggart and me.

**Rebecca Partos** (rp215@sussex.ac.uk) is working on 'Closing the Open Door? The development of immigration and asylum policy of the post-war UK Conservative party' with Tim Bale and James Hampshire.

**Hazel Stroud** (hs260@sussex.ac.uk) is working on 'Cameron's Conservatives after the recession: Fiscal consolidation and the return of the party to a neo-liberal approach' with Tim Bale and Paul Webb.

We also welcomed **Monica (Nick) Beard** (m.beard@sussex.ac.uk) who is working on 'The EU, Subsidiarity and Gender: EU Law on Trafficking and Domestic Violence Survivors' and, although she is based in the Law Department, is supervised by SEI Co-Director Sue Millns. See profiles on pages 34-39.

### 20-21 October - Latin American Workshop

Dr. Cristóbal Rovira Kaltwasser participated in a Manifesto Research on Political Representation (MARPOR) in the Latin American Workshop at the Social Science Research Center Berlin (WZB).

### 21 October - Annual Kossman Lecture

Prof Paul Taggart gave the Annual Kossman

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Lecture at the University of Groningen (Netherlands) on 'The Problems of Populism'.

### **26 October - European Left Party**

At an SEI research seminar Dr. Luke March from the University of Edinburgh gave his views on the topic: "Seven year itch? The European Left Party's struggles to transform the EU".

### **30 October - Should we stay?**

Prof Tim Bale joined a discussion about parliament rejecting a call for a referendum on leaving the European Union in the *BBC Politics Show (South East)*

### **31 October - Germany's EU policy**

Prof Simon Bulmer from the University of Sheffield brought the topic up "A new hegemony? Ten theses on Germany's new European Policy" in this week's SEI seminar.

### **Congratulations to SEI Doctoral Students**

Many congratulations to SEI doctoral stu-

dents Stijn van Kessel and Ariadna Ripoll Servent for passing their DPhil vivas successfully in October. Stijn's thesis was on the subject of 'Supply and Demand: Identifying populist parties in Europe and explaining their electoral performance' and Ariadna's was on 'Shifting sands and changing minds: The role of the European Parliament in the Area of Freedom, Security and Justice'.

### **SEI Welcomes ESRC Post-Doctoral Fellow**

SEI welcomed Dr Lee Savage as a 1-year Economic and Social Research Council (ESRC) Post-doctoral Research Fellow. Lee will be working with SEI Co-Director Prof Aleks Szczerbiak on a project on 'Breaking into Government: Coalition Formation and Destruction in the New Europe in Comparative Perspective', which is based on his recent University of Essex doctoral thesis.

### **SEI Professor in "Time" interview**

Prof Aleks Szczerbiak was interviewed by "Time" magazine about the outcome of the Polish election in October 2011.

## **November:**

### **7 November - "How to get a job after a PhD"**

Prof Aleks Szczerbiak gave a talk at the Universities Association for Contemporary European Studies (UACES) European Research Students Conference held at the European Commission Representation and European Parliament Information Office in the UK in London. See report on page 46.

### **8 November - Open Society Talk**

Prof Paul Taggart gave a talk on 'The Decline in Trust in Politicians and the Rise of Populism' at the Open Society Foundation's launch event for the Demos report on 'Is Populism the Future of European Politics' in Brussels.

### **9 November - Right in Latin America**

This SEI research seminar led by SEI visiting fellow Dr Cristobal Rovira Kaltwasser from the Social Science Research Center Berlin (WZB) was about "Bringing the right back in: Exploring the right in contemporary Latin America".

### **9 November - Mainstream right in Europe**

Prof Aleks Szczerbiak presented a paper on "A sheep in wolf's clothing? The Polish Law and Justice party (PiS)" at a conference on 'The mainstream right in Europe and the populist temptation' held at the University of Portsmouth.

### **11 November - Helsinki Conference**

Prof Paul Taggart gave a presentation on 'The



## Activities

Populist Challenge and the Future of European Democracy' at the Conference on 'Euro-Elitism and Populism - What About Democracy?' organised by the Kalevi Sorsa Foundation in Helsinki.

### **16 November - Relative Gains in European Union**

was the topic of this weeks SEI research seminar given by Dr. Jonathan Golub from the University of Reading.

### **22 November - Latin American Centre**

Dr Cristóbal Rovira Kaltwasser gave a presentation on "The Right in Contemporary Latin America" at the Latin American Centre at the University of Oxford.

### **23 November - Coalition membership**

Dr. Lee Savage presented a paper on "Who gets into government? Coalition membership in Central and Eastern Europe" at an SEI seminar.

### **25 November - Merkel-Cameron Clash on Taxes, EU Exposes Widening Breach**

Prof Tim Bale commented on the eurozone crisis in *Bloomberg Businessweek*

### **30 November - Limits of European Integration**

The last SEI research seminar of the term was given by the former UK ambassador Charles Crawford CMG on "European Conservatism and the Limits of European Intergration."

### **Radical Left In Coalition**

Richard Dunphy and Prof Tim Bale published an article in "Party Politics" titled "The radical left in coalition government: Towards a comparative measurement of success and failure".

### **Black Widow Effect**

Prof Tim Bale published an article in the journal „Parliamentary Affairs“ titled “The Black Widow Effect: Why Britain’s Conservative - Liberal Democrat Coalition Might Have an Unhappy Ending“.

### **SEI - linked Emeritus Professor Economics appointed Deputy Chairman to Competition Commission**

Prof Alasdair Smith, economist and former Vice-Chancellor at Sussex, was appointed one of three new Deputy Chairmen to the Competition Commission, which conducts inquiries into mergers, markets and the regulation of the major regulated industries. Prof Smith's new part-time role will be for three years, starting in January 2012.

## **December:**

### **6 December - Sussex Salon Series**

Professor Tim Bale took part in this event on the topic "A Fatal Embrace? Politics and the Media in 2011".

### **11 December - Cameron Veto Sees U.K. Alone as Europe Pushes for Fiscal Unity**

"There's been a very profound shift in the Conservative Party from euro-enthusiasm to

soft euro-scepticism to hard euro- scepticism," said Tim Bale. "Europe was always going to be the iceberg issue for the Conservatives." in *Bloomberg Businessweek*.

### **11 December - Brussels bust-up**

Prof Tim Bale talked about Cameron's veto of a new EU treaty on *BBC Radio Five Live*.

## Activities

### 9 December - SEI Workshop on Labour Market Reforms

SEI hosted a one-day ESRC-sponsored workshop examining the consequences of labour market reforms in Europe. The workshop was organized by SEI-based RCUK fellow Dr Sabina Avdagic as part of her ESRC First Grant on the causes and consequences of national variation in employment protection legislation. See page 42.

### Congratulations To SEI Doctoral Student

Many congratulations to SEI doctoral student John Fitz Gibbon for passing his DPhil viva successfully in December. John's thesis was on the subject of 'Explaining the Emergence of Euro-sceptic Protest Movement Formation in Contemporary Europe: A Comparative Approach'.

### Publication in German Journal

Dr Cristóbal Rovira Kaltwasser published a paper called "Skizze einer vergleichenden Forschungsagenda zum Populismus" in the Journal "Totalitarismus und Demokratie".

### Europe in crisis – Sussex experts speak out

The collapse of the Euro, a UK exit from Europe, the end of the coalition and even the political disintegration of the UK – these are still possible outcomes of the Euro-crisis, according to experts in SEI at the University of Sussex.



## The European Financial Crisis and German Politics and Policy Workshop on Friday 24<sup>th</sup> February 2012

This workshop analyses the impact of the Euro-crisis on both the domestic and international politics of the Federal Republic of Germany. As Europe's richest state and the possessor of the continent's most robust economy, Germany has been at the centre of attempts to bail out heavily indebted Euro states in the south and west.

Whilst continually stressing their commitment both to the Euro and to deeper European integration, German politicians – and most certainly German electors – have none the less been reluctant to transfer the huge sums of money required to the mechanisms created to help bail out indebted national economies.

The papers presented at this workshop will outline whether the Euro-crisis has had profound impacts on three levels of politics; the

domestic, the European and the international. The papers cover various aspects of political economy, party politics and international relations, and it is hoped that the event will offer a first opportunity to systematically analyse the impact of the Euro-crisis on Germany both at home and abroad.

If you are interested in this workshop have a look at the **detailed programme on page 12** of this issue.

If you would like to attend the conference, please return the booking form to Amanda Sims at the following address

Amanda Sims  
Friston Building 121  
University of Sussex  
Brighton, BN1 9SN, UK

## Activities

The attendance fee is **£25** per person. Please return cheques, payable to the University of Sussex, to the address above with your application form.

Please also note that the event is **free** for postgraduate members of the IASGP – if you are a student and not yet a member of the IASGP, then it only costs **£7.50** to become one.

Membership applications can be made quickly and simply via <http://www.iasgp.org/membership.asp>. Once you have registered for the conference, then your registration is binding. Registration includes lunch and refreshments throughout the day.

For further questions please don't hesitate to contact Dan Hough at [d.t.hough@sussex.ac.uk](mailto:d.t.hough@sussex.ac.uk)



<b>Name</b>	
<b>Affiliation</b>	
<b>Tel</b>	
<b>Email</b>	
<b>PG Students: Member of the IASGP?</b>	
<b>Signature and Date</b>	

# The European Financial Crisis and German Politics and Policy

## Preliminary Programme

Friday 24<sup>th</sup> February 2012

10h00 – 10h30	<i>Coffee and Registration</i>
10h30 – 10h45	<i>Introduction</i> <b>Dan Hough</b> (University of Sussex)
10h45 – 12h45	<i>The Political Economy of the Eurocrisis</i> <b>Daniela Schwarzer</b> (SWP, Berlin): 'The German Government's Eurocrisis Strategy' <b>Wade Jacoby</b> (Brigham Young University): to be confirmed <b>Alan Mayhew</b> (University of Sussex): 'Europa sucht den Superstar! Why does everyone believe only Germany can save Europe?' <b>Lucia Quaglia</b> (University of Sussex): 'The political economy of German financial regulation and the Eurocrisis'
12h45 – 13h45	Lunch
13h45 – 15h00	<i>The Party Politics of the Eurocrisis</i> <b>Charlies Lees</b> (University of Bath): 'Stumbling from pillar to post? The CDU/CSU-FDP Government and the Eurocrisis' <b>Dan Hough</b> (University of Sussex): 'The aims, strategies and tactics of the opposition parties'
15h00 – 15h30	<i>Coffee</i>
15h30 – 17h00	<i>The Eurocrisis and its Impact on Germany's Foreign Policy</i> <b>William E. Paterson</b> (Aston University): 'Germany's (changing?) European Vocation' <b>Jackson Janes</b> (AICGS, Washington D.C.): 'Germany, the USA and Transatlantic Relations' <b>Kai Oppermann</b> (University of Cologne): 'Same same, but different? Germany's foreign policy in 2011 and beyond'
17h00	<i>Concluding Remarks</i> <b>Alan Mayhew</b> (University of Sussex)

# SEI DOCTORAL STUDENTSHIP OPPORTUNITIES

The SEI welcomes candidates wishing to conduct doctoral research in the following areas of our core research expertise:

- Comparative Politics - particularly the comparative study of political parties, public policy, political corruption and comparative European politics.
- European Integration - particularly European political integration, the political economy of European integration, European security and EU external policy and the domestic politics of European integration, including Euroscepticism.
- British Politics - particularly party politics, public policy and the politics of migration.
- Citizenship and Migration - particularly the politics of race and ethnicity.

**The University of Sussex has been made a Doctoral Training Centre (DTC) by the Economic and Social Research Council (ESRC).**

As a result of this, applications are invited for ESRC doctoral studentships through the SEI for UK applicants (fees and maintenance grants) or from those from other EU states (fees only).

Applications are also invited for Sussex School of Law, Politics and Sociology (LPS) partial fee-waiver studentships for applicants from both the UK/EU and non-EU states.



Potential applicants should send a CV and research proposal to Professor Aleks Szczerbiak

([a.a.szczerbiak@sussex.ac.uk](mailto:a.a.szczerbiak@sussex.ac.uk)).

## Activities

### **Sussex Corruption Centre puts on three paper series**

**Transparency International and its role in highlighting corrupt practices both in the United Kingdom and abroad.**

Robert Barrington, Director of External Affairs, Transparency International UK.

**Wednesday 1 February 2012, 5pm**

Venue: TBC

More information about Robert Barrington's work at Transparency International UK:

<http://www.transparency.org.uk/about-us/the-team-at-ti-uk/56>

**Free markets and good governance; vice or virtue?**

Mark Twigg, Executive Director of Cicero Group, The Cicero Group describes itself as "the leading provider of government relations, regulatory affairs and public policy information services to the financial sector" and they have bases in 22 countries. Mark will be talking about the challenge of doing business and avoiding corrupt officials in very different cultural environments.

**Wednesday 15 February 2012, 5pm**

Venue: TBC

More information about Mark Twigg's work at Cicero: [http://www.cicero-group.com/index.php?page=who\\_team\\_mark\\_twigg](http://www.cicero-group.com/index.php?page=who_team_mark_twigg)

**DFID's efforts to tackle corruption in developing countries**

Simon Whitfield, Department for International Development: G20 Anti-Corruption Working Group; tax transparency; company financial disclosures.

**Wednesday 29 February 2012, 1pm**

Venue: TBC

### **SEI Research in Progress Seminars**

**SPRING TERM 2012**

**Wednesdays 14.00 - 15.50**

**Friston 113**

**(NB-Week 4—14.00—17.00)**

**18.01.12**

SEI round table on 'Human Rights in Europe'  
*Prof Sue Millns, Dr. Charlotte Skeet, Zdenek Kavan (University of Sussex)*

**01.12.12**

DPhil research outline presentations  
*Bart Napieralski, Stine Laurson, Roxana Mihaila, Hazel Stroud (University of Sussex)*

**08.02.12**

Learnin in EU Foreign Policy: The case of conflict prevention  
*Dr. Christoph Meyer (King's College London)*

**15.02.12**

The political participation of migrants: A study of the Italian communities in London  
*Giuseppe Scotto (University of Sussex)*

**22.02.12**

Partisanship, Political Constraints and Employment protection Reforms in an Era of Austerity.  
*Dr. Sabina Avdagic*

**29.02.12**

How likely is it that the European Union will disintegrate? A Critical Analysis of Competing Theoretical Perspectives  
*Prof Douglas Webber (INSEAD, Europe Campus)*

**07.03.12**

Balancing Interests: Understanding Small Party Survival  
*Dr. Jae-Jae Spoon (University of Iowa)*

**Everyone is welcome to attend!**

To be included in our mailing list for seminars, please contact Amanda Sims, email: [polces.office@sussex.ac.uk](mailto:polces.office@sussex.ac.uk)

# Features

## The EU in Crisis

### After the Party: what next for the EU and the Euro Area after the Cameron Veto

**Professor Jim Rollo**  
SEI Emeritus Professor

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The December European Council had many of the characteristics of a teenage party: it went on into the small hours, tempers frayed, gang loyalties were tested to the limit and beyond, there was a macho fight over the affections of a woman, the loser stormed home into the arms of his cheering supporters and is still hoping to form a new gang, the house got trashed a bit and everyone went home claiming victory. But what did it settle if anything?

Mr Cameron's failed attempt to extract a price for his approval of amendments to the Lisbon Treaty to strengthen the governance of the euro thrust all 9 of the other non members of the euro into the arms of the euro area. Even the Danes who have a treaty opt out on Euro membership and the Swedes, who act as if they do, have sided with the euro area. There will now be a treaty (outside the EU treaty) with somewhere between 23 and 26 signatories rather than just 17. That shifts the dynamics of the EU and euro area. Four questions arise: first is will the treaty be established? The second question is whether, if it is established, all 26 EU member states who have signed up for a new treaty will actually sign it. The

third is whether if the treaty as sketched in the Council conclusions will deliver as it is hoped? Finally where does this leave Britain?

The first two questions are easy to answer but the answers leave us no further forward. On the first, Ireland says it will have to decide whether it needs to call a referendum but that cannot be decided until it has a treaty text, which is unlikely before March 2012. There is no guarantee that such a referendum would be won even a second time. Who can say what the next Greek government, due after elections in February, will think, particularly about the requirement to reduce its excess debt burden above 60% of GDP (the Greek excess is expected to be 100% of GDP in 2012) by one twentieth every year for the foreseeable future let alone Italy, Spain and Belgium. As Martine Huberty points out the EU and the euro area face a potential legitimacy crisis in national parliaments and among electorates as well as a debt crisis. So even within the euro area ratification is not guaranteed

As for the eight non-euro-area countries that have signed up for the treaty, their agreement is subject to approval by national parliaments. If all ten of them fail to sign the treaty that would weaken the ability of the euro area to dominate discussions of where the single market and financial regulation in particular since it would fall short of the Lisbon qualified majority threshold of 255 votes (although it would meet the double major-

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rity based on number of countries and population criteria after 2014). Poland plus Romania plus one other country of the eight would be required to sign to take them across the QMV threshold; or the countries with a currency board with the euro, Latvia, Lithuania and Bulgaria, plus any two of Sweden, Hungary or the Czech Republic. If the qualified majority line is not crossed that would strengthen the UK's hand in demanding a stronger role in the design of new rules in the single market for the next two years when important financial regulations are being decided.

On the third question, of whether the Treaty as sketched in the Council conclusions does enough to ensure that similar crises never happens again, the judgement of many economists suggests not. Peter Holmes sets the arguments out in some detail and it is not obvious that, except egregiously in the case of Greece and to a minor degree in the case of Portugal, that fiscal policy was the genesis of the sovereign crisis in Europe. The possible justification for the current approach is that the sovereign crisis – whatever its causes – is caused by capital flight from Europe driven by fear of moral hazard in the markets and that the ECB will then not intervene in the bond market immediately and directly without draconian fiscal rules.

And as for Britain what is there to say? For Cameron to have forced the euro area to implement their own treaty in the hope that Britain will gain leverage over access to the Commission and the Court to police the new system is one thing. But to have driven the rest of the euro out into the arms of the euro area is another. A group that included the Swedes the Danes and the Poles as well as the UK deserves some respect and reflects a reasonable range of European preferences.

As it now stands the signatories of the new treaty are very likely to add up to more than a qualified majority and in extremis to everyone but Britain. In those circumstances it will be very hard for the Commission to do anything but ignore Britain and its special needs when drawing up legislation. Note also that the new treaty will include a clause about using enhanced cooperation provisions of the Lisbon Treaty to ensure the smooth functioning of the euro zone which will ensure that Britain

can be locked out of debates at 26 on the future direction of the single market

It is also clear by the sheer surprise of the other member States (and the dogs breakfast of British demands) that the other member states had not been prepared and indeed that the policy had only been drawn up at the last minute in response to the hand bagging that Tory eurosceptic back benchers gave Mr Cameron in the weeks before the Council (see Tim Bale's contribution). Sensible diplomacy was thrown out the window. Not obviously the actions of a statesman let alone a good negotiator.

It could be very bad for Britain in the EU over the next few years if the 26 sign up to this treaty. The Government has to hope that national parliaments don't go along with their governments in the short run and that pulls the number of signatories below a qualified majority. Interfering in that process is dangerous but in as far as diplomacy can influence national parliaments it will need to be deployed. In the longer term, looking at areas where the UK has a veto notably in the Financial Framework negotiation to fashion sweeteners/sanctions for member states Britain wants to influence on any particular issue is one way forward – but timing is hard to get right and it would start a process of sacrificing the budget rebate which would be hard for the eurosceptics to bear. And in general searching for areas where Britain shares interests or where it has strengths that others might want to draw on is an obvious way forward.

The UK however will likely spend some time in the sin bin in Brussels and by its diplomatic clumsiness in the face of an existential crisis for the euro may have made other member states so angry that it can forget much by way of cooperation for some time to come whatever happens on the Treaty or the euro. In the longer term unless it actively pursues a carefully constructed strategy of cultivating the



Commission, Germany, France and the euro outs it will continue to be isolated. In those circumstances withdrawal could look more and more attractive to both sides. Whether life in the EEA or indeed in the equivalent of the EU-Switzerland agreement (which may not be on offer) will be that comfortable for the eurosceptic Tories is hard to gauge since the EEA amounts to regulation without representation along with budget contributions and no rebate

Of course events may come to the UK's aid and a break-up of the euro zone may make all of this

yesterday's news. However that comes at its own price – 7% of GDP if the Sun is to be believed.

For the moment it is hard to see this except as a very sharp swerve towards the exit lane from the EU and potentially towards the breakup of the UK if the Scots and the Welsh take a different view from the English. A very strange direction for a traditionally unionist party to take the United Kingdom.

## The Euro Crisis

**Dr. Peter Holmes**  
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The aim of the Euro was to preserve a policy environment of low inflation and low interest rates for which permanent credible exchange rate stability was seen as essential. These rules and strict formal rules on the operations of the ECB were designed to prevent crises, which were seen as coming only from fiscal laxity and provided for no remedies. In fact the result was the opposite of what the promoters intended. The Euro lowered interest rates and stimulated an unsustainable credit boom of *private bank lending* especially for property in Ireland Spain and Portugal.

The northern European countries that had, in the run up to the Euro, kept interest rates in line with German rates saw no change in interest rates but rates fell dramatically in the South and Ireland. The declarations in the Maastricht Treaty that member states of the Eurozone would not be bailed out was effectively dismissed as either irrelevant or non-credible. Noone worried that the European Central Bank had no official mandate to act as lender of last resort to banks, as is the responsibility of the Bank of England or the US Federal Reserve (the "Fed").



The credit booms had two adverse effects on the affected economies. First the increased spending created inflation in these countries making them uncompetitive. Second the excess demand created by the booms sucked in imports and caused these countries to have balance of payments (trade) deficits.

*Except for the Greek case* there is no evidence at all that the current crisis was caused by excessive government borrowing before the crisis. Rather, if we look at the statistics we see the countries that got into trouble (bar Greece) did not have particularly poor public finance data before 2007, but they did have poor balance of payments positions.

In Greece the government evaded borrowing rules and borrowed amounts it thought it could repay if growth continued and interest rates stayed low; and this gamble might indeed have paid off. But in 2008 growth slowed and in 2010 creditors began to doubt first Greek then Spanish Portuguese and others' ability to repay. Loss of confidence became a self-fulfilling vicious circle. Interest rates rose and the debt became more onerous. Most analysts believe that Spain and Italy have the potential to repay their current debt but that Greece does not. But the risk of a default at an unknown time and on an unknown scale poses a huge risk to the banks all over the world, (not unlike the sub-prime crisis of 2008).



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The Italian case is rather peculiar. It did not have a particularly bad financial record but slow growth of national income meant that even a slowly rising public debt became a higher proportion of national income. Ireland is also peculiar in that it has cut wages very sharply and created an export surplus.

Being in the Eurozone meant the states in difficulty could not restore competitiveness by devaluation. Nor could they print money to support their home banks who had made such disastrous loans.

We are faced with at least 3 separate crises:

1. The short term Greek Crisis
2. The medium term problems of Spain Italy etc
3. The banking crisis

The first one is due to excessive government debt. The second is due to slow growth and current account (trade) deficits. The third is due to the first two.

Unfortunately the Eurozone (EZ) policy makers seem to be acting as if the entire crisis is due to excessive government borrowing, and that therefore cutting public spending is the solution. But if some very small countries (the Baltics and Ireland) can cut their own spending and sell surplus output, it does not follow that Spain and Italy and Portugal all can, when trading partners are cutting demand.

The tight rules the EZ imposed on the European Central Bank and its member states make any corrective policy action other than "austerity" very difficult to adopt.

But legal rules are being narrowly interpreted in

very extreme ways. The ECB does already by government debt (but on the secondary market). The fundamental issue is not what the rules say but what makes economic sense and is politically sustainable. The Germans are proposing a Treaty change to force further austerity on the EZ: if this can be done so can a rule-change confirming the right of the ECB to buy bonds or lend to the European Financial Stability Fund.

There are those who believe that austerity can force through more labour market flexibility and wage cuts and that this will allow the deficit countries to become more competitive, even if there is no easing of credit and even if Germany takes no action to expand demand. But there is probably a balance of opinion the other way: George Soros, the German Council of Economic Advisers, and the DIW Institute in Berlin are all calling for the equivalent of a bond buying programme linked to the ECB to buy distressed debt. A credible promise to do this might be enough, though more delays would mean more action would be needed to show credible willingness. The financial markets actually do seem to be anticipating some sort of support. But the time of writing we don't know what will happen next. It is to be hoped that Mrs Merkel will go to her conservative MPs and say: "Sorry guys I did my best - there is no alternative to letting the ECB lend money". But it risks another disaster down the road if the price of this were to be politically, economically and socially unsustainable austerity requirements that would bring the crowds out on the streets and the Southern member states out of the Euro, and risk the whole EU system collapsing.

## The eurozone crisis: a crisis of legitimacy

**Dr Martine Huberty**

**SEI Associate Tutor**

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Looking back at the 1970s and 1980s, we see that the euro was created as an instrument to further a political union. The current debt crisis in the eurozone forces us to consider whether the euro

has fulfilled those promises, or whether the legitimacy that the edifice was built on is crumbling.

In the Spring 2011 Eurobarometer survey, 79 per cent of Europeans thought that greater coordination of economic policy among the European Union member states would be effective in tackling

the crisis. Furthermore, 78 per cent wanted closer EU supervision of bank bailouts and an equal percentage called for stronger economic and fiscal coordination among eurozone member states. Simultaneously, more people distrusted the EU than before and, in ten member states, more people distrust rather than trust the EU in general. Significantly, levels of distrust have rocketed in Germany, Greece (up 30 per cent) and, to a lesser extent, in France (up 11 per cent). Thus EU citizens think more integration will alleviate the crisis, but they simply do not trust the European Union to do the job.



Since then, two elected governments have been forced to resign by market pressures and, more significantly, by their fellow eurozone governments. They have been replaced by unelected, so-called 'technocratic' governments. In Greece, some ministers – notably the finance minister Venizelos – kept their posts, while some joined the government from other political parties, in effect creating a government of national unity with an unelected prime minister. In Italy, the political parties have refused to participate in any government; instead, they have offered general support to the government, while retaining the option to vote down individual proposals. In Greece, the government of unity will remain in power until elections in February 2012, while the Italian technocratic government plans to stay in place until 2013. Italians and Greeks greeted the appointment of their new technocratic governments with relief. But dire growth predictions and the prospect of painful economic reforms suggest that the fragility of governments in Greece, Italy and indeed Portugal, cannot be downplayed.

The increasing trend to give up powers to the EU level on how to design and allocate national budgets is posing serious difficulties in some member states. The leak of the Irish budget proposal by the Bundestag's finance committee before its presentation to the Dublin Parliament caused out-

rage in Ireland. It hammered home that Ireland's sovereignty is compromised. The French and Austrian governments have encountered parliamentary opposition in enshrining the so-called golden rule into their constitutions.

But it is not only within the eurozone states where the crisis raises questions of power relations and legitimacy. The adoption of the 'six pack' of economic governance allows the unelected European Commission to ask for changes to national budgets and, if not implemented, for punitive sanctions. Even as it gains power in one direction, the Commission loses it in another. It is no longer setting the agenda in the Council.

Germany and France presented new proposals for a treaty change on 9 December; Germany and France say, before any Council meeting, what they will allow to be discussed. Increasingly, it seems that the Franco-German motor has been replaced by Germany alone. Public opinion, and even elites, in the other member states have become worried by the emergence of German veto power.

Alan Mayhew analyses the background of the German position on the current eurozone crisis, pointing out the reasons why Germany has been advocating for a more substantive fiscal structure to support the euro and end the crisis through a treaty change. Institutionally, there are several possibilities for a treaty change: adoption by all 27 EU member states (Article 48 TFEU), adoption by the 17 eurozone countries (Article 136 TFEU), or of the eurozone and other willing states (in the style of the Schengen Agreement), which entails bilateral agreements amongst a self-selected group of member states, bypassing the European Commission and the European Parliament.

In any event, the UK has vetoed any treaty change and the other 26 member states agreed to go on without it. Tim Bale presents the reasoning behind this veto and a 'what if' scenario in his contribution. On 9 December, the eurozone heads of state and governments agreed on a 'fiscal compact', automatic correction mechanisms in the event of deviation from the target of 0.5 per cent of an annual structural deficit of nominal GDP, and a deepening of fiscal integration. They have

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There will be no involvement of the private sector, but the voting rules in the ESM will now include an emergency procedure. A qualified majority of 85 per cent can decide that financial assistance is needed when the sustainability of the euro area is threatened. Some of these measures can be decided through secondary legislation, but others 'should be contained in primary legislation'. An international agreement is scheduled to be signed in March 2012.

What all of these proposed changes have in common is that they do not address the issue of who is ultimately politically accountable for the painful reforms demanded. As Thierry Chopin and Jean-Francois Chamet note in *Le Monde*: 'The European Union cannot be satisfied with the fact that its political system is discredited to the point where it needs to borrow credibility from the independent European Central Bank (at the EU level) and from technocrats'.

The question is whether these changes provide too little relief, too late, to calm the markets. But equally importantly, we have seen that these reforms will not be uncontested by national parliaments. In France, the opposition party has already announced that these reforms on 'abandoning sovereignty to a European technocracy' should not be negotiated until after the elections in May and June 2012. Furthermore, legal experts such as Prof. Frank Schorkopf argue in *Der Spiegel* for a closer involvement of the Bundestag in these treaty negotiations. Reconciling the external supervision of, and significant constraints on, national budgets with a legitimate decision-making process that is accepted by the electorate is one of the key challenges of the present crisis.

# The politics of the euro crisis

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**Dr Lucia Quaglia**  
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The eurocrisis began in 2007-8 as a banking crisis (stage 1); it was followed by economic recession (stage 2); and subsequently it turned into a sovereign debt crisis (stage 3), which has the potential to generate a new banking crisis. Whereas some countries, such as the UK and Ireland, were badly hit by the first phase of the crisis – the banking crisis – others, such as Italy and Greece, were only moderately affected, but were severely affected by the third stage of the crisis, which involved extreme difficulties in financing sovereign debt.

At risk are also continental countries, whose banks have most heavily invested in government

bonds of the countries at risk of default. The causes of the first stage of the crisis, the banking crisis, and the response of the European Union (EU) were discussed in a previous issue of *Euroscope*. Here the focus is on the third stage, the sovereign debt crisis, which kicked off in early 2010 and was caused by a variety of factors, as explained by Peter Holmes' contribution.

The EU response to the sovereign debt crisis was ad hoc and feeble. As a consequence of the crisis, the ECB has necessarily paid more attention than in the past to the objective of safeguarding financial stability and it has taken some unconventional measures. Initially, with some reluctance, the

the ECB engaged in targeted purchases of bonds of countries at risk of default in the secondary markets. In December 2011, the ECB took measures designed to ensure enhanced access of the banking sector to liquidity and facilitate the functioning of the euro area money market with a view to support the provision of credit to households and non-financial corporations.

Prior to the crisis, there were no specific EU mechanisms to deal with such situations and this shortcoming was only partly addressed by the stabilization funds/mechanisms set up in the midst of the crisis. The European Financial Stabilisation Mechanism (EFSM) was set up by the Council of the EU in May 2010 as an emergency funding programme for all EU member states in economic difficulty, subject to conditionality. Funds are raised on the financial markets by the European Commission and guaranteed by EU budget. It has the ability to raise up to €60 billion. The European Financial Stability Facility (EFSF) was also created by the euro area member states in May 2010. It can issue bonds, guaranteed for up to €440 billion for on-lending to euro area member states in difficulty, subject to conditionality.

Issues are guaranteed by the euro area member states. The EFSF, which may intervene in the debt primary market, is due to be liquidated by 2013. The European Stability Mechanism (ESM) was agreed by the Council in March 2011. It provides financial assistance, under conditionality, to euro area member states. It may also intervene in the debt primary market. The ESM will assume the role of the EFSF and the EFSM in providing external financial assistance to euro area member states after June 2013. The ESM will have a total subscribed capital of €700 billion, with €80 billion in the form of paid-in capital provided by the euro area member states from 2013 onwards and guarantees from euro area member states to a total amount of €620 billion. The meeting of the European Council on 8-9 December 2011 decided to bring forward the coming into force of the ESM.

The mechanisms for fiscal policy coordination in the EU were weak prior to the crisis. They were only partly strengthened by the EU decisions to

enhance the Stability and Growth Pact, the new macro-economic imbalances procedure, and the Euro Plus Pact. On 8-9 December 2011, the European Council decided to establish a 'new fiscal compact' – a European fiscal rule to be transposed in national legislation (see Jim Rollo's contribution).

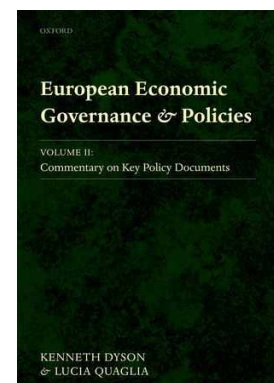
Overall, the EU response to the crisis has so far been constrained by German emphasis on the competitiveness and sovereign debt problems of the euro area as long-term problems that require mechanisms to buy time for painful domestic adjustments in line with retaining the integrity of the Maastricht monetary constitution, especially the no bailout clause and the principle of separation of fiscal and monetary policies. In this context, it has proved impossible to progress proposals for eurobonds and, above all, for a lender of last resort other than to the banking system in the EU or in the euro area; there is not an equivalent of an EU treasury.

At the core of the politics of the euro crisis there is a division within the EU between fiscally 'sinning' countries (namely debtor countries) and fiscally 'virtuous' countries (namely, creditor countries), as explained by Alan Mayhew's contribution. The EU is also plagued by large intra-EU macroeconomic imbalances, whereby creditor countries have surpluses in the balance of payments, and debtor countries have deficits. This division between debtors and creditors creates both a moral hazard problem and a collective action problem: the basic question is who should bear the costs of adjustment (Dyson and Quaglia 2010). So far, the EU has not found a convincing answer.

Dyson, K., Quaglia, L.  
(2010)

*European Economic Governance and Policies. Volume II: Commentary on Key Policy Documents*

Oxford University Press



# Will Germany save the Euro: Moral Hazard and the ECB

**Prof Alan Mayhew**  
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Peter Holmes' contribution to this edition of Euroscope has outlined the key challenges which eurozone governments and institutions are facing.

These challenges are real; however, the eurozone as a whole has a current account surplus, a low government deficit, and a relatively modest overall debt position. When the eurozone asks the rest of the world to help finance the vehicles created to resolve European debt, it is then not surprising that they reply 'what problem' or 'why don't you sort out your local difficulties yourselves'.

The problem, of course, is that the 17 member states are sovereign countries with independent fiscal policies, not regions of one centrally controlled state. In addition, the member states' citizens do not recognise the European institutions as the centre of their democratic life, but rather their national parliaments. And national governments have to be elected (and re-elected) by national electorates.

As Peter explains, by creating the impression that constituent governments and their citizens could borrow at interest rates equivalent to those in Germany, the monetary union meant that governments could borrow beyond reasonable levels, real estate bubbles could get out of control, and difficult structural reforms could be put off for a later government to tackle.

As Germany itself sinned once before in weakening the rules of the Stability and Growth Pact reinforces Germany's determination to ensure the rules of an ever stronger stability mechanism in the eurozone are enforced. Germany has confessed and repented; it is now time for today's sinners to repent.

The fact that several of the countries, which find it

difficult or impossible to raise funds on international capital markets, also occupy the lower ranks of tables on progress with structural reform and perform very badly in Transparency International's Corruption Perceptions Index, underlines the institutional and political weaknesses in these countries.



Institutional problems are extremely hard to resolve and, short of a revolution, resolution generally takes a long time.

It is these doubts about the capacity of some eurozone states to run sensible (German) fiscal and structural policies, which prevent Germany at present from supporting the most straightforward solution to the Eurocrisis – allowing the ECB to perform the function of lender of last resort.

Allowing the ECB to buy unlimited amounts of bonds from indebted eurozone governments would probably be less of a potential burden on German taxpayers than the cost of recapitalising German banks if Greece and Italy need to re-schedule their sovereign debt. It would, however, take the pressure off these countries to reform, run responsible fiscal policies and avoid speculative bubbles in key markets. If that were the case, the risk that Mario Monti would be cast aside and replaced by Berlusconi would be significant and Germany might be faced with the creation of a 'Transferunion', which it fears above everything else.

This also partly explains why the policy response of the eurozone governments has been so slow and hesitant. They have always been dealing with yesterday's problem when the crisis has moved

on. Early action to stem contagion taken in 2010 might have avoided Italy and Spain being condemned to paying very high interest rates to fund their debts and facing apparently insurmountable financing challenges. But Chancellor Merkel's policy of taking small steps and resisting pressures from junior partners like France for a quick fix has played well with domestic voters.

The German Chancellor faces considerable domestic pressure. Two German Social Democrat MPs have filed a suit to the Constitutional Court arguing that the whole Bundestag should be involved in the approval of bailouts by the EFSF. The CDU-CSU/FDP coalition looks increasingly divided over the issues of bailouts and reforms, and the FDP has called a vote by its members whether to support the European Stability Mechanism or not by mid-December 2011.

But Merkel has kept the pressure up on wayward southern states in the eurozone to continue the reform process. It is almost certain that the German government does not want the monetary union to fail and it knows full well that eventually it is going to have to go for a solution which allows the southern European states to meet their obligations.

However, before it takes that step, it must be sure, as far as is possible, that the dramatic problems faced by the eurozone do not recur in the future. Hence its insistence on Treaty changes and the move towards a 'fiscal union'.

Although Germany certainly does not want a position as Europe's 'hegemon' (whatever that means), gradually EU members are coming round to asking Germany to fill that role, albeit only as saviour of the euro.

It was remarkable that even the Polish Foreign Minister, Radek Sikorski, pleaded with Germany to play this role to save the euro and the European Union in a speech in Berlin on 28 November 2011: 'you [Germany] have become Europe's indispensable nation and I fear German power less than I am beginning to fear German inactivity'.

As Jim Rollo writes, the European Council meeting on 9 December underlined general support for the German position, although the United Kingdom chose not to participate even in the negotiation of a new 'stability' treaty, which will now be negotiated outside the EU Treaties. The 23 or 26 member states which will eventually agree and ratify the new inter-governmental treaty in March 2012 will be agreeing to implement quite severe disciplines in fiscal policy.

Of course, there are major risks in this policy. A strict German-style stability policy will make it harder for the peripheral countries to return to growth. As Peter writes, small Ireland can do it by cutting unit labour costs and expanding net exports, but large Italy and Spain can't do it.

Both have major competitiveness problems even if insolvency can be avoided and liquidity improved. Can the democracies of these countries survive a decade of real wage decreases, slow growth and high unemployment? Germany can do it (real wages in Germany between 2000 and 2010 fell by over 4%) but can Italy or Spain?

However, a more imminent risk is that Italy finds it impossible to raise finance to meet its obligations in December 2011 and January 2012 and we are faced with a disorderly break-up of the eurozone with extremely high costs to banks and individuals in all EU-27 member states.

Most people understand Frau Merkel's predicament as well as the need for fundamental corrections to the eurozone system to ensure stability and growth in the medium- and longer-term. But in the short-term we may also be dead!

# The UK and The European Union

**Prof Tim Bale**  
**SEI Professor of Politics**  
**T.P.Bale@sussex.ac.uk**



Government is sometimes about giving people what they need rather than what they want. The British Prime Minister, David Cameron, probably understands this. However, because he leads what is now an overwhelmingly Eurosceptic party and runs a highly Eurosceptic country, he is nevertheless forced to calibrate and even trade off between those two imperatives.

It is clearly not in the UK's interests – and even most sceptics admit this – for there to be a disorderly collapse of the Eurozone in the face of the current banking and sovereign debt crisis. Whether they like it or not, the British cannot simply stand aside, say I told you so, and watch as the whole thing falls apart: calamity on this scale cannot be confined to 'the continent'. On the other hand, many Conservative MPs, even if they don't actually want to leave EU, are damned if they are going to see a Tory-led government help out the countries (in their view at least) were either knavish or foolish enough to sign up to a single currency that never stood any chance of working.

The only thing that might have changed their mind would have been if David Cameron could have extracted a price for British assistance – some kind of opt-out or 'repatriation' of powers that could perhaps have been dressed up to look like a 'fundamental renegotiation of the UK's relationship with Brussels.' Even then, that assistance would have had to have been more political than financial, while any treaty change that it permitted would have had to have been capable of being sold to Tory backbenchers and the country as a whole as a) minor and b) affecting only the Eurozone.

Exactly what David Cameron demanded in the wee-small-hours of 9 December before 'the twenty-six' and 'the one' went their separate ways, we will only discover over time. Leaked

documents and 'sources close to' make it clear that protecting the City from additional regulation was central, while before the summit there was also talk of more opt-outs on employment regulation, not least on the Working Time Directive. But above and beyond that, who knows?

Ultimately, what the Conservatives seem to want is to wrest from 'Europe' the ability to prevent a Tory government from doing its utmost to turn Britain into America: leaner, meaner, with a hire and fire, no-red-tape-capitalism a million miles away from the supposedly sclerotic corporatism and 'socialism by the back door' on offer from 'Brussels'. What is needed to pull Britain out of the economic hole into which it seems have fallen of late is, according to this view, a second supply-side revolution.

At the moment the realisation of this vision is constrained both by the Liberal Democrats (or at least some of the Liberal Democrats) with whom the Conservatives currently share power and by the 'dead hand' of the EU. So strong is the belief in Conservative circles that the latter represents the biggest obstacle to Britain breaking through into a bright future of free trade with emerging powers like China and India, that the crisis that now confronts Europe is seen by many Tories as an opportunity rather than a threat. In half-a-century's time, they may have a point, but most economists would argue that it will take at least that long before such a tipping point has reached.

Simply because Cameron buys into the idea that Britain's future lies in the East and that that he must protect the City at all costs does not, however, mean that it motivates everything he has said and done during this crisis. Even many who regard Euroscepticism as, at worst, a pathological obsession and, at best, a damaging distraction have some sympathy with the Prime Minister's desire (one shared, after all, with many other



member states) to persuade Germany into standing more squarely behind the 'weaker sisters' in the Eurozone. This would be done either by Germany agreeing to the issue of some sort of 'Eurobond' or (as many seem to think is ultimately inevitable) Germany allowing the ECB to act as a 'lender of last resort' so loaded that it would calm the markets. What fans of such arguments find so frustrating is that the fact they are being put forward by a sceptical country like the UK mean they are less influential and persuasive than, on their merits, they ought to be.

Whether Berlin really would listen more attentively if that were not the case is another matter: after all, it has its own national interests to protect and, at least for the moment, these seem to be better served by rejecting schemes which risk letting those countries which have already 'misbehaved' get away with it again. But the question of whether the UK's semi-detached position has made it harder for Cameron to persuade Merkel to do what some see as the right thing raises a much bigger 'what if' – namely, would the Eurozone be in quite as much trouble now had the UK, along with other 'sceptical' member-states like Sweden and Denmark, decided to adopt rather than opt out of the single currency?

It is of course a generalisation, but one that essentially, holds true that those countries, in contrast to many others (including, we should say not just Italy and Greece, but also France and Germany) tend not to sign up to EU rules and regulations unless they intend to follow them. One of the reasons that some (though not all) of the Eurozone members currently in trouble find themselves in such a mess is that they were allowed by other members to get away with bending the rules. Why? Because those countries were

themselves bending the rules, ensuring, for instance, that no-one – apart from lowly Portugal – ever got into trouble over breaking the terms of the Stability and Growth Pact. Not everyone was happy with this: the Netherlands (another relatively sceptical country) registered its concerns. But those who were unhappy lacked the clout (and the independence from either France or Germany, or both) to mean that their concerns actually counted for something. Had they been joined by the UK (and by Sweden and Denmark), maybe things would have been different.

This is not just a pointless thought-experiment: it has clear relevance for the UK, both in the here and now and in the future – even more so after the bust-up in Brussels. Even some Conservative commentators – admittedly only the more thoughtful – were suggesting in the weeks leading up to it that Cameron could hardly complain at not being listened to if he carried on simply shouting from the stands rather than getting fully involved in the game. If the Eurozone falls apart anyway, all bets are off: what happened in Brussels in early December 2011 won't matter that much because there will have to be a replay. If it survives, and the 26-1 split is institutionalised, then the UK won't even be shouting from the stands. It'll be at home, sitting in an armchair, throwing things at the telly.

Whether the Conservatives' coalition partner will be content for that to happen is another matter. So far Clegg and co. have swallowed just about everything Cameron and Osborne have served up to them. If they swallow this too, people are going to be asking what exactly are the Lib Dems for? Watch this space....

## **Government against the State: the public administration knot in Greece**

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The economic crisis in Greece with the sovereign debt problem as its crux is not only a problem of

an endemically feeble production structure accounting for sluggish and more recently negative growth. Equally, if not more importantly, it is a problem of the State and the entrenched structures and practices that have subversively shaped the nature and quality of its public administration. The latter is both a cause of the current crisis,

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and a major barrier in overcoming it, an issue that has not been sufficiently discussed. When it has been, the assessment is overshadowed by strong, simplistic and often emotionally charged, misperceptions about 'lazy' or 'incompetent' public servants, overlooking the structural deficiencies that debilitate the Greek bureaucracy.



In December 2011, the critical knot of the public administration poignantly surfaced following the release of the Organisation for Economic Cooperation and Development (OECD) review of the central administration in Greece ([http://www.oecd-ilibrary.org/governance/greece-review-of-the-central-administration\\_9789264102880-en](http://www.oecd-ilibrary.org/governance/greece-review-of-the-central-administration_9789264102880-en)). The main and grim finding of this report is that the government apparatus in Athens is virtually unable to implement the reforms that are urgently needed to tackle the large budget deficit and to establish conditions that are propitious to economic development and growth. Lack of communication and coordination among its greatly fragmented 14 ministries that are internally exceedingly compartmentalised, the absence of systematic record keeping and generally of management of organisational knowledge, the proliferation of administrative departments and upper level posts, as well as the gap between an excess of legislated acts and spotty implementation, are some of the structural and systemic features that thoroughly undermine the ability to steer and implement large scale reform. Indeed, it would not be an exaggeration to say that the greatest obstacle to the government's efforts to tackle the economic crisis today is the State itself.

Captured, often derogatorily, by the term 'clientilism', the appointment of new personnel by incoming governing parties in the high echelons of the public administration, creating some degree of disruption, is nonetheless a practice well-known in most contemporary democracies. Besides geared towards facilitating implementation of a new

government's policies, it is also legitimated by the democratic principle that popular will that is embodied in an elected government supersedes administrative fiat. What is distinctly Greek or South European about it though is the fact that for a variety of societal, economic and historical reasons, the phenomenon of political appointments has been much more pervasive and diffused, both horizontally and vertically, throughout the different levels of the bureaucracy's hierarchy. It has also taken place devoid of the expectation that organisational and personnel shifts be rationalised as to effectively deliver and achieve public goals that go beyond partisan aims. Since its recognition as an independent authority in 2001, the Higher Council for Selection of Personnel (*Anotato Symvoulío Epiloghis Prosopikou*, ASEP) responsible to evaluate and select personnel for the public sector established a merit-based process of recruitment. At the same time, the effectiveness of the Council has been less than desired, having itself succumbed to the slow-moving and excess red-tape routines of the Greek bureaucracy as a whole.

A main consequence of the overall lack of goal-oriented and merit-based functioning of the Greek public administration is the endemic legal and policy implementation gap, which in the context of the ongoing economic and debt crisis has become critical and deleterious. It is at the root of the government inability to substantially reduce public spending and the fiscal deficit, in spite of the large drop in public sector salaries and the strong pressures by the country's lenders. This implementation gap has now become magnified due to the fact that the unions representing the various interests of public sector employees have entered into a phase of autonomisation from the government connections and the partisan affinities that nurtured them in the first place. Disgruntled by the cuts imposed on salaries and other benefits, they try to hold on, even if hopelessly, to any remaining privileges, sharply resisting calls to change. Considering the magnitude of non-implementation and resistance, it is argued that nothing short of a 'big bang' overhaul could meaningfully reform the Greek public administration and pave the way for ending the deep economic, social and political crisis.

# Berlusconi's end: Chronicle of the agony of a government

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On 12 November at 9.30 pm Silvio Berlusconi resigned in the hands of President Giorgio Napolitano, after representing for almost 18 years the pivot of Italian politics. Following the critical result of a key vote at the Chamber of Deputies on 8 November, Berlusconi committed himself to resign after the final approval of the Budget that took place, with almost a unanimous vote, only 5 days later.

The vote of 8 November that certified the death of Berlusconi's majority represents probably the most successful result of the weak and divided centre-left opposition. MPs were asked to vote on the review of the budget. No vote of confidence was posed, given Berlusconi's awareness of the risks related to the vote, also in the light of the number of defections within the ranks of the majority and the growing migration of centre-right deputies to centrist opposition parties. Given the significance of the vote in terms of international credibility of the country, the opposition could not afford to vote against the bill without being blamed as anti-Italian. The final strategy adopted by the opposition represented the perfect equilibrium between national responsibility and political interest.

All the opposition parties from centre to left decided not to attend the vote in order not to oppose the approval of the bill, while highlighting the clear limits of Berlusconi's coalition. The final re-



sult of the vote could not be clearer in confirming the end of the governing majority: 308 votes in favour versus 323 not voting or abstaining.

Despite the fast developments of the last weeks, the origins of Berlusconi's end date back to the past spring and the agony of his government lasted more than one year. There are issues then the sexual and judicial scandals which characterized Berlusconi's 4th government since its inauguration in 2008. What clearly undermined its parliamentary stability was the growing uneasiness of relevant sectors of the majority represented by the Speaker of the Chamber Gianfranco Fini. Fini's opposition to Berlusconi's imperial rule over the People of Freedom (PdL) had both programmatic and systemic connotations, whose objective represented the very essence of Berlusconi's power. Well aware of this, Berlusconi and his entourage opted for a radical solution to the on-going intra-party conflict, thereby expelling Fini and his faction from the PdL.

If this solution granted higher internal cohesion, it also determined clear repercussions in terms of size and stability of the majority. The very limited numbers of the governing coalition clearly emerged during the vote of confidence called by the oppositions on 14 December 2010, when Berlusconi survived in power but failed to secure the absolute majority of the votes, with only three votes more than the opposition. From December 2010 the governing coalition faces a constant struggle to survive both in terms of numbers in the parliament and of legislative effectiveness.

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With respect to the first problem, Berlusconi's answer was to create a new puppet party group labelled National Responsibility Movement (MRN) mainly consisting of defectors from different opposition groups, whose loyalty was often secured with non-orthodox tools the most common of which was offering them sub-ministerial positions in the government. No shared ideological or political background characterized the group, while it seemed mainly based on its members' personal interest. In terms of legislative effectiveness, the more limited numbers of the majority and its low level of cohesiveness determined a growing use of the legislative decrees to bypass the parliamentary majority and of the vote of confidence to discipline it.

Despite all this, a number of legislative proxies clearly show Berlusconi's inability to legislate effectively and to properly address the growing economic instability faced by the country from the early summer 2010. Significantly, the ministers themselves were often forced to attend the votes in order to secure the success of the government's positions. When it comes to legislative productivity, the figures clearly show a vertical decline in terms of government's legislative initiative, falling from 75 proposed bills in May 2008 to only 30 in November 2011. Moreover, it is worth mentioning that bills related to justice accounted in the last year for more than 25 % of the initiatives, thereby clearly emphasizing the existence of an on-going conflict of interest involving the prime minister and his judicial problems.

What determined the impossibility to proceed under this state of impasse is mainly related to the fast developments of the international financial crisis. The growing international speculation targeting Italian assets under many respect turned the Belpaese into the sick man of Europe. To this situation of emergency the government did not prove able to respond effectively, despite its reiterated international commitments, thereby reducing the already limited credibility of the country in the eyes of the other European executives and of the international market.

As an extreme survival strategy, Berlusconi and many of his ministers kept denying the crisis. Worth mentioning are his words at the G8 Nice Summit when he declared that in Italy there is no crisis. The restaurants are full. On the other hand, the governmental inability to take the necessary measures made the risk of a Greek scenario every day more likely.

The combination of Berlusconi's hyperbolic declarations and of his government's increasingly evident inactivity despite Italy's growing international difficulties determined an unprecedented wave of popular frustration and discontent. In the light of this, Berlusconi's resignation has been perceived by many Italians with a sense of liberation as clearly reflected by the celebration that took place in many Italian squares on 12 November.

Despite the folklore that characterized that night, Italians' growing opposition to Berlusconi cannot be reduced to a seasonal phenomenon determined by the crisis, but it seems to present very clear evidences dating back from Berlusconi's heavy defeat in the 2010 local elections. In the most recent opinion polls that preceded his resignation, almost 70% of the respondents declared their support for a governmental change.

The celebrations in front of the presidential residence somehow recall the images of furious citizens throwing coins to Bettino Craxi in 1993 that paved the way to the collapse of the First Italian republic and its party system almost twenty years ago. In this respect, it is not clear if the system emerged from the ashes of the First republic will prove able to restructure itself and to cleanse its original sin or if it will collapse like the previous one with the same dramatic consequences...

## The role of Europe in the 2011 Polish election

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The October 9 Polish parliamentary election coincided with Poland's first ever turn at the head of the rotating presidency of the EU. As a consequence, it was almost inevitable that European integration would have quite a prominent profile as an issue in this campaign. For sure, since the Lisbon treaty came into force it, the role of the EU presidency became less important with little political or executive power attached to it. Nonetheless, it did still entail framing the EU's agenda and chairing meetings of the Council of Ministers, so during these six months Poland would host many of the Union's most important events and receive visits from Europe's key political leaders.

The centrist Civic Platform (PO), the main governing party, thus hoped to use the timing of the presidency to boost its electoral chances by providing prime minister Donald Tusk and other ministers with a major European and global platform. Indeed, when the election date was set, concerns were raised that the campaign could put the functioning and efficiency of the Polish presidency at risk. However, the almost daily dose of negative news from the euro zone meant that the Polish presidency became associated with the EU crisis. Mr Tusk's government was also frustrated by Poland's exclusion from many of the key European debates because it was not a euro zone member. This made the EU presidency less of an electoral asset than it had originally hoped for and limited Civic Platform's scope to exploit it for electoral gain.

### Europe as a valence issue

Mr Tusk's government had made ensuring that Poland was seen as a predictable and reliable EU member one of the hallmarks of its approach to international affairs and clear point of differentiation between itself and its predecessor led by the right-wing Law and Justice (PiS) party, the main parliamentary opposition grouping. When it came to power in 2007, the new Civic Platform-led government made a concerted effort to re-focus Polish foreign policy in a



pro-EU direction and change the country's image as a 'trouble-maker' on European issues. It tried to make Poland's approach towards the EU more predictable and adopt a more conciliatory tone towards Brussels and the major EU states, paying special attention to improving strained relations with Germany, with whom the previous Law and Justice-led government had clashed bitterly. Indeed, some commentators suggested that Civic Platform's 2007 election victory represented Poland's 'second return to Europe'.

In fact, during the election campaign, the two main parties focused mainly on domestic issues. When they did campaign on Europe they treated it as a so-called 'valence issue': one where they competed over who was most competent to pursue a shared objective; in this case, representing and advancing Polish 'national interests' most effectively within the EU. Civic Platform argued that it, in adopting a positive and constructive approach with Warsaw's main EU allies, it located Poland within the so-called 'European mainstream', thus increasing Poland's role in the EU's decision making process. This, they argued, stood in favourable contrast to the 2005-7 when Poland became isolated and unable to forge stable long-term alliances. In particular, the party tried to use Civic Platform politicians who held prominent positions within European institutions - notably European Parliament (EP) President Jerzy Buzek and European Commissioner Janusz Lewandowski - as way of convincing Poles that it was the party best placed to argue Poland's corner in the negotiations on the 2014-20 EU budget. This caused some controversy given that Mr Lewandowski was meant to be an impartial official at the centre of the Commission's work on the budget.

Law and Justice, on the other hand, fiercely criticised Mr Tusk's government for 'hauling up the white flag

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of surrender', accusing it of insufficient robustness in defending Poland's national interests and relying too much upon Germany whose interests, they argued, often conflicted with Warsaw's. The party argued that identifying Poland with the 'European mainstream' was nothing to boast about. Any government that agreed to everything that Brussels and the main EU states proposed would inevitably win plaudits for its 'constructive' approach but, like the Civic Platform government, have little concrete to show for it. While the Law and Justice-led governments' approach may, at times, have annoyed Brussels and Poland's EU partners, this was, the party argued, an inevitable price to be paid for standing up robustly in defence of Poland's national interests and, they claimed, proved a more effective means of extracting concessions.

### 'Europeanisation' or 'domesticisation'?

Differences between the two main parties over approaches to Europe were also a question of different political styles and self-images, and the images that they attempted to portray of their political opponents. On the one hand, Civic Platform tried to present its European policy within the context of its broader self-image as a pro-Western modernising force - a non-ideological, pragmatic, common-sense party of 'progress by small steps' - compared with Law and Justice which, it argued, represented backward, provincial nationalism.

Law and Justice, on the other hand, tried to locate the party's approach to European integration as part of its self-image as a patriotic party determined to stand up to the major EU states in order to advance Polish national interests. The party also presented itself as a staunch defender of Polish cultural identity and Catholic religious values - and one that was prepared to clash with the West European left-liberal political and media establishment and cultural elites in order to ensure that the EU respects these traditional values.

In other words, in this election campaign Polish party divisions over Europe were largely subsumed within broader political debates between Civic Platform and Law and Justice and folded into the over-arching logics of domestic party politics. The election once again showed that Polish domestic party politics had not really been 'Europeanised', as some commentators argued that they might increasingly be following

EU accession. Rather, the opposite was actually the case: Polish party debates about European integration had been 'domesticised'. 'Europe' may, therefore, have been a salient issue of (often passionate) party debate, but this debate was essentially about domestic politics rather than a clash over different objectives of Polish European policy or ideological visions of the European integration project.

### A vote for continuity

In the event Civic Platform garnered 39.18% of the votes and 207 seats in the 460-member Sejm, the more powerful lower house of the Polish parliament. Law and Justice came a strong but fairly distant second with 29.89% of the vote and 157 seats. It thus became the first incumbent government party in Poland to secure re-election for a second term of office since the fall of communism in 1989. The agrarian Polish Peasant Party (PSL), Civic Platform's junior coalition partner, won 8.36% of the vote and secured 28 seats in the Sejm, giving the governing coalition 235 seats in total, enough to secure a small but workable overall majority in parliament.

The re-elected Civic Platform-led government made it clear that would continue to pursue closer ties with Poland's EU partners as its main priority and position Poland as a strong advocate of deeper European integration. Moreover, in spite of the current turbulence in the euro zone, it remained committed to Poland adopting the euro as part of its desire to be seen to be at the centre of the EU's decision-making core; although this was clearly a long-term strategic goal rather than a short-term priority.



# On-Going Research

This section presents updates on the array of research on contemporary Europe that is currently being carried out at the SEI by faculty and doctoral students.

## Networks, relationships and playing the system: analysing corruption in China

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SEI faculty member  
Dan Hough spent the autumn of 2011 researching various corruption-related issues as a visiting scholar at the Renmin University of China in Beijing. Here he analyses some of the challenges and dilemmas inherent in analysing such a touchy subject in the 'middle kingdom'.

No matter where I am in the world, I know what reaction to expect when people hear that I am doing research on issues of corruption: "oh, corruption, really, well you must come to my country, corruption is a *real* problem there". Corruption, so it would seem, is everywhere, and that truism is just one reason why LPS recently created a new research centre – 'The Sussex Centre for the Study of Corruption' – to analyse, in all its forms and via a range of disciplinary approaches, the subject in more detail.

Yet when Chinese people talk about corruption being a prominent part of everyday life they really are not joking. China does poorly in the most authoritative corruption ranking, Transparency In-

ternational's Corruption Perceptions Index (the Chinese came a lowly 78<sup>th</sup> in 2010), and Chinese citizens are very aware that without the right type of 'guanxi' (connections or networks) you are unlikely to get much at all done.

Indeed, opinion polls regularly suggest that endemic corruption is *the* issue that Chinese citizens feel most aggrieved about. The Chinese government is well aware of this – it was, after all, student protests at endemic corruption within the Communist Party (CP) that led to the Tiananmen Square massacre of 1989 and the CP leadership knows full well that any future uprising against its rule is much more likely to stem from this source than, say, consternation at any alleged lack of democratic oversight and/or human rights abuses. When living and working in China, you soon realise that – no doubt much to the chagrin of western analysts – those two latter points are of little genuine interest to the majority of Chinese men or women on the street.

It is with this in mind that over the last decade China has, interestingly, become a veritable laboratory of anti-corruption strategies. Indeed, in 2009 over 30,000 corruption cases were brought before the courts and a small but significant number of individuals have even been executed for their misdemeanours; in 2007, for example, Zheng Xiaoyu, the former head of China's authority for regulating food and medicine, was executed for taking bribes in an attempt to cover up one of the many food contamination scandals that regularly

seem to make the headlines in China. Both the government and the wider Chinese population subsequently agree that corruption is a major, if not *the* major, policy challenge facing the country today.

It is with all this in mind that analysing corruption in China is so interesting. On paper, you quickly find that the Chinese government has sought to do much of what the literature on anti-corruption strategies advocates; wide-ranging anti-corruption laws were introduced in 2006 and they were further tightened and expanded in 2010; anti-corruption compliance programmes have been developed; high profile anti-corruption summits have been held. And yet levels of corruption remain stubbornly high. What exactly is going wrong here?

The answer to that question has a complicated answer and a simple one. The simple one is that Chinese officials want to do everything they can to look like they are reacting to public dissatisfaction with corrupt practices. Hence they pass laws, chuck people in prison (or simply knock off their heads) and generally stomp around sounding authoritative. But they know that many of the practices that are so abhorred are rooted in their system of governance, and changing this system will by definition weaken their ability to control it. That is simply not an option.

A number of points highlight this (think of this as part of the ‘complicated answer’). Around 90 per cent of China’s dollar millionaires – of which in 2009 there were around 825,000, a number that is growing by around 15 per cent a year – have a middle or high ranking CP official in their extended family (China Brief, 24 June 2010). Powerful vested interests therefore do very well out of the current system, no matter whether they themselves act in a corrupt fashion or not. Furthermore, levels of social capital – no matter how defined – are low, meaning that Chinese citizens often simply expect officials to act in what westerners are likely to understand as a corrupt fashion. Despite a vibrant online community (the Chinese version of Twitter, ‘Weibo’, is becoming increasingly hard for the online sensors to manage, for

example), Chinese journalists and civil society activists do not really have the teeth to keep officials in check. CP managers up the food chain may hang certain individuals out to dry, but the lack of transparency in decision-making and the murky line of accountability ensures that these are the exceptions that prove the rule. Levels of trust in both institutions and in civil servants are therefore lower than elsewhere, and petty corruption is now seen as part of everyday life. If you have connections, more or less anything is possible in China.

So where does this leave the student of corruption? Well, two things clearly spring to mind. Firstly, despite generic similarities across time and space, corruption will always develop in culturally specific ways. The Chinese case of state-sponsored capitalism with a Marxist flourish illustrates this better than most. Understanding the root causes of this uniqueness is fundamental to understanding how people deal subsequently with dilemmas with which they are faced – and what is required to tackle the problems. Secondly, and linked with this, it is important not just to look at what is said, or even what is written on paper, but to see how anti-corruption strategies and mechanisms (do or don’t) work in practice.

The well-developed sets of anti-corruption laws in China will, for example, remain ineffective for as long as they can be contravened, side-stepped or just plain ignored by the state’s favoured sons (and daughters). The challenge of remedying corruption in China therefore actually has one big similarity with that facing other countries; good governance structures – with transparency and accountability at their core, based around a consistent set of rules that allows no exemptions – are the key. And China – despite its recent economic boom – remains a long way from that right now.



# Insolvency at the Cross-Roads in Europe

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With all the talk in recent weeks about debt defaults, sovereign bankruptcy and whether the Eurozone will survive the stresses its component economies are facing, it is easy to overlook the needs of participants active in these economies and facing the stresses of delivering goods and services to consumers against the background of a volatile market.

Paul Omar, of the School of Law, is a researcher in the field of insolvency and will be organising a conference to take place in mid-2012 under the aegis of the Academic Forum of INSOL Europe, of which he is also the Secretary. The conference is being hosted jointly with the Nottingham Law School on Thursday 28 – Friday 29 June 2012 and the overall theme will be: “Too Big To Fail? Large National and International Failures under the Spotlight”. The intention is that this conference charts the major developments in insolvency in recent years, particularly in light of the ongoing financial crisis, with respect to the insolvency of major components of business and financial environments.

These will include financial and insurance institutions, large conglomerates and groups of companies as well as sovereign bankruptcy and the insolvency of state-run bodies. Topics within the overall theme will include the regulation of insolvency procedures and practices involving large bodies and institutions, the special challenges of designing insolvency systems and procedures to cater for large-scale enterprises, the role of regulatory and other oversight bodies in the maintenance and

supervision of insolvency processes as well as any related issues involving participants interested in the process.

As a background note, the INSOL Europe Academic Forum, founded in 2004, is a constituent body of INSOL Europe and is led by Professor Stefania Bariatti (Milan), assisted by a Management Board representing insolvency academics from across Europe. Its primary mission is to engage in the representation of members interested in insolvency law and research, to encourage and assist in the development of research initiatives in the insolvency field and to participate in INSOL Europe activities.

Its membership includes insolvency academics, insolvency practitioners with recognised academic credentials as well as those engaged in the research and study of insolvency. The Academic Forum meets annually in conjunction with the main conference of INSOL Europe and also arranges joint conferences with partner institutions around suitable themes of interest to the practice and academic communities with previous meetings taking place in Prague (2004), Amsterdam (2005), Monaco (2007), Leiden and Barcelona (2008), Brighton and Stockholm (2009), Leiden and Vienna (2010) as well as Milan, Venice and Jersey (2011).

A series of conference publications exists covering events from 2008 onwards containing accounts of recent research in the insolvency field useful for academics and practitioners alike. The Academic Forum also participates in projects, most recently in the creation of the European Cross-Border Communication and Co-Operation Guidelines and will be looking to make an input into the work leading up to the review of the European Insolvency Regulation which is intended to occur in 2012-2013.

# The Crux of The Cyprus Problem: Property Disputes in Cyprus

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This research focuses on property disputes between Turkish Cypriots and Greek Cypriots (T/G Cypriots) in Cyprus. It has been more than thirty five years since this issue became the crux of the Cyprus problem, which still remain unresolved today, and fourteen years since the ECtHR has been dealing with unresolved property disputes in Cyprus.

The fact that the property issue is one of the main reasons for the unresolved Cyprus problem has inspired Bugem to do research on property disputes in Cyprus. The research examines the crucial reasons that make the property issue one of the most complex matters in Cyprus. The property issue attracted attention in the international arena when Cypriots started to bring applications before the ECtHR, which has led Bugem to widely focus on case analysis in this research.

There have been a significant number of applications regarding property disputes between T/G Cypriots before the ECtHR for nearly two decades. In order to comprehend how both communities' rights are recognised and protected at the international level, the property dispute related cases and the attitude of the ECtHR in the decision making-process are examined. The research focuses on the issues related to the protection of property as a human right and the exception which is laid down under Art. 1 (1) of the First Protocol to the ECHR. After the landmark case of *Loizidou*, the number of applications before the ECtHR has dramatically increased.

Until the failure of the UN comprehensive solution plan, known as the Annan Plan, the ECtHR

had a stable standing point on applications from Cypriots. However, with the advent of the *Demopoulos and others* case, the latest case of alleged property violations, the dynamic of property disputes has changed with the contribution of the ECtHR's attitude.

The period of the Annan plan had largely frozen related Cypriot applications before the ECtHR due to its proposed strategy for property dispute resolution. The freezing effect of the Annan Plan indicated the expectations of the European authorities concerning not only the settlement of property disputes but also the settlement of the Cyprus problem in general. As a result of the inseparable character of property disputes from politics, this required the ECtHR to deal with cases which involve highly intense political matters. Although this feature of the cases was not considered in *Loizidou* and other cases following it, the political aspect of these cases formed the basis of the Court's main ground in *Demopoulos*, fourteen years after the *Loizidou* decision.

It is interesting to consider that the date at which the Court's attitude started to change corresponds to the failure of the Annan Plan. Therefore, it has to be examined whether the political context of Cyprus dispute has had an influence on the ECtHR case-law. The factual situation of Cyprus still remains unresolved today. Both communities have suffered from violations of their human rights. The violations could be avoided through a comprehensive settlement with the impartial assistance of the international community for the betterment of Cypriots.

Bugem has been working under the supervision of Dr. Paul Omar and Prof Susan Millns who have been encouraging to her and who have been guiding her during this research.

# Radicalisation in the UK and Europe

**William Hammonds**

SEI DPhil Student

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I began my DPhil research in PoICES in October 2012 and am looking at the last decade of attempts to prevent radicalisation in the UK and Europe.

I have previous experience on the subject including producing reports for the European Commission on the Beliefs ideologies and narratives of radicalisation and Best practices in preventing radicalisation in partnership with civil society, and for the European Network of Experts on Radicalisation (ENER).

I have worked with other European agencies, including the Fundamental Rights Agency to map European Human Rights education programmes and as a researcher on a European partnership projects. Examples include the Intercultool project that developed a model of intercultural competence for use in employment and training and Kick Racism out of Schools Sports and Society (KROSSS).

KROSSS brought together local education authorities and football clubs from Spain, Denmark, Norway and the UK to develop an annual 1 week teacher anti racism training course. The course is hosted by project partner Arsenal FC and is at-

tended by teachers from around Europe.

I am undertaking my doctoral research in order to deepening understanding of the UK experience of developing a programme of activity aimed at preventing extremism and political violence outside of traditional party political or security responses. The opportunity to retain and develop a European dimension to this work with the SEI was particularly attractive for me.



My other area of interest is in UK higher education policy and I currently work part time as a policy researcher at Universities UK, the UK membership

body for university Vice Chancellors. There I work on responses current higher education and immigration policy reforms and longer term sector trends. I have also worked in local government in support of the political administration.

My supervisors at Sussex are Shamit Saggat and James Hampshire and I am looking forward to engaging with the SEI further as the project develops.

## Interaction between political parties and the EU

**Roxana Mihaila**

SEI DPhil student

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I started my DPhil at the Sussex European Institute in October 2011, under the supervision of Prof. Aleks Szczerbiak and Prof. Paul Taggart. The two of them and 'the usuals' of research room 245 in Friston have helped me integrate effortlessly into the SEI research community.

Prior to coming to Sussex I completed an LLM degree in European Law and an MA in European Studies at Maastricht University, the latter sponsored through the Dutch Ministry for Foreign Affairs' MTEC scholarship programme.

During this time I also worked as a research assistant within the university, mainly on issues of Europeanisation and the domestic implementation of EU directives. I also interned for the European

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Institute of Public Administration in Maastricht, undertaking research on the enforcement and development of EU public procurement law, with a focus on the jurisprudence of the European Court of Justice.

The role of domestic veto players in all these processes reoriented my interest toward domestic actors in general and the role of political parties in particular. My current research project, provisionally entitled *Change or business as usual? A comparative analysis of the interaction between political parties and the EU*, takes a comparative approach to analyse the influence of EU membership on national political parties and the latter's influence on

the EU.

It looks at both direct and indirect EU impact and touches on issues such as party organisation, patterns of intra- and inter-party competition and transnational party cooperation. My broader interests include party systems, comparative European politics, Europeanisation, EU policy-making and implementation, and research methods.



## Irregular Migration in Scandinavia in Comparative Perspective

### Stine Laursen

**SEI DPhil Student**

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In October 2011 I began my DPhil research at the SEI. My primary academic interests are irregular migration and politics in a comparative perspective, with a focus on Scandinavia, as irregular migration remains a very under-research topic in the region.

Before joining the SEI, I have worked as a research assistant at Copenhagen Business School, as a consultant for the International Organization for Migration in Bangkok, Indonesia, and Sierra Leone, and at Rambøll Management in Copenhagen. I became interested in irregular migration after returning to Denmark after living abroad for six years and realising that while immigration was high on both the political and academic agenda in Denmark, irregular migration remained more or less completely overlooked.

In particular, I am interested in estimating the number of irregular migrants in Denmark, as this has never been done before. This presents an opportunity, since, the main assumption both politically and academically in Denmark, remains that irregular migration does not pose a problem, and that the Scandinavian welfare states are unique in



their ability to control irregular migration. Lately, there has, however, been the realisation that few countries are immune to irregular migration. Consequently, I want to test these assumptions.

I am particularly interested in how policies can inadvertently or as an unforeseen consequence

create different types of irregular migrants, and how different policies can limit and expand the opportunities for irregular migration.

I decided to undertake my doctoral research at the SEI and the University of Sussex because of the institution's strengths in both comparative studies and migration. Currently, I am looking at the diverse debates surrounding irregular migration, and identifying possible variables for my study.

My fellow DPhil colleagues have been most accommodating and welcoming, and my supervisors, James Hampshire and Michael Collyer, have been very engaged and interested as I have begun my research process and I very much look forward to continue working with them.

## Europeanisation of criminal and asylum law



**Nick Beard**  
SEI DPhil candidate  
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I am excited to be joining the SEI as an interdisciplinary student completing a DPhil in Law and Sociology. My research will look at the Europeanisation of criminal and asylum law and consider how European legislation has had an impact on the experience of trafficking survivors and asylum seekers in the UK and Ireland.

Originally from the United States, Sussex is my third stop in the British Isles, having previously completed my LLB from Trinity College Dublin and my European LLM at the University of Edinburgh.

My dissertation at Edinburgh explored the Europeanisation of criminal law and how this affected women who had survived domestic violence or rape. I became very interested in the EU as a force for gender equality, particularly in the internal market, and I was curious as to how this would extend to other areas, such as criminal law and the Common Asylum System.

I also wanted to look at how EU legislation affects the situation of the average asylum seeker and so I will be conducting qualitative interviews in the UK and Ireland. I particularly look forward to improving my Irish language skills!

I have been lucky to have the support of my supervisors, Sue Millns in law and Ruth Woodfield in sociology and I have found the whole SEI and LPS to be friendly, welcoming and supportive. I am grateful for the opportunity to be conducting research at the University of Sussex!

## The Conservatives & Crisis: 3 comparative case studies

**Hazel Stroud**  
SEI DPhil candidate  
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My name is Hazel Stroud, and I am a first year DPhil in Politics. My supervisors are Tim Bale and

Paul Webb. Prior to joining the research department at Sussex University I completed my BA in International Politics at SOAS and completed a MA in Political Philosophy at the Open University. I have an interest in political economy, in particular neo-liberalism, and the role of political ideology and individuals in the development of economic

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policy. During my studies at SOAS, I examined the developmental state in the Middle East, Africa and Asia. In particular looking at Japan and China and their political and economic responses to the Asian Financial Crisis.

My current research project is focused on a comparison of three key crisis moments in the UK: the years 1929-34, 1976-83, and 2008-present. After 1929, Britain experienced an economic shock related to a global banking and stock market crisis. In 1976, Britain veered towards financial disaster and received a bail out from the IMF. Consequently Britain had to face strict conditionalities.

During the 2008 global banking crash, the Gordon Brown government spent roughly £850 billion on bailing out the banks. It is likely that the current crisis will dwarf the previous two in depth and severity. The reason for this is that the global banking system is more highly leveraged, and markets are more globalised and interdependent than ever before in history. Despite this grim forecast, we are starting the austerity cycle from a much higher standard of living than in either the 1930s or the 1970s.

At the time of each of these financial disasters the country was led by a Labour Prime minister, Ramsey MacDonald, James Callaghan and Gordon Brown. On each occasion, a few years later the Conservatives took office (under Stanley Baldwin, Margaret Thatcher and David Cameron) and were faced with the economic dilemma of how to kick-start the economy.

By examining the policy response of each of these Conservative-led governments my research seeks to answer the following questions. How can each of these crises be classified? Did the Conservative Party respond with roughly the same strategic and policy response? If they responded the same way to each crisis, what does this reveal about the true nature of Conservatism?

Alternatively, if they responded differently to each crisis, does this give us grounds to assume that Conservatism does not necessarily have a strong economic ideological core? Either way, this study aims to provide substantive evidence regarding the nature of the British Conservative Party by comparing its policy response to three distinct periods of economic instability.



## UK Conservative Party's policy development

**Rebecca Partos**  
SEI DPhil Student

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As a Sussex graduate of 2011, I am delighted to have begun my DPhil research with an ESRC 1+3 scholarship. My academic interests lie in the development of the UK Conservative Party's immigration and asylum policy since 1945.

Previously, I spent a year before university working for an MP and the UK's leading physics organisation. As parliamentary researcher/intern for Kerry McCarthy in her Westminster office, I conducted research, wrote briefings for select committee meetings and responded to constituents. In drafting parliamentary questions and writing press releases,

I gained greater understanding of the workings of

British politics. As project co-ordinator and membership assistant at the Institute of Physics, I gained excellent experience of the working world.



ference of Undergraduate Research. During my third year, I worked with Dr Mark Bennister on the manuscript of his forthcoming book on prime ministerial power: copywriting, proof-reading and tracking down interviewees.

Having graduated with a First in the summer of 2011, I applied for the 1+3 doctoral training scheme with the support and encouragement of my supervisors and other faculty members. I was awarded full funding by the ESRC and the University of Sussex for a four-year programme of doctoral study.

Shortly afterwards, an article co-written with my supervisors on Cameron's Conservatives and immigration was published in the *Political Quarterly*. Last autumn I began my MSc course in Social Research Methods. I have recently joined the Euroscope editorial team and I'm looking forward to working closely with SEI members.

In September 2008, I began my degree in English literature at Sussex. Despite my interest in practical politics, I was cautious about politics as I had no previous experience of studying the subject. Nevertheless, I undertook a politics module every term – with special permission – until the last term of my final year. I worked for Celia Barlow MP at her Hove constituency office for one day a week until May 2010. As caseworker/intern, my work

included constituents' casework, of which a significant part was linked to immigration, from deportation orders to visa problems.

During the course of my degree, I was lucky enough to work closely with the politics department. In my first year, I provided clerical assistance for Prof Tim Bale for his book on the Conservative Party. During my second year, I was the recipient of a Junior Research Associate scholarship. Over summer I experienced research firsthand while working with Prof Bale and Dr James Hampshire on the Conservative Party's immigration policy since 2005.

My project supported an academic paper given by my supervisors, while a presentation on my research was accepted at the first-ever British Con-

I decided to undertake doctoral research at Sussex because the department here is well-known for its work on political parties and policy. Furthermore, I am pleased to have Prof Bale and Dr Hampshire as my supervisors.

Little research has been done on immigration policy and centre-right parties and so my project is intended to fill a gap. My focus is on how policy differs during periods of government and opposition. I am keen to look at how policy is influenced by party leaders, as well as pressure from party members.



# Inefficacy of Immigration Policies

**Juan Ramón Fallada**

**SEI Visiting DPhil**  
**Rovira i Virgili University**  
**Juanramon.fallada@urv.cat**

Juan Ramón Fallada is a Ph.D. student at the Department of Public Law at the Rovira i Virgili University, sited in Tarragona, Catalonia (Spain). He will be visiting SEI in January-May 2012 as a DPhil student supervised by Dr James Hampshire.

After being graduated in Philosophy and Law, both by the Autonomous University of Barcelona, he has conducted a MA in migrations and social mediation at the University in which he is sited nowadays. His main fields of interests are racism, immigration policies, technocracy and the rule of law.

The statement on which his Ph.D. thesis is grounded could be synthesised as follows: the main reason for the revitalisation of xenophobic feelings and discourses nowadays, which demand the closure of the borders, would be the endangerment of native employment and national identity caused by the excessive number of immigrants.

From that starting point, he intends to analyse what would be the paradoxical dynamics of the present immigration policies in developed countries: on the one hand, as the measures adopted are increasingly restrictive, the logic and the demands of xenophobic and racist movements and organisations could seem to be supported, fuelling them.

On the other hand, immigration policies are presented by the decision-makers as respectful with human rights and as basically the proper technical decisions to manage with the fluxes of migrants (trying to adjust their quantity and composition to the necessities of the labour market), what, indirectly, would help to deflate from its roots those xenophobic opinions.

In brief, immigration policies would encourage xenophobia, but, at the same time, could be understood as part of antidiscriminatory policies. The restraint of racist tendencies under certain levels would depend on the efficacy of immigration policies.

From this point of view, racism is understood as a mutable phenomenon, whose manifestations can be graded in a scale of intensities. During his stay at Sussex, he will work in the last part of his research, which will focus in the reasons of the inefficacy of immigration policies.

As a conclusion, and if patterns are kept in both migratory fluxes and policies, it is foreseeable a deepening in the reduction of rights recognised to immigrants and it is probable to happen an intensification of racist manifestations.





# New SEI Working Papers

SEI Working Papers in Contemporary European Studies present research results, accounts of work-in-progress and background information for those concerned with European issues. There are 2 new additions to the series. They can be downloaded free from: <http://www.sussex.ac.uk/sei/1-4-10.html>

## **SEI Working Paper: No 124** **EPERN Working Paper No 25**

### **From Ambiguity to Euroscepticism? A Case Study of the Norwegian Progress Party's Position on the European Union**

**By Marianne Sundlisaeter Skinner**

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*University of Bath*

#### **Abstract**

Drawing on interview and survey data and an analysis of the party's manifestos, the paper looks at developments in the Norwegian Progress Party's (FrP) position on the European Union (EU) since 1973 in order to ascertain to what extent the party can be said to be Eurosceptic, and what type of Euro-

roscepticism it exhibits. It demonstrates that in the Progress Party's ambiguous stance towards the EU there is a discernible Euroscepticism which is characterized by an aversion to the deepening of integration, the EU's social dimension, EU bureaucracy, EU regulation and foreign policy cooperation, and that since the 1990s, there has been a considerable shift towards Euroscepticism within the party's rank and file. Among the existing Euroscepticism typologies, it is argued that the Progress Party's position on Europe comes closest to *revisionist* Euroscepticism, preferring the EU as it was pre-Maastricht, as the party acknowledges the need for supranational cooperation in certain areas, especially in economic policy, but is sceptical about the political integration which has taken place in the EU in recent years.

## **SEI Working Paper: No 125**

### **"You 're not going to write about that are you?": what methodological issues arise when doing ethnography in an elite political setting?**

**By Amy Busby**

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*University of Sussex*

#### **Abstract**

This paper discusses some of the methodological issues which arise for



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negotiation when carrying out ethnographic research in and on elite political settings. It focuses on dilemmas faced by those using participant observation and elite interviews and draws on experiences gained during ethnographic fieldwork carried out inside the European Parliament [EP] in 2010.

The paper firstly discusses the revival of New Institutionalism in political science and then the need for ethnographic research of the EP within the current literature. It argues that ethnography has much to offer EP scho-

larship and political science more widely. It then explores some methodological issues typically raised in elite political settings; power relations, access, positionality, insider research, research relationships and ethics. The paper reflects upon them before stressing the importance of *reflexivity* in ethnographic work then discusses *partial truths* and the *added value* ethnography offers political research.

### **SEI Working Paper: No 126**

#### **The Bidirectional Benefits of Political Party Democracy Promotion: The Case of the UK's Westminster Foundation of Democracy**

**Robin Kolodny**

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*Temple University*

#### **Abstract**

Democracy assistance is typically conceptualized as a state-to-state transaction. An established democracy helps an emerging democracy to stabilize because this benefits all actors in the international arena. If the donor is a state, they should not be concerned with the particular political party system that emerges in a recipient country as long as the choice of leaders is that of the people in a fair exercise of their political rights through elections. States have chosen to deliver democracy assistance mostly through party system (all party) aid, but some choose to deliver democracy assistance on a party-to-party basis, which necessarily excludes some viable

political parties. This paper asks why one state – the United Kingdom – has chosen both multiparty assistance and the party-to-party route in its democracy promotion organisation, the Westminster Foundation for Democracy (WFD). Domestic political parties conduct democracy assistance because they wish to spread the ideology of their party platform in a new democracy and because political parties garner significant domestic benefits from this work. This benefit to domestic political parties has not previously been included in analyses of motivation for democracy promotion efforts. Political party democracy promotion gives party leaders firsthand experience in foreign affairs, allows the party to evaluate the political skills of junior members, and enhances the donor party's credibility in governing and electioneering in their domestic environment. Hence, the benefit of party-to-party democracy assistance is bidirectional, not unidirectional. Evidence for domestic considerations for democracy promotion efforts are demonstrated through an analysis of divergent choices of targets for the various actors in the WFD.

# Activities

SEI staff and doctoral students and PoICES undergraduates report back on their experiences of the exciting activities they have recently organised and attended.

## SEI Workshop on Labour Market Reforms

**Dr. Sabina Avdagic**  
**SEI Research Fellow**  
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On 9 December, the Sussex European Institute (SEI) hosted a one-day ESRC-sponsored workshop examining the consequences of labour market reforms in Europe. The workshop was organized by SEI-based RCUK fellow Dr Sabina Avdagic as part of her ESRC First Grant on the causes and consequences of national variation in employment protection legislation.

The workshop discussed some of the drafts of a special issue that Dr Avdagic is organizing with Prof. Colin Crouch (University of Warwick) for the British Journal of Industrial Relations, as well as two separate papers that deal with related topics. Werner Eichhorst (IZA, Bonn), Anke Hassel (Hertie School of Governance, Berlin), Jonathan Hopkin (LSE), John Kelly (Birkbeck College), Jackie O'Reilly (University of Brighton) and David Rueda (University of Oxford) served as discussants for the individual papers.

The workshop started with two comparative papers that assessed the effects of labour market reforms. The first paper, by Klaus Armingeon (University of Berne) and Lucio Baccaro (University of Geneva), examined whether liberalizing reforms undertaken in Western Europe since 1980 have produced beneficial results in terms of economic growth, employment and unemployment.

The second presentation by Dr Avdagic focused



on 32 EU and OECD countries and examined whether employment protection legislation (EPL) is responsible for high aggregate unemployment and youth unemployment, and whether EPL liberalization is beneficial. Using different data and econometric techniques,

both papers reached a similar conclusion that labour market liberalization alone is not a magic solution. One of the key findings suggests that EPL is not a key culprit of unemployment, and that therefore government efforts to tackle unemployment by liberalizing employment protection alone may well be futile attempts.

The next two papers focused on the consequences of labour market reforms in Germany and Poland. Werner Eichhorst (IZA, Bonn) discussed how the German success in increasing employment rates over the last two decades has been accompanied with growing inequality and increasing divisions between well-protected 'insiders' with regular employment contracts and the more vulnerable 'outsiders' subject to non-standard forms of employment.

Catherine Spieser (Centre d'études de l'emploi, France) then discussed labour market reforms in Poland, focusing on the extent to which the recent fall in unemployment can be attributed to the in-

## Activities

creasing use of flexible, non-standard work or to emigration.

In the last session Marco Simoni (LSE) examined how labour market and corporate governance reforms in Italy have destroyed institutional complementarities and the potential for innovation, which in turn led to the economic decline.

This was followed by a paper by Patrick Emmenegger (University of Southern Denmark) who provided a theoretical account of the cross-national and temporal variation in job security regulations in Western Europe that emphasizes trade union strategies.

Summing up a productive day, Dr Avdagic said: "The view that wide-ranging reforms are needed to address Europe's poor labour market perfor-

mance has become widely accepted among scholars and policy makers alike.

As a result, most European economies have experienced intense reform activity over the last two decades. While the type and scope of reforms differ across countries and over time, the common denominator has been a move from standard forms of employee protection to the maximization of labour force participation."

"The papers presented at this workshop provide a comprehensive examination of the consequences of such reforms. On the whole, while the papers find no conclusive evidence that the reforms have tackled successfully the problems they were supposed to solve, there are clear indications that they have generated a broad range of new problems that may well prove at least equally intricate."

## Sussex Scholar Launches New Book at the Polish Embassy

**Prof Aleks Szczerbiak**  
SEI Co-Director  
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The Polish Embassy in London was the venue for the well-attended launch on Monday September 26 of a new book by Sussex Professor of Politics and Contemporary European Studies and Co-Director of the SEI Aleks Szczerbiak.

Published by Routledge, *Poland Within the European Union: New Awkward Partner or New Heart of Europe?* examines the first five years of Polish EU membership looking at what influence has Poland had upon the EU as a new member state, and how becoming an EU member has impacted upon Polish public attitudes towards the EU, and party and electoral politics on that country. The book uses the Polish case to draw broader theoretical contributions about the EU's relations with its member states.

The launch, at which Prof Szczerbiak gave a guest lecture highlighting the main themes of his book followed by a lively and wide ranging discussion, was chaired by his Sussex colleague, Prof Alan Mayhew, an SEI Visiting Professorial Fellow. Prof Mayhew has been a long-time adviser to Polish



governments, particularly during the country's EU accession negotiations, and, post-accession, to the National Bank of Poland.

Together with other scholars researching the politics of the region, the launch was also attended by representatives from the Foreign and Commonwealth Office, other Embassies, think tanks and NGOs specialising in European affairs and the business community, together with the UK-based Polish media and émigré community organisations.

Opening the event, and introducing Prof Szczerbi-

ak, the Polish Ambassador HE Barbara Tugerecińska noted that the book's publication was very timely given that Poland held the six-month rotating presidency of the EU.

Speaking after the launch, Prof Szczerbiak, whose comes from a Polish family, said:

'I am absolutely delighted to have had the opportunity to launch my new book at such a prestigious venue and am extremely pleased that it has generated so much interest, and not just among the usual 'Poland-watchers'. SEI has always taken a close interest in EU eastward enlargement and enjoyed exceptionally strong links with Poland, a country to which I have both a strong intellectual and emotional attachment. Hopefully, the participants came away with a clearer idea of what kind of EU mem-

ber Poland has become and is likely be in the future.'



## Issues in Criminal Justice Lecture Series

### **Mark Walters**

**Lecturer in Criminal Law**

**Sussex Law School**

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The Law School's Issues in Criminal Justice lecture series was established in 2010 in order "to attract very distinguished speakers to the School of Law, Politics and Sociology to deliver lectures on an issue of current interest concerning the UK's criminal justice system" (Professor Stephen Shute). The series continued apace this term with yet another high profile speaker, Nick Herbert MP, Minister for Policing and Criminal Justice, who presented (extempore) on criminal justice reform. The minister brought to the table the Government's plans to bring an array of reforms to the criminal justice system which are aimed at increasing accountability and efficiency.

Despite the obvious political flavour of the lecture, the minister played well to his (largely) academic audience by starting with a critique of the previous ten years of government criminal justice policy. Conceding that the Labour Party had invested large sums of money into the system in order to enhance its effectiveness, especially by increasing the number of police officers, Herbert was quick



to criticise their failure to produce results. Paradoxically, Herbert argued, was that the investment into the criminal justice system had actually slowed processes and procedures by bringing with it greater levels of regulation and bureaucracy. The result has been a failure to enhance justice process-

es and instead criminal justice practitioners have looked for loopholes or have become too focused with prescribed procedures.

The key to Herbert's new reforms were the ideas of "accountability" and "incentivisation". The audience was told that these two concepts would do what Labour failed to achieve and reduce reoffending. The idea was as follows: if the public can hold the police to account, such as through the use of crime maps (maps which tell the public where crime occurs), the police will be forced to up their game. Additionally, by using mechanisms to incentivise desistence the police will ultimately reduce crime rates. Herbert outlined that one way to do this may be to pay by results. This will entail paying organisations to turn offenders around.

## Activities

More encouraging (in my own opinion) was that part of this new crusade is to employ more restorative justice measures through the Magistrate's courts. This may be where Herbert's coalition partners have influenced policy. Long have the Liberal Democrats been in favour of using greater amounts of restorative justice and reducing the amount of punitive measures handed down to offenders. However, we were fed limited details as to how this would work in practice.

Indeed, for all of Herbert's conviction there remained a consistent lack of substance that ran through his proposals. This was partly due to a lack of development in his arguments which is perhaps understandable for one hour lecture. However, it could also be seen in some of the assumptions that the minister made about justice reform.

For instance, Herbert's main example of creating greater police accountability through mechanisms of accountability such as a "crime mapping" was far from convincing. It was never explained how these maps could ensure the police are accountable to the public, other than to say some members of the community might look at the map and find out where most crime occurs.

Yet regardless of the substance of Herbert's proposals his presentation kept the audience constantly thinking, therefore supporting what this lecture series attempts to galvanise - public discourse on issues in criminal justice. In this sense the lecture was yet another engaging event. Details of the lecture series can be found at: <http://www.sussex.ac.uk/lps/newsandevents/events/issuescriminaljusticelectures>

## On life during and after the DPhil

UACES Student Research Conference - 7 November 2011, Europe House, London

**Roxana Mihaila**  
SEI DPhil student  
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The day in a nutshell: write routinely, present your work at conferences, publish – the sooner the better - and take the time to enjoy it! The interaction between the students, academics and practitioners attending the conference contributed to a relaxed, yet highly informative session.

The conference was opened by Jonathan Scheele (Head of European Commission Representation in the UK) and Michael Shackleton (Head of the UK European Parliament Information Office), who commented on the crisis-triggered paradigm shift in EU integration and the uncharted landscape of the EU's future.

Discussions moved from the importance of finding your 'special someone' as a supervisor, almost stalker-like behaviour in getting interviews, and writer's block, to reviewers who tear your work to pieces, publishing, and securing a job. The participants proved it all manageable and enjoyable, but admitted it can nevertheless get daunting at



times. Interviews in particular can prove dispiriting, although in the end turn out to be one of the best experiences of a DPhil, speakers Amy Busby (Univ. of Sussex) and Thomas Maltby (Univ. of Manchester) agreed. Both talked of mixed experiences in getting access to and information from their interviewees. Interviews are highly subjective but patience, perseverance and thorough preparation will pay off as long as one doesn't get discouraged, they assured.

A DPhil is about 'project management, not changing the world,' Simon Usherwood (Univ. Surrey) remarked. He advised on writing as much as possible, de-constructing and re-constructing one's research, but remembering 'it's just a PhD or Get a Life!' In today's increasingly competitive market, one needs to build up a well-rounded academic profile, a 'set of core competences' (Timothy Less, Foreign and Commonwealth Office) for which

conference participation and networking are key at this stage.

We were advised to explore all options of funding and try to attend at least the major relevant conferences. Miguel Otero-Iglesias (ESSCA) and Cristian Nitoiu (Loughborough Univ.) shared tips on the application process, convening a panel, addressing topical subjects and publishing one's work.

On the ins and outs of journal publishing, we learned that 25-33% of submissions are desk rejected before even sent to a reviewer due to a poor fit with the chosen journal, most articles get a Revise & Resubmit, and everybody can get the occasional rejection. Start early, aim as high as you can and make it 'look like you've done this all the time' advised EUP associate editor Simon Hix (LSE). It is decisive to present oneself as a sophisticated researcher – deliver a coherent argument, a

refined research design, show quality of empirical analysis and regard for ethical considerations, as well as a flawless overall submission.

The DPhil is an 'intellectual, practical and pragmatic effort,' Aleks Szczerbiak (Univ. of Sussex) commented, encouraging participants to waste nothing we write and take advantage of all opportunities. Most importantly, in a successful job application, show both achievements and future potential in terms of teaching and funding - present oneself as a 'reflective pedagogue.'



## Researching in the field: tracing the implementation of EU directives

**Gentian Elezi**  
SEI DPhil student

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A few months ago, I started fieldwork for my research project in Albania. The main focus of my work is the process of implementing EU legislation in Albania. When I arrived in Tirana, the country was still in the middle of a political crisis, which had started in 2009 after elections. The highly polarized political tension could easily be perceived in the general public opinion. The harsh language and rhetoric used by politicians was translated into institutional conflicts and lack of cooperation. Both reforms and the EU integration agenda were stuck.

In this kind of general mood, I started collecting documents and material from archives, ministries, NGOs, etc. This was the first part of my fieldwork. A set of interviews in Tirana and in Brussels will follow afterwards. As often happens, many of



the public administration officials were engaged in the local election campaigns. Misuse of state employees for electoral purposes is a long standing problem of the Albanian political system. Despite EU pressures, it seems that in the last few years this

phenomenon has worsened, at central and local level.

It was not easy to contact policy makers and start preparing the ground for the interviews while the campaigns were going on. I used the time to revise the documents and materials I have been collecting and refine my research design and methodology, in accordance with my supervisors. The information gathered helped me to improve some aspects of the research design, before starting the planning of the interviews.

## Activities

During this time, I also attended a few seminars and conferences in Tirana and I helped organise a regional conference on EU integration, at the University of Tirana. In November, I also had the opportunity to participate in a very interesting public debate on the implementation of EU policies, to which high officials were invited.

In the meantime, the political situation has started to change and the parties have begun to negotiate. This has improved the general perception, especially in terms of administrative performance, and some EU directives that had been on hold have been adopted in the parliament. Some policy makers were more willing to talk than others; I have started contacting a few of them in the policy areas I am interested in. I was invited to participate in some of their events, which proved to be a very

good strategy for getting contacts of other persons suitable for the interviews. I briefly explained my research to them and I received some useful feedback and preliminary information.

The 'snowball effect' seems to work very well in Albania; within a few weeks I had created an appropriate list of contacts for all the ministries I am interested in. Right now, I am preparing a well-structured schedule and very soon will write to each of the potential participants in order to start fixing the appointments for the interviews. Their readiness and interest in participating in, and contributing to, my research is encouraging. I am really excited about the interviews. I expect to gather very interesting information from them. After that, I will get ready for the Brussels trip.

## New academic year: studying Europe, living Europe

**Anja Catlin De Cunto**  
**MACES student representative 2011-12**  
**University of Sussex**

After spending two years studying and working between Germany, Italy and Poland, I was not in a proper mood to start a new academic year in a new country. Anyhow, at the end, the excitement to have been chosen for such a famous master program has prevailed.

Entering for the first time into the building which now hosts the Sussex European Institute made me think about the common German idiom "klein aber fein".

As a matter of fact, the Sussex European Institute seems rather small compared to the impressive dimension of the Sussex University. But I soon realised that although it might be a small research centre, the quality of the research and the teaching is incredibly high.

Even though we are in the UK, being British in the European Institute seems an exception rather than a norm. Various scholars, Ph.D. students and master students, are coming from different European or even non-European countries. This makes the SEI different from other institutes in terms of multiculturalism.

During discussions in classes, while having lunch together or during the research in progress seminar the diversity of the academic and social backgrounds is more visible, thanks to which all the beneficiaries of the SEI have a chance to learn each other's world view on different matters.

Being few people has many advantages: after only a couple of weeks I got to know everybody and in our little group of master students we have created good relations, in and outside the classroom. Apart from the serious discussions, everyday jokes on one's another national stereotypes are inevitable. Since I come from Italy, I have learnt how to stand the one on Berlusconi and the poor political performance of my country quickly.

Sometimes, communication might be hard. Between proper English and "International English", the one that we speak, there are many differences, but thanks to the British students and lecturers who spend many efforts trying to understand us or even speak in a more understandable way, for the sake of international students, the communication goes on smoothly in the end.

Besides, this diversity is the main feature of the lectures we are having at the SEI: every week the lectures take into consideration both East and



West Europe, economic, social and political aspects, trying to achieve a broader understanding of the whole European continent. One thing that I also appreciate in the teaching method is the critical analysis, which is something new compared to what I had before. Apart from the lectures, we have fruitful discussions during our seminars, for instance, on world news or specifically EU-related

news, which has enhanced our debating skills and contributed to our knowledge, as well.

It is in places like this, where different people that are coming from different countries enjoy being together and sharing knowledge, where rather than just studying Europe, we live it.

# European Society Report

**Yiannis Korkovelos**

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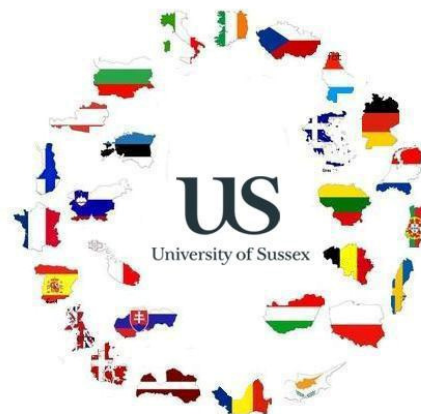
This year has seen some of the biggest upheavals in the European Union's history, with an economic crisis and the European Union's journey towards ever-closer union being questioned through a lack of confidence demonstrated by nation states.

Is the Euro currency going to collapse? Are we heading towards a federalist United States of Europe? With everyone talking about the future of Europe, it seems only fitting Sussex students want to have their say. Well now they can with the newly established European Union Society (USEUS). This newly created society was established by students in reaction to what is currently going on across the continent. Billed as a society for everyone, there will be chance to debate important issues happening in Europe (no matter

which side of the table you sit on); guest lectures; and visits to some of the EU institutions in Brussels and Frankfurt. All they aim to do is create a centre of discussion for students ready to learn and ready to contribute on issues facing the E.U.

We believe Sussex students have always shown in the past that they are capable of bringing change. USEUS is about finding and proposing solutions to the EU institutions through the creation of a yearly report. With a week a seemingly long time in European politics, the USEUS hopes to be able to deconstruct the stories and debate with other students the pro's and con's of each. Come along and see what it is all about. One thing is guaranteed, there will never be a dull moment.

If you feel interested send an email to [US.EUsoc@gmail.com](mailto:US.EUsoc@gmail.com) for further information or simply join our Facebook page. It is about what is changing our everyday lives and that's why we believe you should join.



EUROPEAN UNION SOCIETY

# Dispatches

As usual, this Dispatches section brings views, experiences and research updates from SEI members and practitioner fellows from across Europe and beyond, but most with a connection to the EURO crisis to fit with this special issue.

## Europe and its Money

**Charles Crawford CMG**  
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As I grew up the UK still used pounds, shillings and pence. An amazing feature of this money was the way it had lasted for decades. It was possible to get in change a penny coin dating back deep into the nineteenth century.

Just think about that. We had created the earth's greatest industrial expansion and largest empire. We then had gone through two world wars and lost most of our overseas territories. Yet, throughout all that, the British government had maintained a currency so stable that its coinage had lasted for eighty or more years without being destroyed by inflation. A staggering technical – but also moral – achievement. The value of savings and of hard work had been maintained.

Then along came the Welfare State. Successive governments wanted to give the public more in benefits than the public were willing to pay in taxes. Thus modern day inflationary surges of different sizes. Money stopped being a backbone of national stability and became a contingent public accounts trick.

I am writing this the day after the 8 December European Summit, at which it has been decided that most EU countries will create stern new arrangements to support the eurozone in a new treaty



arrangement outside the existing Lisbon Treaty framework. This takes the whole European project in a quite new direction. By the time this piece appears, the markets – global funds representing the collective savings and hopes of everyone

around the planet, including in Europe itself – will have decided whether these measures make the eurozone credible.

Why is the eurozone in such difficulties? This question is like a Russian doll. There are different levels of answer, all of which make some sense. But right at the centre of the issue – the smallest, innermost doll – is the problem of trust.

For all the grand talk and expensive institution-building of European integration in recent decades, the hard fact remains that all European national governments have been loath to transfer to Brussels any serious responsibility for shifting resources between different EU member states.

Member states collect taxes from a richer area and move them to poorer areas. Not that this is always popular with those who pay the taxes, but the case is accepted within each country that a certain redistribution of wealth to help everyone move forward is in the national interest.

The principle exists at EU level, in the generous 'cohesion' funding given to new member states to help build infrastructure to integrate quickly with the modern European family. However, the mechanism for distributing this money is very different. Member states keep a close lock on the process, and on the levels of such funding. They do not trust central Brussels institutions to reallocate national taxpayers' money in a prudent way. Nor do they trust each other.

So, problem. If the eurozone is to be credible as a whole, the assets of the eurozone as a whole need to be formally behind it. In other words, if, say, the Germans want the economic benefit of dominating the wider eurozone marketplace, they need to accept unchallengeable operational responsibility for bailing out feckless parts of it as and when necessary.

But how to sell this to the Germans? What if other Europeans don't or won't work in a disciplined way? Won't Germany have to keep footing the bill indefinitely for others' inadequacies? Good point. What's the answer?

One answer isn't to set up a central eurozone government and let the Germans run it far into the foreseeable future. That is too humiliating for everyone else.

Instead, the eurozone countries plan to set up stringent, centrally monitored controls so that the problem cannot arise. All concerned seem to have learned from the flawed first attempt to set up the eurozone: Belgium did not meet the core economic criteria for public debt but nonetheless was let in – 'unthinkable' to omit the Belgians from this new European project.

There is still no appetite in key European capitals for a fully-fledged central European 'government' directly responsible for the eurozone economy: how to give this new phenomenon substantive democratic legitimacy? But eurozone capitals do claim to be ready to accept intrusive inspection of their national finances by a central authority, and strict tax rate coordination for the eurozone as a whole.

These changes take the European Union into uncharted territory. The governments concerned will soon get over their glee at the UK's 'isolation'. They will start to ponder how far they really do want Brussels picking over the dark secrets of their national finances – and vetoing some policies endorsed by voters.

If they do manage to get it all going, more European issues could be decided in the margins of the eurozone process, reducing the existing Lisbon Treaty arrangements to a peevish rubber stamp. The UK will be 'isolated'. Help.

Or not. The multifarious issues now decided within the Lisbon Treaty structure will not be easier just because there is a separate eurozone structure. Precisely because so many countries claim to want to stay in with the eurozone arrangements, the difficulty of getting anything sensible done there too will not diminish.

One way or the other, our money is the mirror into which we peer at our society's strengths and weaknesses. As Poland's foreign minister Radek Sikorski said in his remarkable speech in Berlin in November, 'money exists because communities exist. A community in which people live and trade – they exchange freely – creates value. Their money symbolises that value'.

The failure of the eurozone 1.0 experiment has been so spectacular that the 'value' of the European Union is now shown to be much less than we all supposed.

The core eurozone countries are now mastodons stuck in a policy tar pit. They think they can see safe grassy uplands on the other side of the tar pit. So they struggle deeper into it, determined to get across.

On their fateful journey perhaps they will decide that they'll be better off without the pesky Brits standing on the side giving helpful advice. If so, the UK and EU will end up having a more or less unhappy separation – and a renegotiation of a completely different relationship.

## The angry mainstream: Eastern Europe's emerging 'centrist populists'



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In both Western and Eastern Europe, we are told, extremist populism and illiberal movements are strong, politically influential and relentlessly on the rise. In countries such as Austria, Slovakia and Poland, radical right parties have already held office. Elsewhere they have sufficient parliamentary representation to influence government formation and help make the political weather.

Recent electoral breakthroughs in countries without strong illiberal populist traditions by parties such as the True Finns (2011), the Sweden Democrats (2010), or Hungary's Jobbik (2010) seem to highlight the accelerated growth of such parties.

Given the greater impact of recession and reduced EU leverage in the region, the new democracies in Central and Eastern Europe (CEE) would seem to be especially vulnerable to such tendencies.



**Dr Allan Sikk**  
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However, notwithstanding the spectacular rise of the far-right in Hungary, recent elections in key CEE states suggest that voters in the region are turning to new parties, which combine familiar anti-elite, anti-establishment populist rhetoric with *mainstream* pro-market policies, a liberal stance on social issues and calls for political reform.

Poland's October 2011 elections, for example, saw the wholly unexpected emergence of the country's third force of a grouping led by maverick and political showman, Janusz Palkot, on a platform combining anti-clericalism and social liberalism with flat taxation and a slimmed down, citizen-friendly state.

In May 2010, a new pro-market anti-corruption party, Public Affairs (VV), which campaigns to kill off the 'dinosaurs' of the political establishment, enjoyed a similarly meteoric rise in the Czech Republic, winning ten per cent of the vote. In Slovakia, in elections a

few weeks later, the Freedom and Solidarity party (SaS) which was formed in 2009 by the economist and businessman Richard Sulík, entered parliament with a similar vote share on a programme of fiscal conservatism and socially liberal reforms, such as the introduction of gay marriage and decriminalisation of soft drugs.

Hungary's Green-ish Politics Can Be Different party (LMP) can, with some qualifications, be regarded in a similar light.

Such centrist or (neo-)liberal populists, or as we prefer to call them *anti-establishment reform parties* (AERPs), are we believe, a growing and important phenomenon in Central and Eastern Europe and, perhaps Europe more generally.

A more careful and wider look at the CEE region over the last 10-15 years suggests that such AERPs are a widespread and common phenomenon which can, in some contexts, enjoy landslide electoral success: the Simeon II National Movement in Bulgaria (2001), New Era in Latvia (2002) and Res Publica in Estonia (2003) were all new, anti-establishment reformers, which topped – or came close to topping – the poll at their first attempt and headed new coalition governments.

Although highly diverse, anti-establishment reform parties share a number of features: a common broad outlook; an inclination towards loose, flat structures using internet and social networking as key organisational tools; and an anti-political sheen involving the transformation of non-partisan public figures and celebrities into anti-establishment political crusaders: aristocrats, academics, artists, technocrats, bankers, businesspeople, bloggers, journalists and entertainers have all fronted successful AERPs.

In our research, however, we initially focused on a narrow question: why have anti-establishment reform parties broken through

electorally in some times and places in CEE but not others? We took as our starting point Grigore-Pop Eleches' observation that unorthodox parties have tended to become electorally successful in the region only in 'third generation' elections, after parties of conventional centre-left and centre-right (usually rooted in the regime-opposition divide) have already won elections and held government office.

However, looking more closely at 'third generation' elections, it became clear that breakthroughs by new anti-establishment reform parties – or indeed anti-establishment parties generally – were a far from uniform or clear trend.

Moreover, we found *explanations* for such parties' success in the early literature, such as the politicisation of corruption as an issue or the impact of the global recession, unsatisfactory, while not implausible, because they were over-focused on single causes and were often contradicted by key cases.

To address such complexities, we turned to Fuzzy Set Qualitative Comparative Analysis (fsQCA), a computer-based technique pioneered by Charles Ragin, which uses Boolean algebra and set theory to generate rigorous case-based comparison across a relatively large number of causal factors and cases: fsQCA is highly sensitive at picking out when *combinations* of causes are in play and when *multiple* paths led to a single outcome.

In our analysis we used fsQCA to examine 'third generation' parliamentary elections since 1998 in nine CEE states in which anti-establishment reformers enjoyed varying levels of success. Using a two stage procedure we examined a range of possible social and political causes, including levels and trends of perceived corruption and unemployment; economic stagnation and recession; the presence of

## Dispatches

pro-market (neo-) liberal centre-right government; previous (in)stability of the party system; and the strength of far-left and far-right challengers in the party system.

We found that anti-establishment reform parties broke through electorally in three distinct sets of circumstances. All are characterised in different ways by the weakness and malaise of mainstream parties (especially those of the centre-right) to which an AERP may suddenly appear as an attractive remedy.

**When** a relatively narrow core of established mainstream parties, flanked by a strong far-left or far-right challenger, faces a deteriorating social situation characterised by rising corruption and/or rising unemployment – as, for example, in the Czech Republic and Hungary in 2010.

**When** established governing parties of the mainstream pro-market right fail to engage new or formerly passive voters – as in Bulgaria in 2001 and several recent elections in Lithuania.

**When** the left is in office and the opposition mainstream pro-market right – and perhaps the party system generally – is weakly consolidated and/or fragmented – as, for example, in Slovakia in 2010.

These findings are, however, provisional and both need case study and further fsQCA testing, as they leave some hard-to-account-for outliers (notably New Era in Latvia in 2010 and the Palikot Movement in Poland).

Our early work, however, has a number of implications.

First, ‘centrist populist’ type parties are a distinct phenomenon, not simply a variant of well studied radical-right and illiberal populisms.

Second, although often interpreted as anti-corruption parties, our findings suggested that it was *rising corruption in low corruption states*, not corruption *per se*, that mobilized voters towards such parties.

Third, AERPs are not simply ‘crisis parties’: even in those cases where economic factors were in play, contractions in growth mattered less than the concrete effects of recession on employment.

Overall, all our three scenarios suggest that what is at issue is the ability of established governing parties in CEE to hold together ‘big tent’ coalitions and retain a grip on corruption and the economy to stem electoral insurgencies of discontented, frustrated but largely moderate voters.

## The question of nationalism

**Ertan Munoglu**

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Various scholars hold that there are nations without states and that there are no states

without nations (see for example Guibernau, 1999). While this may be true, is this something we can challenge?

Many scholars would argue that states without nations are impossible in the existing Westphalian system of nation-states (see for example Malesevic and Haugaard, 2007), and only



few would argue that this will be possible in the future (Gellner, 1988). The former ones insist that nationalism is the only feasible ideology nowadays that makes states functional, while the later ones hoped that nationalism will fade away in late modernity.

Lots of works on nationalism studies, that I have encountered so far, do not seem to challenge the concept sufficiently. Most of scholars take nationalism as a necessity and displace the discourse primarily between modernist and primordial theories.

Nationalism was used as a vehicle that caused irreversible massive losses in terms of humans and infrastructure (as the Nazis during the World War II or wars in Balkans during the 1990s), and is unfortunately still used by various peoples in the world for advancement of their aspirations which have a huge potential for further destructions, including the Balkans in particular. If this so, why is there no thorough challenge to this ideology?

Many would mock such ideas as utopia, but believing that nationalism is not a natural phenomenon and that 'even the impossible is possible' I consider that humans have sufficient capacities to transcend such ideological

limitations. If people were told hundred years ago that democracy will be a form of governance which most people one day would strive for, this could seem a utopia as well.

But this is a reality today, and this reality was created by peoples' persistent actions.

Maalouf (1998) rightly points out that humans have capacities for multiple identities, i.e. one can be equally a fan of a particular football club, a doctor, French, a European, etc and that the intensity of each of these identities varies across time and contexts. In such a case people are able to retain all their identities and enjoy the wealth this offers.

In addition, people are also able to develop what Haugaard calls 'structural constraints' that would potentially enable them feel perhaps cosmopolitan and view ethnic/national belongings only in terms of given differences (such as language) which do not imply hatred, aversion and exclusion.

This notwithstanding, there is a great need to look in more depth the usefulness of nationalism which is fed by various peoples, politicians and scholars and potentially provide a new paradigm of human thought and behaviour particularly within Balkan multi-national states or even states without nations in the hopefully near future also beyond Balkans.



## Activities

# MA Taught Programmes in the Sussex European Institute

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- Term 1:** The Making of Contemporary Europe (core course)  
**Term 2:** Options chosen from list below  
**Term 3:** 20,000 word dissertation

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EU Single Market Law

**NB Not all options will be offered every year.**

**For all enquiries:** **Dr S. Collard**  
[s.p.collard@sussex.ac.uk](mailto:s.p.collard@sussex.ac.uk)

## Next edition of *euroscope*: **Human Rights in Europe**

The next issue of *euroscope* will be a **Special Issue on Human Rights in Europe**. If you would like to contribute a piece to the Features section, or write about your research or a relevant event, then please contact the editors and submit your article by the 1st March 2012: email the team at: [euroscope@sussex.ac.uk](mailto:euroscope@sussex.ac.uk).

