

The newsletter of the Sussex European Institute // Summer 2013 // Issue 52



## European Economic Recovery and the World Economy



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# European Economic Recovery and the World Economy

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In a globalised economy, economic recovery in Europe is an important part of the return of the global economy to growth. This was the topic of the Sussex European Institute 20<sup>th</sup> anniversary conference in September 2012. A more trade-oriented approach to this question was the subject of the SEI/CARIS (Centre for Analysis of Regional Integration at Sussex) conference held in Sussex in February 2013. Trade agreements and global value chains which are changing our approach to trade policy are subjects dealt with later in this issue of Euroscope.

Important as trade development is, it is not going to lead to a rapid recovery in the European economy. This will be determined by domestic macroeconomic policy in the EU and in its member states. In this first contribution we look particularly at the eurozone and the future of the monetary union.

A crucial misconception shared by many policymakers in the early phase of the Euro crisis was that it was the result of irresponsible fiscal policy in Southern Europe and Ireland. The evidence for this was that by 2010 government deficits in these countries (with the exception of Italy) were around 10% of GDP and total

government debt was close to or above 100% of GDP. As interest rates on borrowing by these countries spiralled upwards, one after another they needed a bailout from the eurozone and the IMF. As a result of this misconception, the Northern members of the eurozone insisted on a policy of austerity in return for bailout loans.

However, with the exception of Greece, which had run irresponsible macroeconomic policies for many years, fiscal policy was not the cause of the crisis in the rest of southern Europe or in Ireland. The problem in Spain and Ireland was excessive bank lending enabling an extraordinary real estate bubble and the perceived need to recapitalise the banks when the global financial crisis struck. In Italy it was the cost of servicing an already excessive debt burden as interest rates rose. In the booming periphery, unit labour costs had risen sharply while in Germany they had fallen creating a competitiveness problem for the South and rising current account deficits. This is not a crisis of fiscal irresponsibility.

In the longer term if the monetary union is to survive intact, the solution to these problems must be sought in deeper economic and political integration within the eurozone. There is fairly general agreement on the elements of this solution: banking union comprising, banking standards, supervision, resolution and depositor guarantees; fiscal union entailing a degree of central control of budgets and eurozone-wide fiscal insurance structures. This degree of political integration will require extensive institutional change in the monetary union. However very little of this medium and

long-term programme has been achieved and it is questionable whether it is at all feasible given the different interests amongst the member states of the eurozone.

But while the medium and longer terms are clearly important, the monetary union may not even survive in the short-term. The programmes agreed between the member states, which have received bailouts, and the eurozone and the IMF have emphasised the need to reduce government deficits through a mixture of expenditure cuts and tax increases. The general policy instruments binding all eurozone member states also aim at increasing fiscal discipline within the monetary union (Treaty on Stability, Coordination and Governance, Six and Two Packs etc). These instruments require all eurozone countries to introduce binding deficit and debt brakes into their constitutions or through laws of an equivalence to a constitution.

The aim of this policy is to both reduce government deficits, inflated by the banking crisis, and to increase the competitiveness of the economies through reductions in real wages and other costs. As the countries become more competitive on EU and global markets, net exports will generate growth in the economy and lead countries out of the crisis. There are however four serious problems preventing such a positive outcome.

Legacy issues, the question of the size of existing debt (Greece around 170% of GDP), means that recovery will be undermined by unsustainably high interest payments. Therefore a very generous debt forgiveness exercise

will be necessary to allow these highly indebted countries to escape from this interest trap. However, there seems to be little enthusiasm in Northern Europe to repeat the Greek debt forgiveness (which was one of the crucial factors in the collapse of Cypriot banks).

Second, the hope that the deficit countries can export their way out of trouble appears to be unrealistic. Within the eurozone growth in the coming 12 months is expected to be around zero. It is unrealistic to expect a fundamental shift towards economic expansion in the surplus countries of northern Europe, where austerity appears to be in their genes. World growth outside Europe is expected to recover slowly in the short-term but most of the risks to forecasts are on the downside. The demand for traded goods and services from the weaker eurozone countries is likely therefore to be weak.

Third, De Grauwe's work shows austerity actually worsens debt problems. There is a cor-



relation between the degree of austerity imposed and the size of the deterioration in the debt/GDP ratio. By slowing growth and with market driven interest rates, austerity leads to

increasing debt ratios rather than reducing them.

Finally, austerity is creating major political and social problems in the weaker countries as they adjust to lower standards of living and remuneration levels and high unemployment. It is always extremely difficult to adjust down from unrealistic levels of expectation. The resulting pressures are leading to political crises in these countries (Italy, Greece and Portugal) which could lead to a total rejection of the austerity policies adopted by the eurozone and the IMF and thus to a breakup of the eurozone itself.

Recent data suggests that these policies are indeed leading to a rebalancing of current accounts amongst the eurozone countries but that this rebalancing is being achieved through a major reduction in imports accompanying ever weaker activity in Southern Europe. The declines in Southern Europe have a knock-on impact in the North where growth is also expected to remain weak.

Sustainable economic recovery in Europe indeed needs substantial supply side reforms to ensure the competitiveness of economies throughout the eurozone - this is indisputable. However current policies of austerity are not

creating an economic environment in which these fundamental structural reforms can be successfully undertaken. Reforms are usually more successful in periods of growth and optimism than in depressions. What is needed, after decisive debt forgiveness, are policies which support economic growth throughout the eurozone and assist the eurozone periphery to undertake difficult structural adjustments. An EU structural adjustment fund could support and accelerate these reforms.

In the longer run a stable eurozone will require deep levels of political integration and insurance mechanisms to tackle specific regional or indeed eurozone-wide economic problems. However survival of the eurozone in the short term requires policies to restore economic growth throughout the eurozone but especially in the troubled South. Austerity will be part of the answer, but it has been imposed too quickly and too brutally. There must also be an appreciation in the North that its own economic future depends substantially on its willingness to help the South dig itself out of its current hole of deficits and debt. The survival of the eurozone depends on the generation of economic growth not on the depth of austerity.



## 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 Autumn term issue is: X Month 2013.

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**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.

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## Where to find euroscope!

euroscope is easily accessible:

- The SEI website: <http://www.sussex.ac.uk/sei/euroscope>
- The official mailing list, contact: [euroscope@sussex.ac.uk](mailto:euroscope@sussex.ac.uk)
- Hard copies are available from LPS office
- Join our new and dedicated facebook group and fan page called 'euroscope'

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

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## “European Economic Recovery and the World Economy”

This issue of euroscope is a special edition presenting articles on European Economic Recovery and the World Economy. You can find our special Features pieces on pages 12-21 and other topic related articles in the Research section.

# Message from the Co-Directors

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Over the last few months, the main focus of SEI's activities has been organising a series of workshops funded by the European Commission Representation in the UK addressing the challenges and opportunities facing the EU. These followed up last autumn's extremely successful SEI twentieth anniversary conference on 'The Future of Europe: Progress or Decline?' at which Lord Brittan of Spennithorne, delivering the SEI Annual Lecture, asked (and answered) the extremely important question 'Is there life after the Eurocrisis?'

## **Economic recovery, migration and external affairs**

The first of these workshops held in February, hosted jointly with the Centre for the Analysis of Regional Integration (CARIS), was on the topic of 'The World Economy and the European Recovery'. This is also the theme of this issue of Euroscope which contains a report of the event and a series of articles based on the contributions from the speakers, including a piece by the Chief Economist of the European Commission's DG Trade Lucien Cernat. Further workshops were held in April on the themes of 'Migration and Citizenship in Europe' (jointly with the Sussex Centre for Migration Research) and 'The EU's External Action Service: Challenges and Solutions'.

The former featured a keynote lecture by Lord Hannay of Chiswick (House of Lords Eu-

ropean Union Select Committee) on 'Britain, Europe and Migration' and included speakers from across Europe examining questions of intra- and extra-EU migration. The latter workshop comprised a keynote speech by Dr Stefan Lehne of the Carnegie Endowment for International Peace in Brussels and former Political Director of the Austrian Ministry of Foreign Affairs in Vienna. Reports of these, and write ups of some of the contributions, will be included in future issues of Euroscope.

## **Engaging with practitioners and the public**

We are delighted to have secured Commission funding for this important set of workshops examining the key challenges that the EU faces at the present time. We are particularly pleased to be organising events that engage with, and are relevant to, practitioners as well as academics. SEI believes strongly in making its research policy-relevant and accessible to a wide range of non-academic audiences, including: policy-makers, think tanks, NGOs, the media, and the business community.

This is a core element of our rationale and ethos. This series of workshops very much reflects that approach, as did the Sussex European Salon roundtable event that we organised in March at the Brighton Dome where a range of SEI-linked specialists - including former La-

bour MP, Roger Casale, now of the New Europeans association - shared their views with an audience drawn from the general public. The themes of the debate ranged from the effects of the economic and financial crisis to the UK's position in Europe and European citizenship, migration and education.

### **Britain's uncertain European future**

The final workshop in the Commission series, to be held on June 20th, will be co-hosted with the SEI-based European Parties Elections and Referendums Network (EPERN) and on the theme of 'Euroscepticism in the UK and re-connecting the public with the EU'. This subject is extremely topical following the success of the United Kingdom Independence Party (UKIP) in the recent British local elections and the fact that the European issue has moved right up the political agenda after Conservative prime minister David Cameron's decision to re-negotiate the UK's terms of EU membership.

This will be followed by a referendum which will either confirm the results of the re-negotiation or result in Britain leaving the EU. This SEI workshop will thus be an excellent opportunity to provide some rigorous academic analysis of a phenomenon that has attracted significant media commentary in recent months and is likely to do so for the foreseeable future. Speakers at this event include Prof Paul Taggart (SEI), Prof Paul Webb (SEI), Prof Tim Bale (Queen Mary University, London), Dr Isabelle Hertner (University of Birmingham), Dr Rick Whittaker (University of Leicester), Peter Kellner (YouGov) and SEI alumnus Stephen Booth (Open Europe).

### **Welcomes and congratulations**

To conclude, a few words of welcome, congratulations and farewell. Firstly, welcome to two new members of the Politics faculty, Dr

Rekha Diwakar and Dr Emily Robinson, and to Prof Erika Szyszczak, a specialist in European law, who is joining the Law School in September from the University of Leicester. We also welcome Aldo Madariaga from the Max Planck Institute for the Study of Societies at the University of Cologne who is visiting SEI for two months and to the four SEI new doctoral researchers who started in the spring. Congratulations to Dora Klontzou, one of our doctoral researchers who passed her viva successfully in the spring. Very well done Dora and good luck to those of you who have vivas coming up later this year.

### **Farewell to Jörg Monar**

Last but not least, an extremely sad farewell to Prof Jörg Monar who is leaving SEI in September to take up the post of Rector of the College of Europe. This is great news for them and for Jörg, of course, but very sad for all of us at SEI. Jörg has been at Sussex since 2001 and was one of our predecessors as SEI Co-Director for the first five years of his tenure. He is one of the foremost academic specialists working in the field on European political integration, particularly in the area of justice and home affairs. Jörg's work is hugely respected both among scholars and practitioners working in the field. We shall be holding a special colloquium on July 17th to celebrate Jörg's achievements especially during his time at the SEI on which he has made a huge impact. We are extremely sad to see him to go and know he will be a very difficult act to follow.

Thank you, Jörg, for everything that you have done for SEI and all the very best for the future. You have been a wonderful colleague and will be greatly missed!

# 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 Spring 2013.

## January

### SEI academics publish article on Euroscepticism and Party Positions

Prof Aleks Szczerbiak and Prof Paul Taggart published an article entitled 'Coming in from the Cold? Euroscepticism, Government Participation and Party Positions on Europe' in the Journal of Common Market Studies.



### SEI academic launches research blog

In the same month, Prof Szczerbiak launched a personal research blog analysing the contemporary Polish political scene from an academic perspective (<http://polishpoliticsblog.wordpress.com/>) starting with a review of 2012 and he has been updating with regular, monthly posts.

### 23 January: Forty years of British EU membership roundtable

SEI Professor Politics Prof Paul Webb, SEI Visiting Practitioner Fellow John Palmer and SEI Co-Director Prof Sue Millns presented at an SEI roundtable on 'Forty years of British EU membership'.

### 25 January: SEI students celebrate at Winter Graduation

At this year's University of Sussex Winter graduation ceremony, 8 students graduated in person from the MA in Contemporary European Studies (MACES) - representing Malta, Italy, Croatia, Cyprus and the UK - and 6 from the MA in European Politics (MAEP) from Turkey, Croatia, Japan, and the UK. This year's Jean Monnet Prize for best overall mark went to Alex Clarke (MAEP), who is currently doing a paid internship at Frontex in Warsaw. Sung Gun Kim graduated with a diploma in Contemporary European Studies.



### 30 January: Populism in Spain

SEI Visiting Marie Curie Fellow Dr Cristóbal Rovira Kaltwasser presented a paper on 'Spain: No Country for the Populist Radical Right?' at an SEI research-in-progress seminar.

## February

### SEI doctoral students present research

Four SEI doctoral students presented research outlines during an SEI research seminar. Firstly, Rebecca Partos presented her research on the development of post-war Conservative Party immigration policy in government and in opposition. Secondly, Toygar Baykan presented on the electoral success of Justice and Development Party.



Thirdly, Maria Emilsson, who will conduct research on the effect the financial crisis has had on countries response to labour market policies, and lastly Stella Georgiadou who will do research on the impact of the EU's normative power on conflict resolution.

### **SEI researcher secures Duchene Bursary**

SEI doctoral researcher Roxana Mihaila was awarded a Francois Duchene European Travel Bursary to conduct fieldwork linked to her thesis on 'Change or business as usual? A comparative analysis of the interaction between political parties and the EU'.

### **6 February: Parties in Serbia and Croatia**

SEI doctoral researcher Marko Stojic presented the findings of his thesis on 'The attitudes of political parties in Serbia and Croatia towards the EU in comparative perspective' at an SEI research-in-progress seminar as part of his viva preparations.

### **13 February: Democracy in post-Soviet states**

SEI alumnus Yauheni Preiherman (Centre for Analytical Initiatives of the Liberal Club, Minsk) presented a paper on 'The prospects for democracy in post-Soviet states' at the SEI research-in-progress seminar.

### **19 February: Seminar for Turkish civil servants at Sussex**

SEI Associate tutor Dr Dan Keith ran a day-long seminar for Turkish District Governors visiting the Sussex Language Centre. The seminar discussed the future of EU enlargement, progress in Turkey's accession to the EU and the current challenges facing the EU.

### **21 February: European Economic Recovery workshop**

SEI hosted a European Commission-funded workshop on 'The World Economy and the European Recovery', jointly with the Centre for the Analysis of Regional Integration (CARIS).

### **27 February: Supervisor Question Time**

Prof Szczerbiak was on the panel at a 'Supervisor Question Time' session organised by the Sussex Doctoral School and Teaching and Learning Development Unit.

## **March**

### **6 March: Parliamentary Agenda Control**

Former SEI Research Fellow Dr Michael Koss (University of Potsdam) presented a paper on 'The Legitimate Secret: The Evolution of Parliamentary Agenda Control in the United Kingdom and Germany' at the SEI research-in-progress seminar.

### **19 March: Sussex European Salon held in Brighton**

A panel of experts from the SEI discussed the future of Europe at the latest in the Sussex Salon series of debates hosted by the Brighton Dome. The Sussex Salon is a roundtable event where academics, practitioners and commentators share their views on hot topics with an audience drawn from the general public. The panel included: SEI Co-Director Prof Sue Millns, SEI Emeritus Professor Jim Rollo, SEI alumnus and Research Director of 'Open Europe' Stephen Booth and former MP and convenor of the 'New Europeans' network Roger Casale.

### **20 March: Rights and Responsibilities round table**

SEI Co-Director Prof Sue Millns and SEI Lecturer in Law (and former Euroscope editor) Kimberly Brayson presented at a joint SEI round table with the Sussex Centre for Rights, Responsibility and the Law.

### **27 March: Age discrimination**

Prof Mark Bell (University of Leicester) presented a paper on 'Ageing Gracefully? The Evolution of EU Law on Age Discrimination' at the SEI research-in-progress seminar

### **25-27 March: SEI researchers present at PSA conference**

Dr Dan Keith presented a paper entitled 'The political (non) distinctiveness of Marxism-Leninism', co-written with Giorgos Charalambous (University of Cyprus). Also present were Prof Paul Taggart, Roxana Mihaila and Erica Consterdine who presented a paper entitled 'Exploring the corridors of power: exploring UK immigration policy change through new institutionalism'.

## SEI Diary

**25-27 March: SEI researcher at Wilton Park**  
Marko Stojic have also attended the conference 'The Western Balkans and EU enlargement: ensuring progress on the rule of law' as a rapporteur for the group 'Reversing the shrinkage of independent media space'. It was organised by Wilton Park, UK Foreign and Commonwealth Office, Steyning, UK, March 25-27 March.

### April

#### **SEI welcomes new visiting researcher**

SEI welcomed Aldo Madariaga (Max Planck Institute for the Study of Societies), a new visiting doctoral researcher working on 'Continuity and Change in Neoliberal development regimes: A comparison between Latin America and Eastern Europe' who joined SEI from April 22nd to June 21st.

#### **EPERN briefing on the Irish fiscal compact treaty referendum published**

The European Parties Elections and Referendums Network (EPERN) based in the SEI has published a briefing paper on 'The referendum on the European Fiscal Compact Treaty in the Republic of Ireland, 31 May 2012' by SEI alumnus Dr John Fitz-Gibbon (Canterbury Christ Church University).

#### **SEI Doctoral Student passes viva**

Many congratulations to SEI doctoral student Dora Klontzou for passing her viva successfully in April. Dora's thesis was on the subject of 'Europeanisation and the European Security and Defence Policy: the Case of FYROM (former Yugoslav Republic of Macedonia)'.

#### **17 April: Head of Politics reflects on Thatcher's legacy**

Prof Paul Taggart reflected on the legacy of the former British Prime Minister Margaret Thatcher on BBC Sussex's 'Breakfast' programme.

#### **19 April: Migration workshop**

SEI hosted a European Commission-funded workshop on 'Migration and Citizenship in Europe', jointly with the Sussex Centre for Migration Research (SCMR).

#### **18-21 April: SEI doctoral student present paper at Columbia University**

Marko Stojic presented the paper 'From deep-seated animosity to principled disagreement: a comparative analysis of party-based Euroscepticism in Serbia' at the Association Besides presenting a paper, he was one of the discussants at the round table on Kosovo-Serbia agreement organised by the Association for the Study of Nationalities at the Harriman Institute for the Study of Nationalities World Convention, Columbia University, New York City, USA.

#### **23 April: State funded investment**

Comments made by SEI linked Professor Mariana Mazzucato (SPRU) about state-funded investment are referenced in a blog about entitled 'Where would you rather live – small-government Somalia or big-government Sweden?' See *New Statesman* 23/04/13.

#### **24 April: External Action Service workshop**

SEI hosted a European Commission-funded workshop on 'The EU's External Action Service: Challenges and Solutions'.

#### **25 April: SEI doctoral student published paper with IPPR**

Erica Consterdine published a paper entitled 'One step forward, two steps back: Evaluating the institutions of British immigration policymaking'. The paper explores four key issues affecting the ability of British immigration policy and administration bodies to do – and to be seen to do – a good job.

#### **28 April: SEI Party Politics specialist on local elections**

SEI Professor in Politics Paul Webb's article on the possible outcomes of the recent local elections in the UK was published in *The Observer*. The piece was titled 'Farage's surge makes this result so hard to predict'.

## Forthcoming Events

### Euroscepticism in the UK and re-connecting the public with the EU

20 June 2013 10am – 5pm

A Sussex European Institute (SEI) and European Parties Elections and Referendums Network (EPERN) workshop sponsored by the European Commission

University of Sussex, Conference Centre  
Bramber House

For further details please contact Debbie Minto on [D.Minto@sussex.ac.uk](mailto:D.Minto@sussex.ac.uk)



### Euroscepticism in the UK and re-connecting the public with the EU

A Sussex European Institute (SEI) and European Parties Elections and Referendums Network (EPERN) workshop sponsored by the European Commission

University of Sussex, Conference Centre, Bramber House,

20 June 2013 10am – 5pm

The aim of the workshop is to understand the different types of opposition to European integration that currently exist in the UK and analyse the factors driving this opposition, particularly in the light of the Euro zone crisis.

For further details please contact Debbie Minto on [D.Minto@sussex.ac.uk](mailto:D.Minto@sussex.ac.uk)

Programme includes:

British Euroscepticism in a comparative context:

- Prof Paul Taggart (University of Sussex)

The party politics of Euroscepticism in Britain:

- Conservatives and Liberal Democrats: Prof Tim Bale (Queen Mary University, London) and Prof Paul Webb (University of Sussex)
- Labour: Dr Isabelle Hertner (University of Birmingham)
- UKIP: Dr Rick Whittaker (University of Leicester)

British public opinion on European integration:

- Peter Kellner (YouGov)

Referendums and re-connecting the public with the EU:

- Dr Kai Oppermann (King's College London)
- Stephen Booth (Open Europe)

Concluding remarks:

- Prof Aleks Szczerbiak (University of Sussex)



# Features

## European Economic Recovery and the World Economy

### EU external competitiveness: the prospects

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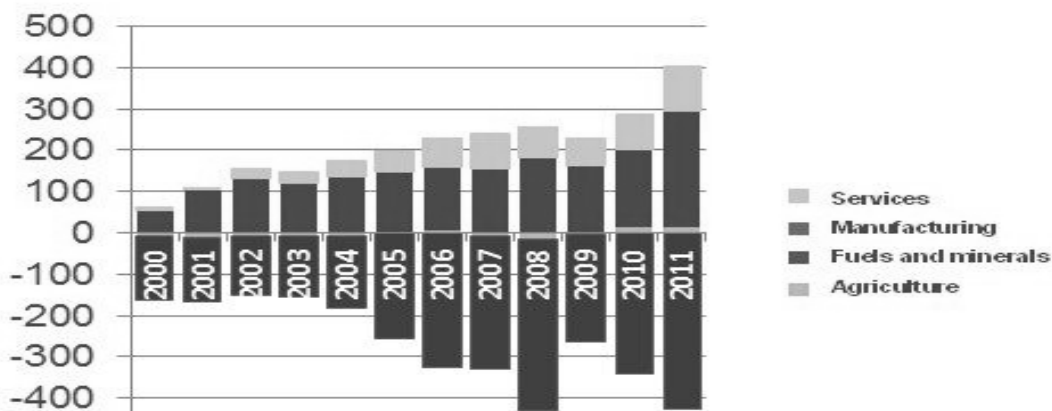


The protracted eurozone crisis that continues to affect the growth prospects across Europe triggers wider debates about the soundness of EU external competitiveness. However, although concerns about an intra-

EU North-South divide and potential for growing disparities among EU member states are legitimate among economic commentators, they are not always grounded on basic facts

and

**Fig. 1 Europe' sectoral trade balances with the rest of the world**



sometimes err on the more pessimistic side. In this short essay I would like to put forward five simple propositions that would offer a more positive view on the prospects of EU countries to maintain their international competitiveness.

*Fact no 1: Europe has a growing global surplus in manufacturing and services*

As can be seen in the chart below, with the exception of net imports in fuels and minerals, the EU manufacturing and services sectors have displayed a strong and growing trade surplus with the rest of the world.

In contrast; the evolution of the US trade balance between 2001 and 2011 shows a widening

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## Features

gap. Furthermore, the US and Japan lost a lot of ground in terms of global market shares to China and other emerging economies, while the EU share was only marginally eroded. And the overall deficit is going down: the increase in EU trade surplus in manufactured goods, services and agricultural goods has more than compensated for the increase in the energy bill.

Another popular indicator in the economic press is that Europe is in relative decline vis-à-vis its main competitors. The fact is that both the US and Japan have been overtaken by China as the largest export of manufactured goods. Thanks to its strong performance (notably of German exports) this is not the case of the EU.

*Fact no 2: Europe is not losing its manufacturing edge. Instead EU producers create strong synergies between goods and services*

It has become a well-known fact that the competitiveness of downstream producers critically depends on the quality of the intermediate inputs they use in their production process.

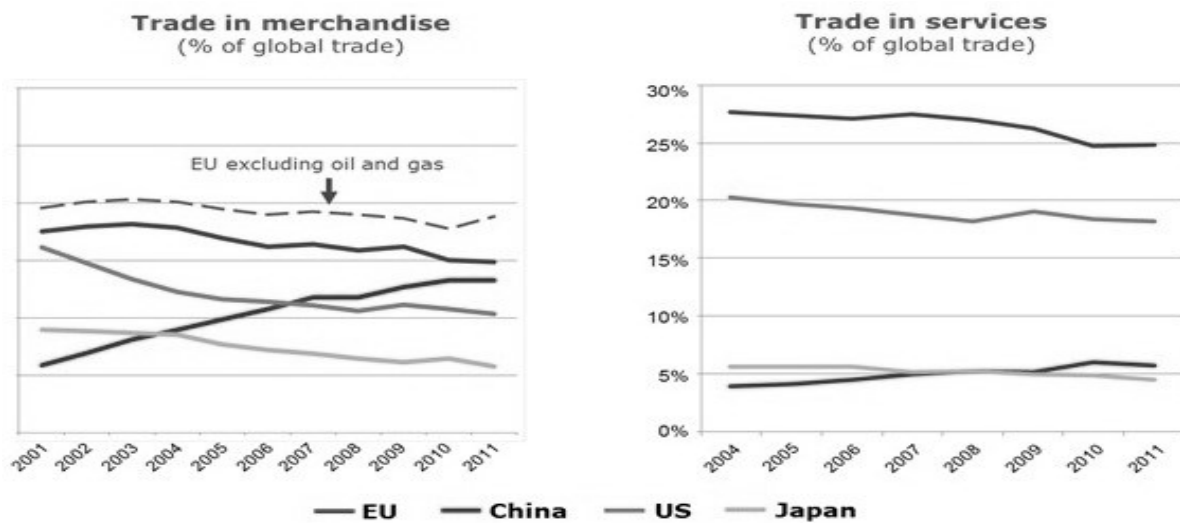
The recent 'trade in value-added' research efforts have demonstrated that services are an important ingredient in the EU's external

competitiveness, notably for the ability of EU manufacturers to demand a premium price for their products. Hence, although the EU services exports still lag behind in absolute terms behind manufactured exports, the services sector has almost as much at stake from manufactured exports as from their own 'direct' exports.

Services play a much more important role in EU trade competitiveness than we thought: over 50% of the value-added of EU gross exports originates in the services sector. This is an important indicator that the Single Market efforts to create a competitive services sector across Europe will continue to pay off as the Single Market continues to be perfected.

*Fact no 3: Once we look at competitiveness through the lens of global value chains, Europe looks more competitive than we think*

The 'value-added' issue as a conceptual innovation in the globalization debate has recently revealed that the EU remains a very competitive production location. The World Input Output database (WIOD) sponsored by the European Commission and the OECD Trade in Value Added database show clearly that EU is not just a 'transit economy'.



Source: DG TRADE, based on Eurostat data.

## Features

The EU actually produces domestically well over 80% of the gross value of its exports, with a large share of this new value-added metric, the EU has a larger share of world trade than in gross values. Europe also tried to provide further incentives to those parts of global value chains that need streamlining of customs procedures, notably as part of its 'processing trade regime'.

*Fact no 4: Despite the eurozone uncertainties over the last years, the EU remains a key player and a big investor in Asia, arguably the most dynamic part of the world economy*

Across most important Asian countries and regions, the EU is systematically a larger investor than the United States or Japan. This is particularly the case in ASEAN and China, but also Hong-Kong, India, and South Korea, in terms of stock of outward investments. This is important since FDI and multinational companies, in particular EU manufacturing companies, remain a powerful 'conveyor belt' for international competitiveness and trade performance.

*Fact no 5: There is a huge untapped FDI potential between Europe and China that could provide a considerable boost to further economic benefits to both economies at a time when they might need it the most*

Despite the sheer size of the Chinese economy and the massive presence of many international companies, the ratio of EU FDI in Chinese GDI remains far below the same indicator in other emerging economies, such as Brazil and Russia. In 2009, EU firms provided jobs to over 1 million Chinese employees in their subsidiaries, having a turnover of over 180 billion euros. The proposed EU-China investment agreement is poised to build on this good basis and lead to further beneficial integration between Europe and China at a time when a large share of future growth in the



world is still dependent on China's economic reforms and dynamism.

*The way forward: what role for EU policies?*

To conclude, these simple facts offer reasons for more optimism than otherwise. But where does this leave us, in terms of EU policy responses, when compared with the more pessimistic stories about EU's future international competitiveness? While trade and investment policies are only one part of the competitiveness equation, the EU has an ambitious trade and investment policy agenda, notably on the bilateral front.

Today the existing free trade agreements (FTAs) provide an important boost and an open regime for around 30% of EU trade flows. Once the ongoing negotiations completed, the share of EU trade covered by FTAs will reach around 50%. Some of the future trade and investment agreements will involve Europe's 'strategic partners' (the best example being the recently launched Transatlantic Trade and Investment Partnership (TTIP) between Europe and the United States).

Their successful conclusion may fundamentally alter the EU's position in global value chains, creating new jobs and growth opportunities in Europe and abroad.

# The Transatlantic Trade and Investment Partnership: this time it's different or déjà vu all over again?

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On 13 February 2013, the President of the United States and the Presidents of the European Commission and the European Council jointly announced that the EU and the US agreed to launch negotiations on a Transatlantic Trade and Investment Partnership (TTIP). This, according to the final report of the Joint EU-US High Level Working Group on Jobs and Growth (HLWG), aims at the:

Elimination or reduction of conventional barriers to trade in goods, such as tariffs and tariff-rate quotas. Elimination, reduction, or prevention of barriers to trade in goods, services, and investment. Enhanced compatibility of regulations and standards. Elimination, reduction, or prevention of unnecessary “behind the border” non-tariff barriers to trade in all categories. Enhanced cooperation for the development of rules and principles on global issues of common concern and also for the achievement of shared global economic goals. Increased transatlantic economic integration has been on the agenda before notably in the mid 1990s with the negotiation of the Transatlantic Market Place (1998) but outcomes so far are not impressive. There is however a tendency to return to the issue when times are tough or when domestic politics or economics on one side of the Atlantic or the other are served by it. Geopolitics also play a role. So the key questions are: why return to the issue now and will it be different this time?

## Trade Policy Background

The EU and US are the two largest integrated markets on the planet both with joint national income of €32 trillion in 2012, a bit less than 50% of world Income at market exchange rate. They have managed their trade relations as part of the multilateral trade system first via the General Agreement on Tariffs and Trade (GATT) and currently in the World Trade Organisation (WTO) since the completion of the EU customs union in 1968. These two economic giants dominated the trade liberalisation agenda across three major negotiations (the Kennedy Round in the 1960s, the Tokyo Round in the 1970s and the Uruguay Round in the 1990s). They also managed their trade disputes in Geneva. These disputes were many and varied and often accompanied by noisy bad temper. The trade negotiations were protracted and dominated by deep and again bad tempered differences over agricultural policy in particular. Over all the relationship gave the impression of being fractious.

Despite this trade across the Atlantic has flourished, the average tariff on all goods averages around 4% on both sides and many tariffs have been abolished altogether. The near disappearance of tariffs in manufacturing trade increased the importance of rules and regulations as obstacles to bilateral trade as did the rapid growth of services trade in the 1990s and 2000s and moved the focus of liberalisation towards regulatory harmonisation or mutual recognition issues rather as happened in the single market programme of EU.

Even here there were significant differences particularly in the area of food safety where stark and persistent differences in approach developed notably in the cases of genetically modified organisms (GMO) and the use of hor-

## Features

mones in beef. One of the key parts of the Transatlantic Market Place was an agreement to pursue mutual recognition of regulatory norms and standards. This effort has shown very little progress in the last 15 years.

### Geopolitics

In the mid-1990s the collapse of communism was fresh, the US was the apparently ascendant super power and globalisation and global capital were taking off. The IMF and the WTO projected a vision of global rules designed to make the world safe for market capitalism. Against that background the US was not enthusiastic about undermining the WTO by pursuing a bilateral and preferential agreement especially a formal free trade area with one of its largest trading partner and world's largest exporter of both goods and services. Nor was the support especially strong within Europe. The main proponent was the UK largely driven by a swelling tide of Euro-scepticism in the then ruling Conservative party. Germany was moderately supportive, France and allies were hostile and DG Trade, institutionally multilateralist, was lukewarm at best despite being led by Leon Brittan, a British Conservative Commissioner who was personally enthusiastic.

### What has Changed?

In a word, China is what has changed the global trade system. Since it joined the WTO in 2001 its share of world exports of goods has gone from 4% to 14% in 2011 and it has risen to second largest exporter of goods after the EU (excluding intra EU trade). Even in world services trade China is in the top ten exporters. Alongside the rise of China, the north Atlantic financial crisis and the euro crisis have reduced the credibility of the US or the EU in global policy fora and particularly in the WTO where the EU and the US no longer dominate the debate. As a result the US and the EU (and many other WTO members) are increasingly turning to bilateral FTA with ma-

ior trading partners who they had previously dealt with in the WTO. Both have concluded agreements with Korea and both are pursuing agreements with India and members of ASEAN. The EU is in negotiation with Canada and Mercosur as well as the Gulf Cooperation Council.

The US is trying to form a regional agreement, the Trans Pacific Partnership (TPP) that includes the main members of ASEAN, Korea Japan, Australia and New Zealand as well as a number of Latin American countries. From a distance this looks like anyone but China (ABC). Against that background the TTIP looks like another move by the US away from the WTO as the main forum for trade liberalisation and rule making and a further step to containing China by marginalising the WTO. Whatever the motives, the geopolitics have clearly changed compared with the 1990s. The US is looking for more economic alliances and a there is a general move in the EU and US away from the WTO and towards bilateral/regional trade agreements as means of opening growing foreign markets in times of domestic recession. And this time around more than the British Conservative party see achieving a transatlantic free trade zone as a way of demonstrating the utility of the EU in an atmosphere of growing Euro-scepticism, so the domestic politics of Europe are moving in favour.

### Is it worth doing?

As noted above the trade barriers between the EU and the US constitute tariffs, which are low, and regulatory obstacles, where the impacts are hard to measure. Overall the effects are likely to be modest. Studies published by the European Commission come up with estimates that on the most favourable assumptions about coverage and impact suggest the TTIP could add around 0.6% to US and about 0.75% of 2012 EU National Income to economic welfare. That may sound small but the



sheer size of the two economies means that these translate into absolute figures of between €95bn in the US and €120bn in the EU. On the least ambitious assumptions, under which only tariffs are removed, these figures would fall to €10bn and €25bn respectively.

### Will it happen?

There are plenty of reasons for the pessimists to think it won't. Most of the long running problems in transatlantic trade policy are still in play. The EU's agricultural trade barriers remain high and removing them in trade with a competitive exporter like the US would lead to a fall in prices and a contraction of European agriculture so expect resistance from France, Poland, Spain Italy and others. On the other hand any exclusion of agriculture trade barriers from liberalisation would meet strong resistance in the US Congress. The French have already said that the TTIP should not allow the dismantling of the quotas on imports of US audio visual products in defence of the French 'cultural exemption'. They have also said that there should be no relaxation of the controls on imports of food products including genetically modified organisms (GMO).

Beef treated with hormones might also become a problem even though there has been agreement in the WTO allowing the US and Canada to export limited quantities to the EU. Once more the US Congress might find it hard to agree to a TTIP agreement that excludes trade in these categories. It is also worth not-

ing that the negotiations on an EU-Canada agreement which many see a precursor to an EU-US agreement have run into blockages. So the road could be rocky and the aim of an agreement by end 2014 could turn out to be ambitious at best. Nonetheless the ambition for this agreement is high and the political commitment on the part of the US President and Congress on one hand and the EU commission and Council is much higher than in the 1990s. My guess is that it is a 60:40 bet and that it is worth a try but I wouldn't bet the farm on it.

### A Coda

The WTO could be the big loser from this initiative especially if the TPP negotiation is also successful. Taken together the TTIP and TPP would remove a lot of interest in trade liberalisation via the WTO among the richest and fastest growing countries in Europe, South East and East Asia and North and South America. Note also that the TTIP aims explicitly to lead to convergence on EU and US regulatory norms and standards with these becoming global norms and standards for goods and services trade. That, if successful, would reduce interest in the WTO as a rules making body. In some ways this combination of the TTIP and the TPP could be seen as challenge to the WTO membership to get with the project of progressive trade liberalisation and effective global rules making for commerce or see the business going somewhere else.

## Global Value Chains: What prospects for European Economic Recovery

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The international fragmentation of production has led to the proliferation of new production networks which have revolutionised economic activity. Firms in developed countries are now able to combine high-tech know-how with lower-wage labour to produce at lower costs. This has led to a geographical dispersion of value added which presents new challenges and opportunities for European economic recovery.

## Features



ery. The most visible symptom of this phenomenon is the dramatic rise of China as a global manufacturing hub. It has seen its share of global output increase from 3.5% to 13.3% during the period 1995 to 2009. In contrast the share of global output of the EU has declined from 30.5% to 27.9%. Global value chains (GVCs) are often associated with this phenomenon, but what is under-appreciated is the regional nature of these international networks. Three key factory systems have emerged: Factory Europe, Factory North America and Factory Asia. Each is informally 'coordinated' by a manufacturing giant, or a headquarter economy - Germany, the US and Japan, respectively (China is the odd one out since it is quick becoming a supplier to all three factory systems). Such alignments suggests that there is a premium to being located near a headquarter economy.

In Factory Europe networks are of a hub-and-spoke nature. Germany, and to a lesser extent the UK and France, are the dominant headquarters which supply a growing amount of know-how embedded in intermediate inputs to neighbouring factory economies - the periphery. As a result, EU wide economic interdependence is rising. For every euro exported by a periphery country, say Spain, around 5 cents go to Germany (for Eastern European countries values are in the order of 10 cents or more). In contrast, one euro of German exports requires the use of only 1-2 cent of periphery country inputs. This implies that what is good for Germany is also increasingly good for its neighbours and, to a lesser extent, what is good for the periphery is good for the core.

Evidence suggests that, in the long-run, these new modes of production trigger a dynamic element of learning-by-doing. Countries that specialise at the 'lower' ends of the value-chain, i.e. assembly, appear to learn, in time, to make their own components and then specialise in selling rather than buying intermediates.

This is more commonly known as 'moving up the value chain' and can also be thought of as the process of 'becoming a HQ economy'. Indeed China has made headway into this process. Comparing its production structures 15 years ago to those now shows; i) a remarkable increases in the domestic value added of light manufacturing activities; and ii) movement into higher value adding electronics sectors (albeit in lower value added activities). On a different scale, countries in the EU's periphery appear to be emulating this process.

European participation in GVCs is growing. Specialisation is occurring across manufacturing and service activities and this process is being facilitated by the expansionary trade policy of the EU which is signing new and 'deeper' trade deals. Since such policies are pro-supply-chain trade, they should deliver important benefits in the long to medium run. With growing EU interdependence, these benefits are likely to be re-distributed across both headquarter and factory economies. But while the prospect of shared interdependence and future expansion of economic activity is encouraging, particularly given the current turmoil, it is unlikely to help redress the internal imbalances that are at the core of the crisis.

Take the case of Spain. In the long run, the more that Spain is a supplier factory to Germany the higher the likelihood that it will gain from positive spillovers that will ease its movement up the value chain. But in the short-run Spain will have a hard time substituting high-tech intermediate inputs from Germany for domestic products, even if Spanish wages fall (if

## Features

Spain becomes a cheaper location to produce, it is likely that any switching of sourcing by Germany occurs at the expense of other periphery factory economies). If Spain is to export to third countries as a way out of its crisis, given the current degree of interconnectiveness in Factory Europe, it must either increase imports from Germany or revert to exporting lower tech products such as agricultural products.

Given the large dependence on intra-EU trade, current demand contractions are likely to

spread relatively rapidly and further depress economic activity (i.e. recall that for every euro no longer imported by Germany from Spain there is a further 5 cent loss for Germany and similarly for every euro that Spain no longer imports from Germany there is a 1-2 cent loss for Spain). If Spain can ultimately become a HQ economy it will sustain longer term growth, reduce structural imbalances and make short-term macro balancing easier but this is likely to take time.

## European Recovery Requires Rethinking the State - from market 'fixing' to market 'creating'

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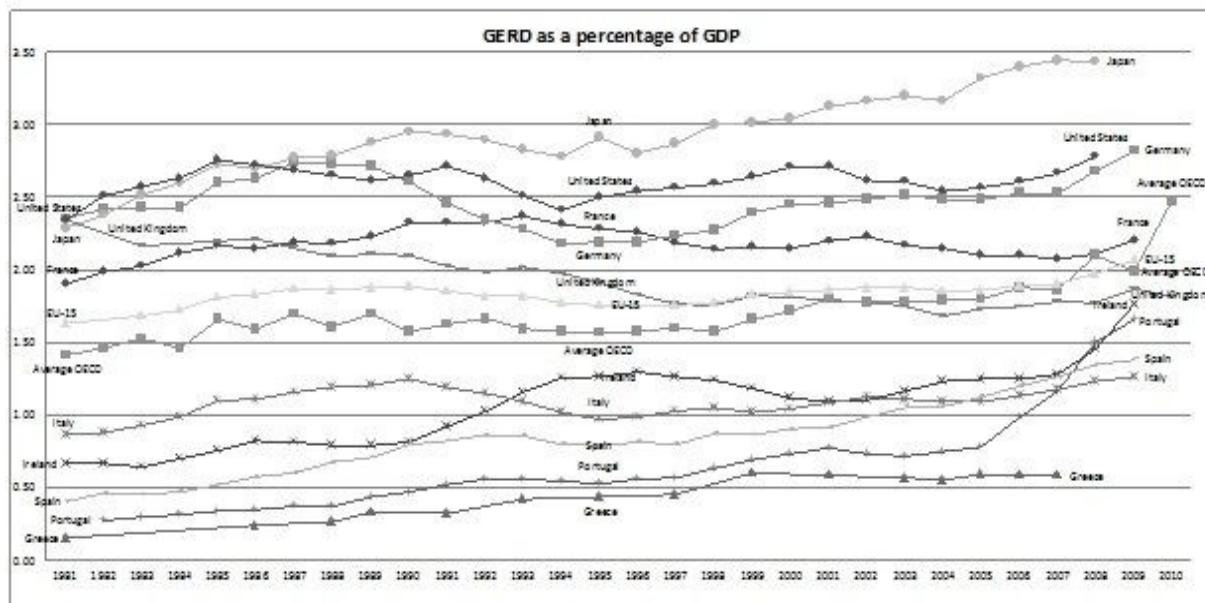


different types of policies, aimed at re-invigorating 'key' sectors and/or encouraging the growth of innovative SMEs (EC 2020). Indeed, industrial strategy is finally back on the agenda.

Today Europe wants growth — by any means necessary. Trying to kick start a recovery in countries laden with unemployment and ailing exports, individual member states are adopting

'conditions' being imposed on the weaker

GERD as % of GDP (source: OECD STI 2012)



## Features

'peripheral' parts of the Eurozone prevent them from being able to spend in exactly the areas that economists have found necessary to increase productivity and growth: human capital, education and research. Innovation-led growth, as experienced in Silicon Valley in the 90s and China today, has often seen the State lead the way, with major public investments in key areas that private finance is too scared to fund.

And investments in education and human capital are required to make sure the workforce is adequately trained to adapt to structural changes in the economy. It is only with such investments that we can begin to think about a transition to a greener Europe while also protecting jobs.

Yet cuts are happening in all the key areas that would allow this transition and new competitiveness to occur: e.g. Spain's green investments have fallen drastically, cuts are being made to education and research across the continent, and, fearful of the future EU instruments like structural funds and investments by the European Investment Bank, are playing a timid rather than an active and dynamic role.

The austerity arising from the 'fiscal compact' is most problematic for those countries that had, ironically, low deficits (e.g. Italy and Greece), but high debt/GDP ratios precisely because their productivity growth (the driver of the denominator) was at a standstill for decades. And given that the weakest Eurozone countries have the lowest R&D/GDP ratios (see how the PIIGS stand out in the figure below), it is a massive loss to the European project to focus on austerity than on investing in the 'right places' (the different drivers of innovation).

The problem is that economists themselves have not been very useful in thinking of useful ways that the State can be an active agent in producing economic growth. The State is ei-

ther seen at best as a simple 'fixer' of markets—when market failures occur, or at worst a potential problem due to the possibility that its investments will 'crowd out' private investment (due to the effect on interest rates). This is indeed one of the barriers impeding the European Investment Bank to act counter-cyclically as the Chinese Development Bank is today acting. What is really needed is for government—though its varied set of institutions—to do exactly what Keynes suggested in 1926 in *The End of Laissez Faire*:

The important thing for Government is not to do things which individuals are doing already, and to do them a little better or a little worse; but to do those things which at present are not done at all.

In my own work I have written about the 'entrepreneurial state', focusing on how the role of the public sector is not about fixing markets (the traditional view in economics), but shaping and creating them. This requires vision and the ability to set missions which set the framework for public and private actors to come together and to do the impossible: putting a man on the moon, or discover the Internet — neither justifiable using traditional cost-benefit analysis.

Mission driven investments highlight how the State not only 'crowds in' (in the Keynesian sense of increasing GDP hence also the savings available for private investment) but does even more. It 'dynamises in': courageously creating new opportunities, new innovation landscapes (new technologies, sectors), which increase the animal spirits of the private sector to want to invest.

This is not just about 'risk-sharing' (a word that undermines the State's role) but taking on risk and uncertainty boldly head on. Indeed, one of the real problems in Europe is the low

spending that private companies make in R&D. The focus on tax cuts is not working. What is needed is a real entrepreneurial state, ready to lead the way, creating new market and technological opportunities. Indeed, why did Pfizer recently leave Sandwich, Kent to go to Boston? Was it the lower taxes in Boston or the fact that the National Institutes of Health have been spending nearly \$30 billion a year in the pharma-biotech knowledge base?

To create and shape markets, rather than only fix them, the State must also be able to attract top talent — precisely in the areas that drive growth. And welcome rather than fear the occasional failures that are inevitable when taking on uncertain innovation. Indeed, those countries that today are growing through innovation — China, Brazil, Finland, Singapore — have expertise in innovation within *top levels* of government, not just in the ministries for innovation/industry — and have set up dynamic agencies that are willing to explore in the trial and error process.

The questions for Europe in this context becomes not how to cut its individual budgets but how to spend them more wisely, and encourage top talent to enter the public sector—making it both more meritocratic and dynamic. And if conditions are to be set on particular country bailouts, those conditions should not be about ‘not spending’ but spending on specific areas and with specific performance criteria. In particular, more thought is needed on how to use EC budget (structural and regional funds; as well as investments via the European Investment Bank) and the budget of member states to ‘dynamise in’ new opportunities, and create public-private partnerships which make things happen that otherwise would not have.

To do so, we must critically reach a new level of *solidarity* between EU countries — recogniz-

ing that the problem is not that Germany knows how to ‘tighten its belt’ more than Italy or Greece, but that it has been spending in the right areas and also developed the right institutional structures (from the patient finance available in KfW to the science-industry links created in the Fraunhofer Institutes). And importantly, member states need to ‘re-specialize’, dividing Europe into a true *division of innovative labour* based on both current and future capabilities.

Imagine the UK becoming the world hub in science dissemination, using innovations in both IT and broadcasting to transform science education in every corner of the globe. Imagine Italy using the products of the IT revolution to bring its arts education and research to the highest levels, rather than the current miserable level that its tourism ministry relegates the arts to. These are both areas that could strongly confront foreign competition.

But this requires thinking about the European technological and market landscape as one that EU countries establish together, competing but also collaborating at levels that make Europe a dynamic hub of new thinking and dynamism. Let’s stop the inter-country battles, with the inevitable race to the bottom, and understand that no EU country — not even Germany—will win in isolation.

Prof Mazzucato’s book *The Entrepreneurial State: debunking public vs. private myths in innovation*, is out via Anthem Press in June 2013.

# 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.

## The Legacy of Margaret Thatcher

**Prof Paul Taggart**  
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Former prime minister Margaret Thatcher “was brilliant at winning things, but she wasn’t brilliant at winning people over”, argued University of Sussex political expert Professor Paul Taggart on the morning of Baroness Thatcher’s funeral. Speaking to BBC Radio Sussex on Wednesday 17 April, Professor Taggart said: “Margaret Thatcher changed Britain and changed British politics, and we’re still living with the legacy.

“She changed the economy, and she changed the shape of the two main parties. Those are the big impacts you can see.”

He noted the irony that one of the “greatest achievements” of a Conservative politician was the effect that she had on the Labour opposition. “Many would argue that [Tony] Blair’s New Labour was a consequence of Thatcher,”



he said. “What she did to Labour during her time was *her* achievement for the Conservative party.”

But Professor Taggart noted that Margaret Thatcher “left a divided party” and was “kicked out” by her own party. “She changed the Conservative party quite fundamentally,” he said. “She left the Conservatives with a lot of difficulties with succession and the time after her.”

Acknowledging Margaret Thatcher’s divisive legacy since leaving office and in the days since her death on 8 April, Professor Taggart said: “She won elections, and she won battles against the unions, and she won in the Falklands.

“But she defeated people, and often the defeated come back later and are fighting back. Politics is about division, and those divisions still exist. She’s a very symbolic figure that people can use to resurrect those conflicts.”

Asked if a large-scale, ceremonial funeral was appropriate for Margaret Thatcher, Professor Taggart concluded: “She’s the second-most significant peace-time prime minister [after Winston Churchill] we’ve had since the war.”

## On The Politics of Fracking

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In December Francis McGowan presented the findings of the first phase of his research into the 'politics of fracking' at a UACES Arena event in Brussels. The UACES Arena scheme provides opportunities to academics to present the results of their research to policy makers in Brussels. The talk, to a mixture of industry representatives, NGOs, academics and European officials, focused on the political implications of the development of shale gas within the EU. The topic was particularly timely given that the European Parliament had recently voted in favour of such development, subject to a robust regulatory framework.

The debate surrounding shale gas development has a number of interrelated facets which reflect its potential impact on energy security, economic competitiveness, climate change, local environment, health and safety conditions and public acceptability. The last of these is to a large extent mediated by perceptions of the other effects and by the efforts of protagonists both for and against shale gas to depict the experience and prospect of development according to their respective preferences.

Indeed, there is in effect a framing contest underway between those who accentuate the security and economic benefits and play down the health, safety and environment impact and those who stress the risks associated with the latter while questioning whether there would

be economic and security advantages to development (the impact on climate is arguably the most contested with supporters arguing shale gas would displace more carbon intensive fuels such as coal while opponents dispute this, argue that methane emissions would exacerbate global warming and worry that development would undermine the development of zero carbon energy options).

The salience of shale gas is due in large part to its remarkable impact on North American energy markets and the possibility of replicating this impact in Europe. However whereas the framing contest has been fought after the event in the US (though opponents are campaigning to limit the further expansion of shale gas development in some states) in Europe, the contest is being pursued before development takes place.

My talk touched on the multifaceted politics of shale gas but concentrated on the aspect where my research has been to some extent finalised – the regulatory politics of shale gas development and the contrasting responses in the US and Europe. Highlighting the multilevel regulatory environment, ranging from broader systems of economic governance, through risk regulation cultures to the specifics of health, safety and environmental legislation, I sought to explain the factors which have facilitated shale gas development in the US and contrast those with conditions in the EU. In short I argued that the regulatory conditions were in various ways less conducive to shale gas development in two main respects: a less liberal system of economic governance and a more risk averse system of risk regulation.

These would not necessarily prevent the development of shale gas but they would present a relatively more difficult regime than that

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which enabled the rapid expansion of the industry in parts of the US.

I then turned to an aspect of my research which, thanks to a recently awarded British Academy grant, is only just getting under way: the contested politics of shale gas development. As noted, concerns about the risks of shale gas have gained much greater prominence in Europe in advance of any development.

This has led to the mobilisation of opposition in a number of member states. While some countries, notably Poland and the UK, have more or less committed to the development of shale gas, elsewhere opposition has prompted governments to move more slowly (Netherlands, Germany) and in some cases (France, Bulgaria, Czech Republic) to suspend development.

Taking these elements together I concluded by considering what was likely to be the response to shale gas at the EU level. From the standpoint of end 2012 the following state of play prevailed: The EP has been the venue where the issue is most contested (and where both sides of the argument have concentrated their lobbying). For much of the period it appeared that opponents of shale gas were in the majority but the recent votes (which concerned own initiative reports rather than legislation) seemed to back its development.

The key issue however is on what terms – i.e. under what regulatory conditions – would pro-shale legislation be approved. It is worth bearing in mind that many supporters of shale gas development argue that the existing regu-

latory framework is largely sufficient for overseeing exploration and production.

While the Commission appeared to be relatively reticent on shale gas initially (give or take some conflicting statements from Commissioners), the last year has seen a number of studies sponsored by the Commission identify the security, climate and HSE implications of development, each of which has taken a differing line. For its part the Commission is currently engaged in an interservice debate over whether specific legislation might be needed and what form it would take. Least visible in the debate so far has been the Council.

This may reflect the absence of any concrete proposals from the Commission but it may also reflect the diverging domestic politics which national governments face. Those governments which are broadly in favour of shale are sceptical about the need for EU legislation that might constrain their development. By contrast governments in countries where opposition to shale gas is significant have not been too keen to upload their domestic circumstances to the European level.

In the coming months, the debate on the prospects for shale gas in Europe will primarily take place at the national level. How these debates unfold will doubtless influence the stance the Commission adopts towards the end of 2013.





### Politics Department welcomes Dr Diwkar and Dr Robinson

**Dr Rekha Diwkar**  
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Rekha will be joining the Politics Department as a Lecturer in the Summer term. Prior to that, she was a Lecturer in Politics at Goldsmiths College, University of London where she has taught and researched since 2006.

She is also a visiting Lecturer at King's College's Department of Political Economy, and a Research Associate at LSE's Public Policy Group.

Rekha is also (since 2011) Chief Examiner for the module 'Social Research Methods' at University of London's External Study Programme. She has previously taught a wide range of politics, public policy and research methods courses at other leading UK universities such as UCL, Brunel University, Royal Holloway, Hansard Society and LSE, where she has also worked as a Tutorial Fellow on the MPA Programme.



Rekha completed an MSc in Public Administration and Public Policy and thereafter an MRes in Political Science at LSE. She was (in 2006) awarded a PhD in Political Science by LSE for her thesis which examined determinants of the size of the Indian party system through an empirical analysis covering the period 1951 to 2004.

Her research thereafter has focused mainly on Indian politics and public policy while also

increasingly taking a comparative and public choice perspective. She has published in well known peer reviewed journals and presented her research in academic conferences.

Rekha's current research interests include Indian politics and public policy, comparative politics, especially electoral competition and voting behaviour, size of the party systems, civil service reforms, and research methods in political science.

She is currently working (with Professor Patrick Dunleavy of LSE) on a research project to study party competition in India and Britain using a new concept of 'Effective Competition Space'. Her other research projects include studying coalition politics and civil service reforms in India using a public choice perspective.

**Dr Emily Robinson**  
**SEI Lecturer in Politics**  
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Dr Emily Robinson will be joining the Department as a Lecturer in Politics in July 2013. She is currently an Advance Research Fellow at the University of Nottingham and has also held a Postdoctoral Lecturing Fellowship at the University of East Anglia. She gained her PhD from the University of London in 2010.

Emily specialises in modern British politics and history and is particularly interested in the politics of progress and nostalgia. Her first book, *History, Heritage and Tradition in Contemporary British Politics: past politics and present histories* was published by Manchester University Press in 2012. It examines archives, written histories and commemorations to explore the different stories political parties tell us about British history and about their own historical roles.

## Research



Its main argument is that ideologically distinct approaches to the past have been in decline in British politics since the late 1970s and that in the place of radical obligation or conservative duty towards the past, the parties have converged on a rather whiggish attitude, which sees the past as 'heritage' and the present as constantly 'historic'.

This shift is indicative of wider changes both in political alignment and in social attitudes to the past which primarily see it as an affirmation of the present, rather than a legacy which can be honoured or betrayed. The book was launched at an event at the House of Lords in September 2012, with speakers including Jon Cruddas MP. It has been featured on BBC Radio 4's *Thinking Allowed*, BBC Parliament's *BOOKTalk* and in Mary Riddell's column in the *Daily Telegraph*.

Emily is currently working on a history of the changing meanings of the word 'progressive' in Britain, from the late nineteenth century, when it became a key political term, to 2010 when all three parties presented themselves as the only progressives in British politics. Although it is usually associated with a centre-left political tradition, in truth it has always been open to a variety of contradictory interpretations, from communist left to anti-socialist

right, and to a wide range of cultural applications, from progressive theology to progressive rock. This very malleability is revealing. The shifting use of the word tells us a great deal about the ways in which modern Britons have imagined progress – as well as the ways in which they have both sought and resisted it.

Much of this work is based on archival research and the study of digitised newspapers and periodicals but Emily also commissioned a YouGov survey on contemporary public understandings of the word 'progressive', which showed they were very far indeed from those often assumed by politicians and journalists.

When at Sussex, she will be making use of the Mass Observation archive, which is a unique repository of 'ordinary' people's reflections on society, politics and everyday life. This research will form the basis of a new module on ideas about progress and decline in modern British politics, which Emily is developing as a Special Topic for Sussex Politics. She will also be teaching British Political History.



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# Labour Market Policies in the Time of Crisis

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On 27 February I presented my PhD research outline for the politics department. My topic was labour market reforms in the time of crisis in Europe.

The main focus in research has been of deficit and debt problems. Nonetheless, the labour market has also been affected by the slow-down, which has encouraged many countries to embark on a series of reforms.

This leads to the main purpose of my thesis, to analyse differences in labour market response in liberal market economies (Estonia and Ireland) and state-centred/mixed market economies (Spain and Greece). It is an important topic that gains knowledge regarding the national population in the time of recession, and the electoral prospects of politicians. The thesis will draw from Peter Gourevitch's analysis on comparative responses to international crisis and the political factors that shape economic policy choices. Furthermore, my thesis will cover the following aspects of labour market policies: employment protection legislation (EPL), collective bargaining, unemployment benefits and active labour market policies. The dependent variable is response, which has been defined as: the type of policies used as response to the crisis. Response represents position in a two-dimensional space that depicts the direction of reform (regulation vs liberalisation) on one axis and scope of reforms (from minor to major) on the other.

Liberalisation includes greater labour market flexibility for example employment law and the possibility for companies to opt out from col-

lective agreements. EPL also refers to regulation regarding hiring (for example, favouring disadvantaged groups, conditions for using temporary or fixed-term contracts, training requirements) and firing (for example, redundancy procedures, mandated pre-notification periods and severance payments, special requirements for collective dismissals and short-time work schemes).

In terms of the scope, reforms range from minor to major. Minor reforms bring about only minor changes to the existing rules or affect only a small group of the working population, such as pregnant women or old workers. Changes affecting a larger group, such as temporary workers, constitute moderate reforms. Finally, major reforms affect the entire working population. For example, a change in the amount of severance pay, the length of the notice period prior to dismissals, or the unemployment benefit replacement rate qualify as major reforms.

This thesis will use a mixed methods design, i.e. qualitative case study analysis and fuzzy-set qualitative comparative analysis (fsQCA). For the QCA chapters, four more countries will be included: Latvia, Italy, Hungary and Portugal. Also, for this section national governments will be units of analysis. This will give results for 16 governments in total, from the start of the Great Recession. The methodology will allow an in-depth analysis of differences in labour market response, to explain why some governments have been able to push through modifications in the wake of the financial crisis.

In short, this research project seeks to analyse the difference in labour market reforms made (as part of the) response to the financial crisis, and the role of actors and institutions in the creation of these reforms.

# Parties, Policy-making and Immigration

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On 27 February 2013, I presented my research outline to SEI faculty, doctoral researchers and students. In summary, I argued that: The consequences of immigration policy – social, economic and political – are hugely significant. Few scholars have set out to explain the continuing developments in immigration policy within a critical historical context.

In order to really understand immigration policy, and what drives it in a democracy, the focus needs to be on major – and mainstream – political parties. Conservative parties are worth studying; they have traditionally enjoyed long periods in power, both formulating and implementing policy. Furthermore, such parties enjoy a strong electoral lead over the centre-left on immigration and asylum.

My research examines how the UK Conservative Party has developed its immigration policy. This project adopts a different approach from that used by many researchers, who have tended to overlook the role of mainstream political parties in influencing immigration policy. This research will thus regard party policy as the dependent variable with a number of factors acting as independent variables, such as whether the party is in government or opposition, who leads the party, which factions are in charge of the party etc.

My main research question is: What has driven and continues to drive the development of post-war Conservative Party immigration and asy-

lum policy? My sub-questions are: To what extent is the policy-making process influenced by periods in government and periods in opposition? In what sense do the following factors drive immigration policy: The Party's fear of electoral defeat.; the different leaders of the Party.; the different factions leading the Party? What is the impact of the perceived divide on immigration policy between elites and the general public? Is the policy-making process influenced by public opinion; Party activists and members; think-tanks and interest groups?

I have three propositions which are directly related to the three models/theories in my hybrid theoretical framework:

P1 In power, the Conservative Party's policies have restricted levels of immigration and asylum to a lesser extent than it has promised when in opposition. This is because a wider range of factors constrain policy when the Party is in government.

P2 The Party's immigration policies are dependent on: The Party's fear of electoral defeat. The different leaders of the Party. The different factions leading the Party.

P3 The Conservative Party's policies respond to a long-standing tension which is the result of a widening gap between elites and the general public on the immigration issue.

In response to my presentation, I received a number of questions, which ranged from suggestions to make it clear what others will take from this project to concern that I had not fully justified my use of a constructivist framework. Some speakers encouraged me to look at policy-making from a 'bottom up' and well as a 'top down' approach. I am grateful for the feedback, which I have taken into account.

# Conflicts and 'Normative Power Europe'

**Stella Georgiadou**  
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The main task I had, as a first-year research student, was to develop my PhD research outline. My supervisors (Adrian Treacher and Jörg Monar), through their support, comments and advice were crucial in helping me gain a more comprehensive understanding of the subject. In February 2013, I presented my outline to the SEI staff and researchers. The feedback and comments on my presentation were very useful and helped me deal with some unresolved issues regarding my research outline.

The main goal of my research is to provide an evaluation of the potentials and limitations of the applicability of the theory of 'Normative Power Europe' in the field of conflict transformation. Conflict resolution/ transformation as well as peace-building, are among the EU's foreign policy goals. These normative objectives are intended to be transformed into a consistent foreign policy that will ultimately shape a better environment.

According to the 'Normative Power Europe' theory, as defined by Ian Manners, the EU's role in world politics must be conceived as one of 'normalization' through the spread of its underlying values. In spite of the way states behave, the EU, he argued, has the unique role of shaping what will pass as normal in international relations. The departing point of my research is the position held by many proponents of 'Normative Power Europe' who argue that the European Union's

normative self-construction has an impact on its external policies and subsequently produces a positive influence on others in international relations. If this supposition is accurate, then normativity should be traceable in the EU's foreign policy.

A normative power must be able to influence the parties in a conflict through the imposition of various norms upon them. This course of promotion and transmission of the EU norms can lead to modification or even transformation of behaviour and attitudes. Moreover, it can even result in eventual espousal of these norms.

For the purposes of this research a collective case study approach will be followed. In this respect, the cases of Cyprus and Kosovo will be examined. In order to fulfil the main goal of my research, I will use a three-part analytical framework drawn from the literature.

This framework assesses normativity by associating goals, actions and impact of the EU. It will be used for the purposes of integrating a theoretical conceptualization of the theory of 'Normative Power Europe' with empirical inquiry. Qualitative methods are believed to be suitable for this research because they are mostly concerned with the importance and not the frequency of the phenomena under investigation.

Primary data will be obtained from official documents as well as from qualitative interviewing. Secondary data will be obtained from government publications, publications of international bodies and organizations, books, articles in academic journals and publications by research centres and institutions.

# Electoral Success, Organisation, Strategy

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The rising electoral success of the Justice and Development Party (JDP) is an unprecedented event in Turkish politics. In the previous elections in 2002, 2007 and 2011 JDP has increased its votes. The party received 34.26%, 46.58% and 49.38% of the popular

vote in these elections respectively. In my research I try to develop a systematic explanation of this remarkable achievement. The studies on the JDP I have reviewed so far revealed certain methodological tendencies within the current literature. Most of the explanations of the electoral success of the JDP either focus on the economic conjecture and economic performance of the party or on the rise of new social forces. Hence, to a considerable degree, it would be fair to argue that current literature on JDP could be characterised by “economism” and “determinism”.

On the other hand, most of the political-ideological explanations either highlight the importance of the role of ideological innovations like “conservative democracy” or underline the role of leadership and redistributive strategies in the electoral success of the JDP. It seems that lack of a focus on the organisation of the party causes the overestimation of the role of the official ideology of the party, Prime Minister Erdoğan and redistributive strategies. Hence, despite the broad range of the studies on the topic, the current state of the literature on JDP either overemphasizes the exogenous conditions such as economy and social struc-

tures or overemphasizes the role of charisma and redistributive strategies due to the conceptual and theoretical shortcomings.

In this research I try to overcome these weaknesses through focusing on the party organisation and strategy as the key variable. In the exposition of the independent variables of my research, in other words ‘rise of pious bourgeoisie’, ‘political opportunity structures’ and ‘party organisation and strategy’, I will also deploy a comparative perspective. In this context I am planning to compare different trajectories followed by different post-Islamist cases in Turkey, Iran and Egypt.

In the current stage of my research I hypothesize that JDP’s electoral success heavily relies on a certain organisational and strategic choice which protects a balance between divergent desires and interests of the different groups within the party and within its electoral base. In this sense, the study of Kumbaracıbaşı (2009) underlines a very similar point in the organisational and strategic problems and choices of the party and diverges from the rest of the literature. Nevertheless, his study mainly depends on a top-down perspective and focuses on the central organizations of the party.

In order to see the effect of the specific organisational and strategic choice of the party, in line with the perspective of Levitsky (2003), I am planning to adopt a broader and, to a great extent, a bottom-up approach which takes the different levels of party organisation ranging in size and influence into account. Hence, I hope to highlight the priority of the party organisation and strategy in the electoral success of the JDP within the context of social, institutional and historical factors.

# Anti-corruption Commissions in Africa

**Uche Igwe**

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This is the first year of my PhD research in Politics. Before coming to the Faculty of Law Politics and Sociology, I completed an MA in Governance and Development at the Institute of Development Studies (IDS). My MA dissertation focused on the labour movement and opportunities of leading the cause of political reforms in Nigeria. Before coming to Sussex, I completed my Bachelors at the University of Ibadan, Nigeria.

I caught the fever of activism during the boom in non-governmental action in my country and worked with a few NGOs before joining the Nigeria Extractive Industries Transparency Initiative (NEITI) as a Civil Society liaison officer between 2005 and 2010. In between, I won the UK-supported Chevening Fellowship and spent some time at the Active Learning Centre, University of Glasgow, Scotland studying the relationships between government and civil society. I was later appointed Africa Policy Scholar at Woodrow Wilson International Centre for Scholars and Visiting Scholar, Africa Studies Program at John Hopkins University (SAIS) both in Washington DC, USA. In my spare time, I contribute regularly to the media and currently serve on the steering committee of the United Nations Convention Against Corruption (UNCAC) Civil Society Coalition.

Corruption is the biggest impediment to progress and development in Africa. I will be looking at the fight against corruption through the establishment of anticorruption commissions and how far this have fared. I will be conducting this research under the supervision of Prof Dan Hough and Mr Francis McGowan. I am very pleased to contribute to the new Centre for the Study of Corruption, which has great potential of becoming a global research centre. The presence of experienced faculty within the SEI means an opportunity to draw from robust multidisciplinary approaches and relevant contexts.

The challenges of fighting corruption are very complex and intricately intertwined with politics and economics. Since the early 1990s the establishment of anti-corruption Commissions have become fashionable in Africa. However, even as many governments that aspire to fight corruption continue to establish national anti-corruption agencies, evidence continue to mount indicating that they might have failed to actually reduce corruption. Available reports indicate that some of these bodies were established without a comprehensive strategy, adequate resources and personnel. Some others have been perceived as a means to pacify the electorate and donors, with questionable performance profile. The basis for measuring the effectiveness of anti-corruption institution is a intricate task that needs to be clearly problematized and debated with a tincture of healthy scepticism.

For instance, the war against corruption commenced in Nigeria in 2000 by the establishment of the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and later Economic and Financial Crimes Commission (EFCC) in 2002. It is believed that the Nigerian model of anti-corruption is

## Research

similar to the one that involves the establishment of a multi-purpose, all-in-one institution similar to the one in Hong Kong and Singapore, which combine investigation and law enforcement duties with prevention, policy analysis and outreach. However, what constitutes the Nigerian model is scattered across other institutions like the Bureau for Public Procurement (BPP), Code of Conduct Bureau, Corporate Affairs Commission and the Nigeria Extractive Industries Transparency Initiative (NEITI).

In 2007, Obadare gloomily observed that the prosecution of an anti-corruption campaign by the civilian governments in Nigeria ironically coincided with the theft of state resources on a scale that is unprecedented even by the standards of the country's history of official larceny.

The performance of such anti-corruption agencies should be measured against a set of qualitative and quantitative indicators.

During my research, I will interrogate the reasons for the success or failure of these commissions and look at concrete and contextual strategies to improve upon their performance, while drawing attention to nuanced approaches towards insulating them from factors that tend to hinder their effectiveness. At the end, I hope to comprehend the building blocks critical for an effective anti-corruption intervention and distil them into a strategy that is capable of weakening the dominance of patrimonial networks and apprehending the banditry of the elite to reposition the continent of Africa for prosperity.

## Politics of Legitimacy and Active Migration

**Wellington Mhiza**  
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I will explore the sources of durability of party-based authoritarian regimes with special emphasis on the case study of Zimbabwe. There will be several investigations of authoritarian durability such as systematic state sponsored violence,

patronage, regional support, and other variables. This research will attempt to fill a gap by focusing on two negative variables on authoritarian regime durability in Zimbabwe, mainly the impact of massive migration to the diaspora and the effects of remittances.

The exodus migration of millions of Zimbabweans due to political repression and economic crisis to the diaspora as a political voice massively contributed to regime durability in Zimbabwe since 2000 to present. Zimbabwe's

total population stands at approximately 12.6 million and it is estimated that by the end of 2007 approximately two million people migrated to South Africa due to the political and economic crisis in Zimbabwe. A total population of more than four million people are living in the diaspora.

The economic crisis and hardships in 2007 to 2009, especially hyper-inflation, should have resulted in citizen rebels. The International Monetary Fund suggest that hyper-inflation was 231 million% by July, 2008 and further deteriorated to 500 billion% by September 2008, before the currency became absolutely worthless by October, 2008. Theories in party-based authoritarian politics suggest that authoritarian structures built during normal periods fail during economic crisis, opposition challenges and external pressures. Certainly, these factors were present in Zimbabwe since 2000 to 2009. The emergence of Movement for Democratic Movement proved a credible and serious threat to the Mugabe regime that was followed by a defeat for the government in a referendum



to amend the constitution of 2000. It is argued by some reputable scholars that remittances from the diaspora rescued the Mugabe regime from collapse during serious economic crisis especially in 2007 and 2008. Bratton and Masunungure suggest that if it were not for remittances from the diaspora the regime would have collapsed through internal uprisings. According to United Nations Development pro-

gramme, remittances by Zimbabweans abroad to assist households were a substitute for public service delivery. For instance, many institutions such as the health delivery system failed and through remittances from the diaspora or direct medical supplies to loved ones, the diaspora community substituted for government obligations.

### **Mexico's Conditional Cash Transfer Programs and the effect on the Congressional Elections 1994-2012**

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I began my PhD in politics at the University of Sussex in January 2013, under the supervision of Sabina Avdagic and Francis McGowan. My interests and research are in political behaviour, public policy, political parties and the effects of conditional cash transference programs on Mexican voters.

Prior to commencing the PhD at Sussex I completed my MA in Government and Public Policy at the Universidad Panamerica (México), where my MA dissertation looked into economic regulation and competition in Mexico's telecom sector: I discussed the reasons, under the loop of a policy maker, why it is better to open up the sector to competition and I also focused on the importance of a new anti-monopoly legal reform against the biggest company in Mexico, during 2012's presidential electoral year.

Before that, at the Instituto Tecnológico Autónomo de México I received my Bachelor in Law Degree (LLB) where I also worked as a research assistant. My LLB dissertation looked at the protection of rights (suffrage) of the indigenous municipalities in the State of Oaxaca as class actions.

I have worked in Mexico's Federal Government since 2007. First at the Ministry of Finance and Public Credit and second at Mexico's Presidency Office, where I had the opportunity to work

among policy makers in several initiatives to mitigate urban and rural poverty. Performing these duties have allowed me to be well aware of the living conditions and the multidimensional poverty of almost half of the Mexican population.

While being advisor of the General Council of the Federal Electoral Institute, I had close contact with a number of advisors and citizen counselors. There we were able to discuss developmental and poverty issues, concluding that, from the point of view of the Mexican electoral platform, democracy is the first best instrument when aiming to mitigate their effects.

My current research is focused on assessing Conditional Cash Transference programs implemented during the last 18 years in Mexico in terms of their relative success in declining poverty levels, increasing among the targeted population. In my research, I intend to examine the efficiency of this programs on education, social and health coverage among the rural and urban areas and to study the effects on how the beneficiaries voted compared to those not receiving it.

## Research

### Left-wing Parties in the Caribbean

**Ayodele Jabaar**  
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I commenced my PhD in Politics in January 2013 after completing my Masters' degree with Birkbeck, University of London in Global politics. My Masters dissertation focused on a comparative analysis between the Guyana colonial state and the post-colonial state in which I argued that the post-colonial State developed similar authoritarian features to the colonial state.

I am conducting my research under Professor Paul Webb and Dr Dan Hough. My PhD research interest is on the Caribbean region; with an emphasis on Left politics in the region. My intended approach is to test the arguments raised by some theorists that the Anglophone Caribbean Left tends to shift rightwards, specifically, I intend to test these arguments against the People's Progressive Party (PPP) of Guyana, a traditional party of the Caribbean Left that has controlled governmental power from 1992 to the present.

During my research I will be paying attention to several interrelated factors. I intend to assess



the pressures placed on the state in developing countries to conform to the dominant global order, and the impact these pressures have on ruling elites. I will also be paying attention to the party's leadership, its class character, and its relationship to the masses; the role of factionalism and changes at the helm of the party; the reliance on ethnic mobilization in the struggle for political power, and whether or how these factors combine to influence a rightward shift.

The process of constructing the research outline has revealed a variety of competing theoretical approaches- with these approaches displaying a variety of fundamental differences. My approach so far has been to identify and select the most relevant theory on its capacity to adequately address the unique conditions of the developing world. I now look forward to completing my doctoral research with my fellow researchers and the staff at Sussex who have been very friendly and helpful.

### Resilient Neoliberalism at the Capitalist Periphery

**Aldo Madariaga**  
SEI Visiting Doctoral Researcher  
Max Planck Institute, University of Cologne



Aldo Madariaga is a Doctoral researcher at the Max Planck Research School on the Social and Political Constitution of the Economy (IMPRS-SPCE) in Cologne, which is a cooperative graduate programme of the Max Planck Institute for the Study of Societies and the University of Cologne.

He did his undergraduate studies (*licenciatura*) in sociology at the University of Chile in Santiago, and an MA in political science at the Central European University in Budapest. He also worked as a research assistant at the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC). His main fields of interest are comparative political economy and development studies.

In his dissertation Aldo studies the endurance of neoliberalism in Latin America and Eastern Europe. During the 1980s and 1990s far-

reaching processes of political and economic liberalization took place in these regions, at a similar time and under analogous internal and external constraints.

More than two decades on, some countries have managed to maintain and reinforce their neoliberal development paths while others have shifted markedly towards alternatives. Aldo examines the political mechanisms that explain the trajectory of continuity of some countries, and of change and departure in others. In order to do this he analyses the formation of power blocs, and how they institu-

tionalize their power resources as well as their development projects in two key economic policy domains: monetary policy and industrial policy. The study uses within-case as well as comparative analysis, and includes four cases: Argentina, Chile, Poland, and Hungary.

Aldo will be visiting SEI in May-June 2013. During his stay he will work on the analysis of his fieldwork in South America, as well as a preliminary literature review on his Eastern European cases. He will work under the supervision of Sabina Avdagic.

### **Kosovo - Serbia Agreement** **A success story or a missed opportunity?**

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The agreement between Kosovo and Serbia is already being considered a success story for the European Union (EU) and its Common Foreign and Security Policy (CFSP).

In April, the EU's High Representative Catherine secured signatures of two prime ministers on a 15-point document, which aims to normalise relations between the two countries. The deal is simple: Serbia has to withdraw its presence from Kosovo, while the Kosovo government will extend its authority throughout the territory. Serbia doesn't have to recognise Kosovo's independence. Kosovo has to extend the level of self-governance for Kosovo Serbs, particularly those living in the north. In addition, parties agreed not to block each other's way to the EU and not to encourage others to do so.

Both Kosovo and Serbia have committed to integrate into the European Union and there are no real alternatives to this long-term objective. This has put the EU in a powerful position as a deal-breaker as it could condition further integration with concrete improvement in bilateral relations. Immediately after the agreement was reached, Serbia, which is already a candidate state, will be scheduled to start chapter negotiations. Kosovo, which is somewhat behind in the integration process, will negotiate for a Stabilisation Association Agreement (SAA) with the EU.

Conditionality, for which the academic scholarship widely agrees to be the most effective tool that the EU has in terms of foreign policy, seems to have functioned very well. Fourteen years after the Kosovo conflict and five years after its declaration of independence, this agreement represents a significant step for a final reconciliation in the Balkans. However, it's not the final step itself. Kosovo's recognition remains an emotional issue in Serbia and a politicised issue within the EU.

## Research

Five member states, Spain, Greece, Romania, Slovakia and Cyprus, don't recognise the new state. The ratification of a potential SAA between Kosovo and the EU remains uncertain and so does the future of Kosovo in the EU. On the other hand Serbia's membership negotiations are going to last for quite a long time. Given the current crisis and what is being referred to as 'enlargement fatigue,' the full EU membership for Kosovo and Serbia will take longer period of time.

With full membership being distant and not a tangible leverage, it could be argued that the EU has given up the 'carrot' prematurely, without which the 'stick' cannot be effective. As a masters student of European politics here in Sussex, with a research focus on the international relations of the EU, I cannot stop wondering whether this success story of the CFSP could have also been a missed chance for a final solution of the last puzzle in the continent. Did the EU miss a good chance, the peak momentum of itself as a global power vis-à-vis Kosovo and Serbia, by aiming too low? History tells us that agreements in the Balkans were



easily reached but hardly implemented. The implementation of the agreement, which is already being foreseen to be a bumpy road given its unpopularity among radical political groups in both countries, will provide a final answer to this question.



# New EPERN Briefing Papers

The SEI-based European Parties Elections & Referendums Network (EPERN) produces an ongoing series of briefings on the impact of European integration on referendum and election campaigns. There are two additions to the series. Key points from this are outlined below. EPERN papers are available free at: <http://www.sussex.ac.uk/sei/research/europeanpartieselectionsreferendumsnetwork/epernelectionbriefings>

**EPERN**  
European Parties Elections  
and Referendums Network

## **EPERN REFERENDUM BRIEFING**

### **No. 19**

### **“The Referendum on the European Fiscal Compact Treaty in the Republic of Ireland, 31 May 2012”**

**Dr John FitzGibbon**  
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#### **Key points**

- The referendum was passed with 60.3% voting Yes and 39.7% voting No. Turnout was 50%.
- This was the first electoral test faced by the Fine Gael-Labour coalition government which was in power since the February 2011 general election.
- The Yes side used the label of “Stability Treaty”, the No side “Austerity Treaty”. On the Yes side access to EU funds and institutional reform were key points, the No side’s main themes were a rejection of failed EU wide austerity policies and different approach to solving the EU crisis.
- There was a strong first-order element in the referendum campaign. Political developments across Europe included the election of Francois Hollande as President of France and the tumultuous events in Greece.

- Second-order issues were equally important including: a rejection of government austerity policies and a general negativity towards the political system.
- The key determinant of the outcome was fear over the uncertainty that a No vote would bring to future of Irish national finances.
- The referendum provided further evidence of low-income, young and rural voters increasingly opposing European integration.





**EPERN REFERENDUM BRIEFING**  
**No. 72**

**“Europe and the Czech Presidential Election of January 2013”**

**Petr Kaniok and Vít Hloušek**  
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**Key points**

- For the first time, the President of the Czech Republic was directly elected.
- Miloš Zeman, representing the Czech left, and Karel Schwarzenberg, representing the Czech right, both skillful politicians with vast experience, entered the second round of the elections.
- Miloš Zeman won the second round with roughly 55% of the vote.
- Turnout was 61% of eligible voters in the first round and 59% in the second, slightly lower than in the 2010 elec-

tions to the Chamber of Deputies of the Parliament of the Czech Republic.

- Registration of candidates was accompanied by problems with petitions endorsing particular candidates and it was the object of a review by the Supreme Administration Court.
- The campaign dealt with European integration-related issues in a rather peculiar and indirect way showing the potential that nationalist arguments still had.
- The two major candidates (Mr Zeman and Mr Schwarzenberg) belonged to the group of pro-EU politicians, which pointed to the possibility of a large impact on the changing image and position of the Czech Republic within the EU, taking the country more into the EU mainstream.

# 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

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

## SEI holds Conference on 'European Economic Recovery and the World Economy'

The Sussex European Institute (SEI) conference on 'The World Economy and the European Recovery', hosted jointly with the Centre for the Analysis of Regional Integration (CARIS), was held on February 21st 2013.

This conference, organised by SEI visiting professorial fellow Prof Alan Mayhew and SEI-linked reader in Economics Dr Peter Holmes (CARIS), was the second in a series of SEI European Commission-funded conferences and workshop, which are being held through autumn 2012 and spring 2013 (see announcement on the SEI website). This second conference followed on from and, developed specific aspects of, the SEI's twentieth anniversary conference on the 'Future of Europe, Progress or Decline?' held in September 2012.

The conference was attended by more than 60 participants from across the University and also included representatives from the UK Foreign and Commonwealth Office, the Department of Business, and the Department for International Development.

Peter Holmes gave the first presentation based on work done with Alan Mayhew and former SEI Co-Director Prof Jim Rollo for the Socialist Group in the European Parliament; in which he argued that it would be impossible for Europe, and especially the Eurozone, to rely on external demand to generate growth

and recovery from the current crisis. He cited recent data from the WTO that suggested a sharp decline in world trade.

The keynote speaker was Lucian Cernat, Chief Economist of the European Commission's DG Trade who presented a paper on 'EU External Competitiveness, trade FDI and value chains'. Mr Cernat did not dissent from the view that trade could not solve the current crisis but stressed the ways that Europe could boost its long term growth through better use of value chains, especially in Asia, though as he pointed out that the EU, unlike the USA or Japan, has not seen its share of world trade significantly eroded with the rise of China.

In the following sessions, Javier Lopez spoke on value chains and Max Mendez Parra on the prospective EU-US FTA, work they had done respectively with Richard Baldwin and Jim Rollo. Javier's work is linked to a CARIS project for DG Trade on 'Global Value Chains in the EU and China', led by SEI senior lecturer in Economics Dr Michael Gasiorek.

Presentations will be placed on the SEI and CARIS websites.

Sussex  
European  
Institute



### Experts Debate the Future of Europe at Sussex Salon

On Tuesday March 19th, a panel of experts from the Sussex European Institute (SEI) discussed the future of Europe at the latest in the Sussex Salon series of debates hosted by the Brighton Dome. The Sussex Salon is a round-table event where academics, practitioners and commentators share their views on hot topics with an audience drawn from the general public.

The panel at the latest European-themed Salon comprised: SEI Co-Director and Professor of Law Sue Millns; former SEI Co-Director, Emeritus Professor of European Economic Integration and one-time Chief Economist at the Foreign Office Jim Rollo; together with Sussex alumnus Stephen Booth, who is now Research Director of the London-based 'Open Europe' think tank, and former MP Roger Casale, who is founder of the 'New Europeans' network aimed at promoting European citizenship.

A wide ranging question and answer session and debate followed brief introductions to the topic from each of the panellists. The subjects discussed included: what the concept of European citizenship entailed; whether restoring or retaining national currencies was a way out of the euro crisis; why European institutions had become so disconnected from the public; and what were the costs and benefits of, and possible alternatives to, Britain remaining an EU

member.

SEI Co-Director Professor Aleks Szczerbiak, who chaired the event, commented:

'The discussion was an extremely topical one and gave participants a chance to hear some really top level analysis in a field that has long been one of Sussex's areas of research expertise. The Salon took place as banks in Cyprus closed to prevent mass withdrawals of cash following the overwhelmingly rejection the latest EU bail-out package by the country's parliament. This illustrated dramatically that the euro zone crisis is not going to go away quickly and European issues will remain in the news headlines for some time to come.'

'At the same time, Britain's future relationship with the EU is certain to move up the political agenda over the next few years. I am sure that everyone who came to last night's debate left better informed and able to make better sense of the major issues and dilemmas that face UK and European citizens and decision makers.'



# SEI holds conference on 'Migration and Citizenship in Europe'

On April 19th 2013, the Sussex European Institute (SEI) and Sussex Centre for Migration Research (SCMR) co-hosted a conference on Migration and Citizenship in Europe. The conference was organised by SEI Lecturer in Politics Dr James Hampshire and SEI-linked Director of SCMR Prof Paul Statham, and was the third in a series of European Commission-funded conferences and workshops, which are being held in 2012-2013.

The conference was attended by over 60 participants from Sussex and other Universities, including faculty and postgraduate students, as well as several government officials and policy experts.

The workshop began with a public lecture by Lord Hannay of Chiswick, who chairs the House of Lords EU Home Affairs Subcommittee. The committee had recently published a report on the EU Global Approach to Migration and Mobility and Lord Hannay outlined some of the central findings and recommendations of the report.

After lunch, four leading migration researchers gave talks about different aspects of migration and citizenship. Prof Ruud Koopmans (WZB, Berlin) presented his current research on multi-culturalism and Islam in European countries, drawing on new data from a number of comparative European projects that he leads.

This was followed by a talk by Prof Adrian Favell (Sciences Po) who encouraged migration researchers to re-think and reconceptualise mobility in the context of a Europe in which the 'container nation-state' is no longer the sole or dominant political unit.

The third speaker was Prof Eva Østergaard-Nielsen (Universitat Autònoma de Barcelona) who discussed how political parties seek to mobilize emigrant voters, comparing differences between several European countries.

The final speaker, Prof Jean Tillie (Amsterdam), presented research from the EURISLAM project on the incorporation of Islam in Europe, showing differences in values between Muslim and non-Muslims across several European countries.

The workshop was a great success and many participants commented on the high quality of presentations and discussions. The organisers plan to run further workshops on migration and citizenship in Europe.

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### Some Reflections on Working for a Parliamentary Inquiry

**Dr James Hampshire**  
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Between May and December 2012, I worked as a Specialist Adviser to the House of Lords EU Select Committee (Sub-Committee F) for



its inquiry into the EU's Global Approach to Migration and Mobility. The EU Select Committee scrutinises EU legislation and holds the government to account for its actions at EU level.

As part of this remit it regularly conducts inquiries into issues of policy relevance. The day-to-day scrutiny work and inquiries are undertaken by six Sub-Committees, each of which focuses on a particular policy area. Sub-Committee F, which I worked for, covers Home Affairs, Health and Education. This inquiry was prompted by the Commission's latest communication on the Global Approach, which was published in late 2011 and agreed by the Council in 2012.

The Global Approach (or GAMM) was originally launched in 2005 by the UK Presidency as a framework for the EU's engagement with third countries on migration issues. It had received a fair amount of criticism and the aim of the revised approach is to improve the EU's external migration policy and practical cooperation with non-EU countries, which is seen as increasingly important across a number of migration policy fields, including asylum, irregular migration, labour mobility, and migration and development. The inquiry received written and oral evidence from a range of witnesses, including government ministers, senior EU officials, representatives of NGOs, think-tanks and academic experts.

The final report makes a number of recommendations, both to the EU and the UK government, notably a recommendation that international students should be removed from net migration statistics to avoid negative impacts of the government's commitment to cut net migration.

The government responded in February 2013 and the report will be debated by the House later this year. As a Specialist Adviser, my role was to advise the committee on the direction and content of the inquiry, including giving briefings to the committee, attending oral evidence sessions, and advising the members on questions for the witnesses. Working for the committee was a fascinating experience.

As a political scientist who researches migration it was interesting both for insights into the policy area but also for gaining a better understanding of how Parliament works. I learnt numerous things, just a few of which I'll mention here. Firstly, and above all, I gained a new level of respect for the work of the Lords. Any good democrat worries about an institution that is unelected and still includes a proportion of hereditary peers.

However, it was very striking how the Lords were able to discuss this overly-determined contentious issue – both Europe and migration at once! – without descending into partisan conflict or populist rhetoric. The committee was open-minded and willing to be guided by evidence, sadly not something one could say about all of our elected representatives. I've not given up on democracy, but it does at least give you pause to think about how governments can best deal with highly politicised issues.

The second experience I'll take from working for the committee is the importance of being

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succinct. Academics are not always very good at this and I realised (the hard way) that the best way to answer questions asked by members was to be brief and to the point. Unlike academic audiences, which are generally willing to listen to expansive answers, with the Lords I had a much shorter window of opportunity to communicate my point.

On a lighter note, my estimation of our beloved tabloids was reconfirmed by the coverage the inquiry received in that esteemed journal, the *Daily Mail*. National newspapers largely ignore the workings of Lords committees, and this was (mostly) no exception, but the *Mail* did feel the occasion to publish a piece about one of the evidence sessions involving Peter Sutherland, who is currently the UN Special Representative on Migration. If you like ad hominem attacks have a read of the full piece (reference below). My personal favourite is its description of Sutherland as 'some well-fed but still peckish bird of prey.' Quite amusing if d r e a r i l y d e p r e s s i n g .



The committee's report and evidence, and the government's response, can be found here:

<http://www.parliament.uk/business/committees/committees-a-z/lords-select/eu-home-affairs-sub-committee-f-/inquiries/parliament-2010/global-migration-and-mobility/>

For light relief, *The Daily Mail* article can be found here: <http://www.dailymail.co.uk/debate/article-2165584/Peter-Sutherland-globes-grandee.html>

## PhD student in the corridors of EU institutions

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On the Eurostar from London's St Pancras to Gare du Midi in Brussels I could not help but wonder how many of my fellow passengers were headed, as I was, toward the European quarter. The home of the EU institutions, the 'mandarins', the technocrats, the politicians, the civil servants, the assistants, but most importantly - my interviewees (any of them on the train?!).

Me: a 2nd year PhD student, with (many!) questions and voice recorder in hand, fully

briefed by supervisors, quite apprehensive yet enthused, off to commence my fieldwork, scheduled over the February-March and May-June intervals of 2013.

Them: European Parliament members, Commissioners, Council officials, civil servants, British and Romanian.

Why: my research looks at whether and how national parties intervene in EU decision-making, with a particular focus on the Lisbon and the Fiscal Compact Treaties. It seeks to understand the factors that prompt and further condition this involvement, and to inquire deeper into the relationship between domestic politics and supranational decision-making.

The first half of my fieldwork sets to delineate

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the daily practicalities of EU decision-making and identify potential avenues for party politics therein. Interviews are indispensable as they fill in the generally scant accounts of the minute details of decision-making in the existing literature and also complement the data obtained from official EU records.

These interviews provide authentic narratives from EU officials and national party members on the peculiarities of these decisions and their implications for national party - EU relations. and their implications for national party - EU relations and their implications for national party - EU relations.

A raised eyebrow and a slightly confounded look from one's interlocutor was often enough to realise the mismatch between the reality of decision-making and the information that transpires from published accounts, and consequently the imperative need to incorporate primary interview-based data into my research.

Elite interviewing is very much a learning curve and I was soon to realise that little had prepared me for the distinct challenges of each interview: the time constraints, the pressure of the interview itself, the information load. A few minutes into those first interviews I understood I had only scratched the surface of it all.

My interviewees have generally been open to talk about their experiences – and one could sense, especially when touching on more sensitive decisions, the competing pressures they face as they deal with these matters.

Most of these interviews have helped me begin to uncover the potential national-supranational and/or inter-/intra-institutional tensions, as well as informal negotiation mechanisms that play a role in preference formation and decision-making. I have started filling in the blank

spaces in the theoretical descriptions of how this interaction works and the effective scope of action for individual political parties.

Very little could substitute for this information and the energy it gives one to go back to the drawing board, re-evaluate one's own ideas and come up with new puzzles. I look forward to my next trip in May and would also like to acknowledge the indispensable support of the Sussex Branch of the European Movement – Francois Duchene Travel Bursary and the SEI.



# PSA Annual Conference: The Party's Over?

**Dr Dan Keith**  
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The Political Studies Association (PSA) Annual Conference in Cardiff (25-27 March) was as interesting, intellectually challenging and entertaining as we had been promised. Major talking points included the challenges political science faces from political and social changes and how it must adapt in order to survive. These issues were discussed in keynote speeches on *The Future of Political science* by John Ishiyama (Editor, American Political Science Review) and talks by Sir David Bell (Vice-Chancellor, University of Reading) and Charlie Jeffery (Chair of the PSA).

These are testing times. In America, the Senate's recent 'Coburn Amendment' has cut funding for political science and stipulated that funding will only go to research that furthers America's economic and national security interests. The PSA is also worried about the unintended consequences of the move to Open Access Publishing.

The government aims for all tax-payer funded academic research to be available via Open Access as soon as possible.

Currently university libraries pay vast sums of money for access to academic journals. This could be replaced by a more damaging system in which researchers pay large article processing fees to journals to publish their articles (of up to \$3000). Charlie Jeffery argued that this could limit publishing opportunities for younger researchers. This change also has huge ramifications for the PSA which gets a large proportion of its funding from publishing journals.



It remains to be seen how we can develop a publishing system that promotes the interests of academics, students and universities. Some delegates questioned why leading journals still print hard copies.

We also heard that political scientists need to focus more on teaching. Charlie Jeffery reminded us that more university funding in politics comes from teaching than from research grants. He pointed to the risk of undervaluing teaching, adult learning and community based lessons because of the pressures to publish and to win research grants. He argued that spending more time visiting schools and talking to parents can provide opportunities to show that our discipline promotes analytical and communication skills sought by employers. John Ishiyama also spoke of the need to avoid a downgrading of teaching. As he reminded us 'there is no point teaching if you don't know anything, but there is no point doing research if you can't explain it to people'.

John Ishiyama argued that political science needs to become more relevant by adapting in several ways. First, we can start by reclaiming ownership over 'citizenship studies' which attracts growing levels of funding. Second, he argued that political scientists have been bad at communicating their research to ordinary

people. He argued that we need to stimulate public debate more often and that we need more academics like Francis Fukuyama and Samuel Huntington.

We need to show that our knowledge is superior to that of media pundits. He pointed out that everyone else is free to engage in debates in the media and so political scientists should not hold back. Third, political scientists have made few genuinely pioneering contributions to online learning. We have only played catch up and need to embrace opportunities presented by 'MOOCs' (these are Massive Online Open Courses). Fourth, political science needs to become more relevant by engaging with emerging topics such as genome politics and voting and environmental politics.

These issues were also discussed in other conference panels. The Specialist Group on Teaching and Learning in Politics ran a lively panel titled *Not another Lecture: Other ways to teach and learn politics*. This showed how political scientists are designing innovative teaching methods using drawing, computer board games and metaphors with popular television programmes including *The Wire*. These were used to help students to discuss politics and to engage in problem solving activities.

A few sceptics pointed to the challenges in showing students that such activities are worthwhile. Some worried that students might complain about paying £9000 a year to watch YouTube videos. The response was, however, very enthusiastic. Most delegates seemed convinced by the growing evidence that such methods are raising academic standards. The *Politics* journal regularly presents research on the scholarship of teaching and learning in politics. However, as John Ishiyama showed we can learn from the American Political Studies Association which publishes the *Journal of Political Science Education* which is dedicated to this important research.

The panel on *The European Radical Left in the Face of the Economic Crisis* also developed these issues. Luke March (University of Edinburgh) showed how radical left parties have generally failed to benefit from the economic crisis. Left-wing activists asked the panel how political scientists could work with their parties to improve their fortunes. Traditionally, scholars of the radical left made the mistake of being too biased towards the left. This partisan approach compromised their credibility and put off the wider political science community from studying radical left parties. Researchers have only just started to overcome this problem.

This highlights how political scientists face challenges from writing for different audiences. Communicating with the people that we are studying and participating in public debates is important. As political scientists, however, we need to try to do it on our own terms, to avoid the pitfalls of working the same way as media pundits and becoming too normative. This approach can provide personal notoriety but replacing reasoning and empirical analysis with opinion and conjecture will do little to boost the image of political science.



## Activities

### Politics trip to Berlin

**Dr. Dan Hough**  
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Week 9 of the Spring Term saw 25 undergraduates and 2 Sussex faculty members spend a week in Berlin, talking to German politicians and analysing the wide and varied challenges that contemporary Germany faces.

The 8<sup>th</sup> annual undergraduate trip to Berlin was both bigger (in terms of numbers) and better than any that had preceded it. Generous financial support from the German Academic Exchange Service (DAAD) enabled Professor Dan Hough to lead a merry band of 25 predominantly second year students, all of whom were taking the 'Political Governance; Modern Germany' module, to the German capital.



Leila Gonzalez, Hanna Miles and Caitlin Roper in the Holocaust Memorial

Rather than spend three days – as had been the case in previous years – racing around Berlin at breakneck speed, the 2013 trip spanned seven days, allowing just a little more time for both discussion and reflection. The programme was nonetheless packed with



meetings with German MPs, visits to places of political interest and, for the first time, a day trip to the *Heldenstadt* ('City of Heroes'), Leipzig.

The week began with a trip to Hohenschönhausen in East Berlin, the home of the East German secret police's (the 'Stasi') most (in)famous remand prison. Even though half of the Sussex group were led round by a tour guide who seemed to be teetering on the edge of sanity herself, the impression that everyone was left with was that (i) the Stasi were certainly not to be messed with and (ii) if you did find yourself in the unfortunate position of being inside Hohenschönhausen then you had little chance of coming out unscathed. It was an eye-opening start to the trip.

Things thankfully got a little lighter in the afternoon, when the group spoke to four MPs; Eva Högl (SPD), Daniel Volk (FDP), Jürgen Hardt (CDU) and Herrmann Ott (Greens). Between them they gave an entertaining take on both German-UK relations, as well as a wide variety of domestic issues. Herrmann Ott, for example, gave an illuminating defence of deeper EU integration, openly campaigning for amongst other things a United States of Europe – the merits of this policy to one side, one feels he'd nevertheless have to moderate that particular narrative if he were to ever campaign alongside British Greens in the UK!

The Sussex group was also not slow in coming forward and asking questions; Jon Green said it as he saw it, grilling Volk on whether the FDP had a future after the forthcoming Sep-





Sussex students with Juergen Hardt MP (far-right) in the German Bundestag

tember election, whilst Eva Högl found herself agreeing with James Butcher that the EU shouldn't be regulating bankers' bonuses (this was something, so they concurred, for nation-states to adjudicate on).

Wednesday saw more talks with MPs, this time Dagmar Enkelmann (the chief whip of the Left Party) and Jan Mücke, a junior minister in the CDU/CSU-FDP government. Enkelmann offered a biting critique of Angela Merkel's Eurocrisis management, whilst Mücke talked more broadly about life as a junior minister. And, of course, the questions kept coming thick and fast; Caitlin Roper and Becky Steventon, for example, both probed in to the Left Party's attitude to coalition government, whilst Bobby Wiafe challenged Mücke on the current administration's integration policies.

Alongside trips to the remnants of the Berlin Wall, the Holocaust Memorial and an entertaining hour with the UK's Deputy Ambassador, Andrew Noble, in the UK Embassy, the trip also ventured out of Berlin for the first time by taking in Leipzig. It is hard to under-

stand the history of modern Germany without touching on the impact of the 'Monday Demonstrations' that swept through Leipzig in Autumn 1989. They, after all, were the straw that broke the camel's back and ultimately enabled the dictatorial GDR to be swept away. The group subsequently spent time in the Museum of Contemporary History, before visiting the Nikolaikirche, the hub of the 1989 movement.

It was not, of course, all work, work, work, and in the evenings everyone managed to find time to relax and enjoy some down-time. The group's very own version of Ant and Dec, Jake Flynn and Ben Halton, kept everyone entertained on the Wednesday night with the first ever 'Berlin Trip Quiz'. A tightly fought contest ultimately saw the 'Shrewsbabes' – Rianni Gargiulo, Imogen Adie, Becky Steventon and Hanna Miles – emerge victorious, largely on the back of their superior knowledge of the Eurovision Song Contest. You just never know where knowing that the UK jury gave ABBA 'null points' in the 1974 contest in Brighton will come in handy.

# Politics in the Boulevards of Paris

**Dr Sue Collard**  
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As part of their visit to the National Assembly last week, students in the Politics department following second- and third-year courses involving French politics had the fantastic opportunity of attending the most controversial debate so far of the Hollande presidency, on the bill to approve same sex marriage.

After many hours of debate in the parliamentary process, the bill had returned to the Assembly for the final reading and this was accompanied by massive street protests aiming to persuade the government that the legal majority should take account of 'popular legitimacy' and withdraw the bill.

This inevitably meant a heightened police presence on the streets of Paris, especially in evidence around both Assembly and Senate on our visits to both places, but we were also able to avoid these visible tensions on our visits to quieter places such as the Paris Mosque, where some of us sipped mint tea in the lovely open tea garden, the Tuileries gardens of the Louvre, symbol of French cultural politics, and the beautifully harmonious Place des Vosges, home to some of France's wealthiest politicians including the now disgraced Dominique Strauss-Kahn and former Culture Minister Jack Lang.

Another highlight of the trip was a visit to the very striking headquarters of the French Communist Party (in photo), designed by the famous Brazilian architect Oscar Niemeyer who, as a communist, did not charge a fee for his

design. The building, which is testimony to the former power of the party in French politics, is now listed. Two floors are currently rented out as the party is a much diminished force, not as a result of the collapse of communism elsewhere in Europe, but as a result of François Mitterrand's strategy when he took over the leadership of the new Socialist Party in 1971, to reverse the balance of power between the two rival forces of the Left.

Our speaker, a member of the National Executive Council of the party in charge of European Affairs, admitted that the party had made 'a mistake' in its dealings with Mitterrand, but that it was nevertheless the only communist party to have survived the upheavals of 1989, and is now able to offer an alternative to the social-democratic 'austerity' policies of the current Socialist presidency.

Other visits included: the Paris City Hall, which will be the sight of a major mayoral election next year when the Left is likely to lose its overwhelming majority, and when the winner is likely to be a woman, whichever party wins; the Shoah memorial museum, explaining France's role in the deportation of Jews under the Vichy government, contextualised within a long history of anti-semitism; the Pompidou Centre at Beaubourg, first of the major cultural projects in Paris initiated by French presidents, and one of Mitterrand's architectural projects, the Great Arch at La Défense, the capital's high-rise business district, where you can (on a clear day!) look down the 'triumphal axis' through the Arc de Triomphe to Pei's glass pyramid at the Louvre.

As last year, our trip was blessed with perfect sunny warm weather, hopefully this will become an established tradition!

# Update on European Union Society

**Yiannis Korkovelos**  
**Sussex EU Society**  
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As the academic year steadily draws to a close, we of the EU Society can reflect positively on the accomplishment of our desired goal: to create a centre of discussion for students ready to contribute on issues concerning the European Union. Founded in the 2011-2012 academic year by Yiannis Korkovelos and Alex Havekost, it was felt that the turbulence within the EU warranted its own forum of discussion, outside the typical strictures of course-required modules or existing societies.

This singular idea has grown to produce an active and more informed society that includes students of varying ages, nationalities, and academic disciplines, all of whom desire to provide their own perspectives and recognise others'.

Some of the latest achievements include an educational trip to Brussels with twenty-four Sussex students. From 20-23 February, the EU Society embarked on its first official off-campus activity, arranging appointments beforehand with the European Parliament and the European Commission. The EU Society attended seminars and highly informative lectures with officials from DG Environment, DG Regio, and DG Connect. Moreover, our visit included seminars with Mr VADERCAPPELLEN (DG Communication) on the topic of 'The In-



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stitutions of the European Union - The State of the Union', as well as with Mr Senesi (DG Education and Culture) regarding 'The Cultural Programme of the European Commission'. Finally, our meetings concluded with Ms Wallis Goelen-Vandebrock (Head of Unit for Skills, Mobility and Employment Services) on the topic of 'Intra-EU Mobility and a Set of Possible Solutions'. Beyond the intellectually stimulating trips, lectures, and debates, the EU Society has connected dozens of students.

We now have over 222 Facebook followers, adjoining cultures from across the globe. Highly international, the EU Society has facilitated the formation of countless acquaintances and future friendships. Alex and Yiannis both feel that this success has been the most personally rewarding from the entire society experience. Finally, as we graduate this year, we just want to thank the Sussex European Institute (SEI) and Prof Szczerbiak especially, for all the continued help and support over these past two years. We hope that the European Union Society has sparked and fuelled the interests of students in some way, and that they look back fondly on the experiences they had with us – we certainly will!

Elections for the new committee will soon take place so join us on Facebook or email Yiannis at [lk67@sussex.c.uk](mailto:lk67@sussex.c.uk) for more information.

# Dispatches

As usual, this Dispatches section brings views, experiences and research updates from SEI members and practitioner fellows from across Europe .

## Forty years of EU membership: some personal reminiscences

**John Palmer**  
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Max Kohnstamm, Jean Monnet's deputy, once told me how they flew to London in 1951, to explore whether the British might join the proposed European Coal and Steel Community. They had been warned that the idea would get a frosty reception but the delegation was greeted warmly and one British official even declared that 'the British people are inspired by what you are seeking to do'. But, he went on: 'If we join and then change our mind, could we get out again?'

This ambivalence perhaps prefigured British attitudes towards membership of the European Union during the past 40 years. The EU has expanded and developed dramatically since 1973 and its economic and political impact on the UK has proved vastly greater than could have been anticipated in 1973. But public opinion has remained obstinately stuck somewhere between indifference and scepticism.

Even after accession, a majority of public opinion remained opposed to membership. It was, therefore, a shock to politicians on both sides of the debate when the 1975 referendum resulted in a decisive victory for the 'Yes' campaign. Crucially, however, the referendum wording sought approval for 'remaining' a member of the Common Market rather than 'joining'.



After UK accession some experienced European diplomats suspected, as one put it to me, that: 'Britain will never be happy completely outside the European Community and never

happy completely inside.' Initially, UK membership was given a euphoric welcome by its EU partners. But there may have been an element of self-deception in the belief that the British would eventually become "good Europeans." Winston Churchill's 1949 speech in Strasbourg calling for a 'United Europe' was frequently cited as evidence of an underlying British commitment to the European project. But many optimists were unaware that although Churchill thought it a desirable goal for 'Continental' Europe, he never envisaged Britain itself actually joining!

The progressive souring of British attitudes towards has surely had much to do with Britain's dismal economic performance over the years. Prior to accession it was assumed, on both sides of the Channel, that Britain's export industries would reap such rich commercial dividends as to relegate issues such as the anticipated British EU budget deficit to a lesser irritant. Alas this under-estimated the speed of the UK's relative economic decline.

Obsessed by the struggle to advance its 'national interests', the British political class failed to articulate any distinctive long-term vision for the European Union itself around which to mobilise British public support. The domestic 'conversation' about Europe became increasingly introverted and obsessed with securing tactical advantage over other Member States rather than actively shaping a collective future.

This myopia has been reinforced by sections of the British media which, having adopted the values of the entertainment industry rather than serious journalism, injected an increasingly strident and chauvinist tone into the domestic debate. Alarming this tendency is now being reproduced elsewhere in other EU countries

The British people (or maybe just the English people, if the Celtic nations decide to go their own way) may before long have to decide finally whether to be unhappy outside or inside the European Union. One thing has changed since 1973 however: there is vastly more at stake now than there was even back then for both Britain and the European Union.

*John Palmer has written about European affairs since the early 1960s. He was formerly European Editor of The Guardian and then Founder/Political Director of the European Policy Centre in Brussels.*

## Eurosceptics in government: The case of Switzerland

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I was stimulated by Aleks Szczerbiak and Paul Taggart's recent *Journal of Common Market Studies* article on Eurosceptic parties in government in EU states, to reflect on the fact that probably the most Eurosceptic party in government is actually found outside the Union, in Switzerland, that perennial non-joiner. And this is no mere pub quiz oddity.

It matters for two reasons. One is that some Tories, even on occasions the Blessed Boris, are thinking of Switzerland as a model for the UK after any Brexit. The other is that the country now has the continent's Europe's most successful Europhobic party in the Swiss People's Party (SVP), which has been in government since at least 2003. So the party and what it does has significance beyond the borders of Switzerland.



Yet, what we find after looking is that participation in government has, perhaps surprisingly, neither moderated the party's stance on the EU nor significantly altered government policy on Europe, much as the SVP would have liked to have done so.

The reasons for all this lie mainly in the unusual nature of the Swiss governmental and political systems. However, the traditionally very cautious Swiss policy on European integration also plays a part.

The SVP emerged towards the end of the First World War, initially as a very reactionary force and subsequently as an conservative agrarian party. Joining the government in the late 1920s, it maintained a single seat up till

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1959. This then continued until 2003 under the 'Magic Formula' of two seats each for the Christian Democrats, Radicals and Social Democrats and one for the SVP. By then the latter SVP had changed into a radical right populist formation, a switch which helped it to become the biggest party in the country.

Hence, in 2003 the SVP was able to gain enough parliamentary votes to oust a sitting Christian Democrat from government and insert its own leader, Christoph Blocher, as Minister of Justice and Police. Far from this 'domesticating' him, Blocher carved out a very different role for himself from that of traditional collegiality, behaving like a campaigning populist and not as a normal low key Federal Councillor: hogging the media limelight, clashing with his colleagues on policy, and demanding that they resign.

In policy terms he and the SVP had mixed success. On the one hand, they failed to stop the government signing up to the Schengen Agreement and the Dublin Convention, which were approved on 5 June 2005 by 54.6% of those voting. Nor could they force the Federal Council formally to withdraw its 1992, but now frozen, application for entry. On the other hand, they did secure a significant change in the 2006 European Report. This downgraded entry from being the country's key long term aim to being merely one option among many. And the party considered proposing an initiative to limit the government's right to approve the country's membership of international organizations. So, while the government remained under pressure, it was not forced to make any dramatic policy reversals. However, it remained all too aware that entry was politically impossible.

Blocher's behaviour led the Social and Christian Democrats to combine to turn the tables on him, ejecting him in a favour of a moderate SVP member of the party, Eveline Widmer-

Schlumpf, the Graubünden Finance Director.. When she, and the other moderate SVP Minister, the Bernese Samuel Schmid, were forced out of the party, they set up their own Conservative Democratic Party (BDP) while the SVP went into what it called 'opposition' because it claimed that a third of the electorate was no longer represented in government.

This led nowhere because the concept is largely inapplicable in Swiss 'konkordanz democracy'. So it was abandoned and when, in late 2008, Schmid stood down on health grounds, the party fell into line and abandoned the strategy. This helped it secure the election of its abrasive party chairman, Ueli Maurer from Zurich as Minister of Defence. This meant that five parties were represented in government.

When he finally came into office in January 2009 Maurer proved less aggressive. Without giving up his own beliefs, he fitted in and, on one occasion, praised collegiality. To an extent he seemed to have learned from Blocher's mistakes. The fact that he found himself dealing with highly complicated reforms and purchases in the armed forces also made it hard for him to rock the boat. Nonetheless, over the winter of 2012-13 he came out with some provocative anti-EU statements, suggesting that any moderation had its limits even if his stance up till then convinced a majority of parliamentarians to elect him as Vice-President and then President.

However, his hostility to the EU had no real effect on policy. This was because relations with the EU were already at an impasse. In fact, in December 2010 the EU Council of Ministers announced that it would not countenance any more bi-lateral deals. Rather, it required Switzerland to accept the changing acquis, accept international adjudication of differ-

ences, and provide more consistent implementation. The Federal Council's response came in June 2012 but these were rejected as too favourable to Switzerland. Nonetheless, recognizing that the Swiss had made an effort, the Council agreed to go on talking although nothing has so far happened.

We do not know what Maurer thought of all this but the SVP was of the opinion that no more deals were needed. And, in January 2013, Blocher both slammed the EU and accused the Federal Council of preparing a silent coup d'état in the shape of a vote on entry. So clearly the SVP does not believe that Maurer has changed government policy.

The main reason why SVP attitudes remained intransigent, while policy remained largely unchanged, is the nature of the Swiss political system. With a government composed of only seven ministers, individually elected every four years by Parliament as a whole and with an annually rotating Presidency, it is not formally a coalition. In fact there has to be a certain distance between the Minister and his or her party. Hence there is little to disturb the party's

extreme views. If anything, they are encouraged in this by the need to profile themselves and distinguish themselves from a government policy which comes from a majority view amongst differing parties. With only one or two seats, the SVP cannot be sure of determining the outcome of decisions, even within their departmental purview. So, no matter how loudly and dramatically the SVP shouts its defiance of the EU, it lacks the numbers, whether in government or in parliament, to enforce its own more extreme policies.

At the same time, Swiss public opinion, while it may not share all the SVP's Europhobic views, is sufficiently Eurosceptic to place severe limits on government's moves towards overt political links with the EU. However, because Swiss policy is often made as much by direct democracy as by government, this prevailing popular pragmatic scepticism can also often block the SVP's more extreme hostility to the EU. Here, as elsewhere the particularities of the Swiss political system mean that Swiss Europhobia cannot give effect to its inherent strengths as it can in some other countries.



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## **MA in European Politics**

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

**For details:**

<http://www.sussex.ac.uk/sei/prospectivestudents/maeuropeanpolitics>

**Options:**

The Idea of Europe  
The Politics of Citizenship and Immigration  
The Politics of Eastern Europe in Transition  
The Domestic Politics of European Integration  
The International Relations of the EU  
Territorial Politics in Europe  
Energy and Environmental Security in Europe  
European Political Integration  
Political Economy of EU Integration  
Political Parties and Party Systems in Europe  
Human Rights in Europe  
EU Single Market Law

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

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## **Next edition of euroscope**

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 15th August 2013: email the team at: [euroscope@sussex.ac.uk](mailto:euroscope@sussex.ac.uk).

