

The regulatory response of the EU to the financial crisis

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The global financial crisis that began in 2007 delivered a major shock to the existing architecture for financial services regulation and supervision. The European Union (EU) was one of the jurisdictions most severely hit by the turmoil, prompting an intense debate concerning the revision of existing rules and the adoption of new regulatory measures. Hence, a host of regulatory initiatives were undertaken by the EU following the global financial crisis, besides the short-term crisis management measures taken in the midst of the turmoil. The legislative measures adopted or proposed by the EU in 2008-10 involved primarily the banking sector, securities markets, accounting standards and the institutional framework for financial services regulation and supervision in the EU. In addition to the 'hard' law measures outlined below, there were 'soft' rules adopted by the EU, such as those concerning managers' remuneration.

In contrast to most of the 'market-making' rules adopted by the EU in the financial sector over the last decade or so (i.e. rules designed primarily to promote financial market integration), the vast majority of the measures

adopted in response to the global financial crisis can be regarded, by and large, as 'market-shaping'. These measures either regulated activities or financial institutions that were previously unregulated in the EU and its member states (CRAs) or at the EU level (AIFMs), or imposed heavier, more prescriptive and more burdensome requirements on financial entities that were already regulated prior to the crisis, as in the case of higher capital requirements for banks. The reform of the financial services architecture following the de Larosière report was designed to strengthen financial supervision at the EU level.

The European Union (EU) was one of the jurisdictions most severely hit by the turmoil

The market-shaping nature of the measures adopted is partly explained by the fact that the market had clearly failed in (self)regulating itself in the financial sector. However, it is also noteworthy that although with some notable exceptions, the new or amended rules were actively sponsored, or at least strongly supported by France, Germany, Italy and Spain, which have traditionally adopted a 'market-shaping approach' to the regulation of the Single Market in the EU. These measures were to some extent resisted by the UK, Ireland, Luxembourg, a variable mix of Nordic countries,

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Table I. Overview of the EU's Regulatory Response to the Global Financial Crisis

Regulatory change in the EU: - new rules introduced - existing rules amended - institutions established or reformed	Content of new or amended rules
Banking	
Deposit Guarantee Scheme Directive amended (October 2008).	Minimum level of coverage for deposits increased; payment time reduced.
Capital Requirement Directive amended (October 2008 and subsequent revisions); see also the revisions of the Basel 2 accord (December 2009).	Liquidity risk management, higher capital on trading book and securitisation; sound remuneration practices.
Securities and Investment Funds	
Regulation on Credit Rating Agencies (CRAs) (May 2009).	CRAs compulsory registration and compliance with rules concerning conflict of interest and quality of rating.
Proposed Directive on Alternative Investment Funds Managers (AIFMs) (June 2009).	Legally binding authorisation and supervisory regime for all AIFM, European passport for AIFM.
Accounting	
Commission Regulation adopting amended International Accounting Standards (October 2008); see also revisions by the International Accounting Standards Board (IASB) (October 2008). Impasse on subsequent IASB standards revisions (November 2009).	Fair value not applied to certain banks' assets.
Institutional Framework for Regulation and Supervision	
Commission's Proposed Directives (September 2009); see also de Larosière report (February 2009).	Transformation of level-3 Lamfalussy committees into European Authorities coordinating the application of supervisory standards and cooperation between national supervisors creation of a European Systemic Risk Board.

and part of the industry most affected, with some variations depending on the specific legislative measures under discussion. Hence, the global financial crisis brought about, at least in the short and medium term, a shift in the balance of the regulatory power in the EU, away from the market-making coalition, towards the market-shaping coalition.

On the one hand, the regulatory changes undertaken by the EU were significant, if compared to the regulatory reforms underway in other jurisdictions. In some cases, such as credit rating agencies (CRAs) and alternative investment funds man-

agers (AIFMs), the EU rules were stricter than those set in place or discussed in third countries; first and foremost in the US, or those issued by international bodies, such as the soft rules on CRAs and hedge funds of the International Organization of Securities Commissions (IOSCO). On the other hand, the reforms enacted were not as far-reaching as one might have expected in the aftermath of the worst financial crisis since the 1930s. Hence, they should be seen as incremental changes, rather than path-breaking reforms - and the jury is still out as to how effective they will be in preventing or dealing with future situations of financial distress.

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 Spring term issue is: December 1st 2010.



Editor Kim Brayson (euroscope@sussex.ac.uk)

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

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Where to find euroscope!

euroscope is easily accessible in the following places:

- the SEI website: <http://www.sussex.ac.uk/sei/1-4-10-4.html>
- via the official mailing list, contact: euroscope@sussex.ac.uk
- hard copies are available from LPS office
- via its new and dedicated facebook group called 'euroscope', where you can also join in discussions on the articles

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

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Features Section: Crisis in the Eurozone

The Features section of this edition of *euroscope* focuses on the current crisis which is currently gripping the Eurozone. SEI members present articles which cover a range of perspectives through which this crisis can be seen and analysed. From financial crisis across the board, to the more specific Polish plane crash in Russia, variety is not lacking!

Message from the Co-Director...

By Prof Jim Rollo
SEI Co-Director
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First let me welcome the 2010 cohort of Masters and new doctoral students to SEI. Let me reassure you. You have done the right thing. As I hope this issue of Euroscope demonstrates, SEI is a vibrant community of social science researchers deeply engaged in the study of European integration and all its implications for voters, for citizens, for the economy and for those outside Europe's borders as well as inside. Our teaching and research training is rooted in both theory and practice and we are closely attuned to the excitement and dynamism of integration in Europe.

In this edition of Euroscope four of us (Lucia Quaglia, Alan Mayhew, Peter Holmes and I) reflect on different aspects of the responses to the eurozone crisis as they affect the outlook for financial regulation in Europe (Quaglia) and for macroeconomic performance and governance (the rest). The interesting aspect of this mini-symposium is its very diversity of focus approach and point of view. There is no 'SEI View'. Instead there are those keystones of academic endeavour, debate and exchange of ideas.

SEI is a vibrant community of social science researchers deeply engaged in the study of European integration

That is a theme that you will see repeated in the programme for our weekly Research in Progress (RIP) seminars. These are a key point in our

working week. They are a means of monitoring what is going on in a wide and interdisciplinary field. The real interest is not in going to listen to researchers working on issues with which we are familiar but rather look for cross fertilisation from other fields of endeavour. Treating the RIP seminars instrumentally and only going when the topic is close to your concerns is to miss the point.

We have a coalition Government for the first time since the 1930s.

For those of you new to Britain you arrive in what is likely to be one of the most exciting years in British politics in the last half century. We have a coalition Government for the first time since the 1930s. It is a coalition that seems intent on the most draconian reduction in government expenditure in almost a century, predicated on the assumption that the UK's public debt is expanding out of control and is unsustainable (a proposition that Holmes takes issue with in his piece in the mini-symposium). The coalition also has important points of cleavage not least on Europe where the Liberal Democrats are the most pro European party in the UK political firmament. The Conservatives are Eurosceptic as a party and contain a significant section that are willing to consider withdrawal from the EU and are close in view to the UK Independence Party.

For the moment at least the day to day approach of the coalition to the EU has been severely pragmatic and indeed there is a convergence of rhetoric with the Germans in particular on how to deal with the financial crisis using severe cuts in public expenditure and reliance on exports and private sector investment to take up the role of engine of the economy.

Tim Bale in commenting on the election campaign and the outcome spells out the cleavages on Europe and how the coalition agreement is more

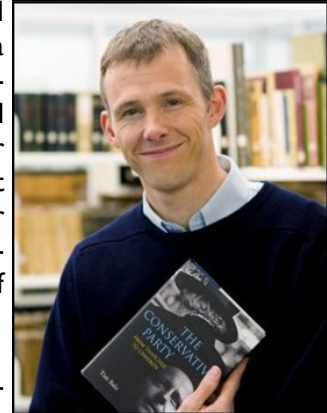
closely aligned with Conservative than Liberal Democrat manifesto pledges. It is not clear how this will develop. For the moment there is no sign of a major row developing between the UK and the rest of the EU. But should there be one on, for example, treaty amendment to toughen the Stability and Growth Pact of EMU then these strains may result in a real divide within the coalition.

The implications of coalition government in the UK will be followed up in a one day conference on 22 October and under the direction of Dr Dan Hough. This will draw on academics, politicians and journalists to consider the issues raised by the novel experience, for the UK at least of living with coalition government. This is yet another example of SEI bringing practice and analysis together.

I am very pleased to see contributions from colleagues in Law Department to this edition of Euroscope.

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roscope. The new school of Law, Politics and Sociology in which SEI is embedded has brought us again closer to a vibrant group of legal scholars who have strong expertise in European law. Their interests across a wide range of domains from competition and trade policy to human rights and mesh well the existing research strands in SEI. I hope this presages a future of close engagement between the social scientists in SEI and our legal colleagues. That can only result in better analysis and more complete scholarship of European integration.



Finally let me congratulate Tim Bale on his promotion to professor. His excellent study of the Conservative party after Thatcher was very well received in the early spring of this year as were his perceptive Financial Times columns on the election campaign. The promotion is very well deserved and gives me and all of his colleagues great pleasure.

The Coalition Government in the UK in Comparative Perspective: Conference **22nd October**

The creation of a Conservative-Liberal Democrat coalition in May 2010 marks a radical departure for Westminster politics. And yet, of course, coalition governments are the norm across much of the democratic world. There is therefore plenty of mileage in analysing what we in the UK can learn from the real-world experiences of others. There is also plenty of scope for using the (not inconsequential) research that has been conducted on the formation, duration and strategic challenges that are inherent in every coalition-formation process to understand how and why the UK's cur-

rent coalition came into being and is likely to function. This one day conference subsequently brings together a group of experts on a number of aspects of coalition behaviour with the specific aim of asking not just what we in the UK can learn from practice elsewhere, but also what recent events in the UK tell us about the theory on which much of our understanding of how coalitions function rests.



A full programme for the conference can be found on the back cover of this edition of Euroscope.

The SEI Diary...



The SEI Diary provides snippets on the many exciting and memorable activities connected to teaching, research and presenting on contemporary Europe that members of the SEI have been involved in during Summer 2010.

April:

April: Adrian Treacher was in Prishtina, Kosovo as part of a multinational team of selectors tasked, over several days, with awarding scholarships under the Young Cell Scheme funded by the European Commission.

Successful applicants undertake one from a range of specialised Masters degrees inside the EU. During this time,



Adrian was able to meet up with about 10 SEI Kosovan alumni.

Dr Ben Seyd (*University of Kent*) Gave a presentation on the 27th of April as part of the SEI RIP series entitled “Analysing the effects of institutional reform in Britain”.

Professor Aleks Szczerbiak was interviewed on China Radio International about the Polish plane crash which claimed the life of the Polish President Lech Kaczynski.

May: Home and Abroad

May: Travelling Researcher

Stijn van Kessel presented a paper on 4th May as part of the SEI Research In Progress series. The paper was entitled “Different faces, same logic: explaining the electoral performance of populist parties in the Netherlands and Poland”.

Stijn then popped over to Leuven, Belgium and presented the same paper as part of the **Dutch-Flemish Political Science Conference (Politicologenet)** on the 28th & 29th of May.

On the 11th of May Professor Paul Webb and Professor Tim Bale

hosted a SEI round table on ‘The implications of a change of UK government for Britain and the EU’.



Monika Bil presented a paper entitled “State party funding in Poland, 1993-2009” as part of the SEI RIP series.

Brussels: On the 25th of the month the SEI made it’s annual trip to the European capital SEI study visit to Brussels. Read more about the trip on page 39.



Prof Aleks Szczerbiak took a trip to Florence to examine a doctoral thesis at the European University Institute.

June: Summer Conferences

June: The Fifth ECPR Pan-European Conference on EU Politics was held by the ECPR Standing Group on the EU on 23-26 June 2010, hosted by the University Fernando Pessoa and the Faculty of Economics of Porto in Porto. The SEI was well represented at the conference. Read a report of the conference by SEI Doctoral student Ezel Tabur on page 44.



June: Professor Susan Millns of Sussex Law School visited Sicily for one week to participate in an international summer school on 'Diversity and Human Rights'. The event was organised jointly by the European Academy of Legal Theory, an internationally renowned research centre in the field of philosophy of law, and the PhD programme on human rights within the Law Faculty of the University of Palermo. Read more about the conference in an article by Prof Millns on page 40.

July:

On July 12th Prof Aleks Szczerbiak together with Prof George Kolankiewicz (SSEES/UCL), Prof Alan Mayhew (SEI) and Dr Nat Copsey (Aston University and SEI Visiting Fellow) took part in a roudtable discussion held at SSEES/UCL on the theme of 'Is the Polish-Polish War Really Over? Implications for Politics, the Economy and Foreign Policy' co-sponsored by SEI, the Central and East European Language-Based Area Studies network and the Aston Centre for Europe.

Dr Dan Hough presented a paper on "The Party Politics of Corruption Reform" as part of the SEI RIP series.

Dr Sue Collard participated in the SEI RIP series on the 8th of June. She presented a paper entitled "European citizenship through participation in local elections: the case of France"
Dr Sue Collard (University of Sussex).

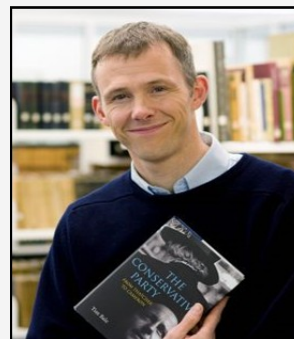
Dan Keith gave the final presentation in the Summer term SEI RIP series on the 15th of June. His paper focused on "Organisational and programmatic change in Western European (post-) Communist Parties: lessons on party transformation and importing theory from Central and Eastern Europe".

Prof Aleks Szczerbiak examined a doctoral thesis at Cambridge University

SEI welcomed a new visiting doctoral researcher. Nursemin Sömnez (University of Bielefeld) joined us for three months from mid-June to mid-September. She continues to research EU return migration policies and worked with Prof Jörg Monar during her stay at SEI.

Professor Szczerbiak also appeared on **China Radio International** speaking about the results of the Polish General Election.

Congraluations to SEI-based scholar Tim Bale who was promoted to Professor of Politics.



Activities

August:

August: Dan Keith successfully defended his PhD Thesis and passed his viva! Dan's thesis was on the subject of 'Party Organisation and Party Adaptation: Western Europe Communist and Successor Parties' and his supervisors were Tim Bale and Dan Hough. Congratulations Dan!

Giuseppe Scotto presented a paper on the 30th of August at the ECPR Graduate Conference in Dublin entitled "A case of political transnationalism: the external voting of Italians in the UK".

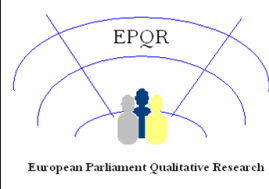
Prof Aleks Szczerbiak published the following briefing paper: "Europe and the June/July 2010 Polish Presidential Election", European Parties Elections and Referendums Network Election Briefing No 55, August 2010.

SEI Researcher Lucia Quaglia jumped out of an aeroplane and is now safely back on solid ground! She is now training for her lizenz in Germany!



SEI welcomed new Marie Curie Visiting Fellow. Kai Opperman (University of Cologne) is a Marie-Curie Inter European Fellowship holder and will be working with SEI-based scholar Prof Paul Taggart for one year on a project titled: 'Plebiscitary Politics in European Integration: Analysing the Causes and Effects of Holding Referendums in the EU.'

September: Term Time!



September: Attracted by the magic of Bruges, the SEI was well represented at the **UACES General Conference** held in the College of Europe from the 6-8 September. The European Qualitative Research Network, founded by two SEI members, was extremely well represented in Bruges Read a report of the conference by Ariadna Rippol-Servent on page 45.

Congratulations to SEI doctoral student **Marko Stojic** on securing an **Open Society Foundation Scholarship** to help fund the remainder of his doctoral studies. Marko, who is researching 'The attitudes of political parties in Serbia and Croatia towards the EU in comparative perspective' supervised by Prof Aleks Szczerbiak and Prof Paul Taggart, already had on the

Sussex International Student Scholarship that covered the difference between a UK/EU tuition fee and one paid by students from non-EU countries. The Open Society Foundation grant will now cover the UK/EU tuition fee element as well.

Washington DC: Dr Tim Bale and Prof Paul Webb

attended the American Political Science Association Annual Conference which ran from the 2nd to the 5th of September .



Congratulations to Simona Guerra, who obtained her doctorate at the SEI in 2008, and who starts as Lecturer in Politics at Loughborough University in autumn 2010.

A New Term—A New MACES!

By Dr Sue Collard
SEI Lecturer in French Politics
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The Masters programme in Contemporary European Studies (MACES) has been at the heart of the activities of the SEI since its creation nearly twenty years ago under the auspices of Helen Wallace and Mary Kaldor. It has attracted students from a wide range of European and non-European countries who have gone on after graduating to occupy posts all over the world, and it has in this way established a solid global reputation as one of the most successful postgraduate programmes in the UK in the field of European Studies.

MACES gets a makeover!

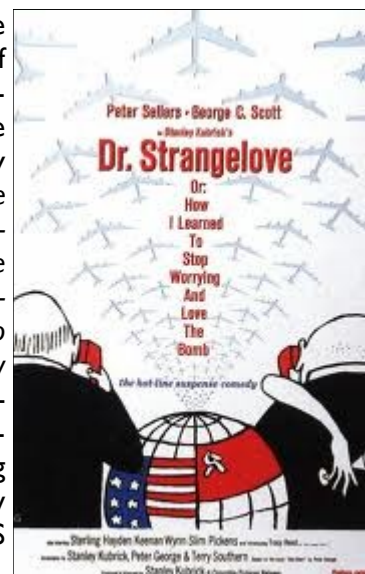
The 'core' of this programme has been the Autumn Term course, 'The Making of Contemporary Europe', based on four hours per week of lectures, delivered by experts from a range of disciplines, complemented by a two hour seminar. The structure of the course has been built around four distinct thematic blocks designed to maintain an interdisciplinary approach. However, over the years, the course has inevitably been subjected to a certain amount of cutting and pasting for various reasons, somewhat undermining its overall coherence, and there has been a general feeling amongst colleagues that some updating was required.

As the new Convenor of the MACES programme, I have therefore put together a substantially revised version of the core course, which retains the same name and mode of assessment, but abandons the rather artificially constructed blocks in favour of a basically chronological approach to the development of post-war Europe. The new course maintains, and even reinforces, the traditional SEI commitment to covering Europe as a whole, East and West, North and South, and also strengthens the interdisciplinary approach: in addition to contributions from colleagues in International Relations, Sociology, Economics, Politics and Law, I have managed to recruit a historian specialising in

Balkan history, whose input will be most valuable. There will also be a stronger emphasis on how the EC/EU has developed over the decades, with more analysis of how policies and institutions have evolved, in relation to the historical events that provide the wider context. Theoretical aspects will be mainly dealt with in the seminars, allowing time for discussion.

The main aim of the course revision is to provide all students with a good, and critical understanding of the ways in which Europe, and the EC/EU in particular, have evolved since 1945, which will serve as the basis for the specialist options that students will continue to follow in the Spring Term as before. The course must cater to the needs of students from a wide range of academic backgrounds: some of them will be already familiar with many of the topics covered, but others will find it all very new and unfamiliar. It must also take account of different levels of command of English, as relatively few MACES students are native speakers.

Finally, there are two innovations to note: first, the course will for the first time have a Study Direct site for student access, and second, the academic programme will be complemented by a film series (Thursdays from 4-6pm in SB 309). The list of films will be posted around SEI from the beginning of term and the film should appear on the university calendar of events that is accessed from the Home Page. They will include *l'Auberge espagnole*, *Dr Strangelove*, *Man of Iron*, *The Lives of Others*, *Goodbye Lenin*, *Welcome to Sarajevo* and *Dirty Pretty Things*. All welcome (space permitting!), so come along and meet the new cohort of MACES students!



Activities

Forthcoming Events:

22nd October: Coalitions Conference

The creation of a Conservative-Liberal Democrat coalition in May 2010 marks a radical departure for Westminster politics. And yet, of course, coalition governments are the norm across much of the democratic world. This one day conference brings together a group of experts on a number of aspects of coalition behaviour with the specific aim of asking not just what we in the UK can learn from practice elsewhere, but also what recent events in the UK tell us about the theory on which much of our understanding of how coalitions function rests.

Wed 6th Oct, Wed 3rd Nov & Wed 1st Dec:: Sussex Salon Series

Join Sussex LPS Faculty who will be appearing as panel members at this series of roundtable discussions. Come and debate some of the hot topics of our age with academics and other contributors and you, the audience.



12th-14th April 2011:

Annual SLSA Conference

The Sussex Law School at the University of Sussex is delighted to be hosting the [Socio-Legal Studies Association](#) (SLSA) Annual Conference 2011. The conference, which will take place from 12-14 April 2011 in the University's new Fulton Building, will bring together over 300 academics, practitioners, researchers and postgraduate students from all over the world to discuss a myriad of topics examining the impact of law upon society and the capacity of society to influence legal change.

Politics Society Facebook Group

<http://www.facebook.com/home.php?ref=home#/group.php?gid=2221375650&ref=ts>

SEI Research in Progress Seminars

AUTUMN TERM 2010

Tuesdays 16.00 - 17.50

Friston 119

12.10.10

Prof Jörg Monar, Prof Malcolm Ross (University of Sussex)

SEI round table on *"The changing distribution of power within the EU institutions after Lisbon"*

19.10.10

Dr Maurizio Carbone (University of Glasgow)

"Seeking Power, Fighting Poverty: Dilemmas in EU Development Policy"

26.10.10

Dora Klontzou (University of Sussex)

"Europeanisation and European Security and Defence Policy: the case of the former Yugoslav Republic of Macedonia"

02.11.10

Prof. Michal Dougan (University of Liverpool)

"Ascertaining the Limits of EU Competence: The Approach of the European Court of Justice"

09.11.10

Tim Houwen Radbound (University of Sussex)

"Populism and Democracy"

16.11.10

Dr Karen Heard-Laureote (University of Portsmouth)

"The impact of transparency enhancements on the technical effectiveness and democratic responsiveness of US Federal Advisory Committees and European Commission Expert Groups"

23.11.10

Prof Jo Shaw (University of Edinburgh)

"Citizenship regimes in the Western Balkans"

30.11.10

Dr Kai Oppermann (University of Cologne/ University of Sussex)

"Plebiscitary Politics in European Integration: The Politics of Pledging EU Referendums"

Everyone is welcome to attend!

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

Features

Crisis in the Eurozone:

This features section presents a mini-symposium of SEI members looking at the current crisis in the Eurozone from various angles.

Back to the 1930's?

By Peter Holmes

SEI Reader in Economics

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Europe is now facing a second financial crisis. In 2008 governments deliberately opted not to make the mistake of 1931 and they willingly undertook a fiscal stimulus and fostered credit expansion via “quantitative easing”. In the last few months how-

ever an “Austrian” perspective has spread across Europe, though not the US.

In this view the major problem is not the danger of a worsening recession but rather a financial crisis of the state. Governments having increased their borrowing in the crisis are now trying to reduce deficits. Critics argue that the deficits are caused by the crisis: revenues and national income are falling and spending increases are very much driven by passive automatic stabilisers rather than discretionary increases, as a 2009 OECD study showed.

OECD Interim Economic Outlook (March 2009) [The Effectiveness and Scope of Fiscal Stimulus](#). We are regularly told that the deficits are unsustainably large. This is a matter of judgement not fact; it depends on the total size of debt, interest rates and the risk of credit drying up. With interest rates of 4% pa a debt ratio of 100% of GNP costs 4% of GNP to service. In fact allowing for inflation and growth it is really less than this - and current interest rates are below 4%.

<http://www.guardian.co.uk/commentisfree/2010/sep/03/government-debt-growth-unemployment>

Debt ratios are rising but apart from Greece, Italy and Belgium projected government debt ratios are all below 100%. (OECD Economic Outlook); and net debt is even less (i.e. allowing for government assets). No EU state is anywhere near Japan's 200%.

Moreover current borrowing rates are historically low. The markets are lending for 30 years to the UK at 3.5%, and for 10 years at 2.84%. Most Eurozone countries can borrow for 10 years at about 2.5%. Greece has to pay over 11% but Spain can borrow at 4%. Debt interest is currently running at 1.6% of Spain's GDP so unsustainability is some way off.

So what is the fuss about? Why should governments risk a new recession by cutting spending

Features

now – and moreover risk the debt burden rising if the spending cuts reduce the size of the economy which has to be taxed to pay for the debt interest? There is a real problem. To stabilise the debt requires first getting rid of the “primary deficit” and even 4% of GNP is 10% of public spending. Taxes do have to be raised to cover the interest.

European states can be divided into 3 groups:

- those with wholly affordable debt levels which includes most of the New MS
- those with currently affordable debt ratios but where if deficits continued the debt burden would be problematic
- most of the EU
- and Greece/Ireland where there really is a debt problem

Greece has multiple problems exacerbated by Eurozone membership, wasteful public spending and structural distortions, though average working hours and average retirement ages are above the Eurozone average. Spain also has a problem of high wage costs but its real financial problem lies in its banks who set off a property bubble, (like the Irish banks), fuelled by low Eurozone interest rates set at a common level. Unable to devalue within the Eurozone, Spain and Greece have to rely on unpalatable domestic adjustment to regain competitiveness. Germany continues to insist that everyone must cut spending and but if they do there will be fewer buyers for Germany’s exports and even fewer for Spain and Greece’s.

But the real danger is not that if we carry on as we are there will be an explosive growth of unsustainable debt. When the UK coalition claimed it had seen “new figures” requiring faster action, they really meant they had seen Greek figures not British ones. As the Daily Telegraph reported, UK borrowing forecasts have been adjusted *down*.

[http://blogs.telegraph.co.uk/finance/edmundconway/100006055/](http://blogs.telegraph.co.uk/finance/edmundconway/100006055/cameron-is-wrong-the-public-finances-are-better-than-we-thought/)[cameron-is-wrong-the-public-finances-are-better-than-we-thought/](http://blogs.telegraph.co.uk/finance/edmundconway/100006055/cameron-is-wrong-the-public-finances-are-better-than-we-thought/)

The fear is that there could be a sudden panic. Reinhart and Rogoff in their recent book on financial crises “This Time it will be Different” argue that debt crises typically occur well before the bur-

den of debt becomes insupportable – when the financial markets suddenly begin to fear that one day soon it might. Then they just go on a lending strike. This more or less happened to Greece. But confidence is not helped by other Finance ministers claiming their position is like Greece. Most commentators argue that the Greek case is quite exceptional, as is Ireland in another way. The bond markets are still lending, at historically low rates for long terms, even to Spain.

Paul Krugman speaks of the “Invisible Bond Vigilantes” (IBVs). The FT commentator Martin Wolf is equally insistent that it is irrational to base fiscal policy on the assumption that the risk of the IBVs being there is 100% while risk of a major recession if we cut public spending is zero! Krugman points out that European governments are claiming to be trying to appease the IBVs when there is in fact no evidence at all that they reward human sacrifice by cutting bond rates when welfare services are cut. Ireland is not seeing its rates fall despite big fiscal cuts.

The Euro has not worked out as it should

Ultimately the UK, like Sweden, can escape from this straightjacket by monetary expansion “Quantitative easing” and letting the pound slide if necessary. But Eurozone members cannot – their governments are limited both by the inability to borrow from their central banks and the rules of the system. And the ECB has no fiscal authority behind it if its capital is stretched.

The Euro has not worked out as it should. Designed to force anti-inflationary policies on its members, instead it created an illusory credit and property boom via low interest rates, but had no proper rules in place either to prevent this getting out of hand or to generate a common response to the mess.

So what should be done? Debt ratios have to be brought down but if spending cuts deepen the recession they can make the burden of debt worse not better: if cutting the deficit by £1 reduces National income by £1.1, the debt ratio rises.

The IMF is clear that we need credible plans to cut the deficit that will reassure the financial markets, but action is not needed instantaneously.

<http://blog-imfdirect.imf.org/2010/06/24/ten-commandments-for-fiscal-adjustment-in-advanced-economies/>

Bond holders would be stupid to imagine that announced cuts in spending are politically and economically feasible. But if the deficit needs to come down faster than anticipated tax, rises may be less

disruptive. They can be done quickly, across the board rather than regressively, and if necessary they can be reversed. But above all those countries that do not have to cut back should not do so. The Swedish conservatives with 4%+ growth and a 2.1% budget are actually contemplating spending increase and tax cuts. For Germany and the UK to insist that everyone embrace austerity at the same time is to risk a vicious circle of slow growth, falling trade and social unrest.

Eurozone rules after the crisis

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The 10th anniversary of the introduction of the euro was celebrated in January 2009. For much of this period the monetary union appeared to work very successfully. The advantages which had been proclaimed for it, including low inflation, reductions in transaction costs of business and growth in trade between members all appeared to be realised. However the global financial crisis and the associated economic crisis brought to the surface several of the weaknesses inherent in the system as defined in the Treaty of Lisbon.

Bond markets reacted nervously to high levels of debt and government deficits and significant current account deficits in peripheral member states - Greece, Portugal and Ireland but also in Spain. It is interesting to note that markets had treated Greek debt as equivalent to German debt until the Autumn of 2007 and serious disquiet only dates from mid-2008. For markets, the fact that the problems of these countries resulted from two separate sources was not very significant. For the reform of the monetary union however it is.

Greece committed almost all possible sins against the system: a totally irresponsible fiscal policy over many years, false reporting of the government deficit to the European Commission (EUROSTAT) and a loss of competitiveness with

respect to other Eurozone members.

Spain on the other hand had run a very sound fiscal policy (a fiscal surplus in 2007 of around 2% of GDP) but was overcome by the sudden and disastrous collapse of the real estate/construction bubble. Unemployment soared to around 20% and the deficit exploded to around 11% of GDP in 2009. Here the problem was one of competitiveness following a credit explosion in a system with national wage bargaining.

The reaction of the European Union to the imminent danger of default in Greece and its impact on market perceptions of other states in the monetary union was slow in coming, partly because of fairly rapidly changing attitudes in Berlin and therefore delays in decisions. It had two main elements:

- Immediate financial support for affected countries as a joint EU/IMF scheme and applying IMF conditionality. This consisted of two components:

The European Financial Stabilisation Mechanism (EFSM), a major financial package of support for Member States amounting to around €60 billion in loans and credit lines – obviously aimed directly at supporting Greece (and refused by the Slovak Republic).

A Special Purpose Vehicle to support Eurozone Member States and to which the IMF contributes and amounting to around €650 billion.

- The creation of a task force of Finance Min-

isters under the Chairmanship of the President of the European Council to propose improvements to economic governance in the Eurozone.

Greece has used the EFSM facilities and has put in place a draconian programme to reduce the deficit including significant structural changes in areas like pensions and labour intensity in the public sector. The resulting decline in output over the coming years will of course make reducing the deficit somewhat more difficult.

After three meetings of the task force on economic governance it is clear that finance ministers have concentrated on how to improve enforcement of the rules of the stability and growth pact and how to ensure that losses of competitiveness are corrected early in the future. The measures considered include paying more attention to debt, improving coordination and surveillance of budgetary and macroeconomic policies and improving the sanctions system for countries which are not respecting the terms of the SGP.

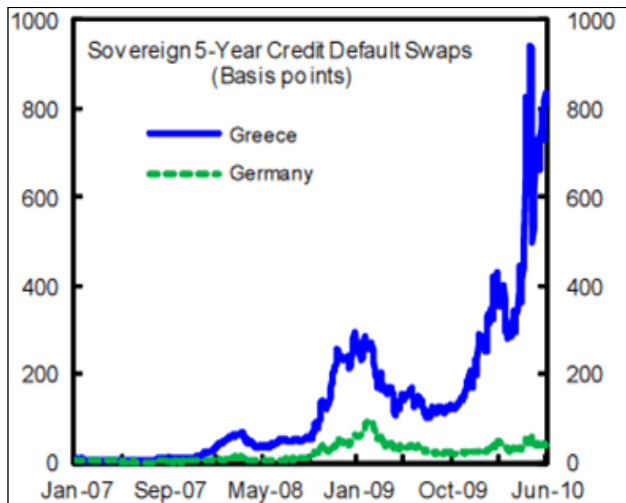
To cope with the danger of credit bubbles leading to losses of competitiveness, a competitiveness surveillance mechanism has been proposed, at the heart of which would be a scoreboard of key indicators. However, as Pisani-Ferry notes in a recent Bruegel article, there are deeper problems in the monetary union that need to be addressed. One of the most serious problems is that member states of the Eurozone have not taken ownership of the rules and objectives of the monetary union and

ensured that these became an integral part of domestic policy-making. This problem is very clear in the case of Greece but it is also true in the larger states in the Union like France or Italy. Without loyal adherence to the aims and rules of the Monetary Union, the Task Force has concentrated on ensuring that the central authorities in Brussels and Frankfurt have the means to impose these rules.

However the rules themselves are no guarantee that stability crises will not occur periodically. The past has shown that, even ignoring the Greek deception, the reported and forecast levels of deficit are often at variance with the actual figures. In a crisis, deficits and debt can also change so quickly that no sanctions will ever have any real impact other than making the fiscal situation worse. Increased and improved surveillance by the centre may not be a solution to these problems. Accidents will still happen even with tighter rules and better surveillance. It would be wise for the monetary union therefore, as suggested by the German Government, to prepare rules for an orderly debt restructuring procedure or even for exit from the system in the most extreme case.

In Germany, although its government deficit at times has exceeded the Maastricht criterion on an annual basis, respect for the criterion and the need to reduce the deficit to below 3% of GDP has been a more or less constant feature of government declarations, irrespective of political party. Germany has now introduced a budget balance rule into the Constitution (Poland also has rules on public debt ceilings in its Constitution). Other countries may follow suit, although writing economic policy rules of this rigid nature into a Constitution seems rather dangerous.

Pisani-Ferry suggests that the monetary union may progressively turn into a system of policy competition rather than policy coordination, with Germany as the anchor. Given Germany's proven capacity to squeeze down costs and its love of cutting and saving, this may point to a rather bleak future for some of the other members of the monetary union.



Reflections on the future of Eurozone fiscal policy governance post 2010 crisis

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The crisis in the Eurozone triggered by the Greek sovereign debt debacle (or should that be the incipient Eurozone banking crisis lying below it that is the real worry of markets and German and French governments) led to two extraordinary responses.

The first is a package of just over €700bn (a bit less than 1% of Eurozone GDP, about 1% of outstanding government debt at the beginning of 2010 and of course much larger proportion of the outstanding debt of any individual member state) to help members facing sovereign debt crises. Of this, €250bn will come from IMF sources. This is extraordinary in itself: the second currency and some of the richest economies in the world borrowing from the IMF. But more to the point the Eurozone has put the surveillance of countries in receipt of aid from the fund in the control of the IMF even though the IMF is not the major lender. This suggests some significant cracks in the political consensus within the Eurozone.

It could be interpreted as the Germans not trusting the European Commission and Eurostat to monitor and discipline member states fiscal policy and the Greeks (and perhaps others) not trusting the Commission to be other than a tool of German domestic politics. It may be argued that the Commission is not currently equipped for this task of surveillance and imposing conditionality but there appears to be no appetite to equip the Commission to take it on in the longer term ie no appetite to create a 'proto-federal' finance ministry in Brussels. So the role is contracted out to the IMF with the Commission as bag carriers.

The focus is for the moment on the task force of the EcoFin Council which is looking at ways to strengthen the SGP to prevent future crises. To a



degree that is shutting the door after the horse has bolted though no doubt necessary to reassure German and Benelux domestic opinion. The key issue for markets is the probability of a Greek default and its impact on European Banks. To many default

seems close to inevitable in the next few years. I am not so sure myself. The absence of default was very striking during the developing country debt (or should I say American banking) crises of the 1980s. Only Poland actually defaulted and it never admitted to it and the creditors never acknowledged the default at the time – a Polish debt write down was only agreed in the early 1990s after the fall of Communism and long after it mattered. Hungary for example did not default on its pre-1990 debt and arguably has never recovered fiscal room for manoeuvre that Poland has enjoyed.

In many ways it is rational to default especially if running a primary fiscal surplus ie if current tax revenue more than covers current public expenditure on transfers, goods and services and there is no need to borrow to cover the needs of your own citizens: it reduces the burden of adjustment and allows a return to growth more quickly. It makes repaying remaining debt easier and hence allows easier borrowing (financial markets have shortish memories) and longer maturities. But countries do not generally formally default: they may reschedule, they may receive forgiveness from official creditors – see the forgiveness of German official debt in 1953 which was credited by some with launching the Wirtschaftwunder – but they avoid formal default. Perhaps it is for pride and reputational reasons, perhaps because they are running primary fiscal deficits (that is they are borrowing to cover current expenditure

Features

excluding debt service) and need to keep selling debt in the short term. In historical terms default does not seem an attractive option. So maybe Greek debt is worth a punt!

Returning to the issue of EMU governance, in the longer term the two important issues remain that there is a fund to help countries if they get in trouble and the IMF is the policeman of a toughened SGP.

There are two weaknesses in this structure to my eye. First the SGP gives no help to countries for whom ECB monetary policy is too loose – for example Spain in the period up to 2007 - nor to those for whom it is too tight. Spain did run a fiscal surplus but not a big enough one to offset the impact of low interest rates imposed by the ECB on asset markets notably housing. Now of course Spain could have kept on ratcheting up the fiscal surplus but that is difficult to do systematically over the long term. See Bush squandering the Clinton surplus in the US or Labour in Britain using the surpluses of 1999-2001 as an electoral 'war chest'.

More to the point the Eurozone has put the surveillance of countries in receipt of aid from the fund in the control of the IMF even though the IMF is not the major lender. This suggests some significant cracks in the political consensus within the Eurozone.

What is needed is a more systematic way of making overheating countries automatically save into a European Monetary Fund on the promise that the Fund will automatically disburse when such countries are in a recession (perhaps caused by too tight monetary policy). This automatic stabiliser effect would answer the question of what happens in instances of asymmetric shocks and by introducing some symmetry into the operation of

the SGP would ensure that real devaluation with the very politically painful compression of nominal wages that ensues would be ameliorated – note that Chancellor Schroeder was weakening the SGP at precisely the point at which he introduced some of the most painful reforms to the German labour market in recent history; reforms which the German economy and Chancellor Merkel now benefit from.

The second question of governance that arises in relation to the IMF. Europe in general and the Eurozone in particular is over represented in the IMF in terms of total votes and at the expense of the emerging market economies. They are however spread over 8 constituencies so despite having some 22.5 percent of the votes (which would be the largest single constituency in the IMF and constitute a veto on changes to IMF rules) they cannot bring that voting power to bear. After a reform of the calculation of votes, to recognise the increased weight of the emerging economies in world GDP and trade, a single Eurozone constituency would probably qualify for around 14% of votes in the IMF (Bini-Smaghi, 2004, Table 4) which would make it the second largest constituency after the USA. Paradoxically it would lose votes and gain power.

Until now the key barrier to such a change is that France and Germany have single constituencies and different preferences over IMF policy plus the likelihood that the USA would object to such a large multimember constituency. Giving the IMF oversight of Eurozone fiscal policy might change the balance of advantage for Germany and France and encourage a pooling of power to exert more influence on policy norms in Washington. Additionally the offering up of votes to the emerging markets might neutralise any US veto. In turn, a single seat in the IMF might feedback into policy and institutions in Brussels with implications that go far beyond the euro and fiscal policy.

Bini-Smaghi, Lorenzo, A Single EU seat in the IMF, JCMS, Vol 42, Number 2

The role of Europe in the 2010 Polish Presidential Election

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The 2010 Polish Presidential election was originally scheduled to take place in the autumn but was brought forward following the tragic death on April 10 of President Lech Kaczynski and 95 others, including many leading public and cultural figures, in a plane crash at Smolensk in western Russia. The Smolensk tragedy plunged the Polish nation into shock and triggered a wave of mourning which, for a short period at least, brought political debate to a halt. However, the Polish Constitution required an election to replace Mr Kaczynski to be held within a period of just over two months. So as soon as the national mourning period ended, Bronislaw Komorowski - the speaker of the Sejm, the more powerful lower house of parliament, who assumed the functions of the head of state - announced that the first round of voting would take place on June 20 with a second round run-off on July 4 if no candidate received more than 50% of the votes.

As Table I shows, Mr Komorowski, who stood as the candidate of the governing centre-right Civic Platform (PO) party, overcame a robust challenge from Jaroslaw Kaczynski, the late President's twin brother and leader of the right-wing Law and Justice (PiS) party, to win a tightly contested second round run off by 53% to 47%. Grzegorz Napieralski, the leader of the communist successor Democratic Left Alliance (SLD), also ran a surprisingly vigorous campaign to come in third with 13.7% of the votes in the first round.

Clashes over EU policy

Given that foreign policy was one of the main areas of presidential competencies - and one where the Civic Platform-led government and late Presi-

dent had clashed most bitterly, particularly over European policy - one might have expected European issues to have played a fairly prominent role in this campaign. Lech Kaczynski and the government certainly had a number of high-profile disputes over Poland's EU policy during the two-and-a-half years when they 'cohabited', notably over: the ratification of the Lisbon treaty, which the President delayed signing for over a year; and the timing of Polish accession to the Euro zone, where Mr Kaczynski opposed the government's target date of 2012 and refused to support the constitutional amendments required to facilitate entry, without a prior referendum. One of the most memorable disagreements occurred in October 2008 when Mr Kaczynski and the government clashed bitterly over who had the right to determine the composition of the Polish delegation at that month's EU summit meeting in Brussels. This ended as a major political embarrassment for Poland as Mr Kaczyński attended the summit against the government's wishes. Civic Platform leader and prime minister Donald Tusk acknowledged subsequently that the row - particularly the decision to refuse Mr Kaczynski use of the official government aircraft, forcing the President to charter a private jet to Brussels - had been one of his greatest political mistakes as prime minister.

In spite of this, European policy was not a major theme during the 2010 campaign; although it was not completely ignored by the candidates either and, on a couple of occasions, moved to the centre of political debate. When he did address the issue of Polish-EU relations, Mr Komorowski implied that he had a better sense of the subtleties of EU politics than Jaroslaw Kaczynski and stressed that he would continue the Civic Platform-led government's policy of trying to strengthen cooperation with Brussels and Poland's EU partners. Building on his core campaign message that he would work constructively with the government, Mr Komorowski argued that, by making it easier for Poland to present a more coherent position within the EU and on the international stage more

Table 1: June/July 2010 Polish Presidential Election Results

Source: Polish State Electoral Commission (<http://pkw.org.pl>, Accessed 7 July 2010)

	1st round	%	2nd round	%
Bronisław Komorowski (Civic Platform)	6,981,319	41.54	8,933,887	53.01
Jarosław Kaczyński (Law and Justice)	6,128,255	36.46	7,919,134	46.99
Grzegorz Napieralski (Democratic Left Alliance)	2,299,870	13.68		
Janusz Korwin-Mikke (Liberty and the Rule of Law)	416,898	2.48		
Waldemar Pawlak (Polish Peasant Party)	294,273	1.75		
Andrzej Olechowski (Independent)	242,439	1.44		
Andrzej Lepper (Self-Defence)	214,657	1.28		
Marek Jurek (Right-wing of the Republic)	177,315	1.06		
Bogusław Ziętek (Polish Labour Party)	29,546	0.18		
Kornel Morawiecki (Independent)	21,596	0.13		

generally, his election would give the country greater scope to pursue a more active European policy and take the lead in EU affairs.

For his part Mr Kaczyński tried to downplay, or at least qualify, Law and Justice's traditional message that Poland should adopt an assertive approach towards EU relations. In particular, he was keen to stress that, under his presidency, Poland would be a predictable and consensual foreign policy actor - particularly in its relations with Germany and Russia, with whom the late President and Law and Justice-led government had clashed bitterly. This dovetailed with Mr Kaczyński's broader message that both he and his party had 'changed' and were pursuing a much less combative approach to politics. However, one specific European issue that Mr Kaczyński did highlight - as part of his pitch for rural voters, particularly those working in the agricultural sector - was his pledge that, as President, he would make ensuring that Polish farmers received the same level of agricultural subsidies as their Western counterparts one of the country's priorities when it took over the EU's rotating presidency in the second half of 2011.

Controversy over links with British Conservatives

European issues became somewhat more promi-

nent during the second round campaign. Mr Napieralski made signing up to the EU's charter of fundamental rights (from which the previous Law and Justice-led government had negotiated an opt-out for Poland during the 2007 Lisbon treaty negotiations) one of the issues that would determine which of the two candidates he would support in the second round. (Others included: rapid withdrawal of Polish troops from Afghanistan; state funding for IVF treatment; quotas for women candidates in elections; and increasing the minimum wage, pensions and welfare benefits.) Although Mr Komorowski supported this, as noted above, Mr Napieralski actually failed to endorse either candidate.

Mr Komorowski also used the first of the two televised presidential debates held in the week before the second round of voting to attack Mr Kaczyński for an interview that he gave to the 'European Voice' magazine when he was prime minister in 2006. In the interview, Mr Kaczyński allegedly argued that the EU should phase out agricultural subsidies in order to concentrate more on external affairs and developing a European army. Mr Kaczyński responded that the 'European Voice' had misrepresented his views and that he only supported re-structuring the EU budget in this way if the Union decided (hypothetically) to 'nationalise' agricultural subsidies.

Mr Komorowski's campaign returned to this issue when Mr Kaczynski visited British Conservative prime minister David Cameron, in order to enhance his credentials as a European leader. Since 2009, Law and Justice and the Conservatives have been members of the European Conservatives and Reformists (ECR) European Parliament grouping. However, Mr Komorowski used the London visit as an opportunity to highlight the fact that Mr Kaczynski's European allies were in favour of scrapping EU agricultural subsidies, from which Polish farmers were major beneficiaries. He also attacked the Law and Justice leader for failing to raise the question of Britain's EU budget rebate, to which Poland had to contribute, during his meeting with Mr Cameron.

Europe as a competence issue

However, while EU relations did certainly feature in the campaign, as in previous Polish elections, the main candidates once again focused mainly on domestic issues. The European issue was viewed as, essentially, a debate over which of the candidates would defend and strengthen Poland's position within the EU most effectively, rather than offering different visions of what Poland's stance should be on the future trajectory of the European integration project. The only real exceptions to this were two minor Eurosceptic candidates: Janusz Korwin-Mikke – the economic libertarian-social conservative candidate of the Liberty and Rule of Law (WiP) party and a veteran eccentric of the Polish political scene; and Marek Jurek - the leader of the Right-wing of the Republic (PR), a conservative Catholic breakaway from Law and Justice; both of whom had originally opposed Polish EU accession. Mr Korwin-Mikke criticised the EU from an economically libertarian perspective and called for Poland to withdraw from the Union in protest against the country's involvement in the bail-out of the Greek economy. Although, in the past, Mr Jurek had criticised the EU as a secularising, anti-Christian project, during this campaign he focused on campaigning against Poland joining the Euro zone on 'practical' rather than 'ideological' grounds, arguing that retaining a national currency had protected Poland against the worst effects of the global economic crisis. The major candidates also adopted distinctive positions on Polish acces-

sion to the Euro zone: Mr Napieralski argued for the country to join as quickly as possible; Mr Komorowski indicated that this should happen in 2014 or 2015; and Mr Kaczynski said that Poland should not be in any hurry to adopt the single currency, using 'practical' arguments similar to those employed by Mr Jurek, although making it clearer that he supported Euro zone accession in principle.

A more coherent European policy?

In Poland it is the government that determines the country's foreign policy and Mr Komorowski has always taken a much greater interest in defence than international affairs, but the Polish Constitution does assign some (albeit somewhat unclear) competencies in this sphere. Given that foreign policy was one of the areas where the Civic Platform-led government and late President had clashed most bitterly, Mr Komorowski's election should make it easier for Poland to present a more coherent position in its European policy. In theory at least, the election of a Europhile Civic Platform candidate should, therefore, give Mr Tusk's administration greater scope to pursue a more active European policy and take the leading role in the EU to which it aspires.



Europe in the UK 2010 General Election

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‘Europe’ played a relatively small but nevertheless interesting part in the UK general election earlier this year.

Just before the campaign proper kicked off, William Hague, the Conservatives’ former leader and its foreign affairs spokesman, reminded the press that it would, once in government, oppose plans for a European Public Prosecutor able to issue European arrest warrants without asking permission from the government or the UK’s Director of Public Prosecutions. He also made it clear that a Conservative government would not only proceed with plans for a ‘referendum lock’ on the passage of further powers to Brussels but would resist any extension of QMV (qualified majority voting). On the other hand, just after the campaign opened, Hague claimed that the Conservatives were not seeking an early confrontation with the EU – words which did not, however, reassure either Labour or the Lib Dems, whose foreign affairs spokesman, suggested that the Conservatives (over a third of whose candidates in their top target seats, surveys revealed, wanted ‘a fundamental renegotiation’ of Britain’s membership) were ‘potentially quite a threat to this country’.

The minority of newspapers which were hostile to the Conservatives in 2010 also continued to remind their readers of the supposedly unsavoury attitudes of their partners in the European Conservatives and Reformist Group in the European Parliament and made much of predictions that the Tories would eventually have to rejoin the European People’s Party once they realised how isolated they were outside it. The same papers also noted that the line between the Conservatives and UKIP was a blurred one, notwithstanding the fact that David Cameron had once famously referred to the latter as a bunch of ‘fruitcakes, loonies and closet racists’ and the fact that one of UKIP’s elec-

tion posters featured a picture of Mr Cameron, alongside Messrs Brown and Clegg, with the populist tag-line ‘Sod the Lot.’ UKIP, incidentally, fielded well over 550 candidates, although its then-leader, Lord Pearson of Rannoch, tried to ensure none stood against six particularly Eurosceptic Tory candidates.

Europe did feature in the leader’s debates, especially in the second, which was primarily devoted to ‘foreign affairs’, suggesting once again that the British still haven’t quite realised that EU membership means that matters European can no longer be so easily separated from domestic concerns. In the days running up to the debate, Cameron reassured Eurosceptic voters by claiming he would ‘take on the other leaders because when it comes to Europe there’s a cosy Lib-Lab consensus saying: “Let’s say yes to everything that comes out of Brussels.”’ He went on to say that ‘We do not want to join the euro. We want to keep the pound as our currency. What the British people want is Britain in Europe but not run by Europe. They do not want a state called Europe.’ Meanwhile, Hague led the charge against Lib Dem leader Nick Clegg (who, the Conservative-supporting press never tired of reminding readers, was a former EU official and MEP), suggesting that he was ready to ‘sign up for anything that has ever been on offer or proposed from the European Union.’ Clegg responded by reminding people that the Lib Dems were the only party happy to hold a referendum on whether the UK should stay in or withdraw from the EU and asked rhetorically ‘Do we really think that we can pull up the drawbridge, and ranting and raving at Europe from the sidelines is really going to help us be stronger or safer? The weather doesn’t stop at the cliffs of Dover....I think we are stronger together and weaker apart.’

Speaking a day before the second debate, Cameron rowed back slightly and insisted, not for the first time, that ‘We don’t want to have some immediate Euro bust-up’, while at the same time announcing that he would be sending a senior (gay) frontbencher, Nick Herbert, to attend a gay rights march in Warsaw in July, primarily in response to

media concerns about the Conservatives' partners in the ECR – a promise that was, incidentally, kept. 'Our point is that it is good to have a new group that is against a federal Europe, that wants free trade, co-operation and progress in Europe', Cameron noted. 'And yes', he continued, 'some countries, particularly some of the Catholic countries, do have very conservative social views. They are on a journey in respect of that and it is a journey we can help them with.' This possibly patronising formulation did not, however, prevent Clegg from suggesting, in the debate itself, that Cameron had 'joined a bunch of nutters, anti-Semites, people who deny climate change exists, homophobes.'

Europe did feature in the leader's debates, especially in the second, which was primarily devoted to 'foreign affairs', suggesting once again that the British still haven't quite realised that EU membership means that matters European can no longer be so easily separated from domestic concerns.

In the debate Cameron was perfectly happy to showcase a stance that he knew resonated with the views of the majority of voters, claiming 'We are part of Europe, we want to co-operate and work with our allies in Europe to get things done. But we have let too many powers go from Westminster to Brussels, we have passed too much power over and we should take some back.' He even repeated (once again) the formulation first developed back when Hague had been leader, namely that the Conservatives wanted the UK to 'be in Europe, not run by Europe'. 'What you are hearing from the other two', he claimed, 'is don't trust the people, don't ask them when you pass powers from Westminster to Brussels, just give in to everything that comes out of Brussels and don't stand up for your country.' And beyond the generalities, he noted, 'I don't want us to join the euro, I want us to keep the pound as our currency. I don't want us to give up the British rebate, I want to make sure that we get value for money. I want to cut some of the bureaucracy, some of the rules, some of the regulations that I think drive business so mad. To those that say somehow this would be

isolation, I say nonsense.' Brown, characteristically, was even more specific, trying, like most Labour politicians to make the pragmatic rather than the idealist case, for the country's EU membership by stressing that three million British jobs supposedly depend on it.

Europe also featured briefly in the third televised debate, which was held as the scale of the economic and financial crisis in Greece was becoming ever more apparent – a development seized on by the Conservatives both as a reason for tackling the deficit early and as a stick with which to beat the Lib Dems. 'People', Cameron noted, need to know that the Liberal Democrats in their manifesto are still in favour of joining the euro. If we were in the euro now, your taxes and your National Insurance wouldn't be going to schools and hospitals and police officers, they would be going to bail out Greece.' The Greek meltdown also provided the Conservatives with yet more ammunition for their concerted campaign in the final week to alarm voters about the consequences of a 'hung parliament'. Such a result, Cameron suggested (neglecting to mention of course that Greece is one of the few European countries outside the UK in which single party majority government is the norm) would produce weak and divided government at a time when, 'we need to get on and take decisions, not haggle and bicker' – a message reinforced by the Conservative-supporting Daily Mail, which on polling day itself used its editorial to note that Greece's 'corrupt government – are British voters listening? – is the result of Proportional Representation.'

But PR or no PR, the UK general election failed to produce a clear result, the upshot of which was a coalition government formed by the Conservatives and the Lib Dems, who, after years of defending public services, will have to acquiesce in huge cuts in state spending and possibly need to swallow a stance on Europe that some (though not all) of them may find sticks in their throat. Like most of the coalition agreement – and the fact that the Lib Dems were awarded not a single one of the most important ministerial jobs – the document's words on Europe (see box) reflect the fact that the party has in the main had to accommodate Conservative preferences rather than the other way around.

Before the election, a number of respected commentators pointed to the concern about a Cameron government being expressed both publicly and privately by European governments, many of them ostensibly on the same side of the political fence as the Conservatives. Not everyone, of course, is quite so pessimistic. Speaking to a British journalist during the election campaign, Nicole Ameline, a French MP representing Nicolas Sarkozy's UMP party and co-president of the Anglo-French parliamentary friendship association, proclaimed her 'confidence in British pragmatism'. 'I dare to hope', she said, 'that, once in power, a Conservative government would recognise the seriousness of the present economic crisis and would accept the need for creative and cooperative responses at European level.' Those who hope to avoid a repeat of the arguments with Europe that occurred last time the Conservatives were elected to office must 'dare to hope' that she is right.

In black and white: what the coalition agreement had to say about Europe

- We agree that the British Government will be a positive participant in the European Union, playing a strong and positive role with our partners, with the goal of ensuring that all the nations of Europe are equipped to face the challenges of the 21st century: global competitiveness, global warming and global poverty.
- We agree that there should be no further transfer of sovereignty or powers over the course of the next Parliament. We will examine the balance of the EU's existing competences and will, in particular, work to limit the application of the Working Time Directive in the United Kingdom.
- We agree that we will amend the 1972 European Communities Act so that any proposed future Treaty that transferred areas of power, or competences, would be subject to a referendum on that Treaty – a 'referendum lock'. We will amend the 1972 European Communities Act so that the use of any passerelle would require primary legislation.
- We will examine the case for a United Kingdom Sovereignty Bill to make it clear that ultimate authority remains with Parliament.
- We agree that Britain will not join or prepare to join the Euro in this Parliament.
- We agree that we will strongly defend the UK's national interests in the forthcoming EU budget negotiations and that the EU budget should only focus on those areas where the EU can add value.
- We agree that we will press for the European Parliament only to have one seat, in Brussels.
- We agree that we will approach forthcoming legislation in the area of criminal justice on a case by case basis, with a view to maximising our country's security, protecting Britain's civil liberties and preserving the integrity of our criminal justice system. Britain will not participate in the establishment of any European Public Prosecutor.

The Human Rights Act, Fairweather Friends and Europe

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The Human Rights Act 1998 celebrated, or struggled to celebrate, its tenth birthday this year.

In the wake of the recent election and the pre-election mandate of David Cameron to eschew the HRA, one would be forgiven for thinking that the Act itself was solely the brain child of the Labour Party. Amidst calls dating back to 2006 for a "British Bill of Rights", Cameron, in the run up to the election had said that he would certainly remain a member of the Council of Europe. This membership would however fundamentally change the nature of the relationship between the UK and Strasbourg. The European Court of Human Rights at Strasbourg would continue to have a role, albeit this role would not have any direct impact on UK domestic law. These two things led many to believe that a Conservative government would likely seek to repeal the act. In an article entitled "Has Cameron thought it through or is he just thinking aloud?" published in the *Daily Telegraph* in 2006, Cameron's plans for the HRA were famously referred to as "xenophobic and legal nonsense" by Kenneth Clark, now the Shadow Business Minister. This agenda would have a significant effect on the UK's international legal standing. More specifically this would alienate the UK in a dramatic legal fashion from the rest of Europe. The UK would be on a par with Belarus as being the only other country in Europe not to have incorporated the ECHR into domestic law.

Back to the original point, the original impetus behind the HRA came from the Society of Conservative Lawyers. The purpose was (and remains) to incorporate the European Convention on Human Rights into UK domestic legislation. In an article published in the *Guardian* earlier this year, Francesca Klug charts the history of the development of the idea to its incarnation in the HRA. She chronicles how it was initially supported by both the Conservatives and the Liberal Democrats. It never was solely a "creature of the Left". Cameron's rhetoric to date would suggest otherwise.

The HRA has in the words of a civil servant at the Ministry of Justice become a "political football". The UK press have encouraged the politicisation of the Act by giving it such a hard time throughout its infancy. *The Daily Express* illustrated this only in July by publishing the headline "Now Asylum If You're Gay: They must be free to go to Kylie concerts and drink multi-coloured cocktails, says judge". However, as the axiom goes, that which does not kill us makes us stronger. And stronger the HRA has undoubtedly become. An ever evolving body of case law cements these rights into our society with every decision that is made by the Supreme Court (formerly the House of Lords). Real headway is being made in the journey towards a more all encompassing notion of equality. Unfortunately, these decisions are rarely given media attention.

Since 1979 the Liberal Democrats have supported the promulgation of a Bill of Rights. More so than the other two main parties, they have demonstrated an unfaltering commitment to the idea. It is of the utmost importance that the Lib Dems sustain this support for the HRA in the face of coalition negotiations and bargaining. The rights enshrined in the HRA are non-negotiable. From a national perspective, they protect the freedom and liberty of those who live under the jurisdiction of the HRA. From a European perspective, they attest to a shared history which cannot and should not be denied. The ECHR was crystallised in the wake of the atrocities of World War II. It was a joint effort amongst the countries of Europe to ensure that such horrific occurrences would never again manifest themselves in European territory.

As such, for Cameron to bin the HRA and choose not to incorporate the ECHR into UK domestic law would be an act of denial akin to a historical bypass. Not to mention the effect it would have on European relations. UK lawyers were among the main drafters of the ECHR. Fundamental rights arguments aside, the ECHR is a shared piece of European history of which the UK is very much a part. To get rid of the act would not only put the law established under its auspices into question by removing its legal authority, it would also be sending out an antagonistic signal to Europe.

On-Going Research

This section presents updates on the array of research on contemporary Europe that is currently being carried out at the SEI and across the University of Sussex

Solidarity in the EU: slogan, illusion or legal principle?

By Professor Malcolm Ross
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Take a multi-layered, contested, political and legal concept (solidarity) and try to map it on to a multi-layered, contested, political and legal project (the EU) and you have a maddening (or simply mad?) research topic.

Complexity, ambiguity and controversy abound in any such exercise. Yet scholarly and real-world interest in solidarity has been re-vitalised in recent years for various reasons. For some the trigger is the perceived need to limit the effects of globalisation or resist the emergence of policy discourses built upon (in)security or counter-terrorism. In this sense solidarity serves as an antidote, a totem for a society in which social values weigh significantly rather than a preoccupation with purely economic or public order concerns. Others, often but not necessarily Eurosceptics, see the solidarity of previously nationally-defined welfare systems as under threat from the liberalisation brought about by the EU and its single market agenda. On this interpretation the EU undermines national solidarity systems and, moreover, shows little will or ability to replace them with effective EU welfare regimes. These perspectives on solidarity have particularly attracted interest from social philosophers, political scientists and sociologists. Much more recently, lawyers have joined in this discussion either because of the way in which the rules of the market and competition

law are capable of being trumped by solidarity concerns (e.g. in relation to the provision of public services) or because of the highly visible presence of solidarity as a term in the post-Lisbon Treaties. For example, Article 2 of the TEU now lists solidarity as one of the core values of the EU whilst Article 3 (3) expressly refers to solidarity between generations and between Member States. So, like it or not, at some point in the (very) near future the Court of Justice will be called upon to address exactly what is meant by solidarity in the context of the EU's goals, policies and practices.



My personal research cuts across all of the above concerns but engages particularly with solidarity's role in the constitutional development of the post-Lisbon EU and its actual or potential function as a buttress for social justice values. In other words, I am interested in whether solidarity represents an emerging paradigm in EU law which both trumps, or at least interprets and modifies, other (often economic) goals and which might be distinctive from other, more familiar, legal concepts such as non-discrimination, fundamental rights and citizenship. My Law colleague, Yuri Borgmann-Prebil, and I have recently jointly edited a multidisciplinary collection 'Promoting Solidarity in the European Union' (Oxford, OUP, 2010), comprising a wide-ranging set of papers initially presented at Sussex in a 2008 conference sponsored by the *Modern*

Law Review. I am also currently completing an OUP monograph dealing with the conceptualisation of solidarity, its relationship with fundamental rights, citizenship and competition law and its place in understanding the new 'highly competitive social market economy' basis of the EU set out in Article 3(3) TEU.

Stretching back to ideas of fraternité and the French Revolution, solidarity relies upon a bond between members of the 'us' community

Not surprisingly, the intellectual lure of solidarity as a variegated concept presents challenges when trying to pin it down for analytical or normative purposes. Described elsewhere as an 'elusive but perennially attractive idea', solidarity can operate on a number of levels. It appeals to, or invokes, a moral dimension – in this sense it provides a value, a guide for conduct. Solidarity here flows from taking an 'as if' stance when seeing damage or wrong being done to others: I react as if that harm had been done to me. Stretching back to ideas of *fraternité* and the French Revolution, solidarity relies upon a bond between members of the 'us' community, although the basis of that bond may be thicker or thinner according to context and may change over time, a point of relevance to understanding the nature and extent of solidarity in a multilayered and pluralist polity such as the EU. This sense also points to another characteristic of solidarity, at least in its historical development, by connoting political commitment and transformative capacity, as seen in classical struggles of class and labour. Translated into the EU, the inescapable question becomes: solidarity between whom and for what? Solidarity between Member States might look very different from solidarity between citizens. Indeed, the former has perhaps already been hijacked by a security-led discourse in which solidarity is no more than the rhetoric for camouflaging governance through (anti) criminal measures hitherto agreed under the former Third Pillar arrangements and significantly 'mainstreamed' under the new Treaty structures. Solidarity between citizens, on the other hand, presents very different possibilities as regards the evolution of an EU potentially more than just an aggregation of States.

Indeed, one of the most critical tests of solidarity as a constitutional driver will be its role in relation to EU citizenship. The Court of Justice has been saying for a decade that such citizenship is 'destined to be the fundamental status of nationals of the Member States' (Grzelczyk, 2001). Yet what is the basis of that citizenship – is it limited to a collection of modest legal rights about free movement and residence to be asserted by migrant individuals against their host (or sometimes home) State? Or is citizenship to be shaped by fundamental social values that restrict unacceptable policies or behaviour by Member States? Whilst it is perfectly possible to have solidarities without citizenship, is it possible to have a meaningful citizenship without recourse to solidarity? In other words, a solidarity-influenced model of citizenship might focus more upon the obligations of social justice incumbent upon Member States rather than individual rights or non-discrimination. A series of cases in recent years has had to deal with the (allegedly) unreasonable burdens facing Member States when presented with welfare claims from non-economically active migrants exercising their free movement rights. Despite the best efforts of Member States to keep the lid on EU citizenship (particularly in the form of Directive 2004/38 and its restrictive treatment of groups such as students), the Court is tentatively beginning to develop the extent of the solidarity owed, as a matter of EU law, by Member States to all EU citizens. Whether the result of such a path will constitute a confidence-building measure in terms of citizens' faith in the EU as a project or, instead, invite a backlash against further 'erosion' of national solidarities is an open question.

What is clear is that contestation of solidarity as a concept in EU law is already under way. According to the European Commission, 'Solidarity is part of how European society works and how Europe engages with the rest of the world' (COM 2008, 412). Indeed, arguably, the extent to which solidarity 'takes off' as a legal principle is key to the future answer to the perennial question as to what exactly the EU is *for*. The Lisbon Treaty settlement can only accelerate the process of clarifying whether, and how, solidarity translates into an enforceable legal framework

Diaries of a veritable European Researcher

By Dr Lucia Quaglia
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In October 2008, right when the financial crisis reached its climax, I began a European Research Council (ERC) sponsored research project on financial services governance in the European Union (EU).

During the second year of my research, I was visiting fellow at the Robert Schuman Centre for Advanced Studies (RSCAS), European University Institute (EUI), Florence. I had a lovely and productive time there. The EUI is at the frontier of research on EU-related matters, it is an excellent place where to meet like-minded academics, interact with practitioners, who often visit the institute, engage in networking, and exchange ideas with other researchers. While at the RSCAS, I published my third research monograph, Quaglia, L. (2010) *Governing Financial Services in the European Union*, Routledge, London, 200 pages (see: <http://www.routledge.com/books/details/9780415564182/>). I also completed two volumes, which are now in press, namely, Dyson, K. and Quaglia, L. (forthcoming) *European Economic Governance and Policies: Volume I Commentary on Key Historical and Institutional Documents*, 800 pages (see: <http://ukcatalogue.oup.com/product/9780199594511.do?keyword=quaglia&sortby=bestMatches>), OUP, Oxford and Dyson, K. and Quaglia, L. (forthcoming) *European Economic Governance and Policies: Volume II Commentary on Key Policy Documents*, 800 pages (see: <http://ukcatalogue.oup.com/product/9780199594528.do?keyword=quaglia&sortby=bestMatches>), OUP, Oxford.

My research also examined the short term and medium term internal response of the EU to the global financial crisis as well as investigating the impact of the crisis in selected member states. Last but not least I engaged in intensive and extensive dissemination activities speaking and presenting papers at several academic events across



Europe and in the US.

At the end of my stay at the EUI, I landed with my parachute at the Max Planck Institute for the Study of Societies (MPIfG) in Cologne. That was quite a change from the sunny Tuscan hills, to the somewhat less sunny river banks of the Rhine River. The MPIfG, which is at the cutting edge in research on political economy and regulation in Europe, is an amazing environment for researchers, with a real sense of community. This very much reminds me of my home base, the Sussex

During the second year of my research, I was visiting fellow at the Robert Schuman Centre for Advanced Studies (RSCAS), European University Institute (EUI), Florence.

European Institute that I left last year for my academic tour of Europe.

At the MPIfG I will continue working on my ERC funded project, in particular focusing on the external dimension of EU financial regulation. I will also try to improve my basic knowledge of the German language. In the meantime, my second research monograph, which came out in 2008, *Central Banking Governance in the European Union: A Comparative Analysis*, Routledge, London, has just been published in paperback version (see: <http://www.routledge.com/books/details/9780415586658/>).

“Strategic Depth”: A reappraisal of Turkey’s traditional foreign and security stance?

By Dr. Sergio Catignani

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Over the last few months I have been carrying out a small research project on Turkey’s changing foreign policy agenda with particular reference to changes in its traditional strategic relationship with the United States, its commitment to the NATO alliance and with reference to its frustrations experienced during the ongoing problematic European Union accession process. I am still in the initial phases of my research project, so I am still trying to get a greater understanding of Turkey’s traditional foreign and security policy goals. I am also trying to better ascertain to what extent such aims have changed, particularly since the adoption of Foreign Minister Ahmet Davetoglu’s “Strategic Depth” vision as the guiding tenet of Turkey’s current foreign policy strategy since the Justice and Development Party’s rise to power in 2002.

This research note will highlight a few impressions taken from the two fieldwork research trips carried out in Turkey in April and July 2010. During these two trips I was able to interview quite a few retired and serving foreign and security policy experts as well as practitioners, who shared their candid views on the issues mentioned above.

The basic questions I am seeking to answer with this project are: what are the current domestic and international threats and opportunities that are shaping Turkey’s medium to long-term foreign and security policy? How are the various domestic and international actors influencing such policy outcomes and what effect are they having both in terms of their intended and unintended consequences? These questions cannot be explored in detail without first understanding Davetoglu’s “Strategic Depth” vision.

The principal thesis of Davetoglu’s “Strategic Depth” vision, explained in detail in his international relations book published in Turkish with the same title in 2001, is that a nation’s significance in global politics is based on its geo-strategic position and historical depth. As such, Davetoglu argues that Turkey is exceptionally endowed both because of its position in geopolitical areas of influence, especially its control of the Bosphorus, and its historical legacy of the Ottoman Empire. Due to these circumstances, Davetoglu stresses Turkey’s cultural and historical links with the Middle East, the Balkans and Central Asia. As the natural heir of the Ottoman Empire, Turkey should seek to offset its dependency on the West by encouraging multiple alliances in order to maintain a balance of power in its the region.

Since 2002, the Islamist Justice and Development Party (JDP) has, in fact, pursued quite an activist foreign policy agenda by opening up and expanding trade, diplomatic and defence relations even with states historically seen as regional rivals. The focus of such improved relations has been most notably Russia, Syria, and Iran. Nonetheless, Turkey’s diplomatic opening has reached even further afield and includes the African and Asian subcontinents. Whilst such improved diplomatic relations may be deemed a natural and basic consequence of Tur-



key's post-Cold War geo-strategic realignment, which no longer has to conceive Turkey as merely a trusted NATO ally and perpetual EU accession candidate, several policy-makers within the West have raised the question of whether or not the West is losing Turkey. As Gordon and Taşpinar (2008: 2) in *Winning Turkey* have posited, "anyone who dismisses such a possibility has not been paying attention, and anybody not thinking now about how to avoid such a scenario risks failing to do what is necessary to prevent it".

Whilst such a possibility is indeed something that both academics and policy-makers should consider attentively, space does not permit me to provide a definite answer, particularly at this stage of my research project. Rather, with this research note, I would like to highlight some of the disappointments that Turkish foreign policy experts and practitioners have experienced and expressed when confronting some of the challenges Turkish foreign policy has undergone over the last few years when dealing with NATO and the European Union and when judging the rationale behind Davetoglu's "Strategic Depth" foreign policy agenda.

Whilst Turkey's realignment with Iran, Syria and Russia, for example, has been dictated, amongst other things, by the need to stabilize the region it borders with (particularly the Middle East and Caucasus) through greater cooperation and engagement and by the need to procure gas and petroleum supplies in order to satisfy the ever-increasing energy demands brought about by its rapidly expanding economy, many in Turkey did point to the fact that such a realignment has also been brought about by the way the EU has been stalling progress in Turkey's accession negotiations. A senior advisor in President Abdullah Gül's office argued, in fact, that one of the reasons behind the change in Turkish foreign and security policy has been "the disappointment and resentment with Europe and the US" (16 July 2010).

Umit Pamir, former Turkish Permanent Representative to NATO and member of the NATO Secretary General's Group of Experts involved in formulating NATO's New Strategic Concept reiterated this sentiment by stating that, "While the EU has 'expansion fatigue', Turkey has 'antechamber

fatigue". Frayed Turkish-EU relations have, in fact, also affected Turkish-NATO relations particularly within the ongoing process of the EU's attempts at developing an European security and defence identity.

Umit Pamir went on by complaining that, "The Common Security and Defence Policy in particular has been seen as a major disappointment. The last Strategic Concept (i.e., in 1999) stated that there needed to be a balance of interests of the EU and access to NATO capabilities. Up to today, we are one of the most active contributors to European missions. We would like, thus, more transparency and reciprocity. If something were to happen in bordering countries, we could at least be consulted as per the Nice document on strategic partnership" (6 April 2010).

Many of those interviewed repeated the need for greater transparency and reciprocity in EU-Turkish and NATO-Turkish relations if such relations were to improve in the future.

Frustration with the EU, as well as disenchantment

The JDP has, in other words, been able to play on Turkish public opinion's latent distrust of the West, by garnering support for its recent diplomatic moves.

with the way the US and NATO have carried out the global war on terror since 2001, have also been significant factors in turning Turkish public opinion away from the West (See: German Marshall Fund's *Transatlantic Trends*).

Consequently, support for Turkey's realignment based on Davetoglu's "Strategic Depth" vision has gained sympathy and support beyond Turkey's Islamic constituency. The JDP has, in other words, been able to play on Turkish public opinion's latent distrust of the West, by garnering support for its recent diplomatic moves. Turkey's foreign and security policy repositioning has not, however, been immune to severe criticism from domestic political

actors strongly imbued in Turkey's traditional Kemalist and secularist ideals. This has been particularly the case within the military establishment, which has found itself at loggerheads with the JDP government not only in relation to recent foreign and security policy decisions, but also in relation to

A recently retired brigadier general stated that “the main motive for the AKP’s (i.e., JDP’s) policy is ideology: us (our Islamic civilization) vs them (the West)”

ongoing democratic reforms, which have been perceived by secularists as boosting the JDP's power base. They believe that rather than liberalizing Turkish state institutions the JDP has been instead dismantling Turkey's secularist foundations.

A recently retired brigadier general stated that “the main motive for the AKP's (i.e., JDP's) policy is ideology: us (our Islamic civilization) vs them (the West)” (9 July 2010). Moreover, Col. (Ret.) Sait Yilmaz, Director of BUSAM Strategic Research Centre at Beykent University, stated that ‘Turkish foreign policy before 2002 was guided by a secular government.

Unfortunately we have seen an Islamic party come to power since 2002. So, now, secular tendencies are being reversed, because of the US' democratic goal of establishing an 'Islamic democracy'. Because of this you are losing and we are losing Turkey! Now you are helping develop a foreign policy, which is not Western. Turkey can be used to stabilize the region and a bridge between the East and the West, but on the basis of Islam”.

Others, though, have clearly dismissed such criticism and tried to contextualize Turkey's realignment within the context of its traditional foreign policy standpoint. Vahit Erdem, JDP Member of Parliament and Turkish member of NATO's Parliamentary Assembly reassured that the traditional pillars of Turkish foreign policy have not changed substantially. He stated that ‘the two main pillars of Turkish foreign policy are: 1) to be a member of the

EU; and 2) to maintain its strategic relationship with the US and NATO”. He also argued that those who view Turkey's strategic re-alignment towards the East with suspicion should actually view it as a natural reconnection with its former imperial legacy: “Our close relations with these countries should not be considered as our disengagement from the EU and Europe. Rather we should see Turkey like the UK. The UK has a special relationship with the US, it has a UK-EU relationship, but it is also part and participates in the Commonwealth. Of course, we are not the UK, but there are some similarities between us”.

Obviously, both public and elite opinion within Turkey is divided on whether or not Turkey should continue to pursue a less West-dependent foreign and security policy within the international arena and continue domestic reforms, which might upset the delicate balance of power between the JDP and the historical bastions of secularism in Turkey. Many Western observers, furthermore, are still unsure where Turkey is heading both at home and abroad.

Both public and elite opinion within Turkey is divided on whether or not Turkey should continue to pursue a less West-dependent foreign and security policy within the international arena

Hopefully, this project, when finished, will contribute to the current academic and policy debates regarding the direction in which relations between Turkey and the West is heading and, if relevant, how such relations can be improved. Watch this space!

“In the thick of it” – participant observation at the European Parliament

By Amy Busby
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“Don’t worry, you’ll soon learn which ones are actually important” – this was the first assurance I received from my MEP’s assistant as I began scanning through the 150 emails a day our office receives, and began to wonder how I was ever going to balance being an intern and an anthropologist.

I am currently doing DPhil fieldwork at the European Parliament [EP] by spending 7 months as an MEP’s stagiere, an opportunity which has given me unparalleled access to backstage political processes and the opportunity to observe the everyday life of this institution. Fieldwork is a daunting as well as exciting time. As well as being castoff onto my island – or rather into the “Brussels bubble” – where I had never lived, had a questionable grasp of the language, (French and eurocrat!) and knew virtually no one; I had to rapidly get used to the delicate task of balancing a full-time job and writing thick descriptive ethnographic field-notes about my experiences and observations. However, I have been very fortunate to have many helpful and understanding, as well as extremely knowledgeable colleagues – or ‘natives’ - here in the EP and Brussels.

My research responds to and attempts to build upon recent quantitative findings that the EP political groups are becoming more cohesive (see <http://www.votewatch.eu/>). It looks more closely at [party] political processes occurring inside the institution and how this cohesion is achieved (or not) at the everyday level. This fieldwork will contribute data to the project which explores the EP political groups as *organisations*, their role in shaping the voting and activities of MEPs and staff, as well as the everyday life of this institution and way politics is practised here. The research takes an anthropological approach and analyses roles,

norms, organisational culture and social processes such as socialisation. During my time here, I have come to see the value of Bourdieu’s approach and concepts of the habitus, field and strategies which allow for structure and agency in analysis of behaviour and norms which are both important here, as well as Foucault’s approach to power as capillaries penetrating every aspect of daily life.

Fieldwork tends to go in fits and starts. Some periods you are besieged with data and ideas, but these are punctuated with times of stagnation and frustration where you wonder if you will ever be able to do enough to answer your question adequately. The first few weeks were quite overwhelming. However, once I had finally gotten to grips with navigating the building, (no easy task!) learnt a few dozen acronyms, acquired the all important access badge, gotten used to facing the inbox and attended my fair share of meetings – and effectively socialised myself - I began to be able to focus on my research.

Before embarking upon fieldwork, I examined the formal organisation and rules of the parliament and identified what I thought were areas important to my question. However, observing everyday activities has shifted the focus of my research because participating fully in the life of the EP has shown me what is really important inside Espace Léopold and Louis Weiss, and to their inhabitants. Much like being taught the formal rule book for a sport cannot give you an appreciation for the flow of the game which taking part does; reading formal procedures and analysing statistics cannot provide one with an understanding of what it is like to be a member of an institution, operate within it and of the rules that guide members’ daily behaviour. Becoming an *insider* has enabled me to look at how politics is done here and what kinds of power, influence, information and knowledge are important. I have had the privilege of observing committee, political group and delegation meetings, plenary sessions in Strasbourg, official events and many more informal kinds of activity which structure and colour political life here,

as well as seeing how MEPs' days are organised by the quarter hour and the array of issues, people and organisations who demand their time. I have come to see them as actors suspended at the centre of this flexible web whose strings tug them in different directions across the EP's four week calendar and to which they must respond according to their own priorities, interests and expertise. Participant observation shows you patterns of behaviour and the backstage practices which affect MEPs' behaviour and the way legislation is made which other methods cannot access.

Some of my initial findings have been the importance of the physical context of the "Brussels bubble" in which the institution is located and which structures interaction here. For example, the importance of Place Lux and semi-formal events inside the EP such as inter-groups and events, and the isolated nature of the bubble from the local population and electorate. I have also been able to observe political meetings and discuss with people where they think political decisions are made in the EP and where the centres of power are. Participation has also shown the importance of *information* in the EP, and the vital role assistants play in *filtering* this to MEPs. It has also enabled me to

see and experience informal activity and practices and appreciate their importance. Finally, I have been able to go to Strasbourg and observe the ritualistic practices surrounding this key week in the EP's monthly calendar. I will present these ideas in a paper at the UACES Annual conference in Bruges in September entitled "The Isle of Europe: what can ethnography tell us about politics at the European Parliament?"

Being *in the thick of it* has made it easier for me to arrange interviews formally and informally, (perhaps because I have an internal e-mail address and a better idea of peoples' schedules) and these will allow me to discuss my observations. An inductive approach fosters dynamic and flexible research which appreciates the aspects of life which are important to those who inhabit the particular field site. An ethnographic approach has much to offer political science as it provides a lens which allows you to appreciate the intricate ways in which politics is carried out at the everyday level, and an understanding of what it is like to live a political life in whatever your institution of interest. As organisational anthropologist Van Maanen has said, if you haven't been there, then you have probably missed something.

Inspiring Visit to the SEI

By Nursemin Sönmez

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It may be uncommon to do a research stay at the beginning of a PhD but in my case, it was a great chance to work intensively on my PhD proposal about the "Function of Knowledge in European 'Return migration' policy".

During this period, I have had the opportunity to work with Prof Jörg Monar who kindly offered to supervise me and to provide ideas for organising my research proposal but more importantly encourage me in my work. Thank you! Further discussions with other members of the Department and research students have also been really useful for developing my research. I have enjoyed work-

ing alongside other research students here and living in Brighton. I am currently finishing my research proposal and during my stay in Brighton, I feel I have achieved great progress in my work and feel more confident about my PhD subject.



During my time, I worked on the phenomena of knowledge in decision making in the special case of the 'return migration' policy at the European level. Since the 2000's, the terminology 'return' has featured on official papers at the European level. However, the terminology 'return' is very unclear and covers different cases like voluntarily return, expulsion and also deportation. In particular the difference between voluntary return and forced 'return' is blurred. Voluntary 'return' on official

Research

papers also includes several forms of involuntary 'returns' because of lack of chance for a right of residence. Beyond that it includes returns to home country and also transit country without a distinction. This therefore makes it necessary for me, to put this 'return' concept in a broader context of migration policy development which is mainly dominated by securitisation idea in spite of other different ideas like migration and development (external relation), the idea of human rights (rights based approaches) and the idea of managed migration (economic pressure, demographic arguments). The idea of security and migration will be a starting point for me to investigate this issue.

Another issue I worked on during my stay, was the question of what function knowledge plays as a resource of ideas, like return in a policy field of dominant idea of migration and security? Policy analysis, evaluation, data and different kinds of statistics offer a broad field of knowledge for decision making and also for ideas. The "Green Paper on a community return policy on illegal resi-

The SEI Welcomes New Visiting Researcher from the Netherlands

By Tim Houwen
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Tim Houwen is a PhD student at the department of social and political philosophy of Radboud University Nijmegen (The Netherlands). He holds a MSc in political science and a MA in philosophy from the same university. His main academic interests include populism, democracy, political representation, political ideology and agonistic politics.

As part of his philosophical PhD project, he is studying different aspects of 'populism'. Through his research he intends to determine why politicians or political parties are labeled as populist. Moreover, the aim of the research is to explain why populism is a recurrent phenomenon of representative democracy. Finally, the research will try to understand what the precise role of popu-

lism is in democratic societies. During his visiting period at the University of Sussex, he will be working with Profs Paul Taggart and Paul Webb. He will be engaging in an analysis of populism in European countries, paying particular attention to the Netherlands. He will try to understand populism as a hybrid form: populism as a political label that can be applied to political actors, populism as a set of ideological ideas and practices and finally, populism as a political phenomenon of representative democracy. During the Autumn term of 2010 he will seek to combine these philosophical ideas on populism with empirical research analyzing political speeches, party programs, pamphlets and the reception of populism in academic literature.

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Plebiscitary Politics in European Integration

By Kai Oppermann
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Kai Oppermann is a Marie Curie Fellow in residence at the University of Sussex for one year between August 2010 and July 2011. He is Assistant Professor at the University of Cologne, Germany, and his research interests focus on the domestic politics of European integration and on British European policy. Oppermann's award is for a research project on the causes and effects of plebiscitary politics in European integration, i.e. the politics by governments of voluntarily committing to popular consultations on European issues which are neither constitutionally required nor forced upon them by other domestic actors. Professor Paul Taggart will act as the scientist-in-charge of the project. Oppermann will teach a course on 'Referendums on European Integration' in the spring term.

European integration is 'the most voted-on issue in the world': it has so far given rise to forty-nine referendums in members and non-members of the EU alike. Almost half of these referendums have been triggered at least partly at the discretion of governments and their parliamentary support coalitions. More than two-thirds of these votes have been held since the signing of the Maastricht treaty. In addition, governments have voluntarily committed to EU referendums at various other occasions but eventually did not have to follow up on their pledges, for example in regard of the European Constitutional Treaty. In view of this empirical record, the puzzle at the heart of my project is why governments were so often prepared to expose themselves to popular votes on their policy on Europe without being obliged to do so.

The main hypothesis of the project is that the trend towards plebiscitary politics in European integration can be explained as a defensive response of governments to the increasing domestic

contestation of the EU. European integration is a 'maverick issue' that has the potential to disrupt established patterns of domestic political conflict. For pro-European government parties at the centre of national party system, the party political contestation of Europe tends to come at a political cost both in terms of interparty competition and intraparty management. They have thus every incentive to neutralise the issue in the arena of party politics.



Plebiscitary politics, in turn, offers itself as a governing strategy to follow up on these incentives. On the interparty dimension, referendum pledges decouple European policy from electoral competition. As for intraparty management, referendum commitments may be employed as intraparty 'agreements to disagree'. This defensive rationale for governing parties to engage in plebiscitary politics can be juxtaposed to and tested against an offensive case for pledging EU referendums as a means of governments to realise domestic or European-level political gains.

While in Sussex, I first plan to put the finishing touches on the project's theoretical framework and to conduct an expert survey to collect data on the predominant calculus of governing majorities when they pledge EU referendums. I will then move on to test the main hypothesis of the project and hopefully shed some light on the driving forces behind the dynamics of plebiscitary politics in European integration. I greatly appreciate the opportunity to discuss my work with colleagues and students at the SEI and I very much look forward to advancing the project.

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 seven new additions to the series. Key points from these are outlined below. EPERN papers are available free at: www.sussex.ac.uk/sei/1-4-2-8.html



ELECTION BRIEFING PAPER No. 51

“Europe and the Hungarian Parliamentary Election of April 2010”

Dr Agnes Batory
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Key points:

- The Hungarian party system, for much of the past two decades one of the most stable (if not ossified) in Central and Eastern Europe, showed a dramatically different picture from the last parliamentary elections four years ago.
- The major opposition party Fidesz won 68% of the seats in parliament, a sufficiently large majority for amending the constitution if it so decides. The elections thus

opened the way for large scale changes.

- The election results mainly reflect the voters’ wish to ‘punish’ the incumbent government. All other parties entering parliament after the elections performed well, and they did so, to smaller or greater extent, at the Socialists’ expense.
- The extreme right Jobbik came in as the third largest force, in Eastern Hungary even beating the governing Socialist Party to second place.
- With Jobbik and ‘Politics Can Be Different’, a green(ish)-liberal grouping, two new parties entered the national assembly for the first time, while two ‘old’ parties, the Democratic Forum and the Alliance of Free Democrats, respectively the largest and second largest parties in the 1990 first free elections, dropped out and all but disintegrated.

ELECTION BRIEFING No. 52

“Europe and the Presidential Election in Romania, Nov 22-Dec 6 2009”

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Key points:

- On 6 December 2009, following two rounds of elections, the incumbent Traian Băsescu won a narrow victory of 50.33% over Mircea Geoană’s 49.67% and was elected President for a second five-year term.
- For the first time in post-communist Romania, the votes of citizens living abroad changed the outcome of the elections.

- The campaign revealed a pre-occupation for personal attacks, monologues, and divergent discourses.
- During the campaign for the first round, the media played a crucial role through its biased reporting of events.
- Exit polls broadcast during election day triggered bandwagon and intimidation effects that secured the access of the first two candidates into the second round.
- The election was dominated by domestic issues, the European dimension being left aside.
- The consequences of the presidential election results were visible at the level of government in Romania. The continuity of Mr Băsescu as President implied the survival of a government that had failed a vote of confidence six weeks before the election.

ELECTION BRIEFING No.53

“Europe and the UK General Election of 6 May 2010”

Dr. Tim Bale
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Key Points:

- The centre-right Conservative Party, under David Cameron, returned to office after thirteen years of Labour government ushered in by Tony Blair’s landslide victory of 1997. This was only made possible, however, by the party signing a deal with the Liberal Democrats – a party widely thought of as remarkably pro-European and on the centre-left of the political spectrum. The agreement created the UK’s first peacetime coalition since 1939.
- The Conservatives ‘won’ the election on a swing from Labour of five percentage points but, because the electoral system continues to work against them, this was insufficient to provide them with an overall majority.
- The party to which the Conservatives

turned in order to secure a majority, the Liberal Democrats, surprised many of its members and voters by agreeing to a coalition in the wake of an electoral performance that – particularly after the high hopes generated by an apparent surge in support during the campaign – was deeply disappointing: a marginal increase in vote share to 23 per cent actually netted the party five fewer seats than it started with.

- The Labour Party under its unpopular leader, Prime Minister Gordon Brown, lost over 90 seats. Its vote share declined by just over six percentage points and dropped under 30 per cent for the first time since the 1980s. The electoral system, however, meant that Labour continued to hold nearly 40 per cent of seats in the British House of Commons, the all-important lower house of parliament.
- The biggest breakthrough was for the Greens, who became one of the only parties of their ilk in the world to win a seat in a legislature elected using a plurality first past the post system.
- The 2010 was the first UK election to feature live, televised debates featuring the party leaders – a development that arguably dominated the campaign.

ELECTION BRIEFING No. 54

“The Dutch General Election of June 2010”

Stijn van Kessel
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Key Points:

- The Dutch Parliamentary election of 2010 was held on 9 June 2010, about a year early due to the break-up of the fourth Cabinet of Prime Minister Balkenende over the issue of extending the presence of Dutch troops in Afghanistan.
- In a neck and neck race the victorious Liberal Party managed to gather one seat more than the Labour Party, which lost a few seats in the Lower House of the Dutch Parliament (*Tweede Kamer*).

- The Christian Democrats of Prime Minister Balkenende suffered a historical loss, losing nearly half of their seats.
- The Freedom Party of Geert Wilders did better than expected in the final weeks of the campaign and was the major winner of the election. As a result the party became the third largest party in parliament, finishing ahead of the Christian Democrats.
- European issues played a minor role in the campaign. Instead, the campaign was dominated by socio-economic issues. The occasional references to ‘Europe’ were generally related to EU contributions and the European bail-out plan for Mediterranean countries.
- The formation of a stable governing coalition seems an arduous task ahead.

<p>'ELECTION BRIEFING No.55</p> <p>“Europe and the June/July 2010 Polish Presidential Election”</p> <p>Prof Aleks Szczerbiak Sussex European Institute University of Sussex Email: a.a.szczerbiak@sussex.ac.uk</p> <p>Key points:</p> <ul style="list-style-type: none"> • The 2010 Polish Presidential election, originally scheduled for the autumn, was held early following the tragic death of President Lech Kaczyński in a plane crash at Smolensk in western Russia. • Bronisław Komorowski, the candidate of the governing centre-right Civic Platform 	<p>(PO) party, overcame a robust challenge from Jarosław Kaczyński, the late President's twin brother and leader of the right-wing Law and Justice (PiS) party, to win a tightly contested second round run off by 53% to 47%.</p> <ul style="list-style-type: none"> • Grzegorz Napieralski, the leader of the communist successor Democratic Left Alliance (SLD), also ran a surprisingly vigorous campaign to come in third with 13.7% of the votes in the first round. • The election shows us that the Smolensk tragedy accelerated the declining effectiveness of opposition to Law and Justice's 'Fourth Republic' project, the key to Civic Platform's dominance of the political scene over the last few years, as method of counter-mobilisation.
<p>ELECTION BRIEFING No. 56</p> <p>“Europe and the Albanian Parliamentary Election of June 2009”</p> <p>Fisnik Korenica - fisnik@legalpoliticalstudies.org Dren Doli - dren.doli@legalpoliticalstudies.org Group for Legal and Political Studies/University of Prishtina</p> <p>Key points:</p> <ul style="list-style-type: none"> • The Berisha-led Democratic Party won the June 2009 parliamentary election by a slim margin; however, it had no chance of forming a government alone. • Though the Socialist Party lost the election, 	<p>it won a substantially greater number of votes and seats than it did in the previous election.</p> <ul style="list-style-type: none"> • In spite of a turbulent past relationship, the Democratic Party and the Socialist Movement for Integration formed a coalition government, the very first coalition of its kind in Albania. The Socialist Party contested the fairness of the election, and demanded a review of the ballots. • The new electoral system produced a bipolar parliament, proving that it greatly favoured the two biggest parties over smaller parties vying for seats in parliament. • European integration and visa liberalisation topped the agenda .
<p>ELECTION BRIEFING No. 57</p> <p>“The absence of Europe in the Czech Parliamentary Election May 28-29 2010”</p> <p>Vít Hloušek and Petr Kaniok Masaryk University Email: hlousek@fss.muni.cz.; kaniok@fss.muni.cz</p> <p>Key points:</p> <ul style="list-style-type: none"> • At 62.6%, election turnout was significantly lower than the 1990s average but only slightly lower than the 2006 elections. • European issues were completely absent in 	<p>the campaign and the level of Europeanisation within Czech party competition is negligible.</p> <ul style="list-style-type: none"> • Both major poles of the Czech party system declined dramatically: the right wing Civic Democratic Party as well as the left wing Czech Social Democratic Party. • The Green party and Christian and Democratic Union-Czechoslovak Peoples' Party lost their parliamentary representation. • Two new parties gained parliamentary seats: Tradition-Responsibility- Prosperity 09 & Public Affairs, both right wing parties.
<p>36 euroscope</p>	

New SEI Working Papers

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

SEI Working Paper: No 114

EU Internal Market: Shaping a new Commission Agenda 2009-2014.

Dr Peter Holmes and Prof Jim Rollo, *Sussex European institute, University of Sussex*
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Abstract

The first section of this paper looks at the general challenges of the prevailing financial and economic context that the incoming EU Commission will confront when formulating economic

policy to manage the impact of the crisis on the Single Market. It identifies a significant need to reinforce the case for the Single Market in the context of the crisis when the benefits of liberalisation are questioned. This paper considers specific issues of importance in crafting internal and external economic policy instruments to meet the agreed targets for global climate change policy post 2012. The section concludes by examining the challenges and opportunities involved in meeting these future targets in a context where global and even EU consensus is lacking.

SEI Working Paper No 115

The Economic and Financial Crisis: impacts on an emerging economy – Ukraine

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Abstract

The emerging economies of Central and Eastern Europe generally suffered more seriously in the financial and economic crisis of 2008-2009 than the developed economies of Western Europe. However the crash came after several years during which unsustainable credit bubbles had been built up. As the financial crisis entered its crucial phase with the failure of Lehman Brothers in September 2008, emerging markets plunged with sharp devaluation of currencies. The relatively sudden shift in the perception of risk meant that most of these countries found themselves cut off from international capital markets or with foreign capital being withdrawn. As the financial crisis turned into an economic crisis they also saw export demand contract sharply. The result was serious disruption to financial markets and deep recession.

Emerging markets in Asia, and notably China, recovered rather quickly. In general financial institutions in this region had been far more prudent in their lending following the Asian financial crisis of the late 1990s than those in Europe and the United States. Some of the worst affected states were the emerging markets in Europe, notably the three Baltic countries, Russia and Ukraine. Here economic growth in 2009 declined by between 9% in Russia and 18% in Latvia. This paper takes a deep look at one of these economies, Ukraine, and underlines the importance of political stability in determining the depth of the crisis.

The short-term outlook for Ukraine's economy is for a steady recovery through 2010 continuing on through 2011 as world markets recover. However this recovery will be weak with growth of only perhaps 2.5% in 2010 after the dramatic 15% fall in GDP in 2009. If the current recession turns into a double-dip recession then even this forecast is optimistic. This paper analyses the causes of the deep recession in Ukraine, the strength of the current recovery and the role which political stability may play in this recovery. But the real challenges for Ukraine lie in structural reforms which will promote growth, employment and welfare in the medium and longer

Research

term. Very little progress has been achieved in even beginning to tackle some of these problems. Two of these structural issues are becoming extremely urgent. The first, the pension crisis, is not discussed at any length here, but it should be

noted that Ukraine spends a larger part of its GDP on pensions than any other country in the world. The energy sector, in which inefficiency, corruption, opacity and waste are an enormous burden on the economy, is discussed in full however.

The Portuguese Communist Party – Lessons in Resisting Change

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SEI Working Paper No 116

Abstract

This paper examines the development of the Portuguese Communist Party (PCP). It asks why the PCP remained a pariah and stayed rooted to orthodox Communism when many other West European Communist Parties (WECPs) reformed themselves or broke with Communism following its collapse in central and Eastern Europe (CEE) in 1989. The paper analyses the factors behind four major attempts to transform the PCP and the reasons for their failure. It shows how some WECPs were able to maintain rigid organisations based on democratic centralism and seeks to shed light on

the secretive internal workings of one of the last European bastions of Stalinism. To do this it imports an analytical framework developed to explain the diverse adaptation of Communist parties in CEE. This shows how the PCP's leaders pursued restrictive elite advancement processes to constrain the emergence of reformists. Moreover, it provides a basis on which to analyse how the PCP's leaders pursued authoritarian organisational strategies to tightly control decision-making. These processes enabled the PCP to resist calls for programmatic moderation following external shocks including the events of 1989 and disastrous electoral defeats. Elite interviews and analysis of party documents are used to demonstrate that this framework has considerable merits in helping political scientists to develop a more theoretically informed and comparative understanding of WECPs.

The European Parliament and the 'Returns' directive: The end of radical contestation; the start of consensual constraints?

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SEI Working Paper No 117

Abstract

In 2008, the European Parliament and the Council approved a new directive that sought to regulate and harmonise the standards of deportation. The „Returns“ directive raised criticisms from various fronts but it also confirmed the European Parliament as a new actor in the field. The EP, thanks to its new co-legislative powers, became an active promoter of EU-wide policies seeking to remove irregular immigrants from the territory. Interestingly, before turning into a co-legislator the EP had

led a sustained opposition to the policies formulated by the Council in this field, with a clear bias towards security: a preference for legislating in the area of irregular immigration at the expense of regular immigration as well as securitising external borders has turned the EU into a circle of exclusion where entrance is pre-empted and deportation promoted. The „Returns“ directive, is in this sense a perfect example to analyse the effects of co-decision. A double-edged sword, co-decision has eliminated a direct source of contestation and made it more difficult to stop proposals feeding this circle; however, it has also given a chance to introduce subtler constraints on Member States, making the end result slightly more favourable for third-country nationals than what it might have been otherwise.

Activities

SEI staff, doctoral and masters students and Law undergraduates report back on their experiences of the exciting activities they have recently been involved with.

Flourishing Teaching Exchange with Paris V Descartes

Professor Susan Millns

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In May Professor Susan Millns and Dr Yuri Borgmann-Prebil from Sussex Law School took part in a teaching exchange funded by the EU's Erasmus programme and undertook a series of seminars contributing to the Masters programme in the Common Law and Comparative Law at the University of Paris V – Paris Descartes.

The Masters degree is a well established programme which aims to examine from a comparative perspective the particularities of the common law system. Courses are taught in English throughout the academic year by a series of visiting professors from countries with common law systems (including the United States, Canada, South Africa, Australia, Ireland, Scotland and England/Wales). Courses are given on particular aspects of the legal systems concerned, such as common law methodology, torts, constitutional law, criminal law, contract, property law, company law, tax law, family law, plus the inevitable common law particularities of equity, trusts and restitution. All courses are taught in English and the student participants represented a huge array of nationalities,

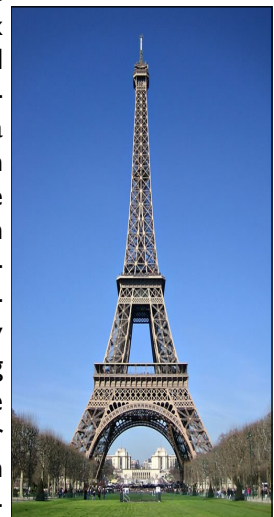
The teaching exchange is set to continue in the next academic year

both European and non-European.

The course delivered by Professor Millns and Dr Borgmann-Prebil was on 'European Regulation from a Common Law Perspective'. The aim of the seminars was to investigate from a common

law, and particularly UK, perspective, the dynamic nature of European legal integration against a backdrop of economic, social and political developments that have characterised the evolution of the European Union over half a century. In doing so the module comprised three main parts. The first provided an overview of theoretical approaches to the unique process of European legal integration focussing in particular upon the role of the European Court of Justice and its jurisprudence as a motor of integration. The second and third parts examined instances of the application of these theories in two key, but quite different, aspects of EU law and policy, that is constitutionalism and the internal market. Particular emphasis was placed on the ways in which the UK's common law system has been affected by European legal integration with respect to contentious issues such as parliamentary sovereignty, the rights of workers and the protection of fundamental rights.

The teaching dimension to the exchange had been consolidated earlier in the year with a visit to Sussex University by Dr Fouad Nohra, a lecturer at the University of Paris V. Dr Nohra gave classes to students in Sussex Law School and in the Department of Politics on issues of the law of development, French legal methodology and contemporary French politics. The teaching exchange is set to continue in the next academic year with a similar contribution being made by Sussex aca-



Activities

demics to the Paris Common Law programme and a similar return visit from a Paris colleague to contribute to the teaching of French law for those students from Sussex who will embark upon a year abroad in a French law faculty as part of their degree programme.

A further dimension to the link with Paris-Descartes is the contribution by Susan Millns to a book which is being edited by Dr Anthony Chamberedon, the Director of the Common Law pro-

gramme. The book, provisionally entitled 'An Introduction to Common Law Cultures' will assess the evolution of the original English common law tradition in the various countries and cultures where it has, and continues to, develop. This collection will be the first textbook published in France which presents the diversity of common law traditions from scholars writing about their own national and local jurisdictions. It will also be a unique volume in the Anglo-American literature on the subject.

Diversity and Human Rights Summer School in Palermo

By Professor Susan Millns
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In June of this year Professor Susan Millns of Sussex Law School visited Sicily for one week to participate in an international summer school on 'Diversity and Human Rights'.

The event was organised jointly by the European Academy of Legal Theory, an internationally renowned research centre in the field of philosophy of law, and the PhD programme on human rights within the Law Faculty of the University of Palermo. The summer school consisted of a series of seminars on different aspects of equality, discrimination, diversity and rights given by academics from a range of European countries including France, Iceland, Spain, Belgium, Italy and the UK. The event was open to postgraduate students and researchers with an interest in legal theory and was attended by around 40 students from all over the world. Classes were held in English, French and Spanish, thus demanding good language and communication skills from the students concerned.

The week long programme was designed to explore in depth the role played by the concept of 'human diversities' in human rights discourse. This subject has given rise to controversy in contemporary philosophical reflection as well as in social and political theory. In particular, the relationships be-

tween 'cultural diversity' and 'human rights' have increasingly been a crucial theme in human rights law, raising questions about the universality or cultural relativity of their meaning and protection, and of the sensitivity required of human rights courts (and committees) to cultural differences.

Diversity does not refer only to cultural diversity, but it can also be based on gender, abilities/disabilities, age, sexual orientation, race, religion and class. Diversities have been traditionally approached in law through the lenses of the principle of non-discrimination. However, many concerns about the protection of human diversities involve the need for the State to act in order to recognise difference. A key aim of the summer school was therefore to offer some tools for the conceptual analysis of these issues taking account of different perspectives and the complex interaction between legal practice and philosophy.

Professor Millns' key contribution to the summer school programme was a seminar on the theme of 'European Perspectives on Sexual Orientation Discrimination'. The seminar examined a number of aspects of sexual orientation discrimination across



Europe. Starting with a brief historical review of the extent of discrimination against individuals on the ground of their sexual orientation, it was noted that the first mention in English common law of a punishment for homosexuality was as early as 1290 and that this was followed by a Treaty in 1300 that sodomites should be burned alive. The 1861 Offences Against the Person Act formally abolished the death penalty for buggery in England and Wales and in 1885 the offence of 'gross indecency' was created. It was not until 1967 that the UK's Sexual Offences Act formally decriminalised homosexual acts between two men over the age of 21 years and 'in private'. While the fight for recognition and against inequality and discrimination has characterised the Lesbian, Gay, Bisexual and Transgender movement through its rise over a period of many years, it was shown how this struggle has been carried out at national, European and world-wide levels and continues very much to the present day. Only this year a Malawian judge sentenced a gay couple to jail for 14 years - the maximum prison term for sodomy and indecency in Malawi. Similarly, a 2010 report by the campaign group Stonewall accuses Britain's immigration system of 'institutional homophobia' following evidence that 98% of gay asylum-seekers fleeing persecution for their sexuality are returned home to a likely fate of death or persecution.

Following a broad historical introduction to the subject, Professor Millns went on to discuss in more detail the supranational level of protection offered against discrimination on grounds of sexual orientation through the European Convention on Human Rights and under the jurisdiction of the European Court of Human Rights. Here the discussion centred around the use made of Articles 8 (the right to private life) and 14 (the non-discrimination provision) of the European Convention to tackle discrimination on the basis of sexual orientation. Key cases such as *Dudgeon v UK* (1981) and *Norris v. Ireland* (1988) were discussed and it was noted how these cases had succeeded in putting an end to discriminatory laws regarding age of consent for male homosexuals in Northern Ireland and the Republic of Ireland. Also the object of debate were more recent cases dealing with the ban on gays in the British army and the European Court's decisions that this policy was also in

clear breach of the European Convention (see *Lustig-Prean & Beckett v. UK* (1999), *Smith and Grady v. UK* (1999), *Beck, Cop and Bazely v. UK* (2002), *Perkins and R. v. UK* (2002)).

Secondly, at the supranational level, debate centred on the protection offered under European Union law and its more recent attempts to tackle discrimination upon a broad range of grounds including sexual orientation. Here the introduction of Article 19 of the Treaty on the Functioning of the EU (ex Article 13 EC Treaty), brought in with the Amsterdam Treaty, was discussed. The pros and cons of the secondary legislation introduced under Article 19 TFEU, notably Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation (on grounds of religion or belief, disability, age and sexual orientation), were examined and the limitation of its provisions to the market sphere was noted. Furthermore, the new legal status given by the Lisbon Treaty to the EU's Charter of Fundamental Rights was explored in so far as the Charter too encompasses a prohibition on discrimination 'based on any ground such as sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation' (Article 21).

Throughout the discussion inevitable comparisons were made with the legal response to discrimination based upon sex and transgender status. This led to an interesting exploration of the complex issue of intersectionality and the apparent inability of legal systems and courts to grapple successfully with the complexity of multiple identities and multiple diversity based on sex, sexual orientation, race, age, religion, disability and class.

The contributions to the summer school will be published shortly in Italian in the 13th edition of the journal *Ragion Pratica*. Further discussion of some of the issues raised in the seminar may be found in K. Brayson & S. Millns, 'Women's Rights, Transgender Rights and Homosexual Rights on the European Stage: Do these marginalised groups find a 'voice' in the European Court of Human Rights?' (2010) 16/2 *European Public Law*, 441-457.

ECPR Pan-European Conference on EU Politics in Porto

By Ezel Tabur
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The Fifth ECPR Pan-European Conference on EU Politics was held by the ECPR Standing Group on the EU on 23-26 June 2010, hosted by the University Fernando Pessoa and the Faculty of Economics of Porto in Porto. The SEI was well represented at the conference owing to a wide range of interesting sections incorporated in the programme as well as the attractiveness of the city of Porto. In addition to more than a hundred panels, the conference programme also incorporated a number of special lectures and round-tables on the issues concerning the EU politics.



Current and former SEI doctoral students had the opportunity to present their research, network with other scholars in the field as well as enjoy the picturesque city. John FitzGibbon (SEI doctoral student) presented a paper on 'The Failure of Political Parties and the Triumph of Civil Society: Ire-

land's two Lisbon votes in wider perspective' and was a discussant for a panel on 'Politicization of European integration'. Martine Huberty's (SEI doctoral student) paper dealt with 'Luxembourg's role in the Stability and Growth Pact at the Dublin Summit in 1996 and its reform in 2005'. She also took on the role of the discussant for a panel on the 'Logics of Institutional Action in the EU'. The paper of Ariadna Ripoll Servent (SEI doctoral student) dealt with the Returns Directive and co-decision mechanism. I presented a paper on the EU's eastern neighbourhood and the issue of immigration in the framework of the European Neighbourhood Policy. In addition to the current doctoral students, two researchers who were formerly affiliated with the SEI also participated in the conference. Former SEI doctoral student, Dr. Simona Guerra, who is now a Lecturer in Politics at Loughborough University, presented a paper on 'the Church and Polish Euroscepticism in comparative perspective'. Stefano Braghiroli, a former visiting research student at the SEI from the University of Seine, presented a paper titled 'Cohesive armies of loyal troops? Looking at MEPs' parliamentary loyalty through their institutional self-representation'.

On the whole, the conference was a great opportunity for researchers working on EU affairs to get feedback on their research as well as to network with other researchers with similar interests in a constructive environment. I particularly encourage doctoral students who research on EU politics to aim at presenting their research in the following annual conferences.

Funded Research at PRIO in Norway

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From April to July 2010 I was working as a visiting researcher at the Peace Research Institute Oslo (PRIO).

This was the result of being awarded the Yggdrasil Scholarship, a programme financed by the Research Council of Norway, that promotes the internationalisation of Norwegian research by offering grants to international PhD students and younger researchers in connection with research stays in Norway.

PRIO is a research institute established in 1959, “whose overarching purpose is to conduct research on the conditions for peaceful relations between states, groups and people”. (<http://www.prio.no/>) Research activity is organized into three Strategic Institute Programmes: Conflict Resolution and Peacebuilding, Ethics, Norms and Identities, and the Security Programme. In addition, PRIO hosts the Centre for the Study of Civil War. During my visiting period, I was working together with the ‘Migration and Transnationalism’ research team, which is part of the Ethics, Norms and Identities programme. The ‘Migration and Transnationalism’ team has cooperated in the past in some projects with the Sussex Centre for Migration Research and it is currently involved in the ‘MEDiA – Migration to Europe in the Digital Age’ research programme, led by the SEI-based Dr James Hampshire.



I aim to use the material I collected [at PRIO] to write a paper on the Oslo Italian community.

During my stay at PRIO, my supervisor was Dr Cindy Horst, an expert in diaspora organizations and transnationalism, which is part of the theoretical framework of my own DPhil research on the political participation of Italians in London. Therefore the visiting period at PRIO was useful to discuss and refine my project and to increase my knowledge of the literature on political transnationalism.

Moreover, I was asked to give a presentation at one of the monthly migration seminars organized at PRIO, where I spoke on 'Intra-EU mobility and political transnationalism: The case of Italians in London'. In my talk, I presented the main characteristics of the group and I discussed their social integration and political participation. In particular, I focussed on how Italian institutions, associations and political parties influence the interest and in-

volvement of London-resident Italians in homeland politics.

Finally, I also used the time I spent at PRIO for conducting some research on Italian migration to Oslo: this allowed me to adopt in another setting the research methods used in my DPhil research. I aim to use the material I collected to write a paper on the Oslo Italian community.

Overall, my experience at PRIO has been very positive. The staff at PRIO were very nice to me and helped me to settle into the new country; moreover, the spring and summer months are the best period to visit Norway because of warmer weather and longer days. Besides these personal aspects, working at PRIO allowed me to better understand the differences between the activities of an academic institute and a research institute, and to see how research is conducted in a country other than the UK. Thus I think that the Yggdrasil programme is a good opportunity for international researchers and I recommend that other SEI-based students consider it in the future.

In Bruges.

By Ariadna Ripoll-Servent

SEI Doctoral Student

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The SEI infiltrates the UACES General Conference

Attracted by the magic of Bruges, the SEI was well represented at the UACES General Conference held in the College of Europe from the 6-8 September. Established academics and DPhil students shared their best research on a wide variety of topics, either individually or in panels organised by the SEI or former SEI members.

Prof. Tim Bale presented a paper written jointly with Sean Hanley and Aleks Szczerbiak on the impact of the new European Conservatives and Reformists (ECR) group on Euroscepticism in the European Parliament. Francis McGowan discussed the absence of securitisation processes in the EU approach to energy security and the long-term dynamics explaining this absence. Finally, Ezel Tabur examined the global approach to migration with an emphasis on the policy-making process and how the issue of immigration is managed under the ENP framework.

SEI-ers also organised three of their own panels. The first, put together by former SEI DPhil Dr. Simona Guerra, discussed Euroscepticism in several EU countries - a topic on which the SEI has many scholars working. John FitzGibbon examined the role of civil society groups during the 2008 campaigns for a referendum on the Lisbon Treaty in 2008, drawing comparisons with the UK, Estonia and Denmark. Dr. Simona Guerra concentrated on the role of the Church as a Eurosceptic political actor in Poland and Croatia. Finally, Marko Stojic presented his research on Serbian political stances towards the EU after its application for membership in 2009.

The other two panels were organised by the *European Parliament Qualitative Research Network*, which was set up by two SEI DPhil students earlier this year. The panels followed the workshop organised by and held at the SEI in July 2009. The two panels



discussed how future qualitative research can help to fill some of the gaps left by quantitative research in the European Parliament. They followed up and complemented other (quantitative) research on the co-decision procedure presented at the conference. Both panels – chaired by Prof. Tim Bale – offered reflections on methodology and results of qualitative research currently being done on the European Parliament. Nathalie Brack offered a classification of Eurosceptic MEPs into ideal-types, while Maja Rasmussen examined two legislative procedures in order to assess the impact of lobbies on the EP's decision-making process. Ariadna Ripoll Servent reflected on the use of interviews in sensitive policy-areas such as Justice and Home Affairs.

Attracted by the magic of Bruges, the SEI was well represented at the UACES General Conference held in the College of Europe

The second panel looked into innovative ways to investigate the European Parliament. Amy Busby examined what ethnographic methods offer study of the EP by teasing out essential dynamics that help EP political groups behave cohesively. Katjana Gatterman presented on how national press correspondents understand and perceive the EP and how this affects the way it is communicated to citizens. Finally, Dr. Ann-Christina Lauring Knudsen showed how historical research can help us understand long-term institutional dynamics and compare the motivations and behaviours of past and present MEPs.

A Year at the SEI

By Thomas Peters
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Having completed my undergraduate degree in politics at Sussex, I had some idea of what to expect from an MA at the Sussex European Institute.



I had thoroughly enjoyed the previous three years (and a long summer break in Brighton) and was looking forward to returning to a campus dappled in autumn leaves, a particularly pleasant studying environment. When I arrived on campus the array of new faces that were mixed up amongst the familiar reminded me that the year ahead was going to be quite different to those gone before it. Since then, this feeling had been proved correct. Not only have I continued a warm and friendly relationship with many of my undergraduate tutors, but I have had the opportunity to meet and spend time with a great group of new students from a huge variety of backgrounds and cultures across the European continent and beyond. Indeed, what I have learnt about Europe in class has been supplemented by conversations with people that have

Through our shared experience we have formed a bond that I'm sure will last wherever it is in the world each of us end up!

grown up in the nations we are studying, sketches of the realities on the ground.

As well as studying as a group, we have enjoyed many other aspects of student life together, from socialising in Brighton's night venues to spending summer evenings playing football on the fields behind campus. This mix of work and play helped enrich the whole experience and I have made some lasting friends along the way. One particular highlight was the study trip to Brussels, a weekend spent together in the city at the heart of the European Union. There we met people working at many of the EU institutions and had the chance to listen to their experiences and ask them questions

about topics we were interested in. This really helped me to develop my understanding of the EU, both the everyday interaction of the institutions and what it is like to live and work in Brussels, a career path that I am now considering.

This draws my attention to another thing about the SEI experience that I feel has been important for me; it has given me the opportunity to think in depth about what I want to achieve after the year has finished and an awareness of some different paths that I could take. In the spring term, I took a course entitled Human Rights in Europe which I am now writing my dissertation for. I thoroughly enjoyed learning about human rights and have decided that it is a sector I want to pursue a career in. I am currently applying for a variety of human rights jobs both within the EU institutions and for various NGO's. These application processes are often extremely competitive, but I hope that my MA qualification will give me an extra edge. If I had not taken the MA, I think I would have suffered from a lot of indecision about possible paths to take, and may not have discovered my interest in human rights work.

All in all the SEI experience has been a delight. Upon finishing, I will not only be more qualified for employment but this qualification will be reflected in a genuinely deep understanding of Europe and its political structures from a variety of different disciplines. More importantly, I have had the opportunity to spend a year with a fantastic bunch of people that I may never have otherwise met. Through our shared experience we have formed a bond that I'm sure will last wherever it is in the world each of us end up!

The SEI in the European Capital

By Joe-Lunn Micallef
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When I opted for the MA in Contemporary European Studies with the University of Sussex, my choice was based on various factors.



To be honest, the Brussels annual trip not only was not one of them but was something which I deemed to be of irrelevant importance. Moreover, during the course welcome, when we were addressed by the course convenor, Dr Adrian Treacher, and reference was made to this trip, my initial reaction was that having already visited the dull EU capital more than once, there was no need to re-visit Brussels as part of a 'school' trip. Nonetheless, a couple of weeks prior to departure, we were presented with the full programme of activities. To say that it was impressive is an understatement. With scheduled visits to UN headquarters, DG REGIO, the UK Permanent Representation to the EU, and the opportunity to visit the Justus Lipsius Building, home of the EU Council, this was surely not the normal itinerary for any student visiting Brussels. Thus, missing this trip was definitely not an option.

Visiting the institutions as such is interesting, but viewing the institutions in isolation offers no added value. On the contrary, this trip was anything except this. We met high-profile individuals, people who you would normally read their journal articles or see their influence within the politics that goes on within the European institutions; but not normally meet, discuss and be able to ask direct questions to.

There were a number of interesting talks, an impossible task to list them all here, but I can highlight some which I found really interesting and valuable to my areas of interest. Notably, Mr David Sweet, an adviser within DG REGIO, who gave us an insight about the problems DG REGIO

finds in measuring Cohesion Policy's impact and also an in-depth discussion about the future challenges for Cohesion Policy in view of the 2014-2020 budgetary period. Mr Johan Baras from ECOFIN was also another highlight with a discussion about the Euro's challenges in light of the recent situation in Greece combined with an analysis of the media reportage on this issue. Not to mention the meeting with Hans G. Nilsson, Head of Judicial Cooperation, General Secretariat of the Council of the EU. With regard to the latter, a discussion on JHA steered by the Head of Judicial Cooperation, combined with the input of Profs Monar, SEI's expert on JHA, what unfolded is something that you can never get from any class-lecture.



Depicting this trip as a fully structured and organised series of lectures misses the whole point. As a matter of fact, almost all students including myself used this opportunity to meet and interview a number of persons in relation to our dissertation. All work and no play makes Jack a dull boy, and play was definitely not missing during this trip. The memories of late night Brussels-bar-hopping, the endless lists of Belgian beers, the early morning blues combined with the perplexed and tired faces of us students during the first morning lectures turned out to be a rule rather than an exception (in fact, the lectures highlighted above were not early morning ones). Overall, memories that I will treasure for years to come.

Taken as a whole, I admit that this SEI Brussels trip gave me a complete positive picture of what I used to call the dull EU capital. In terms of advice to future MACES and MAEP students, Brussels



will never be the next Magaluf or Ayia Napa but the contacts you will make, the information you will get from the horses' mouth and the friendship you will build with your colleagues will make it a worthwhile exciting activity.

I cannot conclude this article without thanking SEI and all the administrative staff for making this trip possible. Special thanks also to Professors Jim Rollo and Jörg Monar, who accompanied us and made the necessary arrangements and last minute amendments for all the visits. What started out as something that I thought I would miss, to date, it features as one of the main highlights I have had throughout the past year at Sussex University.

Student Law Body In Strasbourg

By Yasemin Iscan
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The Student Law Body of Sussex University organized a trip to the European Court of Human Rights located in Strasbourg for late April 2010.



Having studied European Law, I was personally thrilled about the opportunity. We took the Eurostar from London King's Cross to Paris Nord, and then to Strasbourg center. We able to watch two cases live sitting right behind the claimants and the judges, the first one being the *Farcas v Romania* (application no. 32596/04) and the second one *Pak-sas c. Lituanie* (no. 34932/04), which is a high profile case involving the president of Lithuania. We were also presented with the opportunity of guided tours of the Council of Europe, the Human Rights Building, and a quick peek at a Parliamentary Assembly Debate.

Strasbourg can be regarded as the capital of the European community. The European Court of Human Rights, Council of Europe, the Eurocorps, the European Parliament and many other important

institutions are situated in this historically rich and beautiful Franco-German city. The Council of Europe was founded in 5th May 1949 by the Treaty of London, the United Kingdom being one of the founder states. As such, European Law is an intrinsic part of the UK legal system, by which the citizens have a recourse to appeal to the ECtHR as a last resort.

The court was set up in 1959, to deal with matters concerning human rights issues. The court rules on the basis of the European Convention on Human Rights the main rights guaranteed being right to life, right to a fair hearing and freedom of expression and many others. Cases can be brought by individuals, organizations or states about discrimination matters, mistreatment of prisoners, or for example, laws such as the British anti-terror laws of police powers to stop and search. There are 47 members of the Council of Europe who have ratified the Convention and who are bound by it on this present day. Most importantly, the Council of Europe is not to be confused with the European Union or the European Council. All of the tour guides we had during this trip particularly pressed on this very point. Also on the fact that the European Union "stole their flag".

On the first day we went to the Human Rights Building, and on the way there one can see all the European institutional buildings, all unique architec-

tural masterpieces, all situated around the river that flows through Strasbourg. The Human Rights Building itself, designed by a famous British architect, is very interesting indeed, with two cylinder-shaped towers, all made from glass windows, glass twirling stairs inside and a glass roof, giving it a very modern and almost utopian feel. We were greeted by a very talented lady who gave us a speech about the importance and the significance of the court in today's world. Having done her law degree in the States, she had also done a second law degree in the UK. She had worked all around the world in the best law firms and she spoke several languages. I couldn't help feeling that everyone around me was a genius. I sat there with a badge that said "Expert" on my collar because I am a law student, which set me apart from the tourists, yet I was no "expert" whatsoever around the people who worked there. I raised my hand to ask about the job opportunities in the Court. There are Committee members, one Judge from each state, the Registry, the translators, one President... Yet it was made clear you had to be somewhat special



I sat there with a badge that said "Expert" on my collar...yet I was no "expert" whatsoever around the people who worked there.

and very enthusiastic about the work you want to do to get a job in this court.

Later we walked right across to the Council of Europe, where we were greeted by a tour guide. One of the most important features of these European institutions is that in whichever room you enter and you sit down on a chair, there are headphones. Considering the multi-lingual and international status of the Council and the Court, anything is translated at any time and you can switch the station to the language you desire. We sat down far in the back to watch a Parliamentary Assembly Debate about budget issues. After that we met up with two former English MPs who now work at the Council. I was upset on their comments about Turkey not deserving to be in the EU.

The first hearing we watched was the *Farcas v Romania*. During the hearing, there were 10 judges, many lawyers for the government of Romania, the

applicant's representatives, and the *Grefte*, which is the Registry (they deal with legal and administrative support, press releases, checking the law, publications and filing etc). Everybody in the court has to stand up and wait when the judges come in the room (out of respect). Judges all wore identical robes. The lawyers talk in turns, and the judges may ask questions if they want to. I personally thought the applicant's lawyer was not very persuasive in this case, and it's fair to comment on the majority of the people in the audience (and sadly some of the judges) dozing off to sleep during the speech. The Charter of Fundamental Rights was mentioned once, which was very exciting to hear, given the uncertain position it has.

The second case was the Grand Chamber *Paksas v Lithuania*, which is yet pending for a ruling. As it is the Grand Chamber there were 21 judges. The applicant himself, the former President of Lithuania Mr Rolandas Paksas was also present, even though it's not very common for the applicant to come to a hearing. Because of that there were a lot of paparazzi. During his presidency Mr Paksas had illegally granted citizenship to a Russian businessman so that he'd support Mr Paksas financially for his election campaign. He had also disclosed official secrets by telling the businessman that his phone was being tapped. Mr Paksas was quite fortunate during the hearing to have an extremely charismatic representative, who was an amazing public speaker. The volume and the tone of his voice, his choice of words were very salient, it made one want to listen and wonder. Mr Paksas sat beside him quiet and reserved. These are elements of the legal process that one cannot learn from books. Having been on this trip, I can confidently say that Strasbourg is the place to be to learn more about the real value of Human Rights in the European community.

Dispatches

Implications of Euro adoption for trade of Central and East European Countries

By Prof Kuba Michalek
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The impact of the adoption of a common currency on international trade flows has been one of the interesting issues in international economics.



It has been argued that the introduction of a common currency eliminates the exchange rate risk and volatility and thus reduces the costs of exports. Thus, adoption of common currency should enable already exporting firms to expand the range of products they sell abroad and encourage non-exporters to start selling abroad.

These effects can be especially important for countries where forward foreign exchange markets are not well developed and are characterised by a strong geographic concentration of their trade. This is the case for many Central and Eastern European (CEE) countries for which Germany is the main trading partner and more than 50 per cent of their trade takes place with members of the Euroland.

Rose (2000, 2001) first made estimates of trade effects of a monetary union. His early studies, based on a gravity model, yielded very surprising results, suggesting that the participation in a monetary union may increase trade between its members even threefold. The subsequent studies made, among others, by Barr *et al.* (2003), Flam and

Nordstrom (2006), or Baldwin *et al.* (2008), demonstrated that a trade increase of 15 old EU members - resulting from the adoption of the Euro - Could be significant, but usually, would not exceed 15 percent. On average, the estimated increases are close to 5-7 percent.

Our results suggest that accession to the Euroland stimulates CEE two-way trade with EMU and non EMU members as well

Possible trade increases for CEE countries were first analysed by Maliszewska (2004). She based her analysis on bilateral trade flows during the period of 1992-2002. In particular, she found that as a result of the Euro adoption trade would increase on average by 23 per cent. According to her forecast Euro adoption in the less open countries such as Poland, Latvia and Lithuania will lead to a significant increase in trade. However, Belke and Spies (2008) basing their analysis on more advanced econometric methods and more recent data, draw a very different conclusion. Their forecast showed that relatively closed economies would experience a decrease in their exports, while more open economies, such as Estonia or Hungary, would experience an increase in their exports.

In our study (Cieslik, Michalek and Mycielski (2010)), we also used a standard gravity model and tried to distinguish two effects of (i) pegging the currency against the Euro, and (ii) accession to the Euroland. According to our estimates the decision of pegging national currency against the Euro (e.g.

Estonia, Latvia or Bulgaria) expanded trade flows of these countries by more than 20 percent. On the other hand the accession to Euroland can also initially increase trade flows of all prospective members, but to a much lesser extent, usually not exceeding 11 percent. However, this positive effect of trade expansion will only exist for 3-4 years. Moreover, our results suggest that accession to the Euroland stimulates CEE two-way trade with EMU and non EMU members as well. In our study, covering trade flows in the period of 1992-2007, we did not analyse trade implications of the recent crisis.

Experiences of an SEI Alumnus

By Gentian Elezi

SEI MAEP Alumni 2006-07

SEI DPhil candidate 2010

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I had the great opportunity to be part of the SEI as a MAEP student in 2006-2007. The time I spent at the University of Sussex was very interesting and enriching, both academically and personally. The years spent at the SEI helped to prepare me for my professional career in many ways.

When I left the UK in 2007, I received a call from ACIT (Albanian Center for International Trade), a prestigious think-tank based in Tirana which provides in-depth studies, analysis and consultancy on economic integration. I had already worked in this center as a researcher for one year. I now received an offer for a position as a policy analyst focusing on trade and economic integration. As part of my job description, I participated in research projects and negotiating teams consulting Albanian government on EU Integration issues, elaborated analysis on specific economic sectors, presented research papers at national conferences and seminars.

Since then, I have participated in television debates and writing articles in the daily press. Last year I was offered the position of Executive director in this center. In this role I have worked on promoting our center's research findings and on organising several public debates with the presence of government officials, leading experts and the media.

Participating in think-tank research and activities has not been my only experience during these years. Since 2008 I have been working in the Euro-

pean University of Tirana; first as assistant and later as lecturer in the Department of Political Science. I teach courses on EU Integration, Institutions and Policy-making.

All the knowledge and skills I had acquired during my time in Sussex were fundamental to my academic performance as lecturer. The added value that the SEI experience represents helped me to improve the standards and the structure of these courses. Together with other SEI alumni that work

The added value that the SEI experience represents helped me to improve the standards and the structure of these courses

in this University, we are striving to increase the level of research work and academic activities within our department.

I have also participated in different national and regional conferences on European Integration, where I presented my latest research findings. Being part of the University academic staff has been the most motivating experience that I have had in these years and I am glad to have returned to the SEI to work on my doctoral research.



Conferences at Sussex

SEI Coalitions Conference

22nd of October

Programme:

11h00 – 11h30

Registration and Coffee

11h30 – 11h45

Welcome and Introduction

Stephen Shute (University of Sussex)

11h45 – 13h00

The Study of Coalitions

Tim Bale (University of Sussex)

Forming and maintaining coalitions; the current state of play

Lunch

14h00 – 15h30

Agreements, Portfolios and Compromises

Craig Lind (University of Sussex)

The Constitutional Status of Coalition Agreements

Marc Debus (Mannheim Centre for Social Research, Germany).

Portfolio Allocation and Policy Compromises: How the Tories and Lib Dems formed a coalition government

15h30-15h45 Coffee

15h45 – 17h15

SESSION TITLE TO BE CONFIRMED

Paul Cairney (University of Aberdeen)

Coalitions in Scotland: Lessons for the UK?

Emma Sanderson-Nash (University of Sussex)

Title TBC

17h15 – 18h45

Public Lecture

Mark Oaten

Was Disraeli right when he said that the UK does not love coalitions?

18h45 – 19h00

Concluding Remarks,

Paul Taggart/Dan Hough (University of Sussex)

THIS IS A TICKET ONLY EVENT

For more info contact Dan Hough:

D.T.Hough@sussex.ac.uk



SLSA Annual Conference 2011

12-14 April 2011

The Sussex Law School at the University of Sussex is delighted to be hosting the [Socio-Legal Studies Association \(SLSA\) Annual Conference 2011](#).

The conference, which will take place from 12-14 April 2011 in the University's new Fulton Building, will bring together over 300 academics, practitioners, researchers and postgraduate students from all over the world to discuss a myriad of topics examining the impact of law upon society and the capacity of society to influence legal change.

The conference is organised around a series of 'streams' and 'themes'. The streams represent substantive areas of law and include a stream specifically on European Law, together with streams on International Criminal Law; Race, Religion and Human Rights; and Indigenous Rights and Minority Rights, to name but a few. The 'themes' are more cross-cutting and for 2011 will include topics such as 'Challenging Ownership: Meanings of Space, Time and Identity'; 'Auditors, Advocates and Experts – Monitoring, Negotiating and (Re)Creating Rights' and 'Criminalising Commerce'.

Expressions of interest both to participate in the conference and to help with the organisation are most welcome. Please contact the organising committee in the Law School (Susan Millns – s.millns@sussex.ac.uk and Jo Bridgeman – j.c.bridgeman@sussex.ac.uk) and see the conference website: <http://www.sussex.ac.uk/law/newsandevents/slsa-conference>