



“It has allowed the Institute to combine the best of academic research with the requirements of the policy world.”

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The Robert Schuman Centre at Fifteen

EUI President | **Yves Mény**

The RSC was launched in 1993 following the conclusion of an important strategic report adopted in 1992 by the EUI High Council. The ‘Beyond Maintenance’ Report (produced by a small group chaired by Roel in’t Veld) made several recommendations to help the Institute to adapt and strengthen its attractiveness. One key proposal was to build up on the experience of the Policy Unit, created a few years before by Joseph Weiler who became its first director followed by Susan Strange, by Giandomenico Majone and then Renaud Dehousse. This small unit was flexible but quite fragile in terms of its programme (its institutional weakness meant that the structure followed more or less the interests of the director who took this burden on over and above his/her teaching and supervision duties). Most of the Institute academic staff was not interested in its activities which

were considered more as a kind of policy studies appendix than a fully-fleshed and legitimate academic body.

Indeed, the main flaw in the initial institutional set up was the indifference or the contempt affecting the unit. Changing its name, structure and ambition would probably not have been sufficient to change this attitude. Indeed, the report received a cool welcome but the High Council went ahead and adopted a crucial proposal from the report: the creation of Joint Chairs between the departments and the newly-created centre. Ten Chairs were planned (only seven were actually funded by the High Council, more being sponsored by external resources). It was a win-win game. The departments were getting additional Chairs while the Schuman Centre could appear as a legitimate component of the Institute. ▶▶

► The initial start was modest: one director, one assistant, two secretaries and three offices. A major development took place when the European Forum and the Centre were brought together, creating a pool of 25 fellowships per year. It became *de facto* a post-doc programme when eligibility to the fellowship was restricted to the seven-year period after the PhD defence. One of the main features of the Schuman Centre was its pluridisciplinarity. Many projects are developed through the collaboration of several disciplines.

New initiatives were launched, such as the Mediterranean Annual Meeting or the contributions to the simplification of European treaties. Relations with the departments improved very much to the point that the ugly duckling became part of the swan family. Under the direction of Helen Wallace from 2001 to 2006, new fields and areas were opened whilst the main activities of the initial years were consolidated. The Florence

School of Regulation (focusing in particular on energy issues) was established and has become a success story. Research on migration was initiated. With the appointment of Stefano Bartolini in 2006, the tradition of consolidation on one hand and of innovation on the other has continued. The contributions to this issue testify to the ongoing activities and initiatives developed in the 'Convento' (the former Fra Angelico convent which hosts many RSC people). Let me mention just a few recent new projects: the creation of EUDO (European Observatory on Democracy) which pools data and research on democratic issues; the launching of the Loyola de Palacio Programme on energy; the development of a programme on migration; the setting up of a programme on external relations including the creation of a Chair on Transatlantic Relations funded by the Republic of Ireland, etc.

Fifteen years later, the Centre has grown enormously: so much so

that it has been unfortunately forced to split between two buildings. More than 100 people are now part of this busy research centre.

These few words do not pay a full tribute to the amount of work produced by the academic and administrative staff of the RSC. But those who know the academic planet will appreciate the quantity and quality of the work performed, if I indicate that more than two-thirds of the resources of the centre have to be found 'on the market'!

The RSC has not weakened the departments or been a kind of Trojan horse of non-academic choices. On the contrary; it has allowed the Institute to combine the best of academic basic research with the needs and requirements of the policy world. This is not an easy task. But with the experience of fifteen years, it can be said that the EUI would not be what it is without the contribution of professors, fellows, visitors and staff who, at the Convento, constitute a dream team. ■

RSCAS Directors

Yves Mény was the first Director of the Robert Schuman Centre, appointed in 1993. The Centre started with 3 administrative staff members and 4 fellows, but quickly developed over the following years. One major initial decision was to increase the number of the Jean Monnet Fellowships and reserve them for junior academics.

Among the main initiatives are the consolidation of the European Treaties and the launching of the Mediterranean Programme.



Helen Wallace directed the RSCAS from 2001-2006. A British expert in European Studies, she has held since Autumn 2007 a part-time post at the London School of Economics. In the current year she is much involved in the UK universities' Research Assessment Exercise as a member of the panel for political science and international relations. She is also finalising her co-edited book (with Daniel Naurin) *Unveiling the Council of the European Union: Games Governments Play in Brussels*, to be published by Palgrave later this year, and the result of the work that they started together with an RSCAS Workshop in May 2006.



Stefano Bartolini has directed the RSCAS since Autumn 2006. His research has focused on Western European political development; comparative methodology; political institutions; and European integration. He has taught at the University of Bologna, the University of Trieste, and the University of Geneva, and has also been faculty member (1994-2004) and chair (1996-2001) of the SPS department at the EUI. His most recent book is *Restructuring Europe. Centre Formation, System Building and Political Structuring between European Integration and the Nation State* (2005).



Evolution from the Past and Challenges for the Future

Director, Robert Schuman Centre for Advanced Studies | **Stefano Bartolini**

About the present

The RSCAS is fifteen years old. It was born as an inter-departmental and inter-disciplinary research centre meant to host major research programmes and projects and a range of working groups and initiatives focusing on the European continent and its integration process. In these fifteen years the RSCAS has grown into a large research infrastructure that hosts yearly about 100 people: around fifteen academic staff members (including joint chairs with the departments, programme and project directors, part-time professors); around forty fellows (including Jean Monnet fellows, Marie Curie fellows, institutional fellows from the EU institutions, externally financed fellows, and visiting fellows); approximately twenty-five research associates, and around fifteen administrative staff members.

The original vocation of the Centre has not changed radically over time, but rather has evolved smoothly. The Centre is involved in basic and policy research; it collaborates with other centres of research excellence in Europe; it provides opportunities for young scholars; and it promotes dialogue with the world of practice. These goals have progressively focused into a few core areas: institutions, governance, and democracy of the European Union; migration studies; economic and monetary policy; competition policy and market regulation; Mediterranean and trans-Atlantic relations of the Union; and, more recently, energy policy, with the launching of the Loyola de Palacio programme. At the same time, the Centre cooperates with the departments, offering infrastructural support for joint conferences and invitations, and supporting new grant applications and projects with research management. In the last academic year the combination of these activities amounted to 50 Conferences/workshops, 6 training courses, 112 seminars and lectures, 41 RSCAS Working and Policy Papers, and dozens of Research Reports. This excludes the scientific publications and the individual research activities of its research and academic staff.

The RSCAS has improved its visibility and impact through an active dissemination strategy of its research outputs, seeking to address both academics and practitioners. Core to this dissemination activity are its Website, that daily details the Centre's initiatives; the Working, Policy and Distinguished Lecture Papers, designed for a wider readership; the RSCAS Brochure and the regular historical and yearly

activity reports of its major programmes; and the Electronic Newsletter, which directs attention to its immediate activities.

“The Centre is involved in basic and policy research; it collaborates with other centres of research excellence in Europe; it provides opportunities for young scholars; and it promotes dialogue with the world of practice.”

The Centre was originally financed via the EUI budget but in the fifteen years since its inception it has continued to successfully obtain external funds. Today, about 40% of the RSCAS' overall budget is derived from the general budget of the EUI and about 60% of it comes from external private and public research funds obtained via competitive grant and funding applications. Among the external funds, large projects financed by the EU remain predominant, but the proportion constituted by private donors—firms and foundations—has increased. >>



- ▶ The theoretical and methodological pluralism characteristic of the RSCAS' research orientation has also remained constant over the years. Fellows, research associates, and professors work in a multi-disciplinary and multi-national environment, which clearly impacts on their own thinking and academic work. They pick up new ideas and get to know the academic work of scholars from other disciplines and other countries, while biased assumptions are unravelled more easily. They transport this experience elsewhere once they have left the Centre, and the academic output of the RSCAS feeds into the debates going on elsewhere in the academic circles of the member states.

“This community of about 100 scholars coming from across the European member states and beyond offers a foundation for European-wide research activities that cannot be matched by other national research institutes.”

About the future

In the future we can expect that research will experience financial problems similar to, or bigger than, those that the European economies are facing. Moreover, national universities are getting more proficient and proactive, and hence more competitive, in the field of European and international fund-raising. Furthermore, there are more research centres and think-tanks at the European level competing for the same or reduced funds. It will be more difficult to acquire infrastructure research support, large consortium projects, data gathering and documentation projects, and longer term and multi-annual projects. The challenges of the future are linked to this increasingly competitive research world and to our capacity to adapt to it.

The RSCAS faces this more competitive environment with a multiplicity of tasks. It is a Research Centre, a centre of scholarship whose profile is built on its faculty and whose standing is judged by the scientific quality of its output. It is also a Policy Research Centre, where external contracts finance applied research on current issues, policy reports, advocacy initiatives, and the discussion of European integration issues. It is a Centre for Advanced Studies, with short-term appointed fellows and visitors conducting individual and independent research in a favourable scholarly environment and complying with the standards of the scientific community. It is finally a training, networking, and debating centre, where summer schools, high-level training courses, conferences and workshops bring together scholars, policy-makers, and public and private stake-holders aspiring to contribute

to problem-solving in a non-official setting. Many of our activities fall into more than one class, combining features of different models. They are not always easy to combine, given their different sources of financing, different administrative management, different organizational infrastructure needs, and different legitimating outputs.

To maintain and improve its achievements in the future, the RSCAS needs to follow a double strategy: concentration and integration. By concentration I mean focusing its activities and developing a profile in a limited number of research areas with the aim of reaching excellence and international renown in each of them. Of course this profile could change over time, as different problems and intellectual concerns come to the fore, and would naturally reflect the turnover of our academic and research staff. But a certain level of continuity must be achieved if we want to avoid dispersing our intellectual energies in too many small-scale or low-impact initiatives.

By integration I mean that within each of the core areas, the Centre shall strive to integrate vertically scientific research with more policy-oriented outputs, to recruit visiting and resident fellows, to organize training activities, summer schools, conferences and advocacy initiatives, and to engage in dialogue with the world of practice.

This community of about 100 scholars coming from across the European member states and beyond offers a foundation for European-wide research activities that cannot be matched by other national research institutes. These unique features make the RSCAS the ideal location for an independent, scientifically excellent, and policy relevant observatory on the problems of European integration. In the Robert Schuman Centre no tradition of thought, scientific approach, methodological orientation, or national specificity can be either predominant or neglected. We hope the initial reaction of anyone contemplating a research agenda in this area would simply be: 'yes, this is best done there!' ■

Life (and Work) in the Early Schuman Centre

RSCAS 1995-1999; Professor, SPS 1999-2005 | **Martin Rhodes**

I had the great privilege of working at the Robert Schuman Centre with Yves Mény almost from the outset. In those early days it was the tail-end of the EUI – and just a shadow of what it would later become. In the mid-1990s it occupied a small suite of offices in the ‘Archivium’, and consisted of Yves, two secretaries (Annette Dehousse and Monique Cavallari), two assistants (opera wannabees who entertained us with arias in the corridors) and a couple of strategically-placed pot plants: even then Yves (Saint-Laurent, as we secretly called him) had a well-developed French flair for interior décor (his talents for gardens and statuary had yet to be revealed).

Although later a centre for advanced studies, at the beginning ‘the Schuman’, as we knew it, was more of a centre for entranced buddies, so few were we, and so club-like in our self-regard. Yet even then we were convinced of the potential of our mission—to bring a new sense of purpose, and capacity for idle gossip, to the EUI.

There were, of course, the normal teething pains, including the maintenance of sanitary conditions (Monique revealed her then precocious, but now notorious talents for diplomacy and communication, with charming exhortations to ‘keep the f***ing bog clean’); preventing the pot plants in the corridors (I don’t mean marijuana—we grew that on Yves’ balcony) from shedding their leaves at the slightest provocation; avoiding alcoholic poisoning from drinking Monique’s home-made, 120°-proof, limoncello; and preventing visitors to the Centre from getting lost in the Escher-like labyrinthine stairwells that led from

the cloisters to the bank corridor, and back to the cloisters, seemingly without ever entering the Archivium itself. Remember those skeletal, cob-webbed remains of long-lost travellers, lying in long, narrow, claustrophobic corridors in ‘Indiana Jones and the Temple of Doom’? That was actually filmed in the Schuman Centre.

The fact that no one could find us, and frequently expired trying, motivated our move to the Convento in San Domenico. No one could find us there either, but at least those who died trying could spend their last moments receiving succour from the Dominican monks. Yves—our spiritual father—appropriately secured the previous quarters of the abbot, and set out to organise the Schuman along monastic lines, even if our vows were not exactly those of poverty, chastity and obedience: Kathinka España, once we merged with the Forum, became our Mother Superior (or ‘Evil Abbess’, as we affectionately called her); Catherine Divry her assistant novice; Monique quickly re-assumed her role of ‘naughty Sister’ (the fish-net stockings were the least of it); and yours truly became friar-in-chief, often provoking the fearsome ire of ‘the Abbess’.

Seriously though, folks, those years (1995-1999) were some of the best years of my life (and career). It wasn’t just the limoncello, the subsequent paralysis of the legs and creeping insanity, or even the crazy fancy-dress parties at *casa* Cavallari. Amazingly, given the distractions, this was also my most intellectually challenging and productive period. Yves Mény worked hard to create a stimulating academic environment, and



succeeded, with a constant inflow of first-class visitors (Jim Caporaso, Alec Stone-Sweet, Martin Shapiro had revolving-door status) and weekly inter-disciplinary seminars for the professors, the Forum and its fellows.

For some years, the Schuman was the most vital part of the Institute. 1997-1998 was a particularly big year, when, as co-director with Maurizio Ferrera (Milan University) of the Forum on ‘The Welfare State’, and with the help of European Commission funding, I managed the most exciting research project of my career, with more than twenty international fellows, a dozen large conferences, many more smaller workshops, and a series of landmark publications.

Neither that, nor other large projects at the Schuman would ►►

▶ have been possible without Yves' strong direction, and the hard work and dedication of Kathinka, Monique, Catherine, Silvie Pascucci, Filipa de Sousa, Alex Howarth, and later on (under Yves' equally-hard working successor Helen Wallace—with whom I collaborated closely in attracting 3.8 million Euros from the European Commission's 6th Framework Programme) Mei Lan Goei, Elizabetta Spagnoli, Ingo Linsen-

mann, Jackie Gordon and Laura Burgassi—all great colleagues and great people.

Looking back, the Schuman's greatest contributions to the EUI were making it a little less of a Tuscan ivory tower, and more grounded in the concerns of comparative public policy; in making the Institute more worldly, and in bringing it to the world's attention; and in making its annual fellowships a

core part of the Institute's activities, an example that would later be followed, under Yves' tenure as president, by the Max Weber post-doctoral program. Fifteen years ago, the Schuman seemed to be the tail-end of the EUI. But sometimes the tail really does wag the dog. ■

Martin Rhodes is now Professor at the Josef Korbel School of International Studies, the University of Denver

RSCAS Special Members

The greatness of a nation and its moral progress can be judged by the way its animals are treated.
-Ghandi

Not only is the RSCAS renowned for its devotion to interdisciplinary research but, in the last few years, also for its interest in animal welfare. In addition to its academic and administrative staff the Convento is home to two very special members: Black and Roberta.

Black is a beautiful snow-white 7 year old Abbruzzese shepherd and Roberta a lovely stray cat who decided last spring that this was the place to settle her wandering paws. Many among the professors, fellows and staff look after them in various ways.



The presence of these members gives to the RSCAS an even more special, warm and friendly atmosphere.

Each year a walking and feeding schedule is organised for Black (even though it has been known to happen more than once that the spoiled girl gets a double dose of each and has now been put on a diet!) and Roberta gets her quota of cuddles and treats every morning and at sunset (during the day she is roaming the fields and enjoying lazy siestas in the sun).



-Contributed by Laura Burgassi and Laetitia Jespers, RSCAS

European Democracy

Director, RSCAS | **Stefano Bartolini**

Professor, SPS; Coordinator of EUDO | **Alexander H. Trechsel**

Research Assistant, EUDO | **Fabian Breuer**

The European Union Democracy Observatory (EUDO) was launched in the Spring of 2006 as an independent and interdisciplinary academic organisation with the declared goal to produce a permanent and periodic assessment of democratic practices within the EU, as a forum to exchange ideas and best practices, and as a resource for policy makers, academics and the citizens throughout Europe. Since its full integration within the Robert Schuman Centre for Advanced Studies (RSCAS), the observatory has been reorganized and further developed.

Rationale and Goals

Within the European Union the capacity for problem-solving, on the one hand, and the capacity to sustain legitimacy, on the other, are still increasingly at odds. European and national elites have so far stubbornly underestimated the importance of this problem. They have often read these signals as signs of lack of information, poor communication, or as forms of national protest only incidentally associated with the EU. Recent setbacks such as the negative referendum in Ireland have increased the conviction that the enterprise of economic modernisation of Europe can no longer be pursued without more explicit popular support. Add to this the clearly detectable sense of urgency for resolving this problem and the perception that action needs to be taken to achieve the needed popular support. The intellectual divisions and the inter-institutional competition about different options and strategies are, however, abundant. It becomes clear that Europe is in great need for a more systematic comprehension of the problems and perceptions that lie behind the



current crisis. Yet, the EU institutions have neither a clear strategy for information gathering and knowledge accumulation, nor an adequate infrastructure for this task.

To fill these gaps at the European-wide level EUDO has the following goals:

1. To translate scientific and academic research around the key issues of European democracy into policy-relevant and publicly understandable outputs.
2. To produce a permanent and periodic evaluation of democratic practices within the EU.
3. To develop practical suggestions for improving democratic performance in the EU context.
4. To offer expertise, information, and policy reports to the EU institutions that require so.
5. To serve as a forum to exchange research results, experiences, ideas, and practices between scholars and policy makers.

EUDO gathers documentation

and data, provides basic and applied research reports for EU institutions, and fosters dialogue between policy makers, academics and citizens throughout Europe. Based on a pool and network of existing scientific research and research teams in Europe EUDO engages in a systematic effort to translate, disseminate and debate these results, making them policy relevant and understandable for a broad public.

Platforms and sub-observatories

The EUDO platform will be based on four major components, as illustrated in Figure 1.

The *EUDO Dissemination Conference* will take place on a yearly basis in order to further disseminate research results and policy expertise in the field of EU democracy. It will bring together representatives of each of the EUDO areas of activity as well as other experts, policy makers, civil society representatives and media exponents. ▶▶

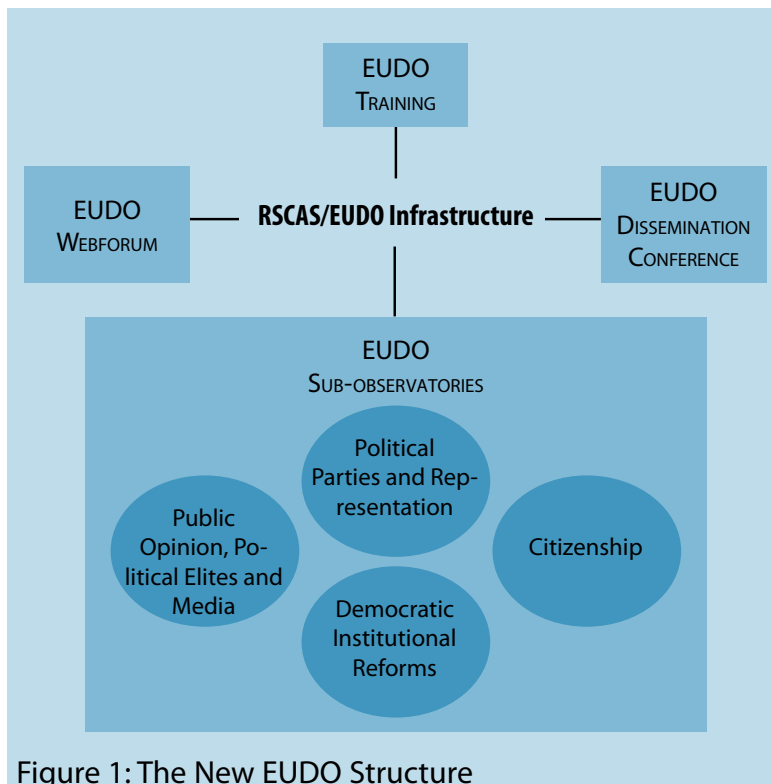


Figure 1: The New EUDO Structure

- ▶ The *EUDO Web Forum* will constitute the major communication platform of EUDO with the wider community. It will adopt a 'proactive' approach to the dissemination of findings aiming at the stimulation of interdisciplinary dialogue beyond academia by reaching out to policy-makers and politicians, as well as civil society organisations. The web forum will host debates among internal and external EUDO experts on selected, EU democracy-relevant topics. Experts moderating the forum will permanently solicit active input and feedback from societal stakeholders.

The *EUDO Training* platform will encompass a training component,

designed to host workshops, seminars and lectures by experts from academia and the policy making community as well as to host summer schools. Furthermore, EUDO Training will offer junior and senior fellows a possibility to complete their training and research skills through the EUDO senior fellowships and the Karamanlis Foundation funded EUDO Post-Doctoral Fellowship on Democracy.

Four *EUDO Sub-observatories* will form the backbone of EUDO and constitute the main organization principle of its activities. They will group respective data gathering and documentation efforts and will be directed by EUI internal

professors in conjunction with external EUDO experts. Each sub-observatory will coordinate specific research projects led by leading scientists and financed with external resources.

The sub-observatories are devoted respectively to:

- Public Opinion, Political Elites and the Media, focusing on the analysis of the attitudes and preferences of publics, the media and the elites, and to measure the extent to which the latter converge or diverge, in which field and in which direction.

- Political Parties and Representation, devoted to the study of European parties as representative channels, agenda setters, and gatekeepers on the possible road towards a full-fledged and effective Euro-party system.

- Institutional Change and Reforms, devoted to the institutional reforms and adaptations in the current institutional design of the EU that are more likely to foster the prospects for an increased popular acceptance and legitimacy of the Union.

- Citizenship, devoted to the development of citizenship in the European Union and its Member States and its impact on democratic inclusion and participation. ■

SMART VOTE

The EU Profiler, also known as Smart Vote, will be launched at the EUI in spring 2009, in cooperation with Dutch Kieskompas and the Swiss Smartvote, for the 2009 European Parliamentary Elections.

Available in all national languages of the EU, and customised to each country's national campaign context, this interactive voting advice project will present all parties in a 'European landscape' and allow voters to compare their own policy preferences with their national parties through textual and graphical representations of parties' stances. From a research point of view, the EU Profiler will shed light on public opinion, voting behaviour, campaign dynamics, party cohesion and political participation across Europe.

The 2009 European Election Study

Professor, SPS and Chair, PIREDEU Steering Committee | **Mark Franklin**



A 2.4 Million Euro grant (from the EU's DG Research under their FP7 programme) has been awarded to the RSCAS and a consortium of 14 collaborating institutions in nine countries. This grant will fund a voters' study, candidate study, party manifestos study, media study, and contextual data study, all of which will be conducted in each of the 27 EU member states in connection with the 2009 elections to the European Parliament. The study will constitute a pilot study for a permanent infrastructure to collect data on European and national elections so as to provide an ongoing basis for monitoring the quality of democracy in Europe. Under the title 'Providing an Infrastructure for Research on Electoral Democracy in the European Union' (PIREDEU), the project started with a kick-off conference in February 2008 at the EUI in Florence. A follow-up conference was held at the University of Amsterdam in June 2008.

This is not the first time that a study has been conducted of a European Parliament election. Indeed such studies have been conducted repeatedly since the

first of these elections in 1979, most of them comprising multiple components. Table 1 gives an indication of the extensiveness of these past studies. The most ubiquitous component has been a sample survey of the citizens of EU member countries, generally referred to as a voters' study. The first two such studies, however, (in 1979 and 1984) were follow-up studies, conducted five months after the election itself, in conjunction with regularly scheduled Eurobarometers fielded by the Commission of the European Communities.

“The study will constitute a pilot study for a permanent infrastructure to collect data on European and national elections so as to provide an ongoing basis for monitoring the quality of democracy in Europe.”

Similar studies were also conducted after subsequent EP elections. But such studies are not proper voters' studies because memories are short and five months ▶▶

Table 1 Election Studies 1979-2009 and EU Profiler Study

Date	N of countries	Voters study	Follow-up study	Media study	Candidate study	Manifestos	Contextual data study	EU Profiler study
1979	9		√	√		√	√	
1984	10		√			√	√	
1989	12	√	√			√	√	
1994	12	√	√		√	√	√	
1999	15	√	√	√		√	√	
2004	23	√	√	√		√	√	
2009	27	√	√	√	√	√	√	√

► is too great a delay for accurate recall of electoral behaviour. In 1989 and 1994, proper voters' studies were fielded as part of special Eurobarometers conducted immediately after the elections themselves, and in 1999 and 2004 stand-alone studies were fielded immediately following the elections. The same approach is planned for 2009. In addition to studies of voters, there have always been studies of party manifestos and of contextual data (the statistics generated by the elections themselves). Furthermore, on three occasions there have been studies of media activity and once the EES included a sample survey of the candidates running for election. In 2009, for the first time, studies of all these different aspects of a European Parliament election will be conducted simultaneously. In 2009 there will also be a linked study of the impact of Voter Advice Applications (what is referred to in Table 1 as the EU Profiler Study) which will be described below.

Of course elections to the EP are not very interesting events, though one purpose of our investigations has been to monitor their progress towards becoming more interesting. Far more important, however, is the knowledge that arises precisely from the fact that EP elections have so little European content that they hardly divert citizens of the various countries from the political orientations that they would have had in a set of 27 national elections. For scholars that is almost the whole point of these studies. As long as EP elections remain low-profile we can use them to study national politics in a highly comparable fashion across a large number of different political systems.

The payoff from being able to investigate political processes in 27 countries with different electoral systems, party systems and institutional arrangements is huge. In the EES 2009 we propose to collect data not only on voters but also on candidates, party manifestos, media coverage and other aspects of electoral context. All of these components have been collected before, but this is the first time it has been possible to fund

a study that includes all of these components at once (Table 1). Nevertheless, there is still a problem. Even a vastly expensive voter study such as the one we propose cannot hope to include anything like the number of questions per country that are standard in national election studies. So we are interested in anything that can give us an effective increase in the number of questions—especially questions about political issues, which (while there are several that can be asked about in comparable terms across countries) also have a very substantial idiosyncratic component that varies across countries. For this reason, on the occasion of the 2009 European Parliament elections, PIREDEU is teaming up with a separate project, also organized at the RSCAS of the EUI, to study the effect of Voter Advice Applications on voting choice at these elections.

Designed by an international team of social scientists and PhD students led by Alexander H. Trechsel (EUI), in close collaboration with Kieskompas (of the Netherlands) and Smartvote (of Switzerland), the 'EU Profiler' application will be launched in spring 2009. During the EP election campaign, citizens going to the website www.euprofiler.eu will be able to position themselves on about 40 political issues. Having done so, they will be enabled to match their political preferences with those advertised by the political parties competing for their support at the polls.

Similar systems have been used in national elections, above all in Europe. In the Dutch elections of 2006, the system mounted by Kieskompas generated 1.7 million users. The Swiss Smartvote system had 1 million users during the 2007 national elections. In Germany, the Wahl-o-mat system had over 5 million users in the 2005 national elections. Users find out about their aggregate political profiles and get a very good idea of how far apart their profile is from the profiles of the individual parties (and even candidates) competing in the elections. ►►

- ▶ For PIREDEU the great benefit of EU Profiler is the potential to gain a large number of issue questions that would not otherwise be asked. For the EU Profiler, the great benefit of PIREDEU is to provide them with a traditional random sample of the electorates that have had the opportunity to provide their profiles. The voters' study will include the question whether respondents actually used one of the profiler web sites, thus providing a check on the demographic and other characteristics of those who did not do so—information unavailable to the EU Profiler itself. PIREDEU will also provide the EU Profiler with a weighting scheme that will permit them to treat their data as though it had come from a random sample, to the extent that this turns out to be possible.

“Users find out about their aggregate political profiles and get a very good idea of how far apart their profile is from the profiles of the individual parties (and even candidates) competing in the elections.”

PIREDEU is not only an election study. It is also a design study for an infrastructure which, if funded, will provide a permanent resource for social scientists and others interested in the quality of democracy in Europe and the functions of European Parliament elections in contributing to democratic governance. As indicated in Table 1, several past studies of EP elections have been conducted, and data from these studies has been placed in the public domain. As these studies have accumulated so it has become increasingly possible to monitor the evolution of the electoral connection in EU politics. Ironically, however, as these studies have accumulated it has also become harder and harder to link them together in such a way as to realize their potential. This is the prime purpose of providing an infrastructure for research on electoral democracy in the European Union.

PIREDEU represents a fresh start in that, for the very first time, all of the studies conducted at the time of an EP election are being planned in conjunction. So the data that are collected will not require linking. They will be pre-linked by being based on the same conceptual categories, the same question wordings, and the same response wordings and categories across all five studies (plus the EU Profiler). In due course we hope to be awarded funds to link the results of past studies with these data but the primary objective is to design a procedure that can be applied to future studies that will ensure that such studies, as they are conducted,

are also pre-linked to each other and to this study. This will ensure that future EP election studies conducted according to the procedures we design will automatically become part of a single infrastructure, making possible ever more extensive and elaborate analyses of the functioning of elections in Europe.

Another purpose of the design study is to prototype a web-based interface to these data that will permit potential users to define ‘views’ of the data that are appropriate to the research questions they want answered, and download customized datasets tailored to answering those questions.

The entire enterprise is being conducted with full participation of the user community already established over a quarter century of past election studies—a user community that extends to every EU member country and beyond, and which has already demonstrated its willingness to provide critical commentary on past practices and suggestions for future improvements. The first action of the new consortium was to inaugurate an ‘Open Forum’ on the PIREDEU website (www.piredeu.eu) where it solicited suggestions from prospective users for all five of the data collection instruments that will be under development over the coming fifteen months. Not only were we hoping for good ideas that could be transformed into new data that have not been previously collected, but we also hoped for critiques of the ways in which such data have been collected in the past. Over the initial two months of its operation, from mid-April to mid-June 2008, the Open Forum generated 68 posts in 55 threads across the 5 forums that had been established for the five study components. It had 66 registered users and generated over 500 user sessions during the last month alone.

As our data collection instruments are developed over the coming months, they will be submitted to the Open Forum and we hope for additional commentary from the same and other future users of the infrastructure. The process that is underway is thus as open and transparent as we have been able to contrive. We have high hopes of its potential for ultimately transforming the way in which research on European democracy is conducted.

For further details of the proposed infrastructure, the 2009 European Parliament election study, and past European Election Studies, visit www.piredeu.eu ■

A Decade of European Treaty Reform Studies

Professor of European Law | **Bruno de Witte**

University of Pavia; former Joint Chair in Comparative Public Law | **Jacques Ziller**

The Schuman Centre was, according to its homepage, set up to promote work on the major issues facing the process of integration and European society. One of the areas in which it played this role most visibly, during the past decade, was that of the reform of the European Treaties and, in particular, the architecture of those Treaties.

The term 'Treaty architecture' has become a term of art among European Union scholars and politicians. It refers to the way in which the Treaties and annexed Protocols on which the European Union is founded are arranged in relation to each other, and also to the internal structure of those Treaties. It refers, one could say with some exaggeration, to the way the Treaties look before one examines their actual content. This may seem a very technical and politically unimportant matter, but in the European Union the question of Treaty architecture has become on several occasions a matter of high politics. One such occasion was the negotiation of the Maastricht Treaty in the early 1990s. The Maastricht Treaty created, alongside the existing three European Communities, a new 'entity' called the European Union. Indeed, a number of member state governments considered that the Community framework would stand in the way of the intergovernmental mode of decision-making which they preferred to use in two new fields of cooperation, namely foreign policy and justice & home affairs. In the end, a hybrid

institutional structure was adopted which included these new policy domains within the encompassing framework of a newly created European Union, whilst keeping them outside the existing European Community framework. This complex Treaty architecture became known as the pillar structure. Right from the start, this seemed odd. It was difficult to explain to European citizens and to the rest of the world why the European countries had chosen to act together in such different institutional guises and why, for example, both the European Community and the European Union could negotiate and conclude international agreements with third countries.

At first, the main goal of those advocating a merger between the EC and the EU was to bring the inter-governmental pillars back in 'from the cold', into the safe haven of the European Community, whereas the idea of a merger was resisted by the intergovernmental camp who feared that the distinctive institutional characteristics of the second and third pillar would thereby be lost. Later on, towards the end of the 1990's, the prospect of a merger of the Treaties became gradually less controversial: on the one hand, the communautaristes had little hope that the intergovernmental features of the second and third pillar could be wiped out entirely, whereas on the other hand, the intergovernmentalists did not dispute the fact that all three pillars were part of a single institutional framework and subject to a set of common legal principles, and they became aware of the confusion and practical complications caused by the separation of the Treaties.

In this period of the late 1990s, the Schuman Centre became involved in the reflection about the architecture of the European Treaties. In 1997-8, the European Parliament commissioned a study by the RSCAS on Strategies and options to reinforce the constitutional character of the Treaties (G. Amato and H. Bribosia, eds.). Shortly afterwards, the European Commission asked the EUI and the RSCAS to produce a feasibility study on whether one could merge the Treaties into one text whilst distinguishing, within that integrated text, between the fundamental and less-fundamental norms. This study was undertaken by a group of legal scholars from inside and outside the EUI, directed by Yves Mény (who was at that time the director of the Schuman Centre) and Claus Ehlermann (a professor of the Law department). The report, called 'A Basic Treaty for the European Union. A Study of the Reorganisation of the Treaties', was presented in May 2000 and showed how a radical simplification of the



▶ Treaty structure could be accomplished even on the basis of the existing texts of the Treaties. The favourable political response to this report, from the side of the European Commission, the European Parliament and some of the member states, eventually led to the inclusion of the Treaty simplification theme in the Declaration on the Future of the Union, adopted by the Nice summit in December 2000, as one of four reform themes on which the governments agreed to start a ‘wider and deeper debate’.

The EUI study on the Basic Treaty was often referred to during the work of the European Convention (2002-2003) and provided an intellectual basis for the consensus which was reached by the Convention on the merger of the EC Treaty and EU Treaty into one common text. An important role in reaching this consensus was played by the Convention’s working group on Legal Personality which was ably steered by Giuliano Amato (who had been linked to the Schuman Centre’s earlier activities) towards the conclusion that a full-scale merger of the two separate organisations (the EC and the EU) was needed and therefore also of the two treaties on which these organisations was based. Hervé Bribosia, who had drafted the earlier EUI studies, and who was a member of the Convention’s secretariat, wrote the crucial legal-technical notes for the Working Group.

As the Convention’s work on the Constitutional Treaty proceeded, the Schuman Centre (then under the leadership Helen Wallace) set up a series of activities linked to the ongoing process of the European Convention, including the organisation of the European Forum in the academic year 2003-4, and it published its own contribution to the constitutional debate, in 2003, as *Ten Reflections on the Constitutional Treaty for Europe* (B. De Witte, ed.).

The architecture of ‘bits and pieces’ which the Maastricht Treaty had created was re-assembled into an overall coherent structure by the Constitutional Treaty. This ‘all-in-one’ operation was a very welcome reform, and did not provoke any opposition from the side of individual governments during the IGC that adopted the Constitutional Treaty. Nor was it controversial during the French and Dutch referendum campaigns. However, it became a collateral victim of the ratification crisis that occurred in 2005 after the ‘No’ votes in those two countries.

During the ‘reflection period’, which followed the negative referenda in France and in The Netherlands, the Schuman Centre, then under its new director Stefano Bartolini, made a major contribution to that reflection by fostering a very comprehensive in-depth analysis of the Constitutional Treaty and of the way its content had emerged. This involved contributions by most of the members of the Convention’s secretariat,

who were key actors in drafting the text, as well as some leading scholars from the EUI’s Law department and from elsewhere. The publication of *Genesis and Destiny of the European Constitution* (G. Amato, H. Bribosia and B. De Witte eds.) in the Spring of 2007, far from being an exercise in the history of European integration, will remain a major source of information and inspiration for scholars and policy makers, particularly since the Treaty of Lisbon is taking over most of the changes that were incorporated in the

“The characteristic feature of the RSCAS’ involvement was the constant interplay of the academic community present in the EUI—from doctoral researchers to post-doctoral fellows, visiting professors and permanent full professors—with practitioners.”

Constitutional Treaty. Another set of analyses of the Constitutional Treaty and its possible future was central to the joint undertaking by the Robert Schuman Centre and the Centre for European Studies of San Pablo University (Madrid) with the support of the Fundación Rafael del Pino, leading to a report which was presented to the European Parliament on 30 May 2007 and published at the end of the year under the title ¿Qué fue de la Constitución Europea?, El Tratado de Lisboa: un camino hacia el futuro? Alongside these collective endeavours, the single members of the EUI scholarly community published numerous contributions of their own, among which one should especially ▶▶



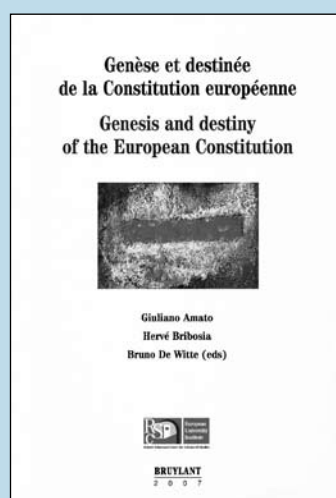
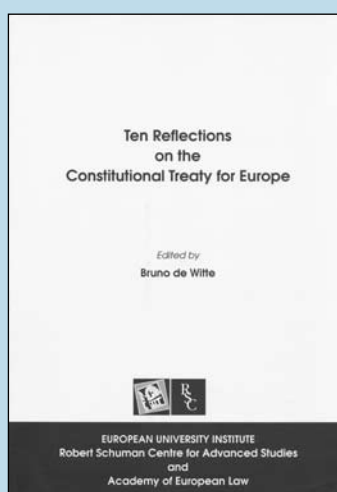
- ▶ mention the widely read commentaries by Jacques Ziller on the successive Treaty texts, published by Il Mulino: *La nuova Costituzione europea* (2004) and *Il nuovo trattato europeo* (2007).

Also, the RSCAS made a major contribution to the 'reflection period' by providing logistical, technical and scientific support to the ACED - Action Committee for European Democracy, a group of prominent European leaders chaired by Giuliano Amato. In the first half of 2007, ACED gave contributions to the ongoing debate on the future of the constitutional treaty through declarations in the press, and by preparing a feasibility study which was presented to the public on 4 June 2007, in the form of a fully fledged draft of *A new Treaty and supplementary protocols*. The options explored by this draft were to a certain extent similar to those which were eventually approved by the European Council at its meeting of 21-22 June 2007, which paved the way for the adoption of the Lisbon Treaty, which was eventually signed on 13 December 2007. A major difference between the draft submitted by ACED and what became the Lisbon Treaty was that, unlike the latter, the draft had been written in order to provide as much clarity and transparency as possible in the architecture and content of the Treaties.

as the two Treaties, thereby complicating even further the new post-Lisbon Treaty architecture. One could say that the Treaty of Lisbon was yet another attempt to use Treaty architecture in order to make a statement of constitutional politics: in this case, the dismemberment of the Constitutional Treaty was a way for the governments assembled in the Intergovernmental Conference of telling their public opinion that the 'constitutional moment' was over.

The characteristic feature of the Schuman Centre's involvement in the Treaty reform debate in the period 1998-2008 was the constant interplay of the academic community present in the European University Institute—from doctoral researchers to post-doctoral fellows, visiting professors and permanent full professors—with practitioners who have been or are involved in the developments of European Union policies and institutions as politicians, civil servants and experts of the institutions. This allowed for publications which were rooted in practice while being linked to the major academic debates, and for practical proposals such as the 2000 study on the reorganisation of the treaties which proved to be quite influential.

In this area, the Schuman Centre has participated directly in the life and times of the European Union. The result may seem somewhat disappointing since, at the time of writing, the Treaty reform process that was started in December 2000 with the Nice Declaration has not yet come to a successful end, as we wait for the responses that the governments will propose to the negative Irish referendum on the Lisbon Treaty. Perhaps, in these matters of Treaty reform, the RSCAS and the EU governments should remember William of Orange's motto: *Point n'est besoin d'espérer pour entreprendre, ni de réussir pour persévérer*. Indeed, already in 2000, the study group of the Schuman Centre that had drafted the Basic Treaty study had published a separate report called *Reforming the Treaties' Amendment Procedures* (C.-D. Ehlermann, Y. Mény and H. Bribosia eds.), which was more or less ignored by the European institutions at that time because it contained what seemed rather radical ideas about reforming the European Union's 'rules of change'. In view of the Irish referendum debacle, that reflection piece from 2000 has become very topical again. ■



When the Brussels European Council of June 2 decided to formally bury the Constitutional Treaty, it also decided to undo the repeal of the existing Treaties, and instead use those two Treaties as the recipients within which most of the substantive reforms contained in the Constitutional Treaty would be re-inserted. So, the content of the Constitutional Treaty was split in two parts, with one part to be incorporated in the EU Treaty and a much bigger part in what is currently the EC Treaty. A third part of the Constitutional Treaty, namely its Part III containing the Charter of Rights, was to be hidden from sight outside the two Treaties, and have a life of its own but with the same legal status

The Single European Currency and the Process of European Integration

Pierre Werner Chair Professor, RSCAS-ECO | **Giancarlo Corsetti**

In the process of European integration, the introduction of a common currency has long been seen as a step towards, and a catalyst of, deeper economic and political union. As such, understanding problems and implications of the euro requires the collaboration of different disciplines, complementing economic analysis at micro and macro levels, with studies in the political, historical and constitutional dimensions of monetary unification. The Robert Schuman Centre provides the natural environment for such collaboration.

In 2002, the Robert Schuman Centre unified its activity and initiatives on monetary and economic integration, establishing the Pierre Werner Chair Programme in European Monetary unions, named in memory of Pierre Werner, and funded through the generosity of the Luxembourg Government. The Programme has two interrelated goals. The first is to foster theoretical and policy-related work addressing issues in the process of monetary integration both in Europe and in other regions of the world. The second is to improve scholarly and public understanding of this process. The second goal in particular entails developing effective instruments of communication and information, accessible also to non specialists. The Programme is currently co-directed by Stefano Bartolini, Director of the RSCAS, and Giancarlo Corsetti, appointed Pierre Werner Chair in 2003.

The association of the programme with the name of Pierre Werner has a special significance. Among the most prominent architects of economic and monetary union, Pierre Werner promoted a vision of Europe built on economic, historical and political arguments, whereby economic and monetary integration are necessary preconditions for a peaceful and prosperous Europe. Over the years such vision has provided the common ground for different political initiatives and institutional developments which have kept the process of European integration alive through many global and internal crises. Already in the 1960s, the Werner Report defined monetary unification as a long-term goal for Europe. The blueprint for achieving unification proposed in the Werner Report underlies the roadmap agreed upon, two decades later, in the Delors Report and the Maastricht Treaty.

Under the guidance of Helen Wallace, director of the Robert Schuman Centre between 2002 and 2006, the Pierre Werner Chair Programme was designed to draw on Werner's legacy, enlarging the scope of top-



ics of interest, as to range from monetary and fiscal policy in the euro area to economic governance in the European Union; from the Stability and Growth Pact to the economic and institutional consequences of the Euro in the world monetary system. Areas of interest also include institutional and economic aspects of Enlargement, monetary constraints on growth in Europe, issues in the development of the European financial system, including issues in regulation and operation of financial markets, as well as a variety of public finance questions related to EMU.

While the creation of the euro defeated many a sceptical view on the possibility of pursuing monetary union without first strengthening political union, the original vision shared and promoted by Werner has come to face a new and important challenge. Namely, should the success of a common currency be predicated on full political and institutional integration? What if the process towards further European political unification fails to pick up after the troubles encountered in the ratification of the European Constitution? Which constitutional, institutional and policy arrangements could then sustain an efficient monetary union, contributing to the welfare of European citizens?

These questions are particularly challenging as the creation of the euro has obviously created a new context for policy making, raising a range of novel



- ▶ issues in the economic governance of Europe. The new currency has modified the international monetary system, with potentially important implications for the international transmission mechanism, the adjustment to global imbalances, and international policy coordination. Global economic modelling, and the shape of international policy action, may need to be re-considered in the new context. Moreover, a successful and stable euro clearly establishes a new model of monetary cooperation—where financial and monetary institutions are integrated in a deeper and faster fashion than political and legal ones. In the future, this new model could be adopted in other areas of the world.

These considerations motivate the PWC programme to undertake a thorough reconsideration of the reasons why European countries have historically showed aversion to a regime of freely floating exchange with independent monetary policy, up to the point of opting for regimes of limited flexibility, such as the Exchange Rate Mechanism of the European Monetary System, and then creating a common currency. In the history of European monetary cooperation, two arguments stand out: first, the completion of a single European market was long seen incompatible with many national monies; second, exchange rate devaluations were considered disruptive of economic cooperation, and a source of political conflict.

“Pierre Werner promoted a vision of Europe built on economic, historical and political arguments, whereby economic and monetary integration are necessary preconditions for a peaceful and prosperous Europe.”

Building on the early vision of Europe, work by the PWC has been exploring new dimensions of these arguments, with the goal of shedding new light on the conventional wisdom. Revisiting traditional theory in a modern language, the essay ‘A modern reconsideration of the theory of optimum currency area’ by Corsetti shows that, under realistic conditions on the incidence of nominal rigidities, the costs of renouncing national monetary policy is actually low in areas where economies are relatively open and consumption patterns are relatively homogeneous. These conditions fit European countries, but even more the states of the USA. To the extent that a single market raises economic openness, the deficit in country-specific stabilization due to a common currency is likely to be contained, relative to the prediction of traditional models.

Most importantly, modern theory suggests that the benefits from monetary cooperation are large in economies with a high degree of real and financial

market integration. The main reason is that, when private markets provide good opportunities to diversify risk across borders, the wealth effects of exchange rate policies are small, since income fluctuations are insured via portfolio diversification. National policy makers can aggressively pursue policies affecting their international prices, i.e. engineer ‘competitive devaluations’ or more in general competitive exchange rate policies, without paying their cost in terms of relative purchasing power. In other words, when financial markets insure against domestic income shocks, each country will have an incentive to weaken or strengthen systematically its terms of trade (depending on their preferences, production structure and specialization), at the price of de-emphasizing output gap stabilization. In a European economic space without policy coordination, this would result in an inefficient degree of output and employment stabilization. The higher the degree of risk sharing, the stronger the incentive to pursue opportunistic policy, with negative effects on aggregate welfare. In light of this consideration, the introduction of a single currency in Europe can be interpreted as a way to lock governments into a sustained form of monetary cooperation, whose gains are in perspective much larger than the cost of losing monetary policy as an instrument to stabilize country-specific fluctuations in the business cycle.

This result provides a modern theoretical foundation to the traditional aversion to competitive devaluation, but stands against a new piece of conventional wisdom, which downplays the benefits from policy coordination tout-court, in favour of the idea that an orderly international monetary and financial system can be achieved when countries ‘keep their house in order’. A critique of this view is provided by Padoa-Schioppa, chairperson of the Advisory Board of the PWC Programme, in his ‘Four Lectures on International Policy Cooperation’ delivered at the EUI in 2005.

With a common monetary policy, more of the burden of domestic stabilization should be naturally taken up by fiscal authorities. However, the high and increasing degree of openness of European economies—in part a by-product of the euro—means that fiscal stabilization instruments are less effective at regional level. When the composition of domestic demand has a large import component, part of the fiscal stimulus to domestic production ‘leaks’ abroad. Coordinated fiscal expansions for the euro area as a whole could still be effective in counteracting area-wide shocks, but country-specific fiscal initiatives may progressively ‘lose their grip’ on the economy.

Work promoted by the PWC programme is reconsidering this issue by carrying out extensive theoretical and empirical analysis of fiscal stabilization in open



economies. ‘The international dimensions of fiscal policy’ by Corsetti, Meier and Mueller indeed warns against an optimistic reliance on quantitative budget policies. In the data, the domestic effects of expansions are smaller in more open economies, and are very sensitive to the current budget and debt condition as well as to the size of the fiscal manoeuvre. These results suggest that the focus of spending and tax policy should be shifted from their quantitative dimension, to their structural content, including implicit incentives to invest, save and work, distributional implications, and insurance components.

A related line of research focuses on the question: how much risk sharing do international financial markets provide? This question concerns not only the extent of the benefits that European citizens can reap from the process of financial market development, but also the types of policy trade-offs that the European Central Bank and national governments face in stabilizing the euro area. In the traditional view, efficient portfolio diversification can in fact provide some automatic stabilization of business cycle shocks, sustaining domestic demand at times of downturn. Empirical research points to the fact that, despite vast progress in cross-border financial market integration, the degree of international risk sharing remains quite low both within Europe, and across macro-areas of the world.

In collaboration with monetary and international institutions, the PWC Programme has also promoted work on the construction of global models integrating large currency areas, i.e. the dollar versus the euro. Such models are meant to capture both internal and external implications of currency unification, providing tools to interpret the state of the economy, as well as to assess and design appropriate stabilization policies. The PWC Programme has undertaken substantial quantitative and empirical work devoted to understanding how macroeconomic disturbances are transmitted across regions, under different regimes of capital and real market integration.

While traditional analysis of stabilization policy stresses demand shocks, modern models place emphasis on supply-driven business cycle fluctuations. The apparent gap between these two views is addressed by a series of theoretical and empirical contributions sponsored by the PWC. The essay ‘International risk sharing and the transmission of productivity shocks’ and related empirical work by Corsetti, Dedola and Leduc, emphasizes the dynamics of wealth effects along business cycle movements, causing booms in domestic demand during expansions. By stressing asymmetric wealth and demand movements, this line of research identifies a potential pervasive pitfall in current policy models that overplay the role of financial markets in providing international

income insurance, thus missing potential important dimensions of international transmission mechanism, as well as key policy trade-offs which are crucial in the day-to-day design of stabilization policy.

To foster public understanding of the work of monetary authorities, the essay ‘The simple geometry of stabilization and inflation in closed and open economy’ by Corsetti and Pesenti provides an easily accessible introduction to the logic and main achievements of large quantitative models of monetary policy. An intuitive graphical approach bridges the gap between traditional analysis and the new, highly quantitative, models now commonly adopted by central banks.

These few paragraphs are meant to provide a close-up view of the main topics researched by people in the PWC programme. The programme pursues its goal through a variety of initiatives: coordination of doctoral and post-doctoral work at the European University Institute and elsewhere; organization of a visiting programme open to researchers from academia as well as from central banks; promotion of European-wide projects and networks covering topics of interest for the programme; organization international conferences and workshops.

The creation of the euro is arguably one of the highest achievements in the process of European integration to date. Judging from the perspective of how much we yet have to understand about the new economic space, the work of the PWC programme cannot but remain quite lively in many years to come. ■

Elena Carletti, Professor of Economics



Elena Carletti joins the Institute this 1 October as a joint chair in Economics and at the RSCAS. Before coming to the EUI, she was Associate Professor of Finance at the Goethe University of Frankfurt and prior to that held posts at the University of Mannheim (2000-2004) and the Center for Financial

Studies in Frankfurt (2004-2008). Her research interests are in the areas of banking, financial stability, corporate governance industrial organization and competition policy. Currently, she is working on capital regulation, bank consolidation, and the implications of the structure of policy institutions for the efficiency and stability of credit markets.

Institutional Change and Democratic Practices

Joint Chair in Public Policy | **Adrienne Héritier**

Professor of Comparative Politics | **Peter Mair**



Substantial attention has been paid over the past few years to the problems of citizenship and democracy in the European Union and to possible ways in which a perceived democratic deficit might be alleviated. Some argue for an approximation to representative government at the national level at a time when national representative government in 'old democracies' suffers from increasing seclusion. Others emphasize the need to open up to civil society, with improved communication as a mode to increase inclusion between those who govern and those who are governed.

These diverging proposals address two contrasting developments, apparent at both the European and national levels, and at the center of our research: the processes of seclusion and inclusion. On the one hand, key political decision-makers appear to be increasingly 'sealed off' from the wider constituency, and, indeed from the rank-and-file of elected politicians. By seclusion we refer to the institutionalized restriction in the

number of *de facto* decision-makers, combined with the shift of decision-making from large arenas with numerous legitimate decision-makers, to small arenas with few decision-makers. On the other hand, we are witnessing varying attempts at inclusion, such as the opening-up of democratic decision-making to include more direct-democratic procedures and enhanced contacts with civil society. However, it is noteworthy that these various forms of inclusion are usually not based on traditional forms of collective political organization, that is, through political parties and the electoral process, but are more often organized through interest groups, lobbying, advocacy coalitions, the media, and various forms of participatory democracy.

Processes of seclusion at the European level may be observed in the form of ever spreading 'fast-track' legislation, as well as in the increasing resort to delegation to comitology and independent agencies instead of legislation. At the same time, there has been ►►

▶ a flurry of institutional measures allowing for access to information, transparency and the establishing of direct links with individual citizens and civil society organizations. At the level of the established democracies in the member states, we may observe seclusion occurring as a consequence of a declining turnout at national elections and a drastic decrease in levels of party membership, accompanied with the delegation of policy making functions to non-majoritarian bodies, whereas inclusion is effected through the increasing empowerment of civil society organisations.

In our research, funded by the Research Council of the European University Institute, we analyze whether and to what extent such a process of seclusion takes place, and if it does, what its shapes, its causes, its underlying processes and its impact are. We further investigate how seclusion relates to attempts of inclusion: Can inclusion constitute a remedy, or could inclusion and seclusion instead prove to be mutually reinforcing? Thus, opening the process up to wide consultation with civil society, combined with an insistence on transparency and access to legislative and administrative procedures can also lead to information overload, confusion and, paradoxically, to deepening the insulation of key political decision-makers even further by shifting crucial decision-making into informal corridors and out of the political limelight.

We are studying these processes at the level of the *European Union*, and at the *national level* of established democracies. At the *European level* an increasing shifting of legislative decision-making from public and politicized forums into small-scale and sealed-off arenas in the framework of informal ‘trialogues’, where legislation is adopted as ‘early agreements’ at first reading. The development is particularly puzzling and counter-intuitive because a series of Treaty reforms has introduced and extended the co-decision procedure precisely as a means to bolster procedural democracy. At the *European level* we can also observe an increasing delegation, leaving decisions to the implementing powers of the Commission under comitology procedures. Additionally, policy-making functions have increasingly been shifted to non-majoritarian institutions, i.e. independent regulatory agencies. At the *national level* it has become increasingly clear that many of the EU member states, in common with many old democracies world-wide, are facing domestic difficulties with democracy and citizenship and that the conventional model of representative government at the national level is also beginning to experience its own problems. In particular, there seems to be evidence of a growing gap between citizens and their governments. At the same time as citizens are withdrawing from engagement with the conventional political institutions at the national level

the institutions themselves are being reformed and are changing. To name just a few: within the member states, regional levels of government are being invested with new powers and political authority; proposals for the reform of electoral systems are being discussed and sometimes implemented; referendums, citizens’ juries and various forms of plebiscitary instruments are being introduced for issues that prove contentious but that often cut across traditional partisan divides, and policy-making processes take place through non-majoritarian institutions.

The simultaneous processes of seclusion and inclusion at the European and national level may also tend to strengthen each other. The more insulated decision-making at the European level, the fewer the incentives for *organized* political representation at the national level, whether this representation seeks to mould European policies as such or to mould national policies that are subject to European constraints. Hence, there are fewer incentives to sustain the classic models of party democracy. Moreover, using more comitology and fast-track legislation at the European level not only disempowers ‘ordinary’ members of the European Parliament, but also weakens national parliaments.

“The more leverage the Parliament has gained in the European legislative process, the more the delegation of implementing powers to the Commission and the comitology procedure has come under attack from the Parliament.”

Let us describe processes of seclusion at the European and national levels as well as their interlinkage in more detail: One of the subprojects conducted by Adrienne Héritier and Christine Reh (UCL) focuses on the ‘invisible transformation of codecision. It investigates whether, why, how and with which consequences decisions on EU legislation are increasingly shifted from public and politicized forums into small-scale and sealed-off arenas. The development is particularly puzzling and counter-intuitive because through a series of constitutional reforms the co-decision procedure has been introduced and amended precisely as a means to bolster procedural democracy. Yet, whereas co-decision has proved highly efficient in terms of legislative *output*, when it comes to the legislative *process*, political choices are pre-decided at ever earlier stages in the framework of informal ‘trialogues’ and are adopted as ‘early agreements’ at first reading. Rather than making EU legislation more inclusive, accountable and transparent, co-decision thus seems to have led to a further increase in informalization, bureaucratization and sealing-off from the electorate and rank-and-file members of Parliament. ▶▶

- ▶ Focusing on another important aspect of European policy making another subproject conducted by Adrienne Héritier (EUI), Catherine Moury (University of Lisbon) Carl-Fredrik Bergström (University of Stockholm) and Carina Bischoff (University of Copenhagen) focuses on delegation to comitology, i.e. the implementing powers of the Commission. Given the diversity of member state preferences and regulatory backgrounds, this delegated form of decision-making functioned as an enormously important motor of integration, starting with common commercial and agricultural policy, the internal market, and regulatory policies of market correction such as environmental policy, health and safety policy, and consumer protection to this very day. While clearly involving efficiency gains, there is also a price to pay. Delegating the specification of legislative decisions to executive bodies implies an increasing seclusion from democratic decision-making. Therefore, the European Parliament seeks to avoid delegation to comitology altogether and, at the same time, also seeks to carve out a role for itself in delegated decision-making. The more leverage the Parliament has gained in the European legislative process, the more the delegation of implementing powers to the Commission and the comitology procedure has come under attack from the Parliament. The latter successfully exerted political pressure to be granted a more important role in delegation, first as a right to be informed, then to be consulted, then to obtain a formal veto power.

institutions themselves, the pressure for reform seems almost unstoppable. This is particularly true for the electoral institutions, which are being both opened up to more varied form of participation and being expanded. What is still unclear, however, is the extent to which the reforms at the institutional level are designed to *adapt* to the culture of citizen withdrawal by facilitating further depoliticization, or to *counter* the culture of citizen withdrawal by promoting greater opportunities for citizen engagement and empowerment. In other words, the nature of the relationship between seclusion and inclusion at the national level remains obscure, as does the nature of the relationship between democratic discontent and institutional change more generally.

Linking the national and European level in specific policy areas a final project led by Arthur Benz (University of Hagen) and Roland Czada (University of Osnabrück) investigates the more specific influence of European policy making at the European level on democratic institutions, procedures and citizenship in the member states. It is still not clear whether or to what extent the transformation of national democracies has been affected by the developments of European policy making. At first sight national debates seem to be more important at the national level. A closer look, however, reveals that in policy fields that have become increasingly Europeanized, such as water management in environmental policies, procedures of democratic inclusion have been continuously adapted in response to the European policies. Often this was due to compulsory or anticipated EU standards of transparency and participation, such as access to information requirements in environmental policy. Such advancements in inclusion at the sectoral administrative level of individual policies stand in sharp contrast to processes of seclusion increasingly identified in European legislation and popular discontent with democratic practices at the national level. ■

“More generally, popular confidence in politics and politicians has fallen dramatically, and now runs at a level substantially below any other comparable group of social and political actors.”

Centering on the national level another subproject directed by Peter Mair, Carina Bischoff (University of Copenhagen) and Zsolt Enyedi (Central European University) investigates how the conventional model of representative government appears to provoke quite substantial popular dissatisfaction, and looks at the role of one of the key organizing principles of that system of government, the practice of party democracy. Party organizations on the ground have been considerably weakened and party leaderships have retreated into the relative seclusion of the political institutions, while convergence in policies across the mainstream and the decline of partisan differences risk hollowing out the meaning of party competition. More generally, popular confidence in politics and politicians has fallen dramatically, and now runs at a level substantially below any other comparable group of social and political actors. Meanwhile, within the

Congratulations

In May 2008, the Humanities and Social Sciences Division of the Royal Netherlands Academy of Arts and Sciences elected **Peter Mair** (Professor, SPS) as a Foreign Member of the Academy.

European Forum – Interdisciplinary Approaches to Political Violence

2007/08 RSCAS Jean Monnet Fellow | **Charalambos Demetriou**

2008/09 Marie Curie Fellow | **Daniel Monterescu**

2007/08 RSCAS Jean Monnet Fellow | **Claudia Verhoeven**

The European Forum brings together a select group of scholars to carry out interdisciplinary research on a specific topic. Particularly timely, the 2007/08 topic examined political violence from an interdisciplinary approach. Consisting of anthropologists, historians, political scientists, and sociologists, working under the title of 'Political Violence and Terrorism: Patterns of Radicalization in Political Activisms' the research group scrutinized some of the more vexing issues of our times from historical and transnational perspectives. Expanding the conceptual horizons of theories of violence we engaged empirical and historical problems that had long been the focus of our intellectual energies. This we did in various venues and occasions, both formal and informal.

The main, and more formal, venue for this academic exchange was the weekly seminar run by the Forum directors Professors Heinz-Gerhard Haupt (HEC) and Donatella Della Porta (SPS). In each seminar, one of the Forum fellows introduced and led discussion on the week's main theoretical or empirical topic. These included religious radicalism, urban nationalism, conceptions of temporality, revolutionary ideologies, and social movements.

Over the course of the year, certain themes emerged from our weekly discussions as being particularly salient not only to our individual research projects, but also to the development of a shared nexus of intellectual inquiry. Following Prof. Della Porta's address at the Forum's concluding conference, these can be categorized under three general headings: i) processes of radicalization; ii) the contextualization of violence; and iii) the organizational dynamics behind political violence. These three themes were brought into fruitful conversation by the fellows' shared interest in exploring the cultural aspects embedded in the historical evolution and social practice of political violence.

We were fortunate to benefit from a number of external scholars who visited the Forum during a series of thematic workshops and special seminar sessions. For the first workshop, 'Emotions and Political Violence,' the invited speakers were Corey Robin (Brooklyn College and the Graduate Center of the City University of New York), who discussed why fear and concerns about security give rise to political repression and the suppression of political liberties; Helena Flam (Universität Leipzig), who spoke about her work on the roles of emotions in social movements; and Lori Allen



(Cambridge University), who presented research on the emotions and politics of Palestinian funerals. The second workshop centered on 'Urban Riots: Sociological and Historical Explanations' and featured work on the recent unrest in the French banlieux by Dave Waddington (Sheffield Hallam University) and Michelle Zancarini-Fournel (IUFM Lyon). Finally, in two separate sessions, Jeffrey Goodwin (New York University) presented his theory of 'categorical terrorism' and Sidney Tarrow (Cornell University) gave a seminar, 'Inside Insurgencies: Politics and Violence in an Age of Civil War.'

More informally, the forum fellows shared lunches, aperitivi, dinners, and—most importantly—coffees at the corner bar. Not surprisingly—in the original spirit of the European Forum—these interactions proved at least as productive as our 'formal' meetings. In a similar vein, the Forum's association with the RSCAS greatly facilitated both our individual and group intellectual activities. With offices in the Convento, members of the European Forum had the opportunity to interact on various levels with other Jean Monnet Fellows, Marie Curie Fellows, as well as professors and visiting scholars associated with the Centre. The studious but collegial atmosphere of the Convento and the Schuman Centre alike provided a perfect forum for pleasant intellectual cross-pollination.

The participants to the Forum included Giulia Albanese, Lorenzo Bosi, Chares Demetriou, Julia Eckert, Babak Rahimi, Mate Tokic, and Claudia Verhoeven. Daniel Monterescu, though a fellow of the Mediterranean Program, became an integral part of the Forum's activities. ■

New Modes of Governance in the Shadow of Hierarchy

Joint Chair in Public Policy | **Adrienne Héritier**

New modes of *governance* is defined as public policy formulation under the inclusion of private actors, and/or public policy making outside the formal legislative arena and 'democratic circuit'. By implication, *governmental action* is defined as public policy formulation by public actors in the parliamentary/executive political arena within a defined territory. The research conducted in the context of the ECE funded FP6 integrated project New Modes of Governance empirically focuses on different types of new modes of governance at the European and national levels: the self-regulation by industry in environmental policy and energy policy; regulatory networks in financial markets, telecommunications and energy; comitology as a mode of regulation of financial markets; arbitration in competition policy, and bi and tri-partite policy making in social and employment policy (social dialogue).

The goals pursued by these various new modes all relate to the goals of market integration and correcting the negative external effects which result from it. While market integration is an effort to abolish barriers to market access, correcting the negative external effects of such integration involves actions to reduce the damages caused to human health, the environment and other national welfare goals. Thus, a new mode such as the Lamfalussy comitology process has taken important steps in integrating the European securities market, and the national regulatory authorities that are cooperating in 'regulatory networks' in telecommunications and energy are an example of how actors work to smooth market integration processes, ensure market access for new players, secure technical compatibility, etc. They also seek to guarantee customers' access to services at affordable prices, and the continuity and security of service provision. Another example we studied of actions taken to alleviate the negative external effects of market integration are firms' self-imposed standards providing for the recycling of waste in the plastic and paper industries.

This project pursued a number of lines of inquiry. What are the typical *patterns of diffusion* of these new modes, the *reasons for their emergence, execution, and evolution over time* and what can we conclude from their *evaluation*? A striking feature of the *diffusion* of the new modes studied is a *shift to independent regulatory authorities*. Governments more and more frequently tend to rely on regulation by sectoral experts, particularly in areas of highly complex regulation. This feature can be identified at the national level, but also



at the European level. There has been a tendency to take decision-making on market integration out of the traditional political arenas and to shift them to functionally specialized independent regulatory arenas, i.e. regulatory authorities and or comitology. Important empirical instances of such a delegation to functional decision-making bodies outside the main political arena are again the integration of financial markets that has been delegated to sectoral experts under comitology procedures (Lamfalussy procedure).

A second salient pattern of diffusion is that such a shift of delegating complex regulatory issues of market integration has also occurred *from public to private actors* leading to an *increase in self-regulation of industry* at the European and national level, and an increase in co-regulation of public and private actors. Particularly in areas of high technical complexity such as the regulation of energy transmission systems, industry plays an eminent role in providing regulation. Or, in the recycling of waste, industry has been increasingly engaged in self-regulatory activities.

Which factors favour the *emergence* of new modes of governance? Three key factors appear clearly from our research: the need for expertise, the wish to pre-empt legislation and, finally, the member states' reluctance to yield competences to the European level and their

▶ consequent preference for soft modes of governance, given the pressures they face.

The *need for expertise* in policy making is one of the main reasons for the emergence of new modes of governance. Regulation by industry, regulatory networks or the creation of regulatory authorities, comitology and private arbitration all may be traced back to the fact that governments do not see themselves as capable of mustering all the technical and scientific expertise necessary to regulate highly complex areas of market integration. Therefore, policy-making competences have been delegated to functional bodies of sectoral governance and the self-regulation of private actors. The latter have more expertise and are more flexible and speedy in adjusting to new and complex environmental challenges. Moreover, by being cut off from the mainstream of legislative political decision-making, sectoral governance is supposed to guarantee the credibility and stability of public policymaking in light of changing political preferences of governments. Eminent examples are the regulation of financial markets under the Lamfalussy process and the regulation of the energy sector regulatory networks.

Pre-empting legislation is a second important reason why new modes of governance emerge. Although governments tend to rely on private actors to regulate highly complex areas of market integration and market correction, it must—in particular in the case of self-regulation by industry—exert some pressure before industry takes the necessary regulatory steps. In other words a credible legislative threat or ‘the shadow of hierarchy’ may be needed to prompt the development of new modes of governance on the part of private actors. Self-regulation by industry—although clearly preferred to legislation—is nonetheless costly because it involves negotiation with other industry actors to solve a collective action problem. However, if governments credibly threaten to pass new legislative measures or tighten existing ones, and if they take concrete preparatory steps to do so, industry will be more willing to engage in self-regulation. Such was the case of the Florence Energy Forum (a body of public and private actors), where a decision was not produced until the Commission threatened to legislate on transmission of energy. This was also found in the case of environmental self-regulation of industry (recycling), where it is evident that the threat of legislation underlined by NGO campaigns has indeed motivated self-regulation by industry.

A final reason why new modes emerge is that member states prefer a new mode of governance to a formal transfer of national policy competences to the European level (Communitarization), because of a certain problem pressure to act at the national and European

level. Soft modes of governance allow for some action without having member governments necessarily lose their formal competence. From the Commission’s (opposite) viewpoint, the new modes present a *default option* or second best solution to the Community method. Anticipating member state opposition, the Commission settles for the second best solution to legislation because it stirs up less political opposition. Such is the case of *Social Partnership*, as member states are loathe to yield competences to the European level in the areas of social and labour market regulation. The same pattern can be observed in our findings on *regulatory networks* in which national regulators exchange information and coordinate national regulatory activities. While the Commission was pressing for the establishment of a European regulator, member states flatly refused to follow suit while instead agreeing to establish regulatory networks.

The analysis of the *execution* of the new modes of governance revealed the striking predominance of instruments such as incentives, bargaining, persuasion, information/monitoring and model function. In contrast, command-and-control is all but absent. Regulatory networks are thus based on mutual information about national policies which is crucial in order to secure coordination of member states’ regulation. Comitology, too, operates by exchange of information, bargaining and persuasion; voluntary standards on incentives and commitment; social partnership on negotiations; etc.

While command-and-control as an instrument is not directly applied in the execution of new modes of governance, it nevertheless plays an important role in that its use may be threatened to ensure the effective implementation of the new modes. Thus, the absence of monitoring and the lack of a credible legislative threat is one reason for why self-regulation of recycling in the PVC industry has only been partially successful. The same holds for the self-regulation of industry in the energy sector. Private actors come forth with an implementing decision for technical interoperability and compensation for the usage of networks for transmission only after they were confronted with the Commission’s threat to legislate. One may therefore say that *new forms of governance and old forms of government are very frequently linked*. The credible threat of legislation is crucial in prompting private actors to engage in new modes of governance, i.e. self-regulation. And the shadow of hierarchy is equally important for ensuring that the objectives of the new modes are followed by implementation/execution. What complicates the picture is that new modes of governance are sometimes subject to several shadows of hierarchy. That is, two different governmental actors may claim supervision over the actors engaged ▶▶

- ▶ in a new mode of governance. One implication in this case may be that the threat of governmental intervention is less acute.

Once the new modes of governance have been established, how do they develop over time (*evolution*)? In spite of the diversity of the new modes, their development over time appear to be determined by *instrumental learning* on the one hand and *contests over the distribution of substantive and institutional costs of benefits* on the other. In the case of *regulatory networks*, a typical change we observed was a stronger formalization of the networks resulting from an *implicit power struggle* between the Commission, national regulators and national governments. In the application of *comitology* in financial market regulation we observe increasing Commission power over the Lamfalussy process, over time, and an attempt by the Parliament to gain some role in the process. In environmental *self-regulation of industry* we observe some instrumental learning: over time actors learn how to better reach their defined goals, even to redefine the goals in the light of experience and in the light of new external events. The plastic industry redefined its recycling goals in the light of an increasing tendency to export plastic waste. We also find some adjustments in the self-regulatory measures to alleviate the cost burden of medium-sized enterprises or particularly hard-pressed industries.

The final part of our evaluation of the new modes of governance first addresses the question of *policy effectiveness* and then considers their *structural impacts with regard to democratic accountability*. As to the *efficacy question* we asked whether the new modes of sectoral governance in themselves contribute to the efficacy of policymaking or whether they require the shadow of hierarchy, i.e. legislative and executive decision, in order to deal effectively with the problems they are supposed to solve. The evaluation shows that so far comitology as applied in the Lamfalussy procedure in the reform of the financial markets started in 2000 has been rather successful. With regard to the self-regulation of industry, we found that industry's willingness to perform in the context of self-regulation strongly depends on the shadow of hierarchy. Absent the threat of legislation, market incentives appear to be the most important driver of performance as the success of recycling in the paper industry shows.

When considering the structural impact of the application of new modes of governance we focused on their impact on *democratic accountability*. The new modes of governance as defined above occur outside of legislative arenas, outside the 'democratic circuit', and focus on clearly delimited sectoral areas. This by itself implies a loss of democratic control of the

electoral-representative channel, i.e. a loss of power of national parliaments and the European Parliament. Moreover, while the new modes—based on expertise—may produce effective policy outcomes in their respective limited 'functional' areas, when taken all together they constitute a patchwork of regulatory arenas of segmented, expertise-based public policy-making. This may produce negative external effects for other policy-making arenas outside its own scope. These possible negative external effects are difficult to contain unless the specialized policy making arenas are linked back to arenas of legitimate territorial government. Only this type of democratic accountability based on the mediating role of political parties and citizens can obtain an overall perspective of the public good across the entire territory. A second type of accountability rendering linked to the functional representation of stakeholders in a regulatory new mode of governance offers the possibility of taking into account various affected interests, but does not allow for internalizing negative external effects beyond the scope of functional governance.

Conclusion

Two conclusions may be drawn from our analysis of different new modes of governance: new modes of governance have allowed an acceleration of policy integration in the European Union in areas where member governments are hesitant to yield competences to the European level. This acceleration, however, has come at a cost: as functional policy making arenas under the new modes are removed from the electoral-representative 'democratic circuit', their use implies a loss of democratic accountability. ■

The research conducted on 'New Modes of Governance in the Shadow of Hierarchy' is part of the Integrated Project (NEWGOV) funded under the FP6 Programme of the Commission (2004 to 2008) which analyses the emergence, execution, evolution and evaluation of new modes of governance. Cluster 2 of the Integrated Project 'New Modes of Governance in the Shadow of Hierarchy and Accountability', directed by Adrienne Héritier and Dirk Lehmkuhl, comprises projects conducted by Adrienne Héritier and Sandra Eckert, Dirk Lehmkuhl, Christian de Visscher, Frédéric Varone and Olivier de Maiscoq, Leonor Moral Soriano, David Coen and Mark Thatcher, Patrick LeGalès and Charlotte Halpern, Burkard Eberlein, Jens Steffek and Stijn Smismans. The research on democratic accountability was conducted in cooperation with the Democracy Task Force of NEWGOV, consisting of Dario Castiglione, Albert Weale and Richard Bellamy as well as Andreas Føllesdal.

Governance, Public Policy and Economic Performance

2007/08 RSCAS Jean Monnet Fellow | **Péter Benczúr**

2007/08 RSCAS Jean Monnet Fellow | **Riccardo Crescenzi**

2007/08 RSCAS Jean Monnet Fellow | **Roberto Ricciuti**

The economic presence of modern governments is quite apparent even to casual observers. On the one hand, there are a variety of taxes which either 'we' or 'someone else' needs to pay. In the 'we' category fall items like income, excise, value added and local taxes and social security contributions, while corporate, inheritance and capital gains taxes are 'someone else's' responsibility. Besides paying our duties, we also receive various goods in return, like social security, public goods (be they tangible or abstract like the legal system) and various transfers. Moreover, governments are also important investors and employers.

Economists have identified three main purposes that justify the economic activity of governments. One is that the private outcome might be inefficient due to market failures, in which case there is an allocation role for the government. Second, the market outcome may lead to a 'socially undesirable' division of economic goods, which calls for government redistribution (e.g. between individuals, between regions in the same country or between states within the EU or the US through the 'federal budget'). And finally, markets may leave some resources underutilized, opening a stabilization role.

The analysis of government intervention in all these areas has been at the very centre of the current academic debate in economics and economic policy. A significant body of research has been developed in order to shed new light on the rationale, the scope, the implementation and the impact of public economic policies.

The objective of this short article is to offer a bird's-eye (re)view of a few recent contributions in some of these research areas, thus showing how lively, differentiated and stimulating economists' work is when dealing with the multifaceted role of the government in the economy.

With this objective in mind, we will first consider the disincentive effects of labour income taxation with an application to the case of Hungary. Second, we will look at the relationship between innovation and regional economic performance and highlight the role of policy intervention in this area by comparing the European Union and the United States. Third, we will consider the political economy determinants of fiscal policies by considering both the Italian historical experience and more recent OECD countries' dynamics.



Motivated by their simplicity, easy administration and effective monitoring, 'flat tax' experiments have become practically the rule in Central and Eastern European (CEE) countries. Although involving a large cut in personal income taxes, such reforms tend to boost budget revenues. It is not immediate, however, how much of the budget revenue can be attributed to the increase in tax enforcement and how much is due to lower tax rates.

A reform episode which keeps tax enforcement unchanged provides a laboratory setting to analyze the response of taxable income to marginal and average tax rates. The medium-scale tax reform of Hungary in 2004-05 constitutes such an opportunity, which Péter Benczúr (with Péter Bakos and Dóra Benedek) has used in his study 'The Elasticity of Taxable Income: Estimates and Flat Tax Predictions using the Hungarian Tax Changes in 2005', by Péter Bakos (ABN AMRO Bank N.V., London). The focus on taxable income as opposed to labour supply is motivated partly by the fact that this is the relevant measure for assessing the budget implications of tax changes. Besides, this variable varies not only with labour supply, but also with the decision about work effort, tax-deductible activities, or with a change in tax compliance as well.

Without a behavioural response, taxable income does not change systematically after a tax reform. The international evidence, however, does show that taxpayers respond to tax changes and adjust their income. ▶▶

- ▶ Consequently, it is essential to incorporate these effects into budget projections. The impact of these behavioural effects can be potentially high enough to offset the drop in budget revenues following a tax cut. For all these reasons, the authors strongly believe that the estimation of such effects should become a major ingredient in any European tax reform discussion.

“The US and EU differ significantly in terms of their innovative capacity: the former have been able to gain and maintain world leadership in innovation and technology while the latter continues to lag.”

They use a large representative sample of 2004 tax files, linked with the same taxpayer's 2005 data. They find that individuals in the lower 80% of the income distribution exhibit a small sensitivity to taxation, while the upper 20% responds quite strongly to changes in tax rates. This dichotomy has an immediate consequence for the impact of the employee (earned income) tax credit and various tax deduction schemes. Many observers have pointed out that the employee tax credit leads to high marginal tax rates at relatively low income levels, distorting their economic activity. Though the implied marginal rates are indeed high, our results do not confirm that this would lead to sizable distortions, as the tax sensitivity of this group is quite low. For high income taxpayers, on the other hand, there is a related mechanism at work: the income-dependent phase-out of various tax deductions leads to high marginal tax rates for many, and this group exhibits a substantial responsiveness to taxation.

The authors also used their results to assess the budgetary impact of certain elements of the 2005 reform. In both cases they considered, the incorporation of the behavioural response halves the budget impact relative to the number without behavioural responses.

Finally, Bakos, Benczúr and Benedek simulated the impact of a hypothetical flat personal income tax scheme. Due to the behavioural responses they estimated, this reform would boost tax revenues by 2.4%, pretax income of households by 1.7%, and after-tax income by 1.4%. Though these effects should not be overlooked, they are not as miraculous as flat tax advocates typically claim.

Moreover, these averages hide a strong increase in income inequality. The lowest 20-30% of the income distribution gains, regardless of the behavioural response. The main losers are in the middle, having to face a large increase in the average tax rate. High earners, partly due to their behavioural response, would also gain.

The United States and European Union differ significantly in terms of their innovative capacity: the former have been able to gain and maintain world leadership in innovation and technology while the latter continues to lag. Notwithstanding the magnitude of this innovation gap and the political emphasis placed upon it on both sides of the Atlantic, very little systematic comparative analysis has been carried out on its causes. The empirical literature has emphasized the structural differences between the two continents in the quantity and quality of the major 'inputs' to innovation: R&D investments and human capital. The very different spatial organization of innovative activities in the EU and the US could also influence innovative output. Riccardo Crescenzi (with Andrés Rodríguez-Pose and Michael Storper)—in the paper 'The territorial dynamics of innovation: a Europe-United States Comparative Analysis—analyzes and compares a wide set of territorial processes that influence innovation in Europe and the United States. The empirical analysis pursued in this research reveals that knowledge production in both continents is governed by different geographical processes. In the US the generation of innovation usually occurs in self-contained geographical areas that rely on their own R&D inputs, on favourable local socio-economic environments, and on the training and attraction of highly skilled individuals. In Europe the process is much more linked not just to having an adequate local socio-economic context, but to proximity to other innovative areas and to the capacity to assimilate and transform inter-regional knowledge spillovers into innovation. Human capital mobility, in contrast to the US case, does not play a role.

The dynamic reorganization of European innovation resources is severely limited by the EU's lower levels of factor mobility and integration than in the US. Two key forces lie behind these diverse territorial dynamics of innovation. First is the 'national bias' in EU innovation. Despite rapid economic integration, distinct national and regional systems of innovation persist in Europe. Countries across the EU maintain their own innovative strategies that may to a larger or lesser extent conform to the European-wide Lisbon Agenda.

Since the US is a much more economically, culturally and psychologically integrated market, innovation processes there are shaped principally by national forces. A second force is the European concern with cohesion, even in the genesis of innovation. Whereas, in the US the location of innovation is strongly influenced by market forces, in the EU the Lisbon Agenda shares the somewhat contradictory goals of 'making Europe the most competitive knowledge-based economy in the world', while, at the same time, promoting territorial cohesion. ▶▶

▶ Do these different territorial dynamics of innovation make a serious difference in outcomes? It is important not to rush to judgments from this analysis. At first glance, it might be tempting to echo many other analyses in calling for an ‘Americanization’ of European geographical dynamics: greater factor mobility, bigger and more specialized agglomerations, more integration. The analysis pursued by Crescenzi, Rodriguez-Pose and Storper however, also sees some signs of a distinctly European pathway to integration: given these lower levels of mobility, and an historically more dispersed and less specialized urban system, and the persistence of national institutions and cultures, it may be that Europe is developing functional equivalents for American mobility and specialization, in the form of greater inter-metropolitan knowledge exchange and cooperation. Certainly, the advances in the European transport system (high speed rail, cheap flights) are bringing metropolitan areas closer together than ever before, as are heightened levels of intra-firm, inter-firm and inter-governmental cooperation. The question is whether, at some point, these processes will help developing viable functional alternatives to the American process geography, i.e. capable of helping Europe overcome the innovation gap.

The research by Roberto Ricciuti (with Nadia Fiorino) is focused on governance and public policy and covers different periods and countries. The paper ‘Interest Groups, Government Spending and Italian Growth (1876-1913)’ starts by noticing that in the last two decades of the XIX century the Italian model of economic growth shifted from agricultural to industrial. Historians maintain that this process was affected by the action of some interest groups that pursued both state protection from competition and specific public expenditure programs. In 1887 a trade law protected the grain, textile, sugar and steel industries. Therefore,

Ricciuti and Fiorino take these industries as interest groups and try to estimate their role in public expenditure decisions. In doing so, they rely on the economic literature of interest groups, which maintain that politicians and lobbies exchange expenditure programs and trade protection with political support in order to maximise their utility (profits for firms, and the probability of being reelected for politicians). The empirical results suggests that government spending was sensitive to the preferences of heavy industry rather than those of textile and cereal cultivators.

In ‘The Political Competition-Economic Performance Puzzle: Evidence from the OECD Countries and the Italian Regions’ Roberto Ricciuti (with Fabio Padovano), analyses the relationship between political competition (how close are election results) and economic performance, i.e., income levels and rates of growth. The idea in this literature is that when electoral races are quite close, politicians need to get the support of swing-voters in order to win the elections. Therefore, more pro-growth policies are implemented the larger is the proportion of such voters. Ricciuti and Padovano find that data tend to support the theory at the lower levels of government (for example Italian regional governments in their paper, but also Flemish municipalities and the US South in the work of other scholars) but not in a panel of countries like the OECD. This means that in these countries the closer are electoral races, the more governments tend to keep their own voters via redistributive expenditure. They propose a solution to this puzzle arguing that at the national level there is a larger set of policy instruments that reduces the tax price of votes. Moreover, constitutions typically reserve competencies with a high ideological potential to the national government, which further obfuscates swing voters’ responsiveness to the economic performance of the central government. ■

Congratulations to **Emilie Delivré** and **Brahim El Mouatamid** on the birth of their son, **Sifao**, on 15 June 2008.



Congratulations to **Martin Rhodes** and **Rachel Epstein** on the birth of their daughter, **Cleo**, on 1 September 2008.



Administrative Efficiency vs the Rule of Law: the Commission's Limited Power to Settle in EU Competition Policy

Joint Chair in Competition Law | **Heike Schweitzer**



The Robert Schuman Centre's *13th Annual EU Competition Law and Policy Workshop*, which took place in Florence in June this year, once again dealt with a topical issue: 'Negotiated Settlements under EC Competition Law'. Negotiated settlements are among those instruments which the Commission has introduced to create greater room for administrative efficiency, and are thus part of the general, both substantive and administrative re-orientation of EU competition law towards efficiency. At the administrative level, the goal is to allocate the scarce resources available for the enforcement of competition law such as to ensure the highest degree of deterrence at the lowest cost. The Commission Regulation 622/2008 regarding the conduct of settlement procedures in cartel cases (OJ 2008 L 171/3) is only one example. The settlement procedure for hard-core cartels must be distinguished clearly from the already existing commitment decision procedure under Art. 9 Reg. 1/2003. The Art. 9 procedure—inspired by the US Consent Decree—was meant to create a formal settlement procedure for non-cartel cases. Under this provision the Commission can, when it has identified a likely infringement of competition rules, accept commitments by the undertakings concerned that adequately address its concerns, and make these commitments binding on the undertakings. The Commission will then dispose of the case without formally establishing that there has

been an infringement of EC competition rules. It is, at the same time, relieved of the necessity to fully prove an infringement, as it would need to do in a regular infringement proceeding under Art. 7(1) Reg. 1/2003. The Commission may therefore be able to resolve the case more easily and speedily. The undertakings concerned, on their part, may be interested in a commitment decision, because it allows them to avoid a long, time-consuming and expensive legal controversy over facts, economic assessment and the law, as well as the reputational damages that might go along. Furthermore, they avoid a formal finding of an infringement that could be used in private damages actions in the Member States' courts, and that could possibly lead to the imposition of a fine.

These attractions of a commitment procedure for both the DG Competition and the undertakings concerned have quickly made it a popular and important instrument of competition law enforcement. Since the entry into force of the Regulation 1/2003 in May 2004, roughly 40 % of all Commission decisions on Art. 81 or 82, excluding decisions on hard-core cartels, have been commitment decisions under Art. 9 Reg. 1/2003. The procedure is not only used for minor infringements: in proceedings against E.ON and RWE based on an alleged exclusionary strategy, namely the artificial creation of obstacles to network access for competitors in violation of Art. 82 EC, both companies have recently offered to commit to sell their electricity transmission system network to an operator which would have no interest in the electricity generation and/or supply businesses and to commit to divest generation capacity to competitors. By offering such commitments, they hope to avoid a possibly high fine.

“The goal is to allocate the scarce resources available for the enforcement of competition law such as to ensure the highest degree of deterrence at the lowest cost.”

Despite its apparent success, the handling of the commitment procedure by the Commission has raised serious concerns. Commentators have pointed to the commitment decision procedure's potentially problematic effects on European competition policy and the absence of safeguards to prevent its abuse. In the name of administrative efficiency, the Art. 9-proce- ▶▶

► dure—understood as a flexible settlement procedure—appeared to largely liberate the Commission both from judicial control and from the subjection to its mandate to enforce the competition rules. Where the close legal link between an alleged infringement of competition rules and the remedies imposed is loosened and replaced by the Commission's discretion in suggesting and accepting commitments, the full protection of the public interest as incorporated in the competition rules is no longer guaranteed. The Commission may seize the opportunity to expand its powers beyond its constitutional mandate and pursue interests that reach far beyond the enforcement of competition rules: commitment decisions can become an instrument of regulating markets according to the Commission's perception of optimal market structures or in the pursuit of public policy goals. The Commission may use the commitment procedure to deal with cases where the law is unclear, and thus shape its own competition policy outside the control of the European courts. The requirement that the undertakings concerned must consent to the commitments is no safeguard against these risks: The threat of long and costly legal proceedings with possibly damaging effects on the companies' reputation, may induce companies to offer commitments even in cases which they believe to be without merits. In cases of more clear-cut infringements, companies may be willing to offer far-reaching commitments in order to avoid a high fine. And in some cases, the Commission's regulatory interests and the defendant's economic interests may become aligned in the course of a commitment procedure, which may result in collusion to the detriment of third parties.

In its recent Alrosa-decision, the CFI has implicitly acknowledged these concerns, and has seized the opportunity to clarify the nature and function of commitment decisions, the duties of the Commission within the framework of the commitment decision procedure, and some fundamental due process requirements. In doing so, it has created important safeguards against the risks of abuse inherent in this instrument. It has at the same time outlined some limits to the pursuit of the goal of administrative efficiency.

The case concerned an envisioned contract between De Beers and Alrosa—the number 1- and number 2-producer and supplier of rough diamonds worldwide—according to which Alrosa would have sold its entire production of rough diamonds meant for export outside the Community of Independent States (CIS) to De Beers. The Commission objected to this contract on two grounds: it would have restricted competition and infringed Art. 81 EC; and it allegedly constituted an abuse of a dominant position by De Beers. Initially, the Commission intended to

make binding commitments offered jointly by Alrosa and De Beers, according to which the sale of rough diamonds from Alrosa to De Beers would have been progressively reduced to ultimately roughly 1/3 of the amount originally envisioned. When the Commission received negative third party comments on these commitments, it asked for a complete cessation of the commercial relationship between Alrosa and De Beers, however. Alrosa was unwilling to offer such commitments which it found to be commercially un-supportable. De Beers, on the other hand, agreed to make such commitments individually in order to close the Art. 82-proceedings, and the Commission made these commitments binding. Simultaneously, it closed the proceedings against Alrosa. Alrosa applied to the CFI for an annulment of the Commission's decision – and succeeded on two grounds: The CFI found that the Commission's commitment decision infringed the principle of proportionality, and that the Commission had violated Alrosa's right to be heard.

The CFI's findings on the violation of the proportionality principle are of particular interest here. Alrosa had complained that the Commission had exceeded its legal powers by ordering the complete cessation of the trading relationship and prohibiting any future contracts for the sale or purchase of rough diamonds between Alrosa and De Beers for an indefinite period of time. This, according to Alrosa, went beyond what was appropriate and necessary to meet the Commission's concerns under Art. 82. The Commission, on the other hand, argued that it should not be obliged to conduct a full proportionality assessment in the course of a commitment decision procedure, because this would undermine its purpose to allow for more administrative efficiency. The Commission should be obliged to reject commitments that are manifestly excessive, but since commitments are offered voluntarily, this should be a rare case. The judicial review should, in any case, be limited to verifying whether there has been a manifest breach of the principle of proportionality, or more generally a manifest error in the complex ►►



- ▶ economic assessment carried out by the Commission.

The CFI outright rejected the Commission's arguments, and found that the principle of proportionality—a general principle of Community law—applies to Art. 9-decisions in the same way as it applies to infringement decisions under Art. 7(1), even though it is not explicitly mentioned in Art. 9(1) Reg. 1/2003. The Commission is obliged to perform a full proportionality analysis before it makes commitments binding under Art. 9(1). The voluntary nature of the commitments does not relieve the Commission of the need to comply with the principle of proportionality: it is the Commission's decision alone which makes the commitments binding and has legal consequences for the undertakings. The Commission therefore bears full and sole responsibility for the content of its commitment decisions, in essentially the same way it bears responsibility for the content of infringement decisions under Art. 7(1) Reg. 1/2003.

The CFI refused to accord a contractual character of some sort to commitment decisions. Instead, it emphasized that a commitment decision is essentially of the same nature as an infringement decision under Art. 7(1) Reg. 1/2003: it constitutes 'a binding measure which puts an end to an infringement or a potential infringement'. In a commitment decision procedure, the Commission 'exercises all the prerogatives conferred on it by Articles 81 EC and 82 EC, with the only distinctive feature being that the submission of offers of commitments by the undertakings concerned means that the Commission is not required to pursue the regulatory procedure laid down under Article 85 EC and, in particular, to prove the infringement'. The Commission is, therefore, responsible to ensure that the commitment decision is an adequate and proportionate response to the infringement alleged. It cannot use Art. 9-decisions to require undertakings to comply with commitments which would, under Art. 7(1), be disproportionate to the infringement. In order to ensure compliance with the proportionality principle, it must base its commitment decision on a sufficiently serious analysis of the market and identification of the

alleged infringement—an analysis which must also allow a review of the appropriateness of the commitment by the court.

These findings go to the essence of function and nature of the commitment decision procedure: The *Alrosa* judgment does not conceive commitment decisions as 'settlements', i.e. as essentially voluntary agreements based on a negotiated bargain by which the defendant accepts certain constraints in return for an end to the charges. A negotiated settlement procedure would imply a broad margin of discretion for the authorities in striking a bargain, as the Commission has in fact claimed. In the view of the CFI, by contrast, commitment decisions under Art. 9(1) Reg. 1/2003 are public law enforcement in the same way as infringement decisions under Art. 7(1). Both pursue the aim to put infringements to an end. In both proceedings, the Commission is fully bound by the substantive rules of competition law and by the general principles that apply to all exercise of public authority under European Community law, including the proportionality principle and the procedural guarantees. Most importantly, commitment decisions remain fully subjected to judicial review.

If *Alrosa* is upheld, the EU Commission will, therefore, not be able to use the commitment decision procedure as intended. It had perceived Art. 9 Reg. 1/2003 as an empowerment to trade off some procedural guarantees and judicial control against administrative flexibility and efficiency. The CFI has refused to accept this trade-off. It emphasizes the need to tie the Commission closely to its mandate to enforce the EC-Treaty rules, as well as the need to maintain an effective judicial review, and thus protects the balance of powers and the rule of law. This is an important reminder that within EU law, administrative efficiency is not all. The values of accountability, the rights of defence and the rule of law, as ensured by judicial review, are of no lesser importance, and must be maintained. Ultimately, and in the longer run, this may even contribute to the efficiency of the system as a whole. ■

Rotary Prize

In June 2008, **Robert Schütze** was awarded the annual Rotary club award for best thesis for his dissertation 'From Dual to Comparative Federalism: The Changing Structure of the Legislative Function in the European Union'.

Schütze defended his thesis in LAW in 2005.



Getting a Handle on Regulation

Director, Florence School of Regulation | **Pippo Ranci**

The idea to set up a centre on the regulation of energy services and of other utilities emerged from the experiences of the National Regulatory Authorities for Energy, which were created in most European countries between 1995 and 2003. These Authorities had to confront the changing reality of opening markets, the European integration of energy systems, frequent privatisation of companies, and new freedoms of choice for energy consumers.

The new regulators came from a world of monopoly and often state ownership; a world in which the general interest was promoted, or believed to be promoted, by government via the exercise of shareholder's rights or via the use of command and control. In contrast, in the new market-based order the general interest had to be pursued mainly by using incentives to gently and effectively direct the behaviour of companies towards producing the wanted results.

In addition, while freedom of enterprise and the beneficial effects of competition on efficiency can usually be attained in a free market, the naturally unique (monopolistic) networks pose a serious constraint and require specific rules to guarantee access to all competitors on a fair basis.

The new regulators soon realised that they needed cultural support in order to understand and handle the new tasks. Most of them were clearly aware that the new challenge was common to national institutions all over Europe. They thus set up their European association (the Council of European Energy Regulators, CEER) and worked towards developing a common approach to the issues.

The European Commission organised periodic meetings with the regulators, ministries of the member states and the representatives of industrial associations to see them through the implementation of the directives and to facilitate mutual understanding. The electricity Forum met at the EUI in Florence, Italy (later followed by the Madrid forum on gas), making the city a preferred meeting place for energy regulators. However, in order to understand the issues and analyse the alternatives, energy regulators found they needed more systematic help beyond the periodic meetings of the Florence Forum. A university seemed a good solution, and for this reason the EUI was asked to help.

Staff training was an essential step in building a com-



mon culture, and it was a forward-thinking decision of the regulators to organise common training courses. Soon it was clear that Florence was indeed the right place for creating high-quality training, connected with research.

In January 2004 the president of the EUI contacted the CEER, the European Commission and a large number of energy companies. A small but significant group of these answered positively to the request for involvement and financial support. The Florence School of Regulation inaugurated its activity in July of that year with a workshop on “the European market for electricity: where do we stand?” which had been strongly advocated for and actively participated in by Loyola de Palacio, the EC vice-president in charge of energy and transport at that time. Her confidence and profound sense of purpose infused the work of the FSR, and her loss was deeply felt when she passed away in December 2006. The RSCAS is now starting a new research programme on energy in her memory.

Since July 2004 the FSR has grown, offering workshops in which specific issues are debated by scholars, regulators and industry representatives in small groups (usually 30-40 people) around a table. In addition, the FSR holds a larger annual conference, and training courses for the staff of regulators and companies. In ▶▶

- ▶ the last 12 months, between July 2007 and June 2008, the FSR has organised 8 workshops and 2 larger conferences totalling about 300 participants. In the same period, the training activity has involved just under 100 participants in a variety of formats: short single-themed courses; a basic course in which participants spend one intensive week in Florence, proceed with six months of highly structured e-learning, then conclude with a final short session in Florence; and a two-week Summer school. Participants and instructors represent a wide range of nationalities, usually around 15 for each event, including non-EU states mainly from South East Europe and the Mediterranean basin.

Beyond this meeting activity, which provides an indication of where the crucial issues are, research is performed by FSR - Jean Monnet fellows and a network of scholars around Europe who have come to appreciate the opportunities, provided by the FSR, to convene and discuss issues of common interest. So interdisciplinary cooperation develops, not only in the area of social sciences (economics, law and political science) but also in connection with schools of engineering and physics, where the fast-changing technical constraints on, and opportunities for, energy services production are studied.

Since starting, we have published the handbook *Service quality regulation in electricity distribution and retail* (Springer, 2007). Others will follow from the consolidation and development of the teaching material used in the courses. In addition, FSR Working Papers in the RSCAS series, as well as articles published by FSR fellows in academic journals demonstrate the research side of the FSR activity.

Energy regulators from all over the world meet in a World Forum on Energy Regulation every three years. At the Rome meeting in 2003 they decided to establish a permanent network. Under the auspices of the CEER and the Italian and other national regulators, the FSR has developed a platform (www.iern.net) where 300 regulators worldwide are listed, about half of them including descriptions of their institutional aspects and activities plus a synthetic description of the national energy market of reference. The website is steadily expanding and provides a database for research and a reference and contact instrument for regulators (most useful for new institutions in Africa, Asia and Latin America). The project will grow with the creation of a reserved area where participants can exchange information and experiences, and with the promotion of an electronic library of reference material on energy regulation.

Energy has been the dominant field of activity in the first four years of the FSR, yet not an exclusive one. Three workshops on transport regulation held in

the last years (railways in 2006, infrastructure tariffs in 2007, and company concentration in 2008) have indicated the strong interest of scholars, regulators and companies to see the FSR's activities extended to this sector. Bank and financial regulators also have been occasionally involved in debates on common aspects of economic regulation in various fields, particularly on the thorny issues of large and powerful multinational companies (seen from the perspective of national regulators) and the costly and disorienting variety of national regulatory regimes (seen from the point-of-view of multinational companies). The challenging world of telecommunications regulation has been discussed in a recent seminar and could well be one of the fields in which the FSR activity develops in the future. The FSR has worked in collaboration with the EUI Law Department to organise some of these activities, as well as a larger conference (scheduled for October 2008) on the relative merits and chances of public and private regulation.

Environmental regulation is also a rapidly developing field. It largely coincides with energy regulation, but also with the regulation of water and waste services. Given the numerous aspects common to different sectors, a common school of regulation would make sense—without neglecting, however, the necessity of sectoral expertise. Such expertise cannot be found in one place, not even in a large university. The network approach is appropriate.

The strong demand for the type of activities performed by the FSR is evident. It reflects the deep changes in public policies with respect to economic activities in general and to services of general interest in particular. Direct public activity is being reduced to make room for a “natural” (in a market economy) extension of private production and company competition, while a highly professional, pervasive and yet market-friendly and not obtrusive regulation must be developed to safeguard the public interest. Regulation may be partially performed by private or semi-private actors (such as the network operators or the companies managing stock or commodity exchanges). Yet it is mostly the mission of specialised public institutions—already well-established in finance, energy, and telecommunications worldwide and growing in transport and other services—to face the globalisation of business and the fragmentation of political institutions.

Social, political, economic and legal research must accompany and orient this development so that a sound interplay and balance of interests and ideals can be maintained. ■

Full information on the FSR is available at:
<http://fsr.eui.eu/>

Public and Private Regulation in European Policies

Professor of Comparative Law | **Fabrizio Cafaggi**

Researcher, LAW | **Agnieszka Jańczuk**



1. Better Regulation ?

In recent years the European Community (EC) has been increasingly promoting self- and co-regulation as a regulatory strategy for implementing European policies. The shift towards self- and co-regulation at the European level can be explained in two different ways. On the one hand, it is part of the more general trend towards better regulation and new modes of governance. On the other hand, it reflects a desire to eliminate discrepancies between EC legislative procedures and the reality where various forms of private regulation had existed for many years. From this perspective, including a wider range of actors in the regulatory design should increase the effectiveness of the European regulatory system.

The move towards better regulation in the EC has been inspired by calls for the improvement and simplification of European regulations from both Member States and citizens. This process has been further intensified by the growing importance of the subsidiarity and proportionality principles. As a result, the level and the form of European regulatory outcomes have been affected implicating the shift (1) from centralized to decentralized lawmaking, (2) from prescriptive to principle-based legislation, and (3) from hard to soft legislation. Each of these developments alone can imply more space for the involvement of private actors in policy making and/or implementation.

Following the 2001 ‘White Paper on European Governance’, a number of documents developing better regulation strategy have been published. The most important is the 2003 Interinstitutional Agreement on Better Law-making. The Interinstitutional Agreement has for the first time formally empowered the Commission to employ self- and co-regulatory measures, acknowledging that they might contribute to the attainment of EC Treaty objectives. The three institutions also agreed on the definitions of self- and co-regulation as well as conditions and limits for their use. Finally, monitoring and reporting obligations concerning alternative forms of regulation have been imposed on the Commission.

2. The richness of private regulation

The definitions provided for by the Interinstitutional Agreement are relatively straightforward. In reality, however, allocation of regulatory powers among private and public regulators is much more complex and many institutional arrangements are possible. If we look at the division of powers along various stages of the regulatory process, first, the tasks of standard-setting, monitoring and enforcement can be assigned to different regulators, either public or private. Second, regulatory power within a certain stage of the regulatory process may be shared by more than one actor, either public or private or both. In addition, when the regulatory power is shared by public and private ▶▶

- ▶ regulators it can be coordinated through hierarchy, cooperation and/or competition. Finally, the federal-like EU setting adds to the complexity in terms of allocating the regulatory powers between the national and European levels.

The typologies provided above are not just an academic exercise. Distribution of regulatory powers among the relevant players as well as their identity is crucial for the effectiveness of the regulatory system. Actors operating at different levels may perform their regulatory functions in different ways according to the variation in incentives and institutional constraints that govern their behaviour. The institutional design for implementing regulatory objectives is as important as the objectives themselves and it requires careful analysis.

Inasmuch as the allocation of powers among various actors, the governance design of private regulators and/or regulatory settings is significant for the effectiveness of regulatory policies and achievement of public interest. To what extent does it ensure interest-representation, mechanisms for solving conflicts of interest, transparency and accountability? From this perspective, the normative foundations of the powers exercised by private regulators in relation to the distinction between private regulations based on private autonomy and forms mandated by public authorities (e.g. delegated self-regulation, ex-post recognized self-regulation or co-regulation) is crucial. The initial source of the regulatory power is decisive for the accountability mechanisms of private regulators, legal boundaries of their powers as well the freedom to design governance structure and choose regulatory instruments. Whereas in the latter case it is possible to impose certain requirements on private regulators, in the former it is not. It follows that purely private regimes and those with some public underpinning shall be analysed separately.

“the governance design of private regulators and/or regulatory settings is significant for the effectiveness of regulatory policies and achievement of public interest.”

Another reason why the governance structure of private regulatory settings matters is the potentially wide spectrum of parties affected by private regulation. First, the regulatees may not coincide with the beneficiaries of the regulation. Second, a regulatory regime may produce intended or unintended external effects on other third parties. Finally, in regimes with some public background, regulation produced by private actors may be legally binding also upon parties not participating in the regulatory process. It follows that the

character of the relationship between the regulators and the affected parties should be taken into account in evaluating the regulatory regime.

In particular, the capacity of private regulation in the B2C (business to consumer) setting requires a closer look. For example in financial markets the use of private regulation to ensure consumer protection is justified by the complexity of services and strong information asymmetry. Is private regulation apt to address this market failure? Shortcomings of private regulation in B2C relations, in particular insufficient effectiveness of private measures have been raised in the ‘White Paper on Integration of EU Mortgage Credit Markets’, where the Commission indicated inadequate implementation of the voluntary Code of Conduct for Home Loans and suggested the need for public regulation. A new strategy is needed.

Rather than a simple transfer of regulatory powers from public to private parties, these forms of regulation imply development of the new models of co-operative regulation. Public and private regulators no longer occupy different and independent positions in the regulatory space, but rather they complement each other. Moreover, the public/private nature of a regulator does not necessarily coincide with the public/private nature of the regulation.

It follows that co-existence of private and public regulators might have implications on uniformity or diversification of the regulatory norms. It is important to recognize this phenomenon as the result might differ from the intended one. It is also necessary to examine the effects of coordination of public and private regulation/regulators on the applicable law. Will it be public, private law or a hybrid? How will it affect the application of competition law and rules on fundamental freedoms?

3. Cross-sectoral analysis needed

The Interinstitutional Agreement marks a departure from the sectoral approach to self- and co-regulation in the EU and the evolution of a general strategy. It seems, however, that the principles developed are not based on a thorough analysis which has explored the ramifications of various regulatory arrangements for the regulatory outcomes. Is it really possible and desirable to have a general approach towards private regulation? Which principles can be general and where is there a space for sector-specific rules? How and at which level should they be combined?

Comprehensive cross-sectoral analysis is needed to answer these questions. In addition, cross-fertilisation among different sectors allows for mutual learning and better understanding of the underlying processes. ▶▶

- ▶ The research project at the Robert Schuman Centre is trying to answer these questions by involving regulators, policy makers and academics in a fertile dialogue across disciplines.

First, cross-sectoral investigation can provide more examples of the multiplicity of various institutional arrangements. It also enables studying the same setting in different conditions. As an example, in the gas and electricity markets network operators both perform some regulatory functions and bear the responsibility for ensuring that the systems work in a smooth and satisfactory manner. The regulatory functions are performed under the control of regulators.

In the development of European Payments Market, in turn, public and private regulators set out two alternative regulatory schemes which, however, necessarily complement each other to achieve a uniform payment system. In particular, two sets of standards, one public (the Payments Services Directive) and the other private (Single Euro Payments Area (SEPA) Rulebooks) have been developed.

It is also necessary to observe that private regulation can follow two alternative forms, one predominantly driven by trade associations cooperating to define common rules, another carried out by networks of firms. For example, in the banking industry prior to the SEPA initiative representing an associational model, various banks searched for ways to improve cross-border payments and formed club-like inter-bank networks such as Eurogiro. To what extent do these two forms represent two different modes of private regulation? How should questions of accountability and effectiveness be posed in these two models? Is there a correlation between these two forms and technical versus principles-based private regulation? In other words, can we say that technical regulation tends to be mainly carried directly by market players, while private regulation involving for example consumer protection tends to be mainly carried by trade associations in collaboration with consumer associa-

tions and, sometimes, public agencies?

When looking at the incentives of private regulators in exercising regulatory powers, it is important to note that they depend partly on their constituencies and partly on the structure and characteristics of the market in which they operate. The driving forces of private regulation might differ substantially in different markets. To what extent is it the desire to ensure interoperability, provide expertise or offer interest representation? Do these factors determine the regulatory model followed by private actors?

As regards financial markets, it seems that the main driving force for private regulation has been the need to ensure interoperability among different service providers and/or provide unified standards for the sake of system security. Provision of technical expertise is also an important explanation. The banking sector is pervaded by complex webs of contracts, mainly horizontal cooperation agreements between banks. The existence of common market practices and standard legal documentation is important, due to the presence of network externalities which imply, inter alia, greater liquidity, reduced transaction costs, and easier and more effective opportunities for risk management. Therefore, the European Master Agreement for Financial Transactions was developed in order to offer standardized European documentation for financial transactions and thus promote market integration. One of the main goals of the European Code for Clearing and Settlement as well as SEPA, in turn, is ensuring access and interoperability.

When examining private regulation it is necessary to bear in mind that different regulatory goals might justify different solutions. In the financial markets, the need to prevent systemic failure is of particular importance. It follows that contracts in the financial markets can involve risks that regulators need to address when evaluating financial stability. On the other hand, contracts may be used to limit or shift risks away from financial institutions. In the face ▶▶

The **Seminar Series on Public and Private Regulation** is organised by the RSCAS in collaboration with Professor Fabrizio Cafaggi from the EUI Law Department. It is the start of a research project on private lawmaking at the RSCAS, and aims at providing a forum for in-depth discussions among regulators, policy makers and academics on the patterns of interaction (conflict and cooperation) between private and public regulators. By looking at the particularities of private and public regulation in the selected sectors, the seminar series seeks to identify common patterns and problems and formulate general policy implications. A more general objective of the seminar series is to provide policy makers with a better understanding of the processes taking place in the regulatory space in order to render European policies more effective, responsive and efficient.

- ▶ of the recent financial crisis concerning sub-prime, the co-existence of private and public regulators in the financial markets and the need to re-think their roles in the regulatory space have become especially important. Many experts, such as the Financial Stability Forum—a committee of global regulators and supervisors, have blamed inadequate public regulation and over-reliance on self-regulation for the crisis and called for more public regulation. On the other hand, despite having been criticized, the gatekeepers were urged to increase the transparency of information they provide by self-regulatory measures. However, the call for self-regulation was backed by the threat of public intervention.

To what extent do the characteristics of financial markets make the regulatory objectives and the regulatory space so specific that it is impossible and undesirable to have a general approach to private regulation? Do other markets require specific approaches? On the contrary, which problems are common and which solutions are desirable in all sectors? How do the particularities of different markets influence optimal organization of the regulatory space and the possibility to have a general framework?

4. The way forward

The recent Commission's Communication 'A Single Market for 21st Century Europe' together with the accompanying staff working documents confirmed the importance of a better regulation strategy for European policies. The document series is part of the 'Citizens' Agenda' designed to win popular support for the EU. The Communication, preceded by a deep examination of the single market in view of identifying areas for improvement of direct benefit for citizens, sets out the fields and modes of action for the future. Among others, it covers roaming charges and remaining barriers to effective competition in the single market, especially in the energy and banking sector. At the same time, the Commission stated that it would use 'a smarter mix of tools—instruments that are simple and take subsidiarity, proportionality and different national traditions fully into account. It follows that if the Commission wants to ensure that the Citizens' Agenda or other European policies meet their objectives, in particular deliver results for citizens, it shall pay closer attention to the regulatory design in place. ■

Congratulations to **Ingela Naumann** and her partner **Sean Trevarthen** on the birth of their daughter **Elsa Mia** on 14 May 2008.



Congratulations to **Catherine Moury & Iñaki López Martin** on the birth of their daughter **Elsa López Moury** on 16 May 2008.



Energy: Market Competition, Security of Supply and Climate Change

The Loyola de Palacio Energy Policy Programme

The Loyola de Palacio Energy Policy Programme was launched at the RSCAS on 1 October 2008. It is named in honour of Loyola de Palacio, former Vice President of the European Commission and Commissioner for Energy and Transport (2000-2005), whose work and enthusiasm in the field of energy has been described as 'vast and ambitious'. Loyola de Palacio was a strong advocate of the RSCAS's Florence School of Regulation, and as Pippo Ranci mentions in his article (also this issue), her dedication and profound sense of purpose has been deeply missed by those working in this sector.

The RSCAS has launched the project both to honour her following her untimely death in 2006, and to amplify the EUI programme on energy regulation. The programme will promote research in energy policy, focusing on the connected fields of energy economics, energy law, energy regulation, energy geo-politics, energy sources, and public opinion regarding energy policies. It addresses EU Energy Regulation, energy and the environment, liberalisation and security of supply, the EU Emission Trading Scheme, incentive-based regulation in the energy sector, institutional settings, market power, retail competition, and network investments for the internal energy market. Its objectives are to produce analytical studies, to promote informed discussion of key issues, and to provide state-of-the-art training for practitioners. The Programme



will engage experts from across the range of relevant academic disciplines and promote dialogue across the range of stakeholders, practitioners and decision-makers. It will be directed by Jean-Michel Glachant.

The Loyola de Palacio Energy Programme is funded by the contributions from the following sponsoring companies: AREVA, ENDESA S.A., ENEL, ENI SpA, HELLENIC PETROLEUM SA, and PANEUROPEAN OIL and INDUSTRIAL HOLDINGS SA. ■

Jean-Michel Glachant, Director of the Loyola de Palacio Energy Policy Programme

Jean-Michel Glachant will direct the Loyola de Palacio Energy Policy Programme at the RSCAS from 1 October 2008. Glachant was a professor at La Sorbonne and University Paris Sud. He has been advisor of DG TREN, DG COMP & DG RESEARCH at the European Commission and of the French Energy Regulatory Commission (CRE). He has been involved in several European research projects and is research partner of the CEEPR at MIT(USA), of the EPRG at Cambridge University, of EEL at the University of Leuven and of GIS Larsen at University Paris Sud. His main research interests are the building of a common European energy policy (security of supply, renewable energy, energy efficiency, energy technology policy, and climate change policy), the achievement of the European energy internal market (design, regulation and competition policy), the industrial organization and market strategy of energy companies.



The Mediterranean Dimension

Director, RSCAS | **Stefano Bartolini**

The Mediterranean Programme was established at the Robert Schuman Centre in Autumn 1998 and was officially inaugurated on 15 January 1999 with a lecture by Prof. Ghassan Salamé (Institut d'études politiques, Paris) and a speech by the Hon. Lamberto Dini, Italian Minister of Foreign Affairs. 2009 thus marks the start of its tenth year of activity.

The Mediterranean Programme is directed by a Chair in Mediterranean Social and Political Studies (see box), and it focuses on Middle Eastern and North African (MENA) countries (including Jordan) as well as on other countries of the Middle East such as Iran and the Arabian Peninsula. Other Muslim countries of Africa and Asia are also often included in comparative research with the above-mentioned countries.

The core activity of the Mediterranean Programme is research, fostering in-depth knowledge of the MENA countries and their relationship with Europe. During the last nine years, major research projects in the Mediterranean Programme have been directed by Steven Heydemann, Kamran Ali, Martina Rieker, Mohammed Berriane, Jocelyne Cesari, Philippe Fargues, Giacomo Luciani, Valerie Amiraux, Armando Salvatore, Bo Strath and Peter Wagner. Visiting scholars are invited every year to offer seminars or to contribute to research projects.

The Programme supports young scholars in this field by awarding yearly post-doctoral fellowships and a number of multi-year doctoral fellowships to students from Mediterranean countries. It also organises summer schools, and generates the publication of working papers, policy papers, and edited volumes and monographs.

The Programme also aims at promoting awareness of the fact that the developments of the Mediterranean area and Europe are inseparable. This is achieved by activities and meetings that foster dialogue between scientists and policy makers of the Mediterranean shores.

Finally, the Programme aims at building-up and strengthening a network of scholars and institutions across the Mediterranean. This goal is common to all its activities, but it is primarily pursued through the annual Mediterranean Research Meeting, an international meeting of Mediterranean scholarship that has consolidated itself over time as the main European event in this area. It is a major gathering for social scientists working in and on the area and involves over 150 scholars who work together for three days in workshop sessions covering a wide range of research topics. The tenth session of the Mediterranean Research Meeting will take place from 25 to 28 March 2009.

The Mediterranean programme is funded entirely by private and public corporations and banks. It has received generous support from ENI S.p.A, Mediocredito Centrale, the European Investment Bank, the Banca d'Italia, the Compagnia di San Paolo di Torino, and the Fondazione Monte dei Paschi di Siena. The Ente Cassa di Risparmio di Firenze and the Tuscan Region have been sponsors of the annual Mediterranean Research Meeting since its inception. Finally, the Italian Ministry of Foreign Affairs has made available a number of grants for nationals of the Southern and Eastern Mediterranean countries. ■

Olivier Roy, Chair in Mediterranean Social and Political Studies

The RSCAS is pleased to announce the appointment of **Olivier Roy** to the RSCAS Mediterranean Chair

Roy, (PhD 1996 Institut d'Études Politiques, Paris), is currently professor at l'École des hautes études en sciences sociales (EHESS). He is a specialist on Islam and a part-time consultant for the French Ministry of Foreign Affairs.

Professor Roy will take up his position at the RSCAS on 1 September 2009.



Studying Migration across the Mediterranean

Co-Director of CARIM | **Philippe Fargues**

Research Assistant to CARIM | **Tamirace Fakhoury**

At the beginning of the 2000s, migration emerged as a top issue on the Euro-Mediterranean agenda. Knowledge on migration was critically insufficient and one-sided at that time, with literature reflecting only the European views and realities. The perspective of sending and transit countries South and East of the Mediterranean (hereafter SEM) was still to be constructed. Statistics were scanty if not inexistent; legal provisions and policies on migration were not acknowledged. Co-funded by the European Commission, the Euro-Mediterranean Consortium for Applied Research on International Migration (CARIM) was created in February 2004 to meet the challenge of building multidisciplinary knowledge on multifaceted migration in SEM countries. Until January 2007, CARIM was funded by the MEDA programme. Since February 2007, it has obtained funding for a two-year period as part of the AENEAS programme. The migration studies community was urged by policy-makers to deliver a clear picture of levels, trends and patterns of migration from, through, and into the region as well as their causes and consequences for societies, economies, and governance settings. With just three years to carry out the work, and a limited amount of funding, field work was not conceivable. CARIM's strategy to meet its research challenge has thus been to capitalise on existing scientific resources, both in terms of people and data.

SEM countries are rich in scientific capacities in all disciplines relevant to migration, but without a migration studies community in the region, these capacities had not materialised into any solid comparative and multidisciplinary knowledge on migration. The first task of CARIM was therefore to connect researchers across disciplines and countries. It thus brought

together a network of thirty-six researchers interested in migration—one demographer or economist, one lawyer and one sociologist or political scientist respectively to cover Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, Syria, Tunisia, and Turkey. The second was to devise shared methodologies appropriate to each discipline and applicable to all 12 countries in order to construct a database containing the broadest possible spectrum of quantitative and qualitative information necessary for understanding migration processes in the SEM region. The third task was to identify research issues crucial to the region, and construct research frameworks to address these issues. The four topics initially identified were migrants' remittances and investments, border management, migration and labour markets, and transit migration. These issues would be studied separately in each country, and then be synthesised in a regional report. The fourth task was to devise adequate means to disseminate this new knowledge within the academic community and beyond, notably among policy-makers and the main stakeholders of migration issues. The fact that the first comprehensive Mediterranean Migration report (a 400 page-document) was downloaded more than a 100 000 times in a few weeks reveals how profound the need for knowledge was.

The Consortium is composed of a coordinating unit at the RSCAS, and a network of scientific correspondents in the 12 countries observed. External experts from the EU and the SEM region also contribute to CARIM's activities. CARIM's research projects and activities are fundamentally multidisciplinary, and cover three principal aspects of international migration in the region: demographic and economic, legal, and socio-political. >>



CARIM Consortium, 2008

- ▶ **The demographic and economic module** contains statistics on migration flows and stocks, on refugee movements and asylum seekers as well as on economic processes directly related to the international mobility of persons taken mostly at the national, but also at the sub-national or local levels.

“Research is applied and policy-oriented, with a view to depicting and analysing emerging questions and challenges lying behind migration in the region . . .”

Data on migration flows and stocks are obtained from national sources in SEM countries used to measure immigration into these countries as well as transit migration through these countries. Sources include population censuses, surveys, border statistics, work permits, residence permits, and police data on intercepted irregular migrants. Data is also obtained from national sources in major destination countries of migrants originating from SEM countries—whether in Europe or outside Europe. These sources are necessary for measuring and analysing emigration originating from SEM countries. Statistics on economic processes directly linked to migration (remittances, investments, social transfers etc.) are also constructed through data available in origin and destination countries.

The legal module aims to contribute to a better understanding of the law applicable to migration in the SEM region, and particularly sheds light on international conventions, national and international texts, bilateral and multilateral agreements, and national legislating institutions. Since international migration is a phenomenon regulated by states through laws, administrative regulations, bilateral agreements and practices as well as through the case-law, it is essential to examine migration against the background of international legal theory and to analyse the exercise of the state's sovereignty in accordance with human rights law, humanitarian standards and refugee's law.

The socio-political module deals with political and social factors shaping migration patterns and flows in the region, governmental and institutional policy-making in the domains of emigration and immigration, diverse migration agendas and imperatives, and how state and non-state actors affect migration policy-making in SEM countries. It particularly highlights the following aspects: state and non-state actors shaping migration policy-making, governmental and non-governmental policies on migration, various official and unofficial discourses on migration, governmental and non-governmental agencies dealing with diasporas, and lastly regional and international contexts that may affect migration.

CARIM's activities include the Mediterranean Migration Database, research, meetings between academics, experts, and policy makers, training, and dissemination.

The Mediterranean Migration Database contains qualitative and quantitative data pertaining to the demographic-economic, legal and socio-political modules. These documents, which range from maps and statistical data to laws, conventions, speeches or declarations, provide reliable instruments and frameworks to study migration dynamics. Bringing together different countries and disciplines, it is a unique tool for comparative as well as multi-level analysis.

The demographic-economic module of the Database contains a wealth of statistics on flows and stocks of migration as well as related economic phenomena (entry and exit; migrants refugees and asylum seekers; citizenship; economic activity; education; projection of migration population; financial transfers by migrants). At the time of writing, some 1,000 tables are available. All of them are constructed from national data sets—either from SEM or non SEM countries—and do not reproduce existing databases of the UN system.

The legal module of the Database contains national laws, regulations in force, and case-laws in SEM countries, bilateral or multilateral agreements related to international migration as well as information on legislating institutions. Legislation and regulation collected are organised around key elements of the migratory process: admission, stay, settlement, rights and migrants duties, exit of the territory as well as relationship with the national community abroad and the country of origin.

The socio-political module of the Database contains references to institutions operating in the domain of international migration at the national level, and original documents reflecting migration policies, and stances of governments and non-state actors in the region. It gathers a variety of first-hand texts that reflect institutional frameworks and discourses, official as well as unofficial (academia, media, civil society), on migration and asylum. These documents, which are either, country-specific, regional or multilateral, help define underlying factors shaping migratory trends.

CARIM's research and studies are conducted on issues considered crucial either for understanding the region or for contributing to migration studies. Research is applied and policy-oriented, with a view to depicting and analysing emerging questions and challenges lying behind migration in the region, and providing support for the definition and monitoring of public policies. Thus, core activities of the project include identifying migration-related problems and oppor- ▶▶

tunities, elaborating data and methodological frameworks to tackle these problems and opportunities, producing results specific to the region and generating innovative ideas.

We conduct three types of research: **country-specific case studies** which are part of research programmes applied to every country in the SEM region, **theme-specific studies** which are dedicated to emerging issues envisaged in several countries or the entire region, and a **cross-comparative assessment of regional migration developments** providing an overview of migration in each SEM country from the demographic, economic, legal and political perspectives. The topics are varied, and include various multidisciplinary issues that allow for a comprehensive study of different facets of migration in the SEM region. We list some examples below.

Border management in SEM countries has become a major topic for scrutiny in both research and policy-making realms. What are the mechanisms—in terms of objectives and means—put in place by SEM countries in order to manage mobility at their borders, with EU members states and other countries? Do the mechanisms of border control primarily aim at curbing or regulating mobility? Efficient border control may require adequate legislations, political measures, diplomatic steps, financial means, etc. Research takes into account the fact that border control is not limited to control at the borderline but may take place in other places (such as international airports, shores...).

Circular migration in SEM countries can be defined as migration that is temporary, renewable, legal, respectful of the migrant's rights, and managed in such a way as to optimize the equilibrium of labour markets in sending and receiving countries. Although the concept in some respects resembles temporary labour migration schemes in various parts of the world, it is evolving into a policy instrument intended to address current challenges posed by globalisation, irregular migration, the impact of migration on development, and labour market needs. Research helps identify what facilitates or impedes circular migration, what circular migration could achieve and how it could be implemented.

Throughout the SEM region, a pattern of **unstable and often irregular immigration** has emerged in the last decade, creating new challenges for states. Three types of irregular immigrants may be distinguished: irregular labour migrants who respond to informal labour opportunities but are considered undesirable by governments; refugees in SEM countries who generally do not have a recognised refugee status, and are stranded in their country of first asylum, waiting to be resettled in a third country or hoping to return to their home

country as soon as security there is re-established; transit migrants whose final destination is elsewhere—Europe, North America or the Gulf States—but who have been blocked before arrival because they do not meet visa conditions. These three types greatly differ regarding the motives behind migration, but they often tend to merge on the ground as they end up facing similar socioeconomic and legal conditions.

Diasporas in the SEM countries is another research topic particularly relevant to the region. In fact, SEM countries have well-established policies on emigration, and regard their diasporas as resources to be mobilised for national development. Studying the ties—financial, cultural or political—between diasporas in the SEM region and their countries of origin, their impact on development, and the policies SEM states have developed towards their emigrants help identify fundamental vectors affecting migration in the region.

In migration literature, attention is increasingly focused on **migration, transfers and development in SEM countries**. Finding ways of making migration an instrument for development in the migrant countries of origin has drawn much attention among agencies dedicated to development and poverty alleviation. Migrant workers' remittances, in particular, raise a lot of interest because they are viewed as a major source of external financing. However, no universally-applicable findings have been reached on the impact of remittances and development, and contextualised research is needed more than ever. Also, migration-induced transfers of human capital and ideas have so far received minor attention in SEM countries.

Since 2004, CARIM has organised numerous **intensive thematic sessions and meetings between experts and policy-makers**, which revolve on timely migration-related issues of paramount importance to SEM countries. The following examples of meetings convey a clear idea of CARIM's research interests and scope.

Given the great significance of migrants' remittances in SEM countries, which are ranked among the top receivers both in absolute and relative terms, CARIM organised in Florence (24-27 January 2007) a **Thematic Session on migrants' remittances and investments in countries of origin**. In addition to summarising and consolidating previous research, the session reassessed the impact of remittances from new angles. More specifically, remittances data, measurement methods, determinants affecting the trend and volume of remittances over a migrant's life cycle, channels used by migrants to remit their savings, and the overall developmental impact of remittances on home societies were thoroughly tackled. The Session resulted in the publication of several original research papers. ▶▶

- ▶ Circular migration is increasingly viewed as a tool to respond to recent migration challenges. To better study this multi-faceted concept and its applicability in the SEM region, CARIM organised **two meetings with experts and policy-makers on circular migration** (Thematic Session, The Role of Circular Migration in the Euro-Mediterranean Area (Florence, 17 - 19 October 2007; Meeting between Experts and Policy-Makers, Circular Migration: Experiences, Opportunities and Constraints for Southern and Eastern Mediterranean Countries (Florence, 28-29 January 2008)). The objectives of the meetings were to study more closely experiences of circular migration in the SEM region, and deepen the understanding of the role that circular migration plays and could play in the Euro-Mediterranean Area. The concept and its functionality in the region were discussed from interdisciplinary perspectives. Researchers and policy-makers explored essential factors hindering or favouring circular migration practices in the region, the shortcomings and potentialities of circular migration schemes, and which policy-making approaches could consolidate circularity. Thirty-six papers were produced as part of original research.

Irregular Migration has recently become an issue of high political salience, and the subject of a growing field of research in most of the Western countries. Yet, what about irregular migration into and through the SEM countries? In the last decade, data have shown that the phenomenon is on the rise in the SEM region, and that methodological, conceptual and quantitative approaches need to be devised so as to understand the complexity of the issue. CARIM thus organised **two Meetings on irregular migration**: Irregular Migration into and through the Southern and Eastern Mediterranean countries; and the Meeting between Experts and Policy-Makers on Irregular Migration (October 2008).

Using an interdisciplinary approach, the Florence Meeting aimed at better defining the concept of 'irregularity', discussing and eventually improving how it is measured, and evaluating its current differentials in the SEM region. We studied the causes and consequences of irregular migration as well as policy-

All CARIM Research output, including its serial 'Research Reports' and short 'Analytical and Synthetic Notes', as well as Conference Proceedings, the *Mediterranean Report on Migration*, and more, can be found on the CARIM website:

www.carim.org

making approaches which would allow a balance between States' sovereignty/interests and migrants' needs/rights. Capitalising on the findings of the Florence Meeting, the Cairo Meeting will provide a forum for discussion with a view to forging a certain consensus on the conceptualisation of irregular migration and adequate policy-making practices that could limit the phenomenon in the region.

In addition to these meetings, CARIM organises **high-level training sessions** including Summer Schools whose objectives are to train scholars and practitioners in the field of migration with particular reference to the Euro-Mediterranean Area. Courses analyse the various interactions between migration and development, migration policies and governance trends in international, regional and national realms.

Building upon prior activities, CARIM intends to extend its scope both thematically and geographically. From an academic perspective, it aims in the near future to observe, analyse, and predict migration patterns not only in the SEM region but also in bordering Sub-Saharan countries so as to grasp more comprehensively migration trends. By introducing new research topics— tackled against a multidisciplinary backdrop crucial to understanding the migration process as a whole—and by engaging various stakeholders in the countries concerned, it intends to foster new links of cooperation, and enhance outreach on its original and innovative research and findings as well as their respective implications in a global perspective. ■

Philippe Fargues, Director of the Migration Policy Programme

Philippe Fargues has been appointed by the EUI-RSCAS as Director of the Migration Policy Programme, from 1 January 2009. Fargues (PhD Sorbonne 1974) has been Scientific Director of CARIM at the RSCAS since 2004. In 2007 he was appointed Professor at the American University in Cairo (AUC) and Director of the Forced Migration and Refugee Studies Center. He is on leave from the National Institute for Demographic Studies in Paris (INED). He has extensively researched the demography of the Islamic world and taught courses in population studies in France, in Lebanon and in the US.



Return Migration and Development in the Maghreb Countries

Scientific Coordinator of MIREM | **Jean-Pierre Cassarino**

Project Assistant, MIREM | **Louise Kennerley**

The MIREM project or 'Collective Action to Support the Reintegration of Return Migrants in their Country of Origin' was created in December 2005 thanks to the financial support of the European Union and the European University Institute. The main aim of the project is to examine the challenges linked to return migration and its impact on development in three Maghreb countries (Algeria, Morocco and Tunisia). During the project, we have employed analytical tools to provide a better understanding of the real effect of return migration on these neighbouring countries.

Raising awareness

Creating analytical tools, putting them at the disposal of researchers, migration stakeholders and decision-makers, and providing easily-accessible information constitute valuable initiatives raising awareness about the challenges linked to return migration and development in origin countries.

However, the objective of the project is not limited to the dissemination of innovative data on returnees' heterogeneous profiles. It also lies in ensuring the concrete exploitation of the analytical data produced by the project team, including the field survey carried out with returnees to the Maghreb, with a view to understanding the factors shaping returnees' reintegration patterns. Such understanding is critical for gradually arriving at solutions that sustain migrants' reintegration for developmental ends.

Three meetings have been planned with a view to achieving this goal while enhancing the usefulness and quality of the collected empirical data vis-à-vis migration stakeholders in the Maghreb countries, the European Union and its Member States. Two of these have already taken place, and the third will be held in Florence from 23-24 November 2008.

Heading towards policy recommendations

The second and most recent meeting of the MIREM project took place in Rabat (Morocco) from 18-19 April 2008. More than fifty participants were present from governmental and intergovernmental institutions, associations, and unions from the Maghreb and European Union countries.

This second meeting was a direct follow-up the first, which took place at the EUI in November 2007. On that occasion we established the main principles on which measures aiming to reinforce the contributions



MIREM: Marianne Pabion, Valerio Pappalardo, Christine Lyon, Jean-Pierre Cassarino, Louise Kennerley

of return migrants to the development of their country should be based.

The main objective in Rabat was to formulate recommendations for the future and define a framework to better account for the link between return migration and development. The recommendations which came out of that meeting can be divided into five areas.

Sustaining research on return and reintegration

The first recommendation concerns the sustainability of research and information production on return and reintegration. The main focus is on undertaking a survey on a wider scale while employing the same methodology used in the current MIREM projects. This will ensure as broad a representation as possible in the samples and allow an in-depth analysis of the post-return circumstances of migrants. It will include specific inquiry into the direct consequences of enforced return, which is an area yet to be studied in great detail. It is hoped that such work will increase awareness amongst public and private actors of the impact of return policies on returnees' prospects for reintegration in their country of origin. ▶▶

► *Reinforcing a balanced framework of dialogue on return and reintegration*

Secondly, the MIREM project has demonstrated that a successful migratory experience abroad has a significant effect on a migrant's chances of reintegration in their country of origin. Therefore it is essential to initiate regular dialogue between origin and destination countries in order for both parties to benefit from the migration phenomenon in the development context.

Until now there has been little or no dialogue on return policies between countries of origin and destination. Furthermore the Maghreb countries have been reluctant to engage in talks as the return policies that do exist are mainly orientated towards protecting the security interests of EU Member States and not to the needs of migrants themselves.

In the context of the initiation of a series of regular consultations and discussions it is essential that a clear distinction be made between return, on the one hand, and readmission or expulsion, on the other, due to the great difference in the ensuing needs and implications in terms of policy-making and reintegration processes.

Further to this initiative it is important for concrete measures to be envisaged by the EU Member States as well as the Maghreb countries which respond to their common interests and involvement in the issue of return migration.

From the point of view of the EU a potentially helpful initiative would be a consultation launched by the European Commission in the form of a Green Paper on a community policy for the temporary and permanent return of legal migrants. This Green Paper would provide a solid foundation for the adoption of return-friendly provisions designed to support the reintegration of migrants wishing to return home, either temporarily or permanently.

In addition, the EU could take an active role in initiating talks between interested parties in Europe and the Maghreb countries on the subject of return migration and development. These talks could involve the assessment of existing tools and their use to effectively evaluate and understand the impact of return migration on the reduction of poverty and the development of the private sector in countries of origin. An action plan upgrading existing frameworks would also be a valuable instrument for ensuring that return migration becomes part of circular migration schemes. The implementation of such an action plan would of course require the allocation of funds to invest in programmes supporting returnees and follow-up programmes.

From the point of view of the Maghreb countries, the experiences of other countries of emigration in Europe, Africa, Latin America and Asia have demonstrated that it is essential for countries of origin to play an active role in supporting returnees. Particular emphasis is put on the need to recognise the financial and human capital of migrants who return to their country of origin. Financial mechanisms could be developed between banks in origin and destination countries in order to provide the necessary financial support for pilot programmes designed to make the most of the value of returnees.

In the same vein, it is also important for public investment to be orientated towards the improvement of infrastructure. Specialised public institutions could be in charge of the creation of a human resources bank that local businesses could use to identify migrants living abroad who have relevant skills. In addition access to employment opportunities could be enhanced with the creation of information portals connected to networks involving chambers of commerce abroad, diplomatic representations, employment organisations, migrants' associations and public authorities.

The discussions also emphasized that conditions in the country of origin greatly influence an individual's decision to return. Therefore it is not just necessary for the authorities to launch information campaigns to encourage migrants' return, but it is also essential that conditions in the country of origin make return desirable. Such conditions emerge within an institutional and infrastructural context characterised by liberal reforms, the opening up of the economy, the expansion of the private sector, good governance and the rule of law.

In the current social and political climate migration issues are playing an increasingly significant role in bilateral and multilateral discussions between Europe and the Maghreb countries. The issue of return migration, temporary or permanent, needs to be placed securely in the broader framework of migration, development and labour force mobility policies. Furthermore the Maghreb countries should undertake a proactive approach to return migration with the development of common positions and initiatives. Policies on return migration from all sides need to respond to the chal- ►►

A full description of MIREM activities, as well as access to its publications and the Database on Return Migrants to the Maghreb (DReMM), can be found on the MIREM website:

www.mirem.eu

- ▶ lence of development and the fight against poverty and unemployment in the Maghreb countries.

The issue of vocational training

Recommendations also focus particularly on the development of vocational training. The results of the MIREM survey show repeatedly that migrants who have benefited from training abroad, or on returning to their own country, have a significantly higher propensity towards successful social and professional reintegration. Therefore regular dialogues, not only between public authorities and decision-makers, but also with employment organisations and unions in origin and destination countries are essential for addressing the right to professional training and integration into the labour market for migrants.

Return migrants' rights

Finally the subject of guaranteeing rights to returnees was examined. As previously mentioned the circumstances surrounding return migrants can vary considerably. This depends especially upon whether they are returning on their own initiative or as a result of expulsion. Those embarking on an unplanned return as a result of expulsion show a much lower propensity for reintegration. In fact more than a quarter of the participants in the MIREM survey who had returned to their countries of origin as a result of expulsion were unemployed. This demonstrates the vital need for joint action on the parts of the countries of origin and destination.

Public authorities in countries of origin are called upon to react to the social, human and economic circumstances linked to forced return and to develop the necessary infrastructure to assist returnees and guarantee their right to socio-professional reintegration. In addition the public authorities in countries of destination are asked to collaborate fully with countries of origin in order to assist with the introduction of professional integration programmes and limit the human, social and economic consequences of the readmission of returnees.

There was some concern expressed amongst the participants regarding the proposal for a European Union Directive on the standards and procedures applicable in European Union Member States to the return of illegal immigrants to third countries. Despite the notion of the 'sustainability' of returns being a key concern of decision-makers at European level, this proposal contains no mention of the need to guarantee socio-professional reintegration for returnees. What is more, the third countries concerned were not consulted during the drafting of this proposal.

During the animated discussions in the course of the Rabat meeting it became clear that obstacles to the international mobility of people still constitute a significant barrier to the effective introduction of circular migration programmes and thus also to measures aiming to support the temporary or permanent return of migrants to their country of origin. This applies equally to cases of south-north migration in the Euro-Mediterranean area as well as that within the Arab Maghreb Union (AMU).

The way forward

The aim of these recommendations is to propose some solutions. They also are an attempt to initiate a new way of thinking orientated towards the introduction of concrete measures encouraging the positive participation of returnees in the development of their countries of origin, thus emphasising the link between return and development. Greater attention needs to be paid to this link, all the more so now that the topic of circular migration and the introduction of temporary welcome schemes for skilled and unskilled migrants is gaining greater importance in the context of bilateral and multilateral dialogues between Europe and the Maghreb countries.

The third and final meeting of the MIREM project in Florence in November 2008 will build on the work and debates resulting from the second consultative meeting in Rabat, and will seek to bring new elements to decision-makers and stakeholders in the Maghreb countries and the EU Member States. ■

News: European Report on Development

The RSCAS has recently signed a contract with the European Commission to prepare an **Annual European Report on Development**. The project will be directed by **Giorgia Giovannetti** and the research team will include experts from a variety of countries and disciplines. The first Report will have a special focus on EU development policy with regard to Africa.

Giorgia Giovannetti (PhD in Economics, Cambridge, '89) is professor at the University of Florence and scientific coordinator of the Fondazione Masi. She has been head of the Research and Study Area of the Italian Foreign Trade Commission, Fellow and Lecturer at Trinity College, Cambridge, and Advisor of the Italian Treasury and Ministry of International Trade. She has also taught at the Universities of Rome, Cassino, Pompeu Fabra (Barcelona) and Cambridge.

The Transatlantic Relations of Europe

Joint Chair in EU History and Transatlantic Relations | [Kiran Klaus Patel](#)



For a long time, the interactions between states and societies have been described in a way that is captured in the metaphor of billiard balls: they have their own trajectories and, from time to time, might collide with each other. Such collisions, however, leave them basically intact and unchanged. Research in a whole host of fields and disciplines has challenged such a notion and moved to more fine-grained forms of analysing the causes, forms and effects of exchange between nation-states and other entities. Accordingly, their shape and boundaries are— and have always been—flexible and porous.

Billiard balls vary in colour but they all have the same size and weight. This corresponds to another fundamental assumption which is challenged more and more: that all players on the table (except the white ball, which is the driving force behind the events) might count differently but that in a formal sense, they are all on an equal footing. Due to developments in international law and politics, this assumption has also been questioned: humanitarian interventions are just one of many examples of how classical sovereignty of states is being undermined and transformed.

Finally, for a long time billiards was an amusement primarily of the elites. 'Beyond billiards' therefore also implies that foreign affairs and global issues among states do only pertain to small and homogenous foreign policy elites. International non-governmental organisations, migration and many other transna-

tional forces involving non-state actors also have to be taken into account. Political scientists, economists and lawyers struggle with this 'post-Westphalian' condition. At the same time, historians endeavour to trace it back into the past, thus also re-writing history itself. Several boundaries have been destabilised and reconsidered in this move—for example the classical divide between internal and foreign policy or between state and society.

The field of transatlantic history and relations is an obvious case for the need to move beyond billiard balls in researching Europe's interactions with the wider world. In the North Atlantic region, exchange has been particularly dense over the last centuries and continues to be so to this very day. Political turbulence over the last couple of years have not reduced the influence of American pop culture on Europe. NATO is still alive. Europe remains the most important capital investor in the United States, as does the US for Europe. At the same time, a new debate has arisen on how to see the role of the United States. Is it still appropriate to consider it as a nation-state among others? Or, whether intentional or not, has the last surviving superpower turned into a different entity: a benevolent or malicious empire wielding power far beyond its shores?

The EUI's Transatlantic Programme, dedicated to fostering the study of the transatlantic relationship, past and present, has launched several projects in order to research these issues. In spring 2008, it held a lecture series on America's changing role in the world and especially in its relationship with Europe in past, present and future. Historians and political scientists from both sides of the Atlantic, including prominent speakers such as Desmond King (Oxford), Geir Lundestad (Oslo) and Charles Maier (Harvard), shared their views with the EUI community and external guests. All in all, the lecture series served two purposes: to clarify the concept of empire which due to its vagueness invites productive, political and polemical misunderstandings; and on the other hand to discuss past and present United States' behaviour in the world in an interdisciplinary and international setting.

Another important project with a transatlantic focus is just coming to an end. Funded by the Bosch Foundation, *Competing Modernities: Germany and the United States since 1890* aimed at a systematic comparison of the paths of the United States and Germany ►►

▶ from a number of vantage points over the last century. Moving beyond an exclusive focus on diplomatic relations—without neglecting their importance—the project aimed to identify the historically conditioned cultural and political similarities and differences on both sides of the Atlantic. In this context, Germany simply serves as an important—yet also cumbersome—case study for such a transatlantic comparison. The edited volume which sums up the projects' findings has just been published. Not only does it highlight

the tense exchanges between the two societies, but also the permanent interplay between convergence (for example in the fields of consumer culture or entertainment) and drift (e.g. in foreign policy, religion or environment). All in all, the volume not only explains from where 'common values' as a basis of transatlantic partnership originate. It also demonstrates why the United States on the one hand and Germany as part of Europe on the other chose to move into different directions after 9/11. ■

Alumni News

Alumni Prize for Best Thesis 2008. Yannis Karagiannis, Greece, SPS, will be awarded the 3rd EUI Alumni Association Prize for his thesis *Preference Heterogeneity and Equilibrium Institutions: The Case of European Competition Policy*. Each of the EUI departments nominated the best interdisciplinary thesis on European issues in their respective fields (for the period May 2006-May 2008). The four nominated theses (please see our webpage) were examined by a jury composed of Jaime Reis (Chair), Ana Rute Cardoso (ECO), Michelle Everson (LAW), Axel West Pedersen (SPS) and Wolfgang Kaiser (HEC). The Prize, a medal designed by Florentine artist Onofrio Pepe and 3.000,00 Euros, will be awarded during the EUI degree-conferring ceremony on Friday, 3 October 2008.

2nd EUI Competition Day. The Economics and the Law Departments, with the support of the EUI President and the Director of the RSCAS organised, in conjunction with the Alumni Association, a 2nd EUI Competition Day at the EUI on 3-4 April 2008 and brought together many alumni, mainly economists and lawyers, who have worked at the EUI in the field of competition law/policy.

EU Environmental Policy and Climate Change. On 20-21 June 2008 an interdisciplinary conference on 'EU Environmental Policy and Climate Change: Sustainability, Governance and Regulation' took place at the Villa Schifanoia. The conference focused on the challenge of climate change, namely emerging trends in EU environmental policy, including energy and competitiveness. The conference was organised by Annette Bongardt, Ingmar von Homeyer and Francisco Torres with the help of the RSCAS and the participation of EUI alumni and current professors, fellows and researchers and the support of the European Investment Bank. On that occasion the AA also organized a guided visit to the Corridoio Vasariano and an alumni dinner at the Badia.

AA Historical Archives. Our archives, deposited in the Historical Archives of the European Union in October 2006, were arranged and described and are now available online. The material, composed of 41 files, covers the creation of the Association up to 2006 and is now freely accessible for consultation.

Job event. A second orientation seminar with international organisations, consultancy firms and international law firms is scheduled for 2-3 October 2008.

Elections for the Alumni Association Executive Committee. The Alumni Association has grown with the EUI in numbers, breadth and excellence, and new people are vital for steering it through yet a new phase. E-voting for the next elections has been implemented, allowing candidates to present themselves online and voters with a valid AA card to vote electronically. Relevant information is available on our web page at <http://www.iue.it/Alumni>.

Get or renew your Electronic Alumni card: this grants you access to several facilities and to a permanent EUI email address and makes you a donor to the EUI since all revenues are devoted to the Alumni Research Grant, which is directly administered by the EUI to the benefit of good doctoral students.

Many thanks for the active participation of so many alumni and former and current EUI community members in the activities of the AA in these last six years and to the EUI Administration for its continuous and committed support.

Arrivederci!

Francisco Torres, AA President

European Security and the European Union in World Politics

Joint Chair in Security in Europe | **Pascal Vennesson**

How has globalization affected European security policies at the beginning of the 21st century? Why do European countries respond to similar terrorist threats in different ways? When and why do sanctions imposed by the EU work? Is there a European way of war? Focusing on key theoretical issues and policy questions, research on European security and on the EU in world politics deals with the major issues that constitute European security today; its different dimensions and actors; and its transformation in a global context.

Far from replacing one another in an evolutionary fashion, different facets of security and security policies coexist in Europe. Europeans are concerned about global warming, but they also send troops to Afghanistan, Kosovo and Lebanon. They worry about energy crises and the spread of diseases, but they also want to prevent terrorism and nuclear proliferation. The defense and security policies of European countries are shaped by a dense network of security institutions, and yet they remain distinct and varied. This coexistence of long-standing issues and well-established institutions with evolving realities, new actors and rising problems is at the core of what we study. We encourage the study of the complex relations between member states and the EU, as well as comparisons within Europe and between European and non-European countries and regions. We also examine the growing role of the European Union in World Politics, notably its effort to regulate and govern current and looming risks and threats which recognize no national boundaries.

The research project, 'Force and Security in the Global Village', explores the ways in which globalization shapes security policies in Europe and in the U.S. An important aspect of this project deals with the changing utility of military power in an interconnected international system. Commercial liberals argue that globalization leads to an inescapable decline of military power. Yet, at the height of globalization from the early 1990s until now, force employments and military doctrines have been more diverse and, in certain situations, more innovative than those predicted by commercial liberalism. Why is it that globalization has not led to a uniform decline of military power? Borrowing from organization theory, this project argues that different policy adaptation capacity leads to different ways to cope with globalization's challenges and opportunities. Within this project, we also explore the security implications of the first globalization at the



beginning of the 20th century, as well as the ways in which transnational advocacy networks transform the civilian control of the military. Finally, we explore the alleged 'Europeanization' of defense policies and argue that it has been limited especially regarding the role conception of the armed forces.

In the framework of the Joint Chair 'Security in Europe', three PhD projects started in 2004 were completed in 2008: Xiana Barros-Garcia, *Explaining EU Decision-Making in Counterterrorism*, Frank Foley, *Similar Threat, Different Responses. France and the U.K. Facing Islamist Terrorism*, and Sophie-Charlotte Brune, *The Power Politics of Counterproliferation. The U.S. and the Nuclear Non-Proliferation Regime*. Ongoing PhD projects in the security domain include researches on targeted sanctions (Mikael Eriksson), peacekeeping operations (Chiara Ruffa), European involvements in security sector reforms (Antoine Vandemoortele), the diffusion of information technology warfare in Europe (Ina Wiesner), and the dynamics of political revenge in violent ethnonational conflicts (Roni Dorot). Furthermore, several Max Weber, Jean Monnet and Marie Curie Post-Doctoral Fellows make a major contribution to our activities as they developed major research projects on European public debates on defense issues (Kathleen Kantner), the promotion of gender equality norms within NATO (Dorith Geva), the growing impact of international

norms banning anti-personnel landmines and cluster ammunitions (Margarita Petrova), and the evolution of counterinsurgency (Sergio Catignani).

The growing role of the European Union in world politics is our second major research area. The EU is deeply involved in international politics. Not only does it produce, willingly and unwillingly, a variety of impacts abroad but its development, in turn, is shaped by the international system. EU sanctions, the promotion of democracy in different regions of the world, the political uses of trade, EU counterterrorism and crisis management are all topics of interest. The first research project—Europe and the World: the Making of a Grand Strategy—deals with the European Union's international action, the making of its grand strategy and its implications for European security. Why, and how, does the EU expand its interests abroad? As the EU's wealth, strategic capacity, and foreign actions increase, so does its appetite for greater international influence. How do policymakers define EU interests in the world? What threats do European leaders perceive to those interests? What responses do they choose to make in the light of those interests and threats? How do they justify those responses? Putting to task IR theories and theories of foreign policy, we explore the characteristics and reasons for the EU's international efforts since the end of the Cold War, including their security implications.

The second collective research project—European worldviews—explores the ways in which the leaders of the EU understand international relations and see the EU in world politics. This research applies first-image thinking, in particular Nathan Leites' operational code analysis, to five key figures and office holders of the European Union: Javier Solana, Robert Cooper, Benita Ferrero-Waldner, Peter Mandelson and Joseph Borg. We explore these EU officials' worldviews, the set of ideas and values about history and politics which shape their political strategies and their action. We put the analysis of European worldviews in a wider theoretical context: the revival of idea-based explanation in International Relations and the rise of realist theories of foreign policy taking policymakers' strategic assessments and problem-solving styles seriously. We argue that European worldviews matter because they are deeply embedded in political action and provide identity and power to the EU in world politics. Six RSCAS Working Papers examining the conceptions of key EU policy-makers regarding international relations and the EU as an international actor have already been published, and four more are forthcoming.

In this research area, two PhD theses started in 2004 were completed in 2008: Clara Portela, Sanctions of the European Union: When and Why Do They Work? and Fiorella Triscritti, Promoting Democracy Abroad: the EU and Latin America. Ongoing PhD projects in

the EU and the world domain include research on the political influence of the EU trade policy (Irene Caratelli), China's foreign policy toward the EU (Frank Gaenssmantel), and the Europeanization of crisis management (Cécile Wendling). Jean Monnet and Marie Curie Post-Doctoral Fellows developed their research projects on the EU's Policy in the Mediterranean (Raffaella Del Sarto), the making of the EU's foreign policy (Elisabetta Brighi), the evolution of Transatlantic relations (Ulrich Krotz), and EU-China relations (Nicola Casarini).

European security and the growing involvement of the EU in world politics are deeply connected and the Robert Schuman Center for Advanced Studies has created a vibrant research program on these issues which encourages and nurtures strong links with the departments. In 2008-2009, we will welcome an excellent group of post-doctoral fellows which will further develop innovative research and common work on a variety of security issues: learning in foreign and defense policy (Mathias Delory), European security institutions in the making (Stephanie Hofmann), the EU's security policy and the UN system (Luca Paladini), States and expert knowledge in terrorism studies (Lisa Stampnitzky), and military norms diffusion in European security (Jean-Marc Rickli). ■

The Security Working Group

In October 2004 the Security Working Group was launched at the RSCAS to exchange ideas, pool knowledge and enhance understanding of security issues. It provides a forum for interdisciplinary debate, through presentation of work in progress, exchange with policy-makers, as well as brainstorming on innovative work, and emerging security issues. The group encourages the cross-fertilisation of research in progress at the EUI, and strengthened the social science expertise in the field of security. In 2007, the Security Working Group launched an experimental 'Red Team' to develop a provocative, and thought provoking, perspective on European security.

These last years we explored issues like: the relations between security and democracy, military strategy and ways of war, the securitization of migration, the changing boundaries of internal and external security, civil/military relations, budget and finance of security and defense policy, the role of technology and expertise. Different analytical and normative perspectives are at stake when trying to answer complex and sensitive questions such as how to resolve violent conflicts, how to fight terrorism, or whether to go to war. Such perspectives need to be systematically and openly discussed and assessed to allow for informed debate and accountable decisions.

Prospects for an Asia-Europe Programme

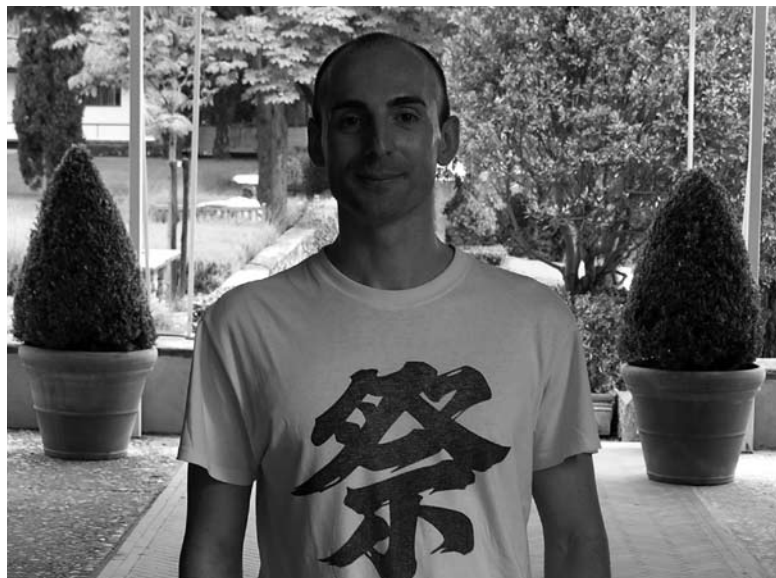
Marie Curie Fellow, RSCAS | **Nicola Casarini**

“A journey of a thousand miles begins with a single step.”

Confucius

Plans are underway for a new interdisciplinary programme focused on the dynamic Asian region and its relations with Europe. The incipient Asia-Europe Programme (AEP) aims to complement already-established programmes at the RSCAS which do the same for other major geographic regions. Focus of the research will be on Asia-Europe relations, including the determinants of Asia's rise and its growing opportunities for, and challenges to, European societies as well as the distinctive contribution that Europe can make to regional integration in Asia. The Asia-Europe Programme intends to offer a setting where structured dialogue and joint research between Asian research institutes and the EUI can be carried out. The objectives envisioned by the new programme are the following:

- Create a network of partnerships and long-term synergies between the EUI and research institutes in Asia in order to foster people-to-people exchanges;
- Engage in joint research and dialogue in order to gain a better understanding of the forces that shape relations between Asia's major powers and the EU in view of boosting mutual understanding and fostering international cooperation;
- Document and study relevant economic, socio-political and cultural dynamics in Asia and their implications for Europe as well as provide insights on the distinctive contribution that Europe can make to Asian regional integration



and political reconciliation;

- Offer an environment for informal contacts between experts from Europe and Asia to discuss issues of mutual concern.

Two main assumptions are driving forward the new programme: one the one hand, there is the acknowledgment that a profound global power shift to the East is underway with important implications for Europe and the West in general; on the other hand, the economic upsurge and growing interdependence among Asian countries is leading to an ever greater interest among Asian scholars and policy makers for the European experience of regional integration. These two dynamics will guide our initiatives at the EUI.

Asia's rise and the EU

The Asian region accounts today for more than 60 percent of the world's population, more than one third of the world's gross domestic product (GDP), and contributes more than half of global economic growth since 2000. China's and

India's spectacular growth are just the latest phase in a process which began with Japan's post-war economic miracle and then spread to the Asian Tigers of South Korea, Taiwan, Singapore and Hong Kong in the 1980s, and finally to South-East Asia in the 1990s. There is growing interdependence among Asian economies, and plans are underway for the establishment of an Asian trade zone modelled on the EU. From a political and security perspective, however, the region includes some of the world's most serious flashpoints, particularly among China, Taiwan, Japan, and the divided Korean peninsula, despite their high degree of economic interdependence. This paradoxical combination of political 'coldness' and strong economic interdependence can also be seen in the long-standing territorial disputes between China and India. Furthermore, although they are the major powers in the area, Japan's imperial record and fears about a return to a Chinese-imposed hierarchical Sino-centric order render Japan and China unpalatable as leaders in the construction ▶▶

of a new sense of regional identity. Thus, the region lacks both shared political institutions and a multilateral security architecture. This leaves the United States as the guarantor of order, its influence having been established through a series of Cold War bilateral alliances. Europe has been largely absent from Asian political and security affairs, but the European Union is gradually emerging as an economic superpower in the area. The EU is an important economic partner of many Asian countries, overtaking in certain cases (i.e. China) the United States in overall volume of trade. Asia has become one of the major outlets for European goods and investments and as such is increasingly important for the socio-economic welfare of Europe. At the same time, Asia's economic upsurge and its thirst for natural resources puts strains on the European economy. In a context of global interdependence, markets' fluctuations and/or political instability occurring in Asia have an immediate impact on Europe's welfare. This sensitivity to Asian economic and political events calls for more nuanced scholarly research on Asia's opportunities for, and challenges to, Europe as well as on Europe's role in Asian affairs. Europe can offer Asian countries an example of how diverse nations can construct a regional identity and an institutional security framework. Indeed, Asian scholars and policy makers have been studying with ever greater interest the European model of reconciliation between two regional foes (France and Germany) and overall economic and political integration. It is with the above questions in mind that some initiatives have been initiated in the last months.

The beginnings

On 8 June 2007, Prof. Pascal Vennesson (SPS and RSCAS), Prof. Ivo Daalder (The Brookings Institution, Washington) and my-

self organised an international conference on the theme: 'North-East Asia Security: American, Asian and European Perspectives'. The meeting initiated a dialogue among experts on traditional and non-traditional security issues in the Far East and the role that the EU could play in it. Some months later, in February 2008, the RSCAS organised a workshop on the theme: 'Asia's Challenge to the West' which saw the participation of Federico Rampini (China's correspondent of *La Repubblica*, one of Italy's leading newspapers); Giorgia Giovannetti (Professor of Political Economy at the University of Florence) and this author. It was an occasion to discuss the challenges for the West of a rising Asia with particular attention to the political, economic and security aspects. We are planning to do something similar in Winter 2008/09 where the focus will be on China's rise and its new assertiveness after the Beijing Olympic Games. For 2009 there are attempts at organising a seminar which will compare China's and Japan's grand strategies in the contemporary world. Plans are also underway for a one-day workshop on EU-Japan relations (with the Toshiba Foundation) in Spring 2009 and for a RSCAS seminar on EU-China relations. We are also planning to host at the EUI an international conference on regional integration in Europe and Asia with the aim to facilitate mutual understanding of the rapidly changing situations in both Europe and Asia and to highlight similarities, and differences, in the two regional integration processes.

Differences and similarities

Europe looks remarkably homogeneous compared with the Asian region. While in Europe the common Christian heritage is a source of shared identity, it is the impact of imperialism and colonialism that has shaped national consciousness in Asia. Moreover,

while Europe represents a success story in reconciling two regional foes (France and Germany), political elites in Asia are still tempted to use memories of their tumultuous past for legitimacy and mass mobilisation. The lack of common institutions and security frameworks in Asia would not be a matter of great concern if it were not for the fact that Asia is home to some of the world's serious security issues (i.e. Taiwan, the divided Korean peninsula, contested islands in the East China Sea). Moreover, there is growing competition among Asian nations over the exploitation of energy resources in the region. Recent developments indicate a growing willingness among Asian elites to tackle these questions. For instance, the recent agreement between Japan and China over the joint development of oil and gas fields in the East China Sea on 18 June 2008 may become an important step in the process of Asian integration. This may be compared to what happened in Europe more than fifty years ago, when the establishment of the European Coal and Steel Community (ESCS) led to the political reconciliation between Germany and France. At a time of ever growing economic interdependence among Asian countries, the idea of building an Asian Community is thus set to be one of the most challenging tests for regional elites in the years ahead. Also European policy makers face important challenges ahead, especially after recent setbacks (such as the Irish 'no') encountered by the ratification of the Lisbon Treaty. The incipient RSCAS Asia-Europe Programme intends to offer a forum for discussion about Asian and European approaches to integration at a time of change in both regions. ■

International Criminal Law at the RSCAS: A Swan Song for ETHICS?

Professor of International Law, Catania | [Salvatore Zappalà](#)

The ETHICS (European Training in Higher International Criminal Sciences) project was launched at the RSCAS in 2003, under the direction of Professor Antonio Cassese (former President of the ICTY), and it obtained funding from the European Commission for the initial period (2003-2006). Subsequently, some additional funding for some specific activities was generously provided for by the Regione Toscana and the Ministry of Foreign Affairs of Switzerland.

The main purpose ETHICS was to contribute to spreading knowledge about international criminal law (ICL) and to train a restricted number of professionals in some specific areas of ICL to enable them to apply successfully to international judicial institutions or to work in this area at the national level. To this end a number of meetings were held, involving the participation of world-renowned academics, judges and prosecutors of international criminal tribunals and courts. Several training courses, conferences, seminars and regional workshops took place between 2003 and 2008 (the first was the 'Florence course' in February 2004, which was followed by meetings in Senegal, Peru, China, and Latvia). Moreover, some extra conferences were organized in Florence, at the EUI, in September 2003, February and December 2006, and May 2008.

“The EUI . . . has set an example of how to generate productive interplay between the academics (in their *turris eburnea*) and practitioners at all levels.”

The ETHICS programme marks an important innovation in training, as it was designed for an audience (professionals in the field of international criminal law both at the national and the international levels) that had not yet been targeted with training of this type. A great deal of work was therefore done to ensure that both the scientific programmes and the speakers were suitable for the participants. We decided that the courses should be structured with a delicate balance between theoretical and more practice oriented activities. The speakers have been of the highest level of expertise and experience in international criminal law—including Presidents of the ICC, ICTY and ICTR; judges from these tribunals; the Chief Prosecutors of the ICC, ICTY, ICTR; a number of other distinguished officials from the ICC and the ad hoc Tribunals; and

counsel and eminent academics from all over the world. All invited speakers were very happy to participate, and they were also very much positive about the whole project (describing it as extremely interesting and valuable) and the specific activities in which they were involved (some were so kind as to describe them as the best conferences they had ever attended in the field of ICL). Participants (i.e. non-speakers) were also of the highest level: national-level judges, prosecutors and defence attorneys, law professors, and a number of excellent post-graduate students.

Among other things, it should be noted that with time it became clear that this kind of professional continuing education should no longer be labelled as 'training', since it seemed that such a label might discourage some participants from attending. For example, it was pointed out that in some countries it may be seen as inappropriate for highly qualified professionals (e.g. a national Supreme Court judge) to undergo 'training'. Therefore, we later attempted to use more neutral language such as 'exchange of views', 'round table', 'seminar' and so on (which to a certain extent is what these meetings became) in order to make it clear that the training element is the result of a process in which all participants are involved on an equal footing and everybody learns from each other. In addition, this change in formulation proved a very successful strategy in terms of getting people involved in the discussions.

The two most recent conferences (December 2006 and May 2008) were great examples of this new kind of approach, with the meetings being extremely interesting for all participants, including the speakers themselves. The main purpose of the December 2006 Conference was to evaluate the difficulties of making international criminal trials both fair and expeditious. The experiences of the ICTY and ICTR, the Special Court for Sierra Leone, and more recently of the ICC have demonstrated the extreme difficulty of rendering justice without (undue?) delays. The Rules of Procedure and Evidence of international criminal tribunals have undergone significant changes from the original adversarial approach on which they were based, to a more mixed style with many elements derived from the civil law tradition. These changes were made in an attempt to shorten the proceedings. The two main procedural lines of innovation have been (1) the broader resort to written evidence; and (2) the recognition of more power for the judges in the man-



Paola Gaeta, Micaela Frulli, Antonio Cassese (Scientific Director) and Salvatore Zappalà (Scientific Project Manager)

► agement of the pre-trial and trial proceedings. These lines of reform were thoroughly discussed and analysed by participants, and many interesting ideas and suggestions were made. Since then, a number of papers presented at the conference have been published. At the end of the December Conference there was a general debate on the need for on-going education (or training) for professionals working in the international criminal justice sector. From this it emerged that there are basically five levels of education/training that should be ensured in ICL. First, in general, course work for students preparing for their first degree in law should include more and more training in ICL. Secondly, given the need for a group of persons with detailed and specific knowledge in ICL, post-graduate studies in this area, such as Masters' courses, should be strengthened. The third level, doctoral studies, are also critical for building up a community of intellectuals capable of providing critical (legal) thinking to policy makers, judges, defence counsel, and prosecutors in this area. Fourthly, professionals in the area of international criminal justice (at the national and international levels) should be provided with ongoing professional development activities. Finally, the field of ICL also needs more focused training on specific topics for those who operate in international criminal institutions, including judges. While the first three areas are within the 'jurisdiction', so to speak, of academic institutions (with degrees at the undergraduate, Masters, and PhD levels, etc.), this more high-level training (*formation continue*) in the form of seminars, workshops, and open debates on the most relevant topics in ICL can only be carried out at very high level by academic institutions of unique prestige or by professional bodies (such as the *Écoles Nationales de la Magistrature*, for those countries where they exist).

In this respect, the ETHICS project (acting in cooperation with national institutions such as the Centre de formation judiciaire of Senegal or the Fiscalia de la Nacion of Peru) has tried to adopt such an approach. The EUI is certainly the best-placed institution to play such a leading role, and it has set an example of how to generate productive interplay between the academics (in their *turris eburnea*) and the practitioners at all levels.

The latest conference organized by ETHICS took place at the EUI in mid-May 2008 at Villa Malafra-sca, gathering well-known academics in the fields of international law, international human rights law, international criminal law, criminal law and criminal procedure, together with several officials from the ICTY, ICTR, and the ICC, and lawyers who had appeared as Defence Counsel or Prosecution attorneys in these courts, as well as practitioners with different backgrounds ranging from NGOs to journalists. The conference was a very stimulating forum in which various current aspects of ICL were discussed: i) the idea of imposing criminal responsibility on corporate entities; ii) the effects of the so-called completion strategy whereby the UN Security Council has decided that the two UN ad hoc Tribunals must end their activities by the end of 2010; iii) the assessment of the first five years of the ICC; and iv) the relationship between ICL and the media, also with a view to understanding the effect of international criminal justice on the most affected communities. The analysis of these four areas justified taking stock of the state of ICL today and discussing perspectives for its future. The discussion confirmed that the expectations for ICL in the international community are very high. ICL and international criminal courts are seen as the ultimate ►►

- ▶ guardians of morality in the face of evil. They are the only real response given by the international community to massive human rights violations. Punishing the perpetrators is still a very strong moral demand. Nonetheless, great care must be taken not to have such trust in ICL betrayed.

“ICL and international criminal courts are seen as the ultimate guardians of morality in the face of evil.”

Broadly speaking it can be said that the results of the project were positive in many respects. Many lawyers working in their countries at the national level acquired significant knowledge and proficiency in ICL. In addition, we have created the basis for some fruitful partnerships which could be further developed in the future, covering other areas of international and EU law (such as with judicial authorities in Senegal and Peru, and with Tsinghua University in China). ETHICS meetings not only have been greatly appreciated and esteemed by all participants (as the questionnaires filled in by most of them show), but they were considered to be of the highest level by the speakers as well. Moreover, these meetings have provided a venue for key, top level actors in ICL to exchange views, and for the development of more critical thinking about the future direction of international criminal justice. Many of the papers presented at ETHICS events were subsequently published in legal journals, including the *Journal of International Criminal Justice*, a leading journal in this area published by OUP.

Nonetheless, as mentioned above funding from the EU was limited to the three-year initial period and

for various reasons the promoters of the project have been unable at this stage to raise more funds for further activities. Furthermore, at the moment there does not seem to be at this time any internal funds available at the EUI. As is well known, however, EU member states are at the forefront of the international campaign to stop impunity for international crimes: the EU has adopted an Action Plan to promote the integrity and universality of the Rome Statute of the International Criminal Court, and international criminal justice is certainly one area in which there is close coordination among EU members (including in the framework of the institutional context of the COJUR-ICC which meets in Brussels four-five times per year). It would seem reasonable to argue that this is an area in which the intellectual leadership of Europe should be exercised fully, and the EUI should not remain a bystander this development. One could hope that in the near future more solid financial arrangements for strengthening the role of ICL could be identified by including it in the core themes of the EUI. This would have various advantages: by encouraging further studies in this area, it would imply a clear institutional responsibility of the EUI in this area and it would ensure more stability in developing specific projects in ICL, with greater independence and freedom in carrying out such activities. And ultimately it would signal the EUI's interest and attention to one of the most recent developments in international law and international relations. While for the time being the project has to suspend its activities, hopefully in the future it will be possible to resume its work at the EUI. So I'll close not with an *addio*, but rather an *arrivederci*. ■

Salvatore Zappalà was Scientific Co-ordinator of the ETHICS Project at the EUI. He also received his PhD in Law from the EUI.

Congratulations

The EUI congratulates **Martin Westlake** (SPS '92), who has been appointed as Secretary-General of the European Economic and Social Committee (EESC).

He will take up his duties on 1 October 2008.



In Memoriam

Leonardo Bartolini, a Jean Monnet fellow in the Economics Department in 1998-99, Senior Vice President of the Federal Reserve Bank of New York, died in September in New York. The news is especially sad for the Institute, as over the years Leonardo often visited us when in Italy, and he was close to many past and current members of the department, as a former student, a co-author, and a friend. Originally from Florence, Leonardo obtained his Ph.D. in economics at Princeton University. He started his career in the Research Department of the International Monetary Fund in 1991; and later moved to the Federal Reserve Bank of New York, in International Research. Since 2003, he was adjunct professor at the Economics Department of Columbia University. He has written important scientific articles on a number of topics related to monetary policy, issues in interbank markets and financial stability, domestic and international lending of last resort. Early in his career he developed a special interest in international macroeconomics, a field where he contributed empirical and theoretical studies of exchange rate regimes, foreign direct investment, and capital controls. Leonardo was a rigorous and professional economist with a unique ability to understand policy issues, earning him respect and admiration in both the academic community, and the communities of researchers in national and international institutions. Leonardo leaves his wife, Jin Choi, and his 10 year old son Lorenzo.



Brian Bercusson, our former colleague from the Law Department passed away suddenly last August at his house in Italy. His first contribution to the European University Institute was in 1983 – 1984, when he was selected as a Jean Monnet Fellow. He was then appointed professor in our Law Department in 1986. He returned to Britain in 1994 as a Chair holder in European Law at the University of Manchester. While at the EUI, Brian gave a strong impulse to the teaching and research on labour law and industrial relations. He was one of the pioneers in the study of transnational labour regulation and was about to complete, at the time of his death, a comparative project on these issues, in particular in relation to the liberalisation of services in the EU. His works have been translated into several European languages and he is certainly one of the few experts in social law whose contribution has allowed a cross-fertilisation of norms and practices throughout Europe. He was an extremely amiable colleague whose contribution was very much appreciated by researchers and fellow academics. The best testimony that the Institute could pay to him would be to continue the innovative research he had begun to develop in Europe.



Claude Fohlen was part of the first cohort of historians teaching at the newly created European University Institute. Trained as an economic historian, he started his career with work and a thesis on the textile industry during the Second Empire. This beginning made him keenly aware of the link between French developments and the broader European and Atlantic context, and he later pursued interests in exchanges and treaties and free trade and protectionism, examining not only other European countries but also the history of the United States. His work reflected his sensitivity to the social framing and consequences of economic developments, as is clear in his work on slavery. His broad historical knowledge and interests were to the benefit of his students at the EUI and the Sorbonne, where he later taught. Claude Fohlen died this summer in Paris. Up to the end of his life he remained very committed not only to the study of the US and of transatlantic relations, but dedicated energy and time to the activities of the Fulbright Commission in Paris. His former colleagues, students and friends at the EUI will keep a fond memory of him.



Most of us came to study political science, law, economics or sociology and, frankly, the frescoes were extra. Until the annual arrival of *dott.ssa Maria Fossi Todorow* with her box of slides: for not only was she a distinguished art historian and well connected to the Florentine art establishment, she was also a firm believer in the value of education through art of which she was a tireless exponent. Year after year she appeared in the autumn and led us through the masterpieces of the Florence Renaissance. Never fuzzy or gushing but rigorous, intellectual and comparative, speaking in a clipped and somewhat accented English, she never failed to attract not only new enthusiasts but also people who came back for more and always found something fresh in her talks. With her passing, the Institute has lost a true friend.

Coppa Pavone: The Schumaniacs

Fare il convento è fare la pace.



The Schumaniacs is the first team in the history of the *Coppa Pavone* to wear an official RSCAS jersey. However, the history of this tournament at the EUI is actually rooted among the olives in the small field behind the Convento. In fact, the RSCAS was the first sponsor of the *Coppa*.

In the spring of 1994, following the first full academic year of the RSCAS's existence, the Convento hosted the first ever EUI intra-mural calcetto tournament in the field behind its building. Planned, organized, and refereed by Antonio Corretto (then porter at the RSCAS), the teams battled it out, risking injury on the less-than-even playing field.

The following year, the tournament was moved to the dirt 'pitch' behind Villa Schifanoia, which was 10 meters longer than the Convento field (including the perpetually swampy north-east corner). In order to increase female participation in the event, a new tournament rule specified that each team must field a woman player at all times. In addition, Villa Schifanoia's noisiest spectators—the two resident peacocks—succeeded in getting the tournament named after them. The '*Coppa Pavone*' was born.



The tournament has since become a fierce and much anticipated annual competition, run by researchers, with the well-attended finale scheduled to coincide with the June Ball. Teams come back year after year, and the EUI *Calcetto Mercato* starts buzzing in early May, with talented female players (especially from the EUI's Mucche Pазze team) being especially courted. Finally, games are now played on synthetic turf, thanks to the construction of a much-desired new pitch, which was completed in 2005.

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