

BOOK REVIEW

**Andrew Taylor, Andrew Geddes and Charles Lees,
The European Union and South East Europe: The Dynamics of Europeanization and Multi-Level Governance, London:
Routledge Taylor and Francis Group, 2013, pages 252.**

In this book the writers highlight the relationship between the EU and its four South Eastern member states – Greece, Slovenia, Croatia and Macedonia in three major policy sectors – cohesion, border management and the environment, and assess the degree to which the European Union's engagement with the democracies of South East Europe has promoted Europeanization and multi-level governance. There is a long-established tendency among the Europeans to consider the Balkans as a peripheral region. This book, however, argues that South East Europe is important for what the EU is, and aspires to become, and has a close connection to some of the key issues confronting the EU. The book compares changing approaches to governance in three policy areas which have been chosen, as they represent contentious issues in domestic politics; issues which can have policy consequences across national boundaries. There is significant EU involvement in these matters.

There are seven chapters in this book. The first chapter is the introductory part of this book. The chapter poses the following questions: First, do the concepts of Europeanization and Multi-Level Governance (MLG) satisfactorily link theory and method in explaining how engagement with the EU alters domestic governance? Second, what do the developing methods of governance tell us about the explanatory power of MLG? Third, to what extent does engagement with the EU lead to Europeanization of governance? The chapter devoted to case studies explores these questions by an appraisal of institutions and policies, specification of the nature of the policy network, assessment of the nature and direction of change, and an evaluation of the extent to which change accosts the established power structure.

In the second chapter, the authors present the book's conceptual and theoretical framework, starting with a discussion on the book's basic

concepts – Europeanization and MLG and how these relate to and influence overall governance in these states and the various policy sectors. In the relationship between the EU and a third state, of pivotal importance are sovereignty bargains and capacity bargains. The authors then discuss institutional change and, particularly, the relationship between supranational, national and sub national government, and their implications for territoriality. Finally the chapter discusses the matter of incentives.

The third chapter, examines issues of cohesion, borders and migration, and environmental policy in Greece, Croatia, Slovenia and Macedonia. The focus of the chapter is on time and place and it seeks to explain major transformation of a state's governance through a broadly 'historical theory'.

Chapter four examines adaptation to the cohesion and regional policies. Cohesion is a significant EU policy and MLG has an essential role in it. It is connected to wider implications for governance, and has obvious financial attraction for governments, which means that more rapid transformation in governance and significant domestic efforts to overcome weaknesses in the realm can be expected, if these countries are to benefit from the policy.

In the fifth chapter, the authors contend that matters related to migration and border security have become among the priorities in EU policy agenda, and discuss the adaptation pressures on the candidate countries and the new entrants. This chapter examines the *acquis communautaire* of the EU and explains it in the context of South Eastern Europe as a new region attracting migration and therefore exposed to the 'threat' of illegal immigration.

The sixth chapter, analyzes the adaptation of these four countries to the environmental rules and laws of the EU. In this chapter, the authors treat environmental protection as a transboundary policy problem, and focus upon the technical demands inherent in the transposition and implementation of the environmental *acquis*. They discuss issues in the capacity bargains framework.

Chapter seven, provides a synthesis of the analyses in all the policy-focused chapters. This book explores the European Union's interaction with Greece,

Slovenia, Croatia and Macedonia, comparing governance in these countries in three policy sectors. At the same time it assesses the broader dynamics of Europeanization and MLG which are pivotal components of the analysis which this book contains. In their conclusion, the authors address the questions posed earlier in the seventh chapter, while they evaluate the importance of Europeanization and MLG as organizing concepts in the domestic politics of the countries, which have been used as case studies and the implications for their respective political systems, politics and policy.

Fatima Agha Shah

BOOK REVIEW

Turbulent and the Mighty Continent: What Future for Europe?
by Anthony Giddens, New York: Polity Press, 2014.

The book commences with an insightful introduction by the author, in which he refers to Winston Churchill's speech of 1946. Although the idea of a United States of Europe which Churchill advocated could not mature, the European Union exists as a successful model of partnership among member states. The end of the Cold War, the disintegration of the USSR, the unification of Germany and its assimilation in the European Community, the removal of all barriers between West and East Europe and the latter's entry into the European Union and the launching of the euro, despite serious hurdles, all highlight the significance of the EU and its acceptance in Europe and worldwide as a standard-bearer of peace and stability. Europe, however, has become turbulent once again owing to the economic crisis that struck its length and breadth in 2008. The countries which were economically better off once, now lack the means to devalue their currencies. Subsequently, they had to accept enormous bailouts.

The findings of the Eurobarometer, a survey conducted by the European Commission every six months, shows increasing disillusionment of the EU member states with the EU. Giddens quotes the example of Spain in 2007, where at one time 65 per cent of respondents reposed trust in the EU, while 23 per cent did not. Now the figures have changed, with 72 percent expressing distrust. Similar figures were found in countries such as Greece, Portugal, Ireland and some former communist states that are now EU members, such as Hungary and Romania. This also holds true for some prosperous countries such as Germany, Austria and Finland. In the UK, which has had a low level of public support for the EU ever since it joined the Community in 1973, public opinion favouring the Union has further declined in recent years.

Academics have termed the EU as a functionalist entity, which is driven by results rather than emotions. Thus when the results seem dismal, the public support also plummets. Anthony Giddens the author of the book admits in the introduction that he is a Europhile and therefore his work

cannot be considered as a completely dispassionate study of the European Union. He introduces the rather intriguing terms: EU1 and EU2. EU1 is the European Union based on the Monnet method, with the Commission, the Council and the Parliament at the helm of affairs. EU2 is where the locus of real power is the top leaders, though they exercise their power informally. Thus the EU1/EU2 distinction highlights the truth about how things are supposed to be done according to the treaties, and the reality, of how things are actually done. Giddens contends that the *de facto* EU 2, is run by the German Chancellor, the French President, one or two other national leaders, and the heads of the European Central Bank (ECB) and the IMF.

He reinterprets another term 'troika' which was previously officially used to denote various combinations of the EU's top leaders designated by Brussels to carry out a special foreign policy mission. Giddens applies the term to denote the heads of the ECB, the IMF and the Commission. One may recall that the term 'troika' was originally used for the Soviet set-up, denoting the heads of the Communist Party, the state and the government. In the present EU scenario, the German Chancellor Angela Merkel is the *de facto* head, and whatever the troika decides, must be ratified by her.

In the first chapter of the book, titled, "The EU as a Community of Fate", Giddens dilates upon the role of the euro in the current economic crisis across Europe and beyond. If the euro were to collapse, it would have an adverse impact not only on Europe, but on the entire world. He quotes from an EU communiqué of June 2012, which says that it is imperative 'to break the vicious circle between banks and sovereigns'. This could be achieved by setting up a banking union, transforming into a fiscal union at a later stage. Three elements are integral to such a union; powers of supervision, powers of resolution of debts and deposit guarantees. In March 2013, the Single Supervisory Mechanism was created, with supervisory powers vested in the European Central Bank, which would monitor the larger banks that receive direct assistance from the EU. Even the states which are not part of the eurozone, can sign up, provided they adhere to the given conditionalities.

The powers regarding the resolution of debts was endorsed in the June 2013 meeting of the Economic and Financial Affairs Council (ECOFIN) which decided on how the European Stability Mechanism could be deployed for direct bank recapitalizations and chalked out 'bail-in' rules for banks with

declining growth. Since the Cyprus crisis, it has been accepted that bail-ins would replace bail-outs, so that the banks and the investors themselves are made to cope with the losses. The Single Supervisory Mechanism demands a Single Resolution Mechanism, which is still in the rudimentary stage.

There are also efforts to coordinate fiscal policies across the eurozone. Measures related to the fiscal policies include the Treaty on Stability, Coordination and Governance, embedded in the 'European Semester' or the EU's policy making calendar. It was endorsed by twenty five member states of the EU. Britain and the Czech Republic did not sign up. The aim of the treaty is to detect impending economic crises and to nip them in the bud. What is deficient in this mechanism is absence of the 'acceptance of mutuality', that is, the recognition of shared financial obligations of eurozone members with respect to each other.

Giddens also discusses the notion of federalism, which was a dream of Churchill and the founding fathers of Europe. He points to a recent surge in the demand for a European federation. Giddens poses two important questions in this regard. What kind of federalism would be appropriate and how can it be created, in the given circumstances of the EU's low level of popularity. According to Giddens, it will be somewhat a 'lean federalism', as an intrusive political system would not be politically feasible. This would also enhance the EU's leadership role as well as the democratic participation of its citizens.

The solution to the problems faced by the EU today must be considered in the context of the eurozone and the rest of the EU member states. The eurozone has to take the initiative in adopting reforms, with a view to accommodate the interests of the non-eurozone states. At some point, treaty amendments may be required, which might be readily blocked by those with vested interests, generated by the previous policies. The conduct of the Common Agricultural Policy (CAP), illustrates how the reservations and resistance by member state can be overcome.

The transatlantic bond is a big question in Europe. If a free trade agreement is reached between the EU and the US, an independent-minded Britain might negotiate special terms for itself, which may lead to serious problems. Britain requires to do more than what most of the Eurocentrists propose. For that matter, it needs to foster trade relations with the

emerging economies, lessen its insularity and allegiance to hundreds of year old traditions, and adopt a more cosmopolitan and forward looking attitude. Many observers predict that Britain would remain in the EU but its tilt towards the US and its gradual withdrawal from EU affairs will have a far reaching effect.

The second chapter titled “Austerity and After” deals with the economic woes of Europe. The economic slump is not merely cyclical, but due to deep-seated malaise. The debate on austerity versus stimulus investment is ridden with controversies. In order to help the beleaguered EU states to regain economic stability, some have suggested the introduction of a remodeled Marshall Plan, which was crucial to Europe’s economic rehabilitation after the Second World War. The Marshall Plan however was predominantly funded by the US. Today no such source of economic assistance exists.

Progress in banking and fiscal policies is of paramount significance. If banks are not properly recapitalized, credit for investment will continue to stagger. Given the increasing unemployment, the creation of jobs is important. Giddens argues that spending on the infrastructure at the European level, would play an important role in stimulating growth having both short term and long term effects. In order to stimulate investment in the European Union, the private sector must be fully engaged. Trade with the emerging economies offers opportunities for the EU and would also encourage development and growth in the developing countries.

A debate about reindustrialization has emerged in the US, and Europe too should take note of it. Europe has some major strengths in terms of manufacturing. Currently the distinction between manufacturing and the service industry is disappearing, hence investment in education, research and development, welfare, pensions, the reform of public institutions to increase efficiency is also called for. Giddens argues that the reason for this blurring of distinction between the two sectors is owing to austerity measures in Europe, which have failed. Austerity is not merely economic, but also political. It cannot be resorted to as a permanent solution, but as a short-term measure. Countries should understand that they cannot go on borrowing indefinitely when the creditors do not intend to lend any more. Thus, austerity in the context of the EU member states does not mean maintaining the balance of payments, but to implement reform. Austerity

has been likened to a medicine by Giddens, which tastes bitter and has disagreeable side effects, yet it is crucial for curing the disease.

Giddens quotes the *Euro Plus Monitor* produced by the Lisbon Council and the Berneberg Bank. It offers a detailed analysis of the economic position of European countries. The full set data for the year 2012 covers seventeen countries of the eurozone, along with non-eurozone Sweden, the UK and Poland. The findings reveal that the changes across the eurozone are uneven and involve risks at a macro level. The eurozone states which received large scale financial assistance such as Greece, Spain, Ireland and Portugal show an upward trend in growth. Greece is at the top in terms of progress in structural adjustments. Ireland ranks second, Estonia third, Spain fourth and Portugal fifth.

The ranking of member states in terms of overall economic growth is different. Two small countries – Estonia and Luxembourg rank at the top, followed by Germany, Sweden and the Netherlands. Greece is at the bottom, with Portugal just above Spain and Ireland. Greece is still in trouble, as the substantial progress made by it in highly unfavourable economic circumstances, has not curtailed its debt to GDP ratio. The IMF's country report on Greece published in January 2013 confirms this picture. The only solution under the circumstances is to engage in renewed investment, and the austerity measures it has had to adopt seem to have prepared the ground for it.

In the chapter titled "No More Social Model", Giddens begins by referring to the harrowing incident of a woman entering a bank in Almassora, in April 2013, dousing her body with petrol and setting herself ablaze. While doing so, she shouted that she had been dispossessed of everything and the bank had served her a letter of eviction from her home. Several instances of people setting themselves on fire in Greece point to the fact that unemployment and poverty are prevalent in the country. The European Social Model (ESM) is under severe criticism as austerity takes hold in the EU countries. Often the sixties and seventies are cited as the golden age, marked by real economic growth and progress, with low rate of unemployment, less inequality and better state funded health care. The term "European Social Model" gained currency in the 1980s. It was introduced to defend the European approach to protect the less privileged against the forces of the market economy. ESM did bring a host of benefits,

such as enhanced development and emancipation and empowerment of women. However, single-parent families increased, and there was a pronounced increase in immigration. The Nordic countries however were more successful in combining economic boom with an efficient welfare system. Sweden for example, introduced a system geared towards improving life expectancy.

Still the ESM needs to be redefined. The connection between welfare state and wealth creation is central. A social investment state is one which works for the creation of wealth, and not merely rehabilitating a declining state. Giddens quotes William Beveridge who considers the elimination of five evils as important for establishing a welfare state. These include, ignorance, squalor, want, idleness and disease. Thus the state aspiring to establish a welfare state must pursue the goals of providing education, prosperity, social and economic participation, and health care for its citizens.

The chapter titled “Search for Relevance” highlights some important issues in the EU. Giddens opines that the debate regarding the borders of the EU should be reopened. A federalist model would correspond agreeably to open borders. If the local border and identity issues are resolved, the future accession criteria for countries aspiring for EU membership will be fairly clear. Turkey has aspired for European Community membership for nearly five decades. It is also a member of other European institutions and European organizations. Yet the stance of the EU with regard to Turkey has been quite ambiguous. This has resulted in a decline in support in Turkey for EU membership. The EU states have deep apprehensions about giving membership to Turkey, a country with an overwhelmingly Muslim population. Some European states have gone to the extent of proclaiming that they will hold referenda in case it is decided that Turkey should become a member of the EU. After seven years of formal talks with Turkey, there has been little progress on this count. Giddens suggests that the EU must be realistic in its attitude towards Turkey, and instead of deferring the matter it should devise a timetable for Turkey’s accession. Turkey has shown considerable socio-economic progress since 2007, which compares favourably with the faltering economic position of the EU, as Giddens has pointed out.

In the Conclusion, Giddens states that it is important for the eurozone to remain intact, not just because it is important for the EU itself, but because of the global status of the euro. It must not be forgotten that the euro was introduced not because of political benefits. History reveals that in the post Second World War period, currencies were inconvertible and there was widespread monetary instability. With the dissolution of Bretton Woods system in the early 1970s, currencies were given the chance to float against each other, and against the dollar. This also led to the creation of European Monetary System (EMS). The EMS was primarily a basket of currencies based on an Exchange Rate Mechanism (ERM), allowing for fluctuation of exchange rate within the margins set for the member states, taking into account their respective economic circumstances. Currency devaluations ensued in Spain and Italy, and the British pound and Italian lira were removed from the Exchange Rate Mechanism. Similar crises followed as the French currency also battled to uphold the Franc. The EMS was then reformed to allow wider fluctuations, but the problem remained. The variations between currencies and the inadequate means to control it, meant greater risks against the dollar, the global reserve currency. Hence the euro was indispensable for the European Union with a frontier-free Single Market.

At the end, Giddens sums up with an air of optimism by quoting Churchill, 'Let Europe arise', stressing that these words can still inspire Europe to strive for excellence.

Sarah Syed Kazmi

BOOK REVIEW

European Commission, *The Political Implications of European Economic Integration – Towards a Political Union*, Luxembourg: Publications Office of the European Union, 2014.

This book surveys the whole journey of Europe from 1945-2014, focusing on the various phases and challenges that the European Community went through during its creation and development. The main thrust of this publication of the European Commission is that while economic integration must continue, it has to avoid the outbreak of any economic and financial crisis such as the one that occurred in 2008. The book is a compilation of the proceedings of an annual conference on important policy issues organized by the European Commission. The book contains the views of academics and European Commission dignitaries expressed at various sessions of the conference, on several dimensions of the European Union, including the economic, political and socio-cultural ones.

In the first section titled the “Economic Aspect”, European economic integration is discussed, in which speakers have identified relevant problems and suggested solutions according to their own understanding of matters.

An in-depth study of the financial crisis which occurred in 2008 and continued for several years, reveals that the impact of the crisis was immense and it ultimately persuaded the most powerful EU member states to strengthen the structures of European Monetary Union (EMU) in order to counter sudden economic crises. The EU has also been actively working for economic integration. The EU economy is apparently not yet fully integrated and there are certain gaps in this realm which need to be addressed and filled accordingly. The contributors investigate how the crisis impacted on unemployment, the system of pensions, wage levels, bank secrecy, industrial output and the overall economic policies of member states.

The outbreak of the financial crisis was owing to the weaknesses found in the structure of Economic Monetary Union (EMU) as created by the

Maastricht treaty. It was figured out that the private sector suffered more as compared to the public sector because of the excessive concentration of risk, related to an excessive accumulation of debt and the lack of discipline exercised by the market. The contributors have identified weaknesses in monitoring and enforcement of rules with regard to the functioning of firms. Consequently, pertinent crisis resolution measures are required to avert the outbreak of another financial crisis.

The evaluation of monetary union also revealed considerable deficiencies, rather, a basically faulty design. It has been noted in this publication how the differences between the north and the south have increased ever since the euro was launched. The northern European countries before the year 2000 had trade imbalances, which gradually became surpluses after 2000, eventually creating deficits in southern European countries.

The contributors of the first session on the economic aspect were Michel Servoz, Deputy Director-General at the EC's Secretariat-General, Lucio Pench, Director of Fiscal Policy at the European Commission's Directorate-General for Economic and Social Affairs, Nikolaos Chountis, Member of the Economic Affairs Committee of the European Parliament, Nico Groenendijk, Jean Monnet Professor of European Economic Governance and Panagiotis Liargovas, Jean Monnet Professor.

The second section of this book is entitled the "Political Aspect" of European economic integration. Here several angles of the political aspects are discussed in detail. This section reveals that in the light of the economic crisis, greater European political union and joint political actions are required, which hitherto have been the backbone of any plan designed for the pursuit of European economic integration.

Moreover, it is also noted by the contributors that the decisions taken by the European Council since 1975 and particularly after the year 2010 will leave imprints on the EU polity, averting both a collapse of the EU or its transformation into a federation.

The contributors of the second session on the political aspects were Stefano Manservisi, Director-General at the European Commission, Maximiliano Bernad Alvarez de Eulate, Professor of Public International Law, Wolfgang Wessels, Head of the Department of Political and

Administrative Studies, University of Cologne, Dusan Sidjanski, President of the European Culture Centre and Amelia Hadfield, Professor of European International Relations, University of Kent.

The last section is about “Societal and Cultural Aspects” which mainly focuses upon the need to have a more united and stronger Europe which can only become a reality when the Europeans become more enthusiastic about developing a common European culture; it is a significant part of the European project and plays the role of a binding force. The agenda of the European Strategy and Policy Analyst System (ESPAS) addresses future challenges (perhaps around 2030) and it works exhaustively to bridge the gap between the European Union institutions and the ordinary citizens.

Those who presented their papers at the last session on socio-cultural aspects were Jean-Claude Thebault, General Director of the European Commission’s Bureau of European Policy Advisers, Morten Lokkegaard, MEP and Vice-Chair of the Committee on Culture and Education, Alberta Sbragia, Jean Monnet Chair at the University of Pittsburgh, USA and Miguel Martinez Cuadrado, Jean Monnet Professor and Professor of Constitutional EU Law at Complutense University of Madrid.

To sum up this book comprehensively evaluates almost all European policies in terms of economy, politics and even society and culture. It has identified certain structural gaps and deficiencies which have adversely impacted upon European economies.

This study offers lessons to other economies, which would benefit if they too examine themselves dispassionately with respect to their policy making and institutions.

A minus point in this publication is that a few of the papers are in the French language, which is a barrier for any reader who is not acquainted with the language. It would have been better if there had been two versions of the book, one in English and another in French.

Secondly, some of the presentations are rather brief, leaving the reader wishing for more information and analysis. But overall it is a commendable effort, useful for researchers and students studying European Economic Integration.

Jaweria Tahir