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Commentary

What's changed in European (Union) Studies?

Steven Kennedy

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I have been asked to reflect on my experience of 35 years publishing university textbooks in relation to the evolution and development of European Union Studies (which term I shall use to include the study of the EU's earlier incarnations in the European Community/Communities).

My engagement with EU studies actually started well before I became a publisher in 1979 as I had developed an interest in the subject as an undergraduate student of International Relations in the early 1970s and actually embarked in 1974 on writing a PhD on the relationship between European integration and disintegration which a combination of the theft of a car containing all my (not, I confess, all that many) notes, the advent of 'eurosclerosis' and the stymieing of Scottish devolution consigned to the dustbin of history (though it would have been very timely I guess today).

EARLY DAYS

The base line is easy to draw. Being responsible for a student textbook list, I did not publish a single book about European integration before the first edition of Neill Nugent's *Government and Politics of the European Community* in 1989. That was contracted in 1986, initially for Vincent Wright's *Comparative Government and Politics* series, and reflected a sense on our part that there were the first stirrings of a serious market for a student text on the subject – an intuition that was borne out by the success (even if modest compared to the sales of later editions) of the first edition.

The reason for my inattention to publishing in the subject, despite my own interest, was simple: before the late 1980s there were very few social science courses indeed that focused specifically on the EC and/or European integration. Early research I did about the market in sociology and politics turned up very few courses in either and surprisingly this seemed the case even in European Studies which was quite a fashionable growth area in the 'new' universities of the 1960s but which despite the name was much more focused on languages and humanities. Where it was studied it tended to be as a minor part of other courses; for example as a student of International Relations my only engagement with the EU was as a small part of a course on international organisation and the main issue was the extent to which it fitted that description - in which context I well remember reading the early contributions (largely by Americans) to debating the nature of the beast.

Where Britain's accession to the EU had had an impact on courses was in subjects like Law as British lawyers had perforce to engage with EU law (accounting perhaps for their greater presence in the UK European Studies community in its early days) - and, to a lesser extent Economics which seems to have engaged more with the economics of market integration than it does today.

There were, of course, books being published on European integration, but these were for the most part written by people involved in some capacity as practitioners in the world of European integration or in the broad federalist movement, or by diehard opponents of British membership. Neill's was not the first general overview text on EU politics. That distinction probably belongs to Juliet Lodge's edited volume *Institution and Policies of the European Community* (1st edition 1983) and Stephen George's *Policy and Politics in the European Community* (1st edition 1985) which Stephen actually first broached with me when I visited Sheffield University at the start of that decade but at that stage I felt there was not enough of a market for a core textbook and he proceeded to publish it with Oxford University Press.

The success of Neill's text reflected a burgeoning of courses in the UK – and interestingly also in the US – as the EU emerged from its dog days of the late 1970s and early 1980s and the single market programme made the EU a more interesting institution to study for social scientists and one that a range of technical and business professions increasingly felt a need for their future practitioners to study.

THE EUROPEAN UNION SERIES

It also got me thinking about expanding our list in the area - and clearly got others thinking along similar lines. Separate discussions in late 1991 with Willie Paterson and with Vincent Wright, who was my general advisor on political science publishing as well as editor of his own series, revealed a shared interest in editing a series of books on the EU and its member states. And while they were drawing up a proposal after an initial meeting with me, Neill himself floated the idea – and sent me an initial proposal – for a series on EU institutions, political actors and policy processes. It clearly made sense for the three of them to combine forces and, those still being the days when publishers entertained (and even drank) at lunchtime we resolved to meet up for a discussion over lunch which Vincent chided me should be a good one. Accordingly a date was set to meet in April 1992 at La Tante Claire which I wrote to Neill and Willie was 'as Vincent can confirm one of the best restaurants in London but offering a set menu that even publishers can afford'. In the event, Vincent was prevented from attending by a combination of air and rail disruption on his way back from indulging his love of archival research in provincial France; Willie diplomatically told him afterwards that 'the food was disappointing'.

But good progress was made on the series and it was agreed additionally that, in keeping with my publishing remit at Macmillan, we should add a strand of general texts on the EU into the mix. By the summer we had agreed an initial plan and a series contract had been issued. And in short order, thereafter, this particular army very definitely marching on its stomach, a series of excellent dinners hosted by Vincent at Nuffield led to successive refinements to the plan, a name (*The European Community* but 'probably will have to be *The European Union*' series'), and the designation of four colour-coded sub-series – red for texts, orange for institutions, green for policies and purple for member states (to which much later we added blue for issues).

We little imagined the impact and reach the series would have and, despite Vincent's death in 1999, cut down in his prime after a bravely borne illness, the series has gone from strength to strength, eventually covering most key institutions and policy areas, though the member states volumes proved harder to bring to fruition (and harder - for all but a very few key states - to sell). Many of the obvious gaps that remain are the result of delayed delivery or withdrawal of contracted authors (the most jinxed subject being the economics/political economy of the EU which has gone through more potential authors than the series editors have shared hot dinners).

The 'core texts' strand has been particularly successful in offering a range of different approaches and thus increasing the choices available for people teaching courses. In that respect, a particular highlight was the publication of Simon Hix's *Political System of the EU* of which the 1st edition appeared in 1999 and rapidly established itself as a landmark in the field – and another was Dirk Leuffen, Berthold Rittberger and Frank Schimmelfennig's *Differentiated Integration* in late 2012 which may well come to be seen as another.

And that impact was even greater if one takes into account its offspring – or, perhaps better, belated sibling – *Palgrave Studies in European Union Politics* (PSEUP and hence known to its friends as 'pea soup') born of a brief conversation over lunch with my then counterpart in Palgrave Macmillan's scholarly division, Alison Howson. Following a week in which I had sent her even more proposals than

usual that had been sent in for the EU series but were too specialised for us, she enquired with apologies 'if it was a stupid question' why we had not set up a companion scholarly series (my reply was that it was us being stupid rather than the question) and whether Neill and Willie might like to edit such a series (which together with Michelle Egan - and with the help of a small editorial advisory group - they have been doing ever since).

THE RISE AND RISE OF EU STUDIES

One notable change over the lifetime of the EU series has been the pattern of internationalisation of sales over time. I remember a discussion at the first ECSA-World conference in Brussels in 1994 with Jacqueline Lastenouse of the commission directorate responsible for this initiative to bring together people from national European Union studies associations around the world. She asked me to explain why it was that when Britain was in so many ways the EU member state least keen on European integration, they had received so many applications to attend from the UK compared to other member states, both in terms of academics to participate and publishers to display. It seems that the latter in particular had given rise to mutterings from participants from elsewhere (and maybe the former too as not only were publishers not invited to exhibit in later years but academic attendance was largely restricted to invited paper-givers and national association officers). But the reason was simple: apart from an earlier orientation to international events among British academics and publishers, teaching, research and publishing on the EU had taken off far more rapidly and developed further in the UK than elsewhere in Europe.

As noted above, initially sales of EU titles were largely concentrated in the UK and the US where an enthusiastic community of Europeanists had a long tradition of studying European politics and travel to/engagement with their countries of study (and at a distance where teaching about Europe as a whole and the EU within that perhaps was more appealing to students than studying individual countries). But with the increasing use of English as medium of teaching in continental Europe (spurred on by the Bologna process and other initiatives that led to more students moving between countries for whom English was the most obvious *lingua franca*), the balance of sales shifted towards continental Europe: northern Europe in the first instance, where political science and interdisciplinary European studies fitted more easily into the organisation of higher education, followed by Central and Eastern Europe, and, to a lesser extent because of the often more disciplinary, legal and sociologically-orientated traditions, elsewhere.

Another key contributory factor in the spread of European Union studies, which I have been surprised not to find more commonly noted, has been the proliferation of Jean Monnet chairs first in member states and then beyond. The changing geographical availability of funding has, on occasion, seemed to correlate quite directly with the ebb and flow of sales, especially outside Europe. But much more significant has been the impetus that the availability of EU funding to establish new posts has given to the appointment of specialists in EU studies. In a large proportion of cases, chair holders have been kept on at their host universities expense once EU seed funding has run out.

It seems to me that this is part of the explanation for the scale of student numbers and for so many texts on the European Union having been among the best sellers in political and social science through the 1990s and 2000s while the numbers and sales of texts on other important topics (like comparative politics and the political and social systems of students' home states) have fallen off.

A particular victim, in my view has been the study of comparative European studies. It was no doubt inevitable – and not undesirable – that Europeanization and globalization (using both terms in the broadest sense) would change a situation in which a text on French politics was the most commonly occurring recommendation on UK reading lists when I first researched political science publishing at

the start of the 1980s. But the presence of many EU specialists understandably putting on courses on the EU meant that other courses on Europe seemed less of a priority when course structures came under review. And the presence of substantial numbers of EU specialists surely contributed to a perception, when departments envisaged further new appointments, that Europe was already well covered.

THE FUTURE

While the market for texts on the EU remains quite buoyant, it has definitely now started to wane.

In the US, this is no doubt, in part, the result of an increasing interest in other parts of the world and notably Asia which seems to be reflected in a changing balance of specialisms as an older generation of Europeanists retire (though mitigated by the establishment of a network of ‘centers of excellence’ encouraged by the EU). Interest in Asia has clearly been a factor in Europe too: even in the UK (where Asia has always been less studied than on the continent) there are now an increasing number of courses especially on China. I’ll never forget, by way of comparison, that when I published the first edition of Macmillan’s text on Chinese politics, there were only two courses of any size on Chinese politics on offer in the UK. And neither of them happened to be running that year as the people teaching both of them were on leave.

But in a UK context, particularly, the big change has been the rise of International Relations. When I was a student of IR in the early 1970s it was a tiny subject taught (in almost all cases in small separate departments) in a number of universities you could count on your fingers. Today by comparison it has become a dominant or central element in the curriculum of politics departments with introductory courses on global politics often the most popular with students and an increasing presence right through degree programmes. The same trend is prevalent elsewhere, if on a smaller scale, and has had two primary effects on EU studies, most obviously as an alternative pole of attraction for students choosing courses but also in the increasing focus on studying the international dimensions of EU policy despite the considerably smaller influence of the EU in those areas than others.

In terms of the future of textbook publishing more generally, I have long bemoaned the impact of the changing higher education and research culture in the UK which has made it an increasingly hard task to persuade people to sign up to produce textbooks and to find time to write and deliver those they have committed to. This process started earliest in the UK and contributed to the preponderance of authors based outside the UK on my list in recent years. Of course, this was partly a good thing both in terms of the quality of work being produced in continental Europe, North America, and elsewhere and the desirability for an international publisher to attract authors from around the world. And the expansion of teaching in English elsewhere and the increased interchange and migration of academics made a changing balance inevitable. But in many UK university departments – despite talk of the importance of ‘impact’ – it has become all but a capital offence to confess one is writing a text aimed at students. And in recent years the pressure to spend all available writing time on publishing specialist articles has spread much more widely around the world, making the job of my successors increasingly tough.

I have always believed that the analytical and research skills involved in writing student texts are much underrated. What is more, such texts play a crucial role in systematising and communicating fragmented research findings, making cutting-edge issues accessible to new generations of students and establishing new baselines for researchers in an ever-more specialised world.

I can only hope that the changing political economy of higher education – in the form of less research money and more competition for fee-paying students – will start to redress the balance. Several

colleagues surprised me when I left Macmillan by hailing my 'relentless optimism' – not a trait that I had particularly observed in myself. In that spirit I'll comfort myself, and hopefully encourage them, by noting such straws in the wind as departmental web sites focusing on the texts written by department members and making a pitch to prospective students of offering the opportunity to learn direct from the horse's mouth.

Note from the Editor

Steven Kennedy was until recently a publisher and director at Palgrave Macmillan specialising in student paperbacks. He is now a publishing consultant providing services to publishers, universities, professional associations and others. The views expressed here are entirely his own.

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Research Article

Legitimizing the CAP: The European Commission's Discursive Strategies for Regaining Support for Direct Payments

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Abstract

In its public discourse, the European Commission presented the EU's most recent Common Agricultural Policy (CAP) as a paradigm change. Many observers of the CAP reform process, however, describe the recent agreement as a lost opportunity for change. This article describes and analyses the Commission's discursive strategies in response to the legitimacy challenges regarding the CAP's direct payments. We draw on the work of Mark Suchman (1995) to analyse these responses. The analysis reveals a progression of legitimisation strategies that can be linked to the broader institutional environment, the setting of the ongoing policy process and the (critical) reaction of civil society organisations to these strategies. Besides shedding light on the progression of legitimisation strategies, this article contributes to the literature on the Commission's legitimisation strategies more generally by linking the Commission's public discourse to its public consultation regime.

Keywords

Legitimation strategies; European Commission; Common Agricultural Policy; consultation

The Common Agricultural Policy (CAP) has never been taken for granted. Since its inception in the early 1960s, it has attracted criticism and gone through continuous reform. Policy instruments of market intervention (guarantee prices, import levies and export subsidies) dominated the CAP in its first three decades. The production surpluses that resulted from this created budgetary problems as well as conflict with trading partners, as the EU used export subsidies to sell these surpluses on the world market (Davis 2003). The MacSharry Reforms in 1992 introduced a scheme of direct payments, rather than production support, to solve these problems.

The direct payment scheme brought new challenges for the CAP: consumers, taxpayers and environmental groups leveled criticism at this instrument, claiming farmers did not provide sufficient services for society, such as environmental stewardship. In response, the European Commission sought to improve the environmental image of the CAP by introducing a second rural development pillar in 1999. Although the various legitimacy challenges to the CAP have resulted in the abolition or change of various of its policy instruments (Grant 2010), the different reforms have not resulted in an increase in support for the CAP: many observers claim that the policy continues to experience a legitimacy crisis (Bréhon 2011: 2). The direct payments scheme in particular continues to receive criticism: environmental groups continue to criticise its polluting effects; (Eastern) member states and farmers criticise the unequal distribution of direct payments between member states and farm types; and citizens and consumers demand more value for (public) money.

In this article, we analyse the discursive or communicative strategies the Commission used during the most recent CAP reform in an effort to increase the policy's legitimacy. Throughout the reform process the Commission expressed its concerns about the legitimacy of the CAP. More specifically, the article focuses on those strategies that relate to the so-called direct payments scheme, which accounts for more than 60 per cent of the total CAP budget.

The analysis sheds light on the discursive strategies of the Commission by using a typology of legitimisation strategies by Mark Suchman (1995) and demonstrates how the concerns of civil society organisations (CSOs) were addressed by and reflected in the Commission's public discourse. Given the share of the EU budget that goes to the CAP (almost 40 per cent), it is worth analysing this case on its own. However, the case can also be used in a more instrumental way to provide insights into

the different legitimization strategies of the Commission: in the presented case, as said, the Commission made legitimization an explicit goal of the reform process. Moreover, the CAP reform process was debated widely in public, which allows us to consider the Commission's legitimization efforts during the policy-making process and their resonance. It is therefore a good case to illustrate how the legitimization strategies of the Commission are affected by the EU's institutional setup, its decision-making procedures and the setting of the ongoing policy debate. In doing so, this article also contributes to the literature on the Commission's legitimization efforts in general.

More specifically, we will discuss the role of different legitimization strategies in relation to the Commission's consultation regime. The Commission increasingly perceives the involvement of 'civil society' as a source of legitimacy (Kohler-Koch 2010: 101, 104). Nowadays, the concerns of civil society are addressed through the Commission's consultation regime (Saurugger 2010): by doing so, the Commission tries 'to improve the EU's image in the eyes of the citizens' (Fischer-Hotzel 2010: 341).

The Commission's consultation regime, however, is (necessarily) orientated towards the mobilisation of input into the policymaking process. This is so due to the fact that the Commission can propose, but not vote on, EU legislation (Kohler-Koch 2010: 104; Kröger 2008: 30). Initially the involvement of civil society was considered helpful in increasing the so-called *output* legitimacy (Scharpf 1999); their expertise contributed to more efficient policies. Since its White Paper on Governance, which stressed the need for consultation (European Commission 2001), the Commission also expects a positive effect on the *input* legitimacy of its policies (Bouza Garcia 2010).

In order to use the input of CSOs as a source of input legitimacy, however, the Commission must demonstrate how this input is linked to the later decision *taking*. This requires ongoing communication between the Commission and CSOs: during and after the consultation process the Commission must provide feedback on how the input is used in the policy making and taking process. While the Commission recognises the need to do so (e.g. European Commission 2007 in Hüller and Kohler-Koch 2008: 166), the literature suggests that it often remains unclear what is taken into consideration and on what grounds (Kröger 2008: 33). Our analysis shows how and to what extent the Commission provided feedback on this during the policy process. While previous research has turned to the Commission's consultation regime (e.g. Saurugger 2010, Quittkat and Finke 2008) as well as to its public communication strategies (e.g. Herranz-Surrallés 2012, Fouillieux 2004), this article contributes to the literature on the Commission's legitimization strategies by explicitly linking both efforts.

LEGITIMATION STRATEGIES

We follow discursive institutional scholars who have analysed how policy reforms are shaped and legitimated through discourse (e.g. Schmidt 2008). Vivien Schmidt has distinguished between so-called coordinative and communicative discourses. Whereas the former refers to the interactions between policy actors directly engaged in deliberation - the Commission, Council and European Parliament (EP), for example - who argue and bargain in order to reach agreement on policies, the latter involves the interactions between political actors and the public. In the communicative discourse, policy ideas are communicated to, contested amongst and legitimated to a broader audience (Schmidt 2008). We turn to the communicative discourse in this article, as the Commission explicitly aimed to legitimate the CAP to the wider public.

While Schmidt's discursive institutionalism provides a general approach for investigating the role of ideas and discourse in policy change, the literature on legitimization strategies in organisations adds a useful conceptualisation of different discursive strategies that actors can pursue. To analyse the

discursive strategies of the European Commission, we will draw here from the work of Mark Suchman (1995). Based on strategic and institutional approaches towards legitimacy, Suchman defines legitimacy as a 'generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman 1995: 574) and argues that organisations can seek legitimacy at a pragmatic, moral or cognitive level. These three forms of legitimacy can be explained as follows:

- *Pragmatic* legitimacy involves an assessment of a particular activity in terms of an audience's (material) self-interest. The legitimacy of an organisation or its activities is based on the value of the organisation to the audience. Organisations that seek pragmatic legitimacy for certain policies will therefore show how their audience can gain from them (Suchman 1995: 578). Suchman's concept of pragmatic legitimacy is related to what Schmidt terms 'cognitive' arguments in a legitimating discourse: arguments that justify positions and policies with reference to an interest-based logic (Schmidt 2008).
- *Moral* legitimacy is based on a normative evaluation of the moral propriety of an organisation. Audiences assess whether an activity is the right thing to do. These assessments can involve some self-interest, but are fundamentally different to those grounded in material self-interest. In searching for moral legitimacy, organisations are likely to appeal to more general norms and values ('it is the right thing to do'). Schmidt labels such arguments 'normative'; positions and policies are legitimated through reference to their appropriateness (Schmidt 2008).
- *Cognitive* legitimacy, finally, involves an evaluation of the necessity or understandability of an activity. In assessing the cognitive legitimacy of an organisation or its activities, an audience asks whether it makes sense, is sound or is inevitable. Typically, cognitive arguments appeal to the problem and the necessity of policies to solve it ('it cannot be done any other way') (Suchman 1995).

Suchman also developed a typology of legitimacy strategies. As legitimacy rests largely on public discussion, most of these strategies rely on communication. By communicating with their audiences, organisations attempt to influence the evaluation of their actions (Suchman 1995: 585). In developing his typology, Suchman sets out a number of broad strategies that are related to the *challenge* of legitimacy: organisations may need to *gain*, *maintain* or *repair* their legitimacy. Depending on the type of challenges, different strategies can be pursued. These are discussed below.

- *Gaining legitimacy.* The challenge of gaining legitimacy is especially pertinent when organisations engage in new lines of activity. They are likely to pursue three general strategies in that case. First of all, organisations can decide to *conform* to the expectations or demands of the constituents within their environment; this can be achieved by changing a new policy or its outward form by bringing it more in line with existing demand and expectations. Secondly, they can decide to *select* among their environments; organisations may search for a public with specific expectations or norms that will support their practices without demanding too many changes to their actions. Finally, organisations may pursue a strategy of *manipulation* to gain legitimacy by creating new audiences or new legitimating beliefs. This last strategy will most likely be used when new practices depart (too) greatly from the existing expectations of the public.
- *Maintaining legitimacy.* The challenge to maintain legitimacy involves two basic strategies: foreseeing future challenges and protecting previous accomplishments. The first strategy involves monitoring the public's values, beliefs and reactions. This requires that organisations do not lose sight of external developments that might bring its legitimacy into

question. While not a discursive strategy per se, organisations often communicate that they foresee changing demands and expectations. The second strategy entails an effort to highlight or exaggerate the accomplishments that have been achieved in the past. Through this strategy, 'organisations may seek to buttress the legitimacy they have already acquired' (Suchman 1995: 595) and situate their current activities in the same perspective.

- *Repairing legitimacy.* The different strategies to gain or maintain legitimacy can also be used to repair the legitimacy of an organisation, provided that the organisation still enjoys some credibility amongst its audiences. Establishing this can be an important first strategy. In case of a legitimacy crisis, organisations can also pursue several other strategies. One is to *formulate a normalising account*. In using this strategy, specific challenges are separated from challenges to the organisation as a whole. The account can offer denials, excuses, justifications or explanations for particular faults. In the case of excuses, for example, organisations often blame others; in the case of justification, organisations redefine goals and means retrospectively (Suchman 1995: 589). A final strategy is *restructuring*, where organisations selectively confess that limited aspects are flawed and act to remedy these faults.

Table 1: Overview of Legitimation Strategies and Indicators

Legitimacy challenge	Strategy	Indicated by:
Gaining legitimacy	Conform	<i>a publicly expressed ambition to act in line with existing demand and expectations.</i>
	Select	<i>a reference to new audiences, demands or expectations that support existing practices.</i>
	Manipulate	<i>an effort to create new audiences or new legitimating expectations or demands.</i>
Maintaining legitimacy	Foresee and communicate future challenges	<i>an explicit recognition and expression that there are changing demands and expectations.</i>
	Protect previous accomplishments	<i>an effort to highlight or exaggerate past accomplishments.</i>
Repairing legitimacy	All of the above	<i>all of the above.</i>
	Normalise	<i>a usage of denials, excuses, justifications or explanations for particular faults.</i>
	Restructure	<i>a selective confession that aspects are flawed and an expression of the ambition to act to remedy these faults.</i>

METHODS

Our analysis of the Commission's communicative discourse is based on all documents related to the CAP that could be found on the website of the Commission. These documents consisted of press releases, transcripts of speeches, communications, policy documents and background information. We analysed all the documents that were published between April 2010 and June 2013. Using a qualitative discourse analysis, each text was analysed on the basis of the general strategies specified and described by Suchman: keywords, concepts or arguments indicating the various strategies provided the basis for this analysis. An overview of these indicators is provided in Table 1. We firstly coded the texts to indicate the position adopted by the Commission¹ in relation to direct payments; secondly, we analysed the content and type of arguments used to underpin this position.

In selecting particular arguments for our analysis, we focused on those that targeted the challenges to the CAP's direct payments scheme. In this respect, we present a selective interpretation of the Commission's communicative discourse in relation to the CAP. Doing so, however, does allow us to gain a detailed understanding of how specific legitimacy challenges are responded to and how these strategies change during the policy-making process. Apart from our own interpretation of the Commission's discourse, we relied also on the responses of critical 'CAP commentators and watchers'. We turned in particular to blogs and websites such as CAP Reform.eu and CAP2020, as well as to news media such as Agra Europe and European Voice, to do so. The references to statements of the Commission from these media provided an indication of the relevance and reception of particular arguments made by the Commission. In the case analysis below, the various strategies are described in a narrative form: this makes it possible to consider the changes in these strategies during the decision-making process.

CASE ANALYSIS

The Ongoing Debate

From the start of the policy debate on the CAP reform, the CAP's legitimacy crisis was well foreseen by the Commission, as is revealed in the speech of Agriculture and Rural Development Commissioner Dacian Cioloş to the EP in 2010: 'Sometimes the citizens express concerns, questions, legitimate expectations. (...) Certainly, there are criticisms. There are imperfections. There are hopes for reform. All of these must be taken into account' (Commissioner Cioloş 12 April 2010).

In his speech, Cioloş clearly communicated the legitimacy challenges and the need to repair the CAP's legitimacy at a pragmatic, moral and cognitive level. Legitimacy challenges at the pragmatic level are reflected in the Commissioner's reference to citizens' possible benefits from the CAP:

We have to make agriculture able to respond to the challenges from society. Challenges such as food security, [...] [and] economic growth of rural areas. [...] In this way, citizens and taxpayers will better understand that the Common Agricultural Policy is *their* policy. It is a policy that is *made for them* (Commissioner Cioloş 12 April 2010 emphasis added).

Challenges facing the CAP at the moral level are revealed in the Commissioner's acknowledgment that besides the production of sufficient food, the general public connects other demands and values with agricultural production: 'European agriculture must address the demands of the market and the *expectations of society* concerning public goods, the environment and climate change' (Commissioner Cioloş 12 April 2010).

Finally, the Commission recognised the cognitive legitimacy challenges that the CAP, the direct payments in particular, faces. This is reflected in the following statement:

The effectiveness of our current policy has lessened over time. The current payments [...] have lost their effectiveness. They are undermined by their *lack of credibility and transparency* in the eyes of the public. [...] We need to restore the *meaning, the sense* of the CAP. That is what we want to do with this reform [...]; make our instruments *coherent* again, particularly direct payments (Commissioner Ciolos 12 April 2010 emphasis added).

Public Money for Public Goods

In its effort to maintain and regain the legitimacy of the CAP, the Commission in its public communication clearly expressed its conformity to the idea of 'public goods'. The concept of public goods had evolved in the policy debate around the so-called Health Check of the CAP in 2008. The basic idea is that public money can be given to farmers for the public goods they provide in addition to the production of food, such as maintaining the countryside or taking agri-environmental measures. The slogan 'public money for public goods' became a powerful demand in the CAP debate and quickly came 'to serve as a banner for those who favour an agricultural policy that promotes a greater level of spending on delivering environmental outcomes than the current CAP' (Institute for European Environmental Policy (IEEP) 4 January 2009). According to different CAP commentators, 'there has been recognition of this agenda [of public goods] as one of real gravity and legitimacy' (Thurston 2010, cf. Agra Europe editor 2010a).

Public Consultation

The Commission started its efforts for a new CAP by launching a public debate in April 2010 before it presented a Communication on the CAP in November 2010. By doing so, the Commission sought to reestablish its link to the general public:

We must involve citizens and civil society. We must give them the opportunity, time and space to make their voices heard so that then - in our future initiatives - we can take their opinions into account in a coherent fashion. [...] I want to launch a public debate on the role of agriculture in European society [...] on the objectives which the CAP should meet. We must do this (Commissioner Ciolos 12 April 2010).

In various speeches held between the launch of the public debate in April 2010 and the presentation of the Commission's Communication on the CAP in November 2010, Commissioner Ciolos emphasised the importance of the public debate and the objective that a new CAP should ensure that citizens and taxpayers would be better able to understand the CAP. Later, interestingly, the Commission also explicitly differentiated the public debate from the more formal decision-making process on the CAP (based on a form of representative democracy) involving the EP and the Council: 'the political and administrative legitimacy of the decision-making process must be underpinned by a legitimacy that reflects the whole of society through its various channels of representation (Commissioner Ciolos 13 July 2012).

From the statement above alone, it is not possible to discern whether the Commission sincerely expressed its concern about the needs of civil society, or whether it merely used civil society as a strategic resource to improve the chances of gaining support for the CAP reform plans. Doing the latter would be in line with the Commission's earlier discourses, in which its responsiveness to public expectations was often invoked as a justification for CAP reforms (Fouilleux 2004). In light of the new involvement of the EP as co-legislator, the Commission's emphasis on the distinct legitimacy of the direct participation of civil society can be seen as a strategy to uphold the argument that it is the Commission that responds best to the wishes of EU citizens.

The Commission's Communication

During the public debate, the Commission already stressed the need to a) have agriculture contribute to tackling important societal and environmental challenges such as climate change; and b) reform the CAP in such a way that the link between support for agriculture and the market supply and public goods it provides is made crystal clear (Commissioner Ciolos 12 April 2010: 7). Commissioner Ciolos repeatedly emphasised the balance between economic and environmental concerns that would contribute to citizen and taxpayer understanding of the CAP (Commissioner Ciolos 20 July 2010: 3).

However, from the Commission's discourse surrounding the presentation of its Communication, it became increasingly clear that the public goods argument was used in particular to justify the continuation of public spending on direct payments. This was already reflected in the Commission's 'questionnaire' that was used during the public consultation, which included questions such as:

How can we create more straightforward instruments so that taxpayers understand the link between support for agriculture, market supply and remuneration for public goods provided by agriculture? What instruments can ensure a minimum level of stability for agricultural incomes? What direct aid should be available to farmers? And in return for what? (Commissioner Ciolos 12 April 2010: 7).

Therefore in their effort to regain support we can see that the Commission did not rely fully on the public goods argument to justify direct payments to farmers. Under its preferred *Option 2* in the Communication, the Commission maintained the argument that farmers need support because their income is far more volatile than that in other sectors. Direct payments were still mainly presented as having an economic function, as basic income support for farmers. The Commission, however, showed its awareness that this was no longer a sufficient legitimization for continuing the direct payments in the same way as before. To regain the legitimacy of direct payments, a 'redistribution, redesign and better targeting' of direct income support would be necessary (European Commission 2010: 8). The redesign and better targeting of direct payments in particular needed to increase the legitimacy of the CAP in the eyes of citizens and taxpayers.

This strategy can be seen as one of restructuring: the Commission confessed only selectively that limited aspects of the direct payments scheme were flawed and acted to remedy these faults. The latter was to be achieved by targeting support at active farmers only; by capping support at a certain level; and finally, by linking the direct payments more closely to the actual services or goods provided to society by introducing a mandatory 'greening' component (Commissioner Ciolos 6 January 2011: 4-5).

In its public discourse, interestingly, the Commission stated very openly that changes in the CAP to meet the public demands and expectations could not be too radical, due to vested interests. In this respect the Commission formulated a normalising account, through which it shifted the blame for maintaining much of the existing situation on others. At the same time however, Commissioner Ciolos stressed that more gradual or incremental changes can also lead to a change in the CAP: 'The [CAP] has never been written in stone - it is a living policy, which has changed enormously over the past 25 years' (Commissioner Ciolos 6 January 2011: 4-5).

CSOs received the Communication 'cautiously positively' (IEEP 2010d). In general, CSOs and other CAP commentators acknowledged the intention to reform and the fact that reasonable steps were proposed by the Commission: 'In framing the case for a CAP post 2013, the dominant discourse [...] focuses on the use of the CAP to provide public goods in line with society demands' (IEEP 2010a). It was understood that this marked a significant shift in policy. Yet at the same time it was stressed

that 'the text is somewhat unclear on what the proposal for direct payment might mean in practice [...] whether this is a major change or light greening depends on detail' (IEEP 2010c).

The Commission's only selective conformity to the public goods concept was clearly recognised and criticised as such by CSOs: 'Unfortunately, *but not surprisingly*, [the Communication] skirts round the weak rationale of the current direct payments' (IEEP 2010c emphasis added); 'the farm income question [...] is rapidly emerging from the shadows as the fundamental justification for the CAP' (Thurston 2011). CSOs made clear that 'it will not be sufficient to make marginal changes to direct payments based on new criteria [...]. If these opportunities [for greening] are firmly seized into real changes this could mark the beginning of a genuinely progressive CAP reform' (IEEP 2010b).

The response of various CSOs also shows that the Commission's normalising account for the lack of a radical reform was not accepted: this account was interpreted as an 'early surrender' by different CSOs. While some commentators adopted a more understanding stance towards the Commission - 'it is only doing what the majority of EU farm ministers have asked it to do' - the lack of radical reform and of greater leadership by the Commission was seen generally as a missed opportunity (Agra Europe editor 2010b).

The Commission's Legislative Proposal

The Commission presented the legislative proposals for the CAP reform in October 2011 (European Commission 2011). These largely followed the lines suggested in its Communication under Option 2. The Commission discourse at the time of the proposal contained rather more technicalities than previously - as may be expected, because of the detailed and technical nature of legislation. With respect to the direct payments, a 'basic income payment' scheme was proposed, moving away from historic references as the basis for the distribution of payments; this would decrease differences between and within states. A compulsory greening linked to direct payments was also introduced: 30 per cent of national direct payments envelopes were linked to certain agricultural practices beneficial to the climate and the environment. Three specific conditions had to be met to be eligible for these payments: crop diversification, permanent pasture and a seven per cent so-called ecological focus area (EFA). Finally, the Commission proposed that direct income support would be capped for farms receiving more than 150,000 EUR in support annually.

The arguments underpinning the policy changes in direct payments do not differ significantly from those used by the Commission previously. However, additional arguments and aspects are emphasised. Whereas thus far, meeting citizen or taxpayer expectations has been used as the main normative argument for changing the direct payments policy, several more cognitive and pragmatic arguments were stressed in the proposal as well. With respect to the capping of direct payments for example, the Commission mainly employs a cognitive argument to change the existing policy. It does this by turning to the notion of 'economies of scale' and the underlying idea of direct income support:

Due to economies of size, larger beneficiaries do not require the same level of support for the objective of income support to be efficiently achieved. It is therefore fair to introduce a system of capping (European Commission 2011).

With economies of scale, there comes a moment when we can no longer justify the level of support payable (Commissioner Ciolos 29 November 2011).

Greening was communicated not only as part of a normative argument but also linked to pragmatic arguments:

The CAP must also be able to meet the challenge of both economic and environmental sustainability. These two forms of sustainability cannot be separated in a sector that derives its existence and its economic performance from natural resources and their use [...] We must encourage farmers to consider long-term competitiveness [...], thanks to sustainable agricultural production practices. Through this mechanism [of greening] we clearly put both farmers and taxpayers in a 'win-win' situation (Commissioner Ciolos 12 October 2011).

Both agricultural economists and environmental NGOs, however, showed their disappointment with the legislative proposals from the Commission. While the proposed compulsory greening of direct payments was welcomed, the associated measures were criticised as being ineffective:

the proposal leaves doubt over how much really will be delivered. Bold ambitions to green the CAP become diluted by a focus on legitimacy for direct payments - at the expense of measures capable of maximising the delivery of environmental public goods (Baldock and Hart 2011).

At a conference with civil society that the Commission organised 'to bring together the expertise and views of civil society to feed into the ongoing CAP reform process [...] and to re-state the rationale behind their reform proposals', Commissioner Ciolos explicitly addressed this criticism:

During the public debate, the voices heard the most loudly were those who wanted to change the CAP. During the negotiations [...] those in favour of leaving things as they are as far as possible are the ones making their presence felt the most. From our standpoint, the objective is to introduce changes which are as far-reaching as possible, mak[ing] sure that everyone is on board, with expectations taken into account as well as what is feasible from the social, economic, budgetary and political angles (Commissioner Ciolos 13 July 2012).

At the same time, Ciolos stressed that 'the reform signals progress in numerous areas. But the processes set in motion, the long-term developments for the CAP, for the next seven years and beyond, represent the most significant step forward (Commissioner Ciolos 13 July 2012).

Hence, the Commission again presented a *normalising account* to justify the lack of any radical reform by blaming those that wanted to protect the status quo.

Decision Taking: First Reading

Apart from the conference with civil society, the Commission adopted a low profile during the first reading of its legislative proposals by the European Parliament (EP) and the Council of Ministers, which took well over a year. It awaited the formal voting by the EP as well as the Council's agreement during the first reading before re-entering the public debate on the CAP reform.

A first vote on the proposal was taken by the EP Committee on Agriculture (COMAGRI) at the end of January 2013, when after a year of negotiations, its final reports included more than 7,000 proposed amendments. The EP plenary was to vote on the proposal and these amendments in March 2013. With regard to the greening measures, considerable amendments were proposed by the committee. While it voted in favour of greening payments in addition to the basic payments, the link to the basic payments was removed: non-compliance with greening measures would only affect the 'greening payments', not the basic payments. In effect, this made greening a voluntary option for farmers. The COMAGRI vote also included a proposal that made it possible for farmers to receive double funding for agri-environment measures that were funded by the second pillar of the CAP: these would also be funded as greening measures (Jambor 2013a).

The COMAGRI vote was cautiously welcomed by Ciolos. In a short press statement he referred explicitly to the expectations expressed by society during the 2010 public debate. He stressed that these 'expectations have to be converted into a consistent toolbox of simple and efficient measures, with no double funding and no 'green-washing', without further comments' (Commissioner Ciolos 24 January 2013).

The concerns about green-washing² and double funding indicate the Commission's responsiveness to the concerns of civil society. Various draft reports by COMAGRI and so-called CAP Reform Progress Reports³ from the Council that were published before the committee vote - which already included proposals for separating green measures from the basic payments and for allowing double payments - had been publicly condemned by CSOs. The Commission's response to the COMAGRI vote clearly anticipated the critical reaction to it.

Indeed, after the COMAGRI vote, a range of highly critical press releases and statements were issued by environmental NGOs. All stressed that the COMAGRI vote, if endorsed by the plenary, would be environmentally damaging, and would 'actually [be] marking a step backwards in terms of the environmental advances made in past reforms' - as was stated by a representative for BirdLife (IEEP 2013).

Concerns about green-washing and double funding were reiterated by the Commission during the plenary voting when Ciolos made a speech:

[We] cannot fall to the temptations of green-washing or to artificial measures which would have a doubtful effect and which would be very complicated, leading to unacceptably high error rates. For taxpayers' money to be used efficiently [...] it is important that the greening measures be the baseline for the 2nd pillar agri-environment measures (Commissioner Ciolos 12 March 2013).

The eventual plenary vote on the CAP reform proposals on 13 March was largely in line with the amendments passed by COMAGRI. A number of decisions related to direct payments were changed though, such as the proposal to permit double funding. However, MEPs did vote in favour of the amendment to separate the penalty for non-compliance with the greening requirements from the basic payment. Furthermore, the actual requirements under the three greening measures as proposed by the Commission were weakened by the plenary vote: the EP decided to allocate only an initial three per cent of a farm's area to having an ecological focus, rising to five per cent in January 2016, rather than the seven per cent proposed by the Commission (Jambor 2013b).

A week after the plenary vote in the EP, the Council adopted its negotiation position.⁴ Regarding the greening of direct payments, among other things, it agreed to allow greater flexibility for the member states by clarifying the scope of so-called equivalent practices (i.e. practices which yield an equivalent or higher benefit for the climate and the environment than the greening practices proposed by the Commission). It also agreed on various changes to the greening measures as proposed by the Commission. With regards to EFAs, for example, the Council agreed on a gradual application of the EFA requirement, starting with an initial five per cent of each farm's area to be set aside. The scope could increase to seven per cent in 2018, but only after an evaluation report from the Commission in 2017 (Council of the European Union 2013).

The Commission released press statements after both votes, in which Ciolos stressed the extent to which the various positions of the Council and the Parliament reflected the position of the Commission. In response to the EP plenary vote, for example, Ciolos made clear that on certain subjects, such as double funding, the plenary vote brought 'the Parliament's position closer to the Commission's proposals' (Commissioner Ciolos 13 March 2013). Similarly, in reaction to the Council's agreement, Ciolos stated that 'there are a number of points on which the Council seems to be closer

[...] [to the Commission's position and] more reasonable than the Parliament' (quoted in Keating 2013a). In both responses, Ciolos stressed the fact that important steps were taken to reach a final political agreement. He remained critical, however, about what needed to be done to meet public expectations. In his response to the plenary vote he made clear that

we will be in a position to start the last phase of the reform negotiations. These aim in particular at making the CAP fairer, more sustainable, more reactive in market management terms, and more open to the diversity of our rural areas, as sought by the wider EU public within the framework of the public debate [...] launched by the European Commission 3 years ago (Commissioner Ciolos 13 March 2013).

Decision Taking: Trialogue Meetings

During the various triilogue meetings between Parliament, Council and Commission, the Commission kept a low profile in public. It only broke its relative silence in June when a political agreement on the proposals and amendments was reached by the three parties after 30 meetings. The final political agreement included a range of exemptions with regard to greening direct payments, making all three criteria easier to meet. Concerning the greening of direct payments, it was agreed that the amount of land to be set aside would be reduced from seven to five per cent. Provisions were also added that effectively exempted more than 35 per cent of agricultural land from greening measures, thereby excusing nearly 90 per cent of farmers (Keating 2013b).

Despite these changes, which watered down the original greening elements, Ciolos presented the final deal as a *paradigm change* in the CAP in his press conference. Again, he referred to the public debate and the extent to which the input of CSOs was linked to the final outcome:

I am delighted with this agreement which gives the Common Agricultural Policy a new direction, taking better account of society's expectations as expressed during the public debate in spring 2010. This agreement will lead to far-reaching changes: making direct payments fairer and greener, strengthening the position of farmers within the food production chain and making the CAP more efficient and more transparent. (Commissioner Ciolos 26 June 2013)

The Commission's framing of the reform in terms of a paradigm change was not accepted by CSOs, which showed distinct disappointment with the end result. It was clear to all parties that the resulting policy for 2014-20 barely reflected the Commission's ambitions when it first released its ideas. As stated in *EuropeanVoice*, 'the new CAP has ended up resembling a continuation of the status quo', a fact that 'has left many feeling disillusioned' (*EuropeanVoice* 3 July 2013). For many, the final result represented 'a missed opportunity to really reform the CAP' (*Agricultural and Rural Convention* 2013); 'the reform does not lead to a decisive paradigm shift in favour of a "public money for public goods" philosophy' (Matthews 2013). Explicit reference was also made to the effect of the deal on public support for the CAP. The World Wide Fund, for example, stated openly that 'the well of public support for a European subsidy system for farmers has just dried up' (*World Wide Fund* 2013).

CONCLUSIONS

In concluding his article on legitimization strategies, Suchman stressed that more research is needed on the process of legitimization: 'currently [we] can say very little about the nature (or even the existence) of "typical" legitimization progressions' (Suchman 1995: 602-3). Our study has shed light on

the legitimization progression in a setting in which the input of CSOs was explicitly sought by the Commission, but the eventual political decision was taken by other institutions. It shows which legitimization strategies are pursued by the Commission and how these changed *during* the policy-making process. In this respect, the strategies of Suchman have provided for a useful conceptualisation of Schmidt's discursive institutionalist approach, shedding light on the different strategies that actors can use to legitimate new policies. The various strategies pursued are summarised in Table 2 below.

Table 2: Progression of Legitimation Strategies

Policy-making stage	Strategy	Example
Ongoing debate	Foresee and communicate future challenges	<i>Various legitimacy challenges to the CAP were foreseen and explicitly stated by the Commission in public.</i>
Public consultation	Conform	<i>The Commission publicly expressed its willingness to follow the concepts of 'public goods' and 'greening' as expressed by civil society to regain support for the CAP.</i>
Communication	Restructure	<i>To regain support for direct payments, the Commission (eventually) only partly turned to the 'public goods' / 'greening' argument. It also continued to justify direct payments for having an economic function as income support for farmers.</i>
Legislative proposal	Normalise	<i>The Commission very openly stated that changes in the CAP to meet the public expectations could not be too radical due to vested interests.</i>
Decision taking	Conform	<i>The political agreement was justified eventually by referring to the idea of 'greening', as expressed by civil society.</i>

The analysis shows that the Commission was well aware of the legitimacy challenges the CAP faced. Initially it signaled its *conformity* to the concept of public goods in order to repair the legitimacy of the CAP. In addition, it sought to increase its connection with the broader public and different CSOs - a necessary condition for the successful usage of the strategy of conformity - by launching a public debate. As the policy debate continued, however, the Commission altered its strategy: instead of fully accepting the various legitimacy challenges and addressing these by acting in line with the public goods concept, it pursued a strategy of *restructuring*: the Commission maintained much of the existing direct payments scheme and only limitedly confessed that aspects of the CAP were flawed, addressing these flaws by turning to the concept of greening. The pursuit of this restructuring strategy was justified largely on the basis of pragmatic arguments: in the first place, we see that the Commission aimed to formulate a *normalising account* to justify the limited changes: the Commission's account included both excuses and explanations for the limited proposed reform. At the same time, however, we see the Commission promising further reforms and stressing the importance of meeting the input of the public debate: the Commission's proposal was pictured as a

first step in a new direction during the negotiations. After a political agreement was reached, however, the Commission *did* present the agreement as a radical reform of the CAP.

While the Commission's account of and commitment to linking the policy-making process to the input of civil society may have been sincere, it hardly affects CSOs' evaluation of the legitimacy of the CAP. In evaluating the reform process, most CSOs base their judgments on whether the eventual changes are 'the right thing to do' or 'make sense' and are hardly affected by the normalising account of the Commission. In as far as the Commission's feedback on the policy-making process' outcome affected CSOs' view of the legitimacy of the reform in a positive way, this was limited to the role of the Commission in the reform process.

These findings are not only relevant to the CAP, but also to other EU policy-making processes in which the Commission seeks and welcomes the input of civil society to strengthen the legitimacy of EU policies, but has only limited powers to take a decision on future changes and depends on the EP and Council. As this is the case with many EU policies, the order of the different legitimisation strategies pursued could well reflect a 'typical' legitimisation progression in the EU. The present case does not allow for such a broad generalisation; however, it does point to a number of directions for future research. A more systematic comparison between cases, clearly, would be needed to draw stronger conclusions on the typical progression of legitimisation strategies in the EU. Another direction for future research relates to previous research on the Commission's consultation regime, which showed that the Commission often used inputs from CSOs 'to improve its own proposals and increase its own legitimacy vis-à-vis other European institutions' (Broscheid and Coen 2003 in Kröger 2008: 30). Research on the CAP has also shown that this has been part of the Commission strategy (Fouilleux 2004). This study suggests that this strategy has lost its impact in the case of the CAP. With the EP involved as a formal decision taker, the 'responsive to public demands' argument loses force in the policy debate. While references to public demands and the provision of feedback from the decision-making process to CSOs, as said, may still strengthen the legitimacy of the Commission, this study shows that this has little effect on the legitimacy of the CAP itself.

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¹ In this study we treat the Commission as a unitary actor as its work is based on a principle of collegiality: its decisions and actions - including speeches by individual Commissioners - are thus a joint responsibility of all Commission members. While the Commission can be internally divided, we can assume that its public communication reflects the position of the Commission as a whole.

² The term green-washing refers to the attempt to minimise the additional measures that need to be taken by farmers to protect the environment under the green payments. The result is a policy that is green only on the surface.

³ Including, among other subjects, the main amendments suggested by the Council's Presidency and key issues which remained outstanding for each of the proposals.

⁴ Slovakia and Slovenia did not sign the Council's negotiation position.

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Research Article

Evaluating the Prevalence and Distribution of Envelope Wages in the European Union: Lessons from a 2013 Eurobarometer Survey

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Abstract

The aim of this article is to evaluate the prevalence and distribution in the European Union of a little discussed illegitimate employment practice whereby employers pay their formal employees both an official declared salary and an undeclared 'envelope' wage so as to evade the full tax and social security dues owed. To do this, a 2013 Eurobarometer survey involving 11,025 face-to-face interviews with formal employees in the 28 member states of the European Union is employed. The finding is that one in 33 employees received envelope wages during the 12 months prior to the survey, amounting on average to one quarter of their gross annual wage. Employers in East-Central and Southern European countries, and in smaller businesses, are more likely to use this fraudulent wage practice which is concentrated amongst weaker more vulnerable employee groups such as younger, skilled and unskilled manual workers, those facing financial difficulties and those with fewer years in formal education, but interestingly, also professionals and those travelling for their jobs. The paper then discusses possible causes as well as the policy options and approaches for tackling this illicit wage practice.

Keywords

Illegal employment; tax evasion; undeclared work; informal economy; European Union

Since the turn of the millennium, scholars studying the post-socialist societies in Central and Eastern Europe have begun to unravel a previously little discussed but fairly common fraudulent practice used by formal employers when paying their workers. This is the illegitimate practice whereby employers decide to pay their formal employees two wages, an official salary declared to the state for tax and social security purposes and an additional unofficial 'envelope' wage which is not declared, thus allowing employers to evade their full tax and social insurance liabilities (Karpuskiene 2007; Neef 2002; Williams 2009a; Woolfson 2007). The aim of this paper is to evaluate the prevalence and distribution of this wage arrangement in the contemporary European Union. Until now, most studies conducted of this illicit wage arrangement have been small-scale surveys of specific localities and/or more extensive surveys undertaken prior to the economic crisis (e.g., Meriküll and Staehr 2010; Sedlenieks 2003; Williams 2008a, b, 2010). The only research conducted on envelope wages using extensive data since the economic crisis data is a study reporting the reasons for the cross-national variations in the prevalence of this wage practice (Williams 2014a). Until now, there have been no studies evaluating the prevalence of this practice across different types of business and employee groups in the period since the economic crisis began. Here, therefore, we seek to fill this gap.

To commence, the first section provides a review of what is so far known about the prevalence and distribution of envelope wages in Europe by providing a brief review of the previous studies on this illegitimate wage practice. Identifying that there have been no contemporary studies of the varying prevalence of this illicit wage arrangement across different types of business and its distribution across employee groups, the second section then introduces the methodology used to fill this gap along with the data set used, namely a 2013 Eurobarometer survey involving 11,025 face-to-face interviews with formal employees in the 28 member states of the European Union (EU-28). The third section then reports the results by providing on the one hand, descriptive statistics of which businesses are most likely to use such a practice and the employee groups most likely to receive

such envelope wages and on the other hand, a multivariate logistic regression analysis of whether the greater propensity of various businesses types and employee groups to receive envelope wages remains significant when other characteristics are introduced and held constant. The fourth section then discusses the causes and different policy approaches which might be used to tackle this illegitimate wage practice before the fifth and final section draws some conclusions by summarising the findings.

A REVIEW OF THE LITERATURE ON ENVELOPE WAGES

There is now an extensive body of scholarship on the size, growth and characteristics of the undeclared economy in Europe (e.g., Eurofound 2013; Feld and Larsen 2012; Morris and Polese 2014; Pfau-Effinger et al. 2009; Schneider 2013; Schneider and Williams 2013; Williams 2013a,b; Williams et al. 2013). Very little of this literature however, has analysed the issue of envelope wages. This is because the recurring assumption is that formal employment is separate and discrete from informal employment; formal employees working for formal employers, according to this dualistic mode of thought, cannot be engaged in informal practices. The result is that few studies of the undeclared economy have considered whether waged employment can be concurrently both. Instead, most studies have focused upon employees working wholly off-the-books either in formal or informal enterprises, or on a self-employed basis, who do not declare their earnings to the state for tax and social security purposes. Few have turned their gaze towards formal employees employed by formal employers with a written contract of employment and considered whether all is quite as formal as appears to be the case.

Over the past decade or so, however, a small emergent stream of literature studying the undeclared economy in East-Central Europe has started to recognise how an employment relationship can be at the same time both formal and informal. This small tributary of scholarship reveals that formal employers sometimes under-declare the salaries of formal employees by paying them both an official declared salary as well as an additional undeclared salary, or what is termed an 'envelope wage', which is hidden from, or unregistered by, the state for tax and social security purposes. This has been identified in studies conducted in Estonia (Meriküll and Staehr 2010), Latvia (Meriküll and Staehr 2010; Sedlenieks 2003; Žabko and Rajevska 2007), Lithuania (Karpuskiene 2007; Meriküll and Staehr 2010; Woolfson 2007), Romania (Neef 2002), Russia (Williams and Round 2007) and Ukraine (Williams 2007).

How, therefore, does this wage arrangement operate in practice? The finding from in-depth qualitative studies is that when a formal employer appoints a formal employee, they firstly agree in a formal written contract an official declared salary. However, the employer concurrently comes to an unwritten verbal agreement with the employee to pay them an additional undeclared (envelope) wage which will not be declared to the authorities for tax and social security purposes (Chavdarova 2014; Williams et al. 2013; Woolfson 2007). Hypothetically, this unwritten verbal agreement may simply be that the employee will receive a higher wage than is stated in their formal written contract. This, nevertheless, is seldom the case. Usually, additional terms and conditions to those stated in the formal written contract are included in this verbal agreement and attached to the receipt of this additional envelope wage.

The most common additional terms and conditions attached to the receipt of this undeclared (envelope) wage, and verbally agreed between the employer and employee, are firstly, that the formal employee will not take their full statutory entitlement to annual leave, secondly, that they will undertake different or additional tasks and responsibilities to those specified in their formal contract and/or thirdly, that they will work longer hours than stated in their formal contract, which will often mean that the employee works over the maximum hours stated in the working time

directive and/or is paid less than the minimum statutory hourly wage (Chavdarova 2014; Williams 2014a). The shared understanding of both the employer and employee, moreover, is that the terms and conditions agreed in this verbal contract supersede the terms and conditions in the formal written contract of employment. This verbal contract, put another way, constitutes the unwritten 'psychological contract' of shared understanding between the employer and employee regarding the terms and conditions of their employment (Rousseau 1995).

Of course, verbal agreements *per se* are not illegal, and in many states hold the same status in law as written agreements. However, this particular form of verbal agreement to pay an additional undeclared (envelope) wage is illegitimate because both parties are mutually agreeing to under-report fraudulently the salary earned by the employee in order to evade the full tax and social security dues owed by the employer and employee. It is also often illegitimate in the sense that it results in various aspects of employment legislation and labour law, such as the minimum wage level, statutory holiday entitlements and maximum working hours, being contravened.

Examining what is known about the prevalence and distribution of this illegitimate wage practice, most previous studies reveal little since they have been small-scale qualitative studies conducted in specific East-Central European nations, as identified above. For instance, the study in Lithuania by Woolfson (2007) is an in-depth case study of one person, albeit a *cause célèbre*, whilst the Latvian study by Sedlenieks (2003) reports 15 face-to-face interviews conducted in Riga. Although the Ukraine survey covers 600 households, it is limited to three localities (Williams 2007), whilst the evidence from Russia is based on interviews with 313 households in three districts of Moscow (Williams and Round 2007). The result is that although these studies reveal a richer nuanced understanding of this illegitimate wage practice, they have been unable to document the prevalence and distribution of this illicit wage arrangement.

Nevertheless, they did begin to hint at the extensiveness of this practice. For example, in Ukraine, 30 per cent of formal employees reported receiving an envelope wage from their formal employer (Williams 2007), whilst in Moscow, this figure was 65 per cent (Williams and Round 2007). Meanwhile, an analysis of the discrepancies between the results of labour force and employer surveys in Latvia by the OECD (2003) revealed that 20 per cent of formal employees in the private sector appeared to be receiving envelope wages from their formal employer. A further survey conducted in 1998 and 2002, and involving 900 interviews in Estonia, Latvia and Lithuania, similarly revealed the relatively widespread prevalence of this practice in these Baltic Sea states. In the case of Estonia, 19.5 per cent of respondents stated that they had received envelope wages in 1998 (and 9.6 per cent in 2002), whilst in Latvia, this figure was 16.3 per cent in 1998 (but 22.5 per cent in 2002) and in Lithuania 7.2 per cent and 11.7 per cent in 1998 and 2002 respectively (Meriküll and Staehr 2010). These surveys, therefore, began to suggest that this was not some minor practice of little importance.

It was not until 2007 however, that a cross-national survey to evaluate the prevalence and distribution of this illegitimate wage practice was conducted beyond East-Central Europe. As part of the Eurobarometer omnibus survey, a module was included on undeclared work that included questions on the issue of envelope wages, namely special Eurobarometer no. 284, involving 11,135 interviews with formal employees across the then-27 member states of the European Union (EU-27). The resultant dataset has been subsequently analysed to document in this pre-crisis period the prevalence of envelope wages in the EU-27 as a whole (Williams 2009a; Williams and Padmore 2013a, b) as well as regional analyses of South-Eastern Europe (Williams 2010, 2012a; Williams, Fethi and Kedir 2011), the Baltic region (Williams 2009d) and Central and Eastern Europe (Williams 2008a, b, 2009b, c, 2012b). Across the EU-27, 5.5 per cent of formal employees were found to receive envelope wages from their formal employer in the year prior to the survey. A clear regional divide, however, was identified between Western and Nordic nations on the one hand, and Southern and

Central and Eastern European nations on the other. The prevalence of envelope wages was lower in Western and Nordic nations. In Southern and Central and Eastern Europe in contrast, envelope wages were more prevalent (e.g., Williams 2009a).

Turning to the distribution of this wage practice across business types and employee groups meanwhile, it was found that although this is a ubiquitous practice not confined to specific enclaves of the labour market, it is nevertheless more concentrated in some business types and employee groups than others. Not only were men found to be significantly more likely to receive envelope wages than women, but the prevalence of envelope wages significantly decreased with age and income. There was also evidence that such work was more prevalent in smaller businesses (Williams and Padmore 2013a, b).

This research was conducted in 2007 prior to the economic crisis. A repetition of the Eurobarometer survey module on envelope wages in 2013 across the EU-28 however, provides a data set that enables study of this practice in the period since the economic crisis began. Until now, the only known reporting of this 2013 survey concentrates on the cross-national variations in the prevalence of envelope wages and its correlation with various national-level economic and social conditions, such as Gross Domestic Product (GDP), tax rates and state social expenditure (Williams 2014b). There have been no evaluations of the prevalence and distribution of envelope wages across different types of business and employee groups during the crisis period. To fill this significant gap in the literature therefore, this paper reports the findings of this 2013 Eurobarometer survey regarding the prevalence and distribution of envelope wages across different types of business and employee groups.

METHODOLOGY: DATA, VARIABLES AND ANALYTICAL METHODS

Data

This paper reports the results of Special Eurobarometer survey no. 402, involving 27,563 face-to-face interviews conducted in April and May 2013 across the EU-28. Interviews were conducted in each country in the national language with respondents aged 15 years and older. In each country, a multi-stage random (probability) sampling methodology was used (the number of interviews varying from 500 in smaller countries to 1,500 in larger nations). This methodology ensured that on the issues of gender, age, region and locality size, each country as well as each level of sample was representative in proportion to its population size. Therefore, for the descriptive results that follow, and as recommended in both the wider literature (Sharon and Liu 1994; Solon, Haider and Wooldridge 2013; Winship and Radbill 1994) and the Eurobarometer methodology, the weighting scheme is used to obtain meaningful descriptive results. For the multivariate analysis however, debate exists over whether such a weighting scheme should be used (Pfefferman 1994; Sharon and Liu 1994; Solon et al. 2013; Winship and Radbill 1994). Given that the majority opinion is that the weighting scheme should not be used for multivariate analysis, this option was chosen.

The face-to-face interviews covered firstly, attitudinal questions about undeclared work, secondly, whether participants had purchased goods and services on an undeclared basis, thirdly, envelope wages and fourth and finally, whether respondents had engaged in undeclared work themselves. Here, we confine analysis to the questions on envelope wages. The 11,025 participants reporting themselves as formal employees were asked firstly whether they had received an undeclared (envelope) wage in addition to their official declared wage from their employer in the prior 12 months; secondly, whether this envelope wage was for their regular work, as payment for overtime hours, or for both; and thirdly, what percentage of their gross yearly income from their job was received as an additional undeclared wage.

Variables

To analyse the prevalence and distribution of this illegitimate wage arrangement across business types and employee groups, the dependent variable is whether employees received envelope wages based on the question ‘Sometimes employers prefer to pay all or part of the salary or the remuneration (for extra work, overtime hours or the part above a legal minimum) in cash and without declaring it to tax or social security authorities. Has your employer paid you any of your income in the last 12 months in this way?’

To analyse the prevalence and distribution of envelope wages across business types and employee groups, and drawing upon the previous findings discussed above, the following independent variables are analysed:

- **Firm size:** a categorical variable for the number of employees in the firm in which the respondent is employed, with value 1 for firms with 1 to 4 people, value 2 for firms with 5 to 9 people, value 3 for firms with 10 to 19 people, value 4 for firms with 20 to 49 people, value 5 for firms with 50 to 99 people, value 6 for firms with 100 to 499 people, and value 7 for firms with 500 or more than 500 people.
- **Occupation:** a categorical variable grouping employed respondents by their occupation with value 1 for professional (employed doctor, lawyer, accountant, and architect), value 2 for general management, director or top management (managing directors, director general, other director), value 3 for middle management, other management (department head, junior manager, teacher, technician), value 4 for employed position, working mainly at a desk, value 5 for employed position, not at a desk but travelling (salesmen, driver etc.), value 6 for employed position, not at a desk, but in a service job (hospital, restaurant, police, fireman etc.), value 7 for supervisor, value 8 for skilled manual worker, and value 9 for other (unskilled) manual worker, servant.
- **Gender:** a dummy variable with value 1 for men and 0 for women.
- **Age:** a categorical variable for the age of the respondent with value 1 for those aged 15 to 24 years old, value 2 for those aged 25 to 34, value 3 for those aged 35 to 44, value 4 for those aged 45 to 54, value 5 for those aged 55 to 64, and value 6 for those over 65 years old.
- **Age when stopped full time education:** a categorical variable for age of the respondent when stopped full time education with value 1 for 15 years old and under, value 2 for 16-19 years old, and value 3 for 20 years old or over.
- **Difficulties paying bills:** a categorical variable for the respondent’s difficulties in paying bills with value 1 for having difficulties most of the time, value 2 for occasionally, and value 3 for almost never/never.
- **EU Region:** a categorical variable for the region where the respondent lives with value 1 for the Western Europe region, value 2 for the Southern Europe region, value 3 for the East-Central Europe region, and value 4 for the Nordic Nations region.

Analytical methods

To evaluate the prevalence and distribution of envelope wages across businesses, employee groups and regions, first, descriptive statistics are produced regarding the percentage of formal employees in different business types, employee groups and EU regions that receive envelope wages and second, a multi-level logistic regression analysis is provided to decipher which of these variables remain important when the other variables are taken into account and held constant. Below, we report the results.

FINDINGS

Descriptive results

Of the 27, 563 participants in this survey across the EU-28, 42 per cent were formal employees. Of the remainder, eight per cent were self-employed and 50 per cent were not working. Here, therefore, and to analyse the prevalence and distribution of envelope wages, we confine our analysis to the 11,025 respondents reporting that they are formal employees. As Table 1 displays, one in 33 (three per cent) of these formal employees received an undeclared (envelope) wage from their formal employer in the 12 months prior to the survey. Just five per cent of the formal employees asked whether they received envelope wages from their formal employer either refused to answer or said they did not know. Of the 212 million formal employees in the EU-28 therefore, the intimation is that some 6.4 million receive envelope wages from their formal employer. This, therefore, is a significant number. This is not some marginal practice confined to only a small number of formal employees in the EU-28.

Compared with 2007 prior to the economic crisis, a small drop has thus taken place in the proportion of employees receiving an envelope wage (from 5 per cent to 3 per cent). Why, therefore, has there been a fall in the proportion of formal employees paid envelope wages since the onset of the economic crisis? One answer might be that during the economic crisis, envelope wages have declined because employers have turned to wholly undeclared labour and/or that fully declared labour has become more 'flexible' and cheaper. It may also be because of the reductions in the amount of overtime traditionally paid for using envelope wages since the onset of the economic crisis (Williams and Renooy 2013).

Similar to 2007, moreover, there is evidence that envelope wages are not evenly distributed across business types, employee groups and EU regions. As Table 1 displays, although this illegitimate wage practice prevails in all sizes of firm and across all occupations, socio-demographic groups and EU regions, it is nevertheless more common in some than others. Employers in smaller firms are more likely to pay envelope wages than those in larger businesses; in businesses with fewer than 20 employees, five per cent of formal employees (one in 20) receive envelope wages compared with just one per cent of formal employees in firms with 50 employees or more. In major part, this is without doubt a consequence of the relative absence of dedicated human resource management (HRM) staff and formal HRM practices in smaller businesses (Barrett and Mayson 2007; Benmore and Palmer 1996), meaning that employers in smaller firms can introduce terms and conditions of employment in unwritten verbal contracts that supersede the terms and conditions of employment in the formal written contract.

The payment of envelope wages is also unevenly distributed across different types of employee. First, manual workers are more likely to receive envelope wages; seven per cent of unskilled and five per cent of skilled manual workers. Indeed, unskilled manual workers are just 7 per cent of the European labour force surveyed but comprise 17 per cent of all employees who receive envelope wages. Similarly, those employed who travel as part of their job are more likely to be paid envelope wages. In this case, it is perhaps because of the need for flexibility in the hours they work. Employers thus use unwritten verbal contracts and pay envelope wages so that they work hours beyond their formal written contract employment in order to get tasks completed.

Turning to the socio-demographic characteristics of those more likely to be paid envelope wages, the finding is that men are more likely than women to be subjected to this illegitimate wage practice, as are younger people in the labour force, amongst whom joblessness is much higher (European Commission 2013), although those of retirement age are also more likely to be paid

envelope wages. Reflecting how some weaker and more vulnerable members of the labour force are also more likely to be recipients of envelope wages, those with fewer years in formal education and those having difficulties paying the household bills most of the time are more likely to receive envelope wages.

Table 1: Distribution of envelope wages in EU-28: by business type, employee group and EU region

	% of employees receiving envelope wages in last 12 months	% of gross salary paid as envelope wage (median)	% of all employees receiving envelope wages	% of all employees	Envelope wage paid as remuneration for:			
					Regular work (%)	Overtime/ extra work (%)	Both regular and overtime work (%)	No answer + don't know (%)
ALL EU28	3	25	100	100	37	31	25	7
COMPANY SIZE								
1-4 employees	5	30	19	10	51	13	26	10
5-9	5	23	20	11	39	37	23	1
10-19	5	23	24	13	38	42	19	1
20-49	3	20	16	15	22	39	33	6
50-99	1	35	5	11	61	7	16	16
100-499	1	25	8	16	29	45	25	1
500+	1	28	8	24	43	9	31	17
OCCUPATION								
Employed professional	3	20	6	6	28	47	25	0
General, middle management, etc.	1	30	8	19	29	10	33	28
Employed position, at desk	1	20	8	20	40	33	19	8
Employed position, travelling	4	20	9	7	54	30	15	1
Employed position, service job	2	20	14	16	31	41	23	5
Supervisor	3	30	3	3	13	21	49	17
Skilled manual worker	5	30	35	22	34	34	29	3
Unskilled manual worker, etc.	7	50	17	7	48	23	21	8
SEX								
Male	3	25	63	53	29	40	27	4
Female	2	30	37	47	50	16	23	11
AGE								
15-24	6	25	17	9	50	30	17	3
25-34	3	25	27	23	21	45	32	2
35-44	3	20	28	28	43	24	29	4
45-54	2	30	21	27	43	21	16	20
55-64	1	15	6	12	19	39	41	1
65+	3	25	1	1	63	35	0	2
EDUCATION (AGE EDUCATION ENDED)								
<15	3	28	10	9	59	17	12	12
16-19	3	30	63	50	37	30	29	4
20+	2	20	27	41	25	37	27	11
DIFFICULTIES PAYING BILLS								
Most of the time	6	30	20	10	46	18	29	7
From time to time	4	30	39	29	40	30	27	3
Almost never/never	2	20	41	61	33	39	19	9
EU REGION								
East-Central Europe	6	30	68	42	32	32	32	4

Southern Europe	4	50	13	15	38	29	27	6
Western Europe	1	10	16	32	43	32	14	11
Nordic nations	1	3	3	11	58	36	6	0

It is similarly the case that envelope wages are not evenly distributed across EU regions. Akin to the 2007 pre-crisis survey, this wage arrangement is found to be more common in East-Central Europe where six per cent of formal employees receive envelope wages and Southern Europe where four per cent of employees are paid envelope wages. In Western Europe and Nordic countries by contrast, just one per cent receive envelope wages. It continues to be the case in the period since the economic crisis began therefore, that a clear East-to-West and North-to-South divide exists in the use of this fraudulent wage practice, although the East-to-West divide is starker than the North-to-South divide. Indeed, although just 42 per cent of the formal employees surveyed were in East-Central Europe, over two-thirds (68 per cent) of those receiving envelope wages were in this EU region, demonstrating the concentration of this practice in this EU region.

Analysis

To analyse whether these variations across business types, employee groups and EU regions remain significant when other characteristics are taken into account and held constant, we here report the results of a staged multi-level logistic regression model.

The first step was to estimate a baseline random intercept model with no explanatory variables, in order to reveal whether a multi-level approach was appropriate. The likelihood-ratio test for the null hypothesis that there are no variations in the prevalence of envelope wages reveals that this can be rejected. Having determined that the multilevel mixed-effects logistic regression should be used therefore, the second stage involved constructing a model which included the business type and employee group characteristics in order to understand the effect of each of them when other variables are taken into account and held constant, and the third stage involved adding in the EU region variable to evaluate whether the findings remained the same when this was taken into account. Table 2 reports the results.

Model 1 in Table 2 reports the types of business and employee groups displaying a significantly greater propensity to pay and receive envelope wages when other characteristics are taken into account and held constant. This provides further validation that the prevalence of envelope wages is not evenly distributed across business types and employee groups. Smaller firms are significantly more likely to pay envelope wages to their employees than larger firms. So too do skilled and unskilled manual workers display a greater propensity to receive envelope wages than those in employed positions at a desk. Interestingly, when other characteristics are taken into account and held constant, those employed as professionals and those who travel for their jobs are also significantly more likely than those in employed positions at a desk to receive envelope wages. In the latter case, and as stated, this is doubtless because employers do so in order that such employees who travel work more flexible hours than is stated in their formal contracts. This is doubtless similarly the case for professionals who may often need to treat working hours more flexibly than their formal written contract stipulates.

Men are also found to be significantly more likely to receive envelope wages than women and the likelihood of being paid envelope wages decreases significantly with age up until retirement age. Furthermore, there is strong evidence that envelope wages are more likely to be paid to those who have difficulties most of the time in paying their household bills and those with fewer years in education. Regarding the variable of education, it is only people who left education between the

ages of 16 and 19 who tend to be significantly more likely to receive envelope wages. Nonetheless, and as Model 2 reveals, this significantly decreases once the variable of EU region is added. However, the significance of all other characteristics remains the same when the variable of the EU region is added. As expected from the descriptive results moreover, those employees working in East-Central Europe are significantly more likely to be paid envelope wages than in all other EU regions, even when all other variables are taken into account and held constant.

Table 2: Multilevel logistic regressions of the prevalence of envelope wages

	MODEL 1			MODEL 2		
Fixed part	β	se(β)	Exp(β)	β	se(β)	Exp(β)
Constant	-3.416***	0.379	0.033	-2.819***	0.391	0.060
COMPANY SIZE (1-4 EMPLOYEES)						
5 - 9	-0.174	0.201	0.840	-0.201*	0.200	0.818
10 - 19	-0.281	0.191	0.755	-0.328	0.190	0.720
20 - 49	-0.516***	0.198	0.597	-0.580***	0.197	0.560
50 - 99	-0.970***	0.240	0.379	-1.026***	0.239	0.358
100 - 499	-1.093***	0.237	0.335	-1.129***	0.237	0.323
500 or more	-1.351***	0.262	0.259	-1.345***	0.262	0.261
OCCUPATION (EMPLOYED POSITION, AT DESK)						
Employed professional	0.625**	0.288	1.869	0.589**	0.286	1.801
General, middle management, etc.	0.160	0.265	1.174	0.179	0.264	1.196
Employed position, travelling	0.791***	0.242	2.206	0.800***	0.242	2.226
Employed position, service job	0.398*	0.227	1.489	0.432*	0.226	1.541
Supervisor	0.700*	0.376	2.014	0.742**	0.375	2.100
Skilled manual worker	0.711***	0.209	2.037	0.714***	0.208	2.041
Unskilled manual worker, etc.	0.679**	0.271	1.973	0.684**	0.271	1.983
GENDER (WOMEN)						
Men	0.410***	0.124	1.507	0.424***	0.123	1.528
AGE (CENTRED AGE: 41)						
	-0.0183***	0.00524	0.982	-0.0192***	0.00525	0.981
FORMAL EDUCATION (<15)						
16-19	0.641**	0.279	1.898	0.507*	0.279	1.661
20+	0.324	0.303	1.383	0.249	0.302	1.282
DIFFICULTIES PAYING BILLS LAST YEAR (MOST OF THE TIME)						
From time to time	-0.466***	0.155	0.627	-0.490***	0.155	0.613
Almost never/never	-1.083***	0.171	0.339	-1.082***	0.170	0.339
EU REGION (EAST-CENTRAL EUROPE)						
Western Europe				-0.802***	0.186	0.448
Southern Europe				-0.864***	0.225	0.421
Nordic nations				-0.717**	0.347	0.488
N	9263			9263		
Random part						
Country-level variance	0.2043***			0.0469**		
(Standard error)	0.0873			0.0389		
Countries	28			28		
Variance at country level (%)	5.85%			1.41%		

Notes: *** p<0.01, ** p<0.05, * p<0.1.

All coefficients are compared to the benchmark category, shown in brackets. Indicators were centred to the mean obtained using weighting scheme. We also controlled for tax morale.

DISCUSSION

Given the prevalence of this illegitimate wage practice and the greater propensity of particular types of business to pay envelope wages and specific employee groups to receive such illicit wage payments, how can one explain the practice of paying envelope wages? And what is to be done about this illegitimate practice? What policy options and approaches are available for tackling this phenomenon?

To explain the existence of envelope wages, it is first necessary to recognise that this fraudulent under-reporting of wages to evade the full tax and social security payments owed is a violation of the social contract between the state and its tax payers. Employers and employees that is, are breaching their obligations to the state to pay the full taxes they owe. This can be understood through the lens of institutional theory (Baumol and Blinder 2008; Helmke and Levitsky 2004; North 1990). Institutions represent 'the rules of the game' (Denzau and North 1994; Mathias et al. 2014; North 1990). Every society has formal institutions (i.e., codified laws and regulations) that set out the formal rules of the game. All societies however, also have informal institutions which can be defined as 'socially shared rules, usually unwritten, that are created, communicated and enforced outside of officially sanctioned channels' (Helmke and Levitsky 2004: 727). These reflect the norms, values and beliefs of citizens.

Viewed through this lens, it can be proposed that when formal and informal institutions are wholly in symmetry, envelope wages will be largely absent because the individual morality (i.e., the socially shared norms, values and beliefs of informal institutions) of employers and employees will be aligned with the codified laws and regulations of formal institutions. However, when formal and informal institutions are not aligned, such as when there is a lack of trust in government, it can be proposed that envelope wages will be more prevalent. In this case, envelope wages can be seen to result from employers and employees flouting the codified laws and regulations of formal institutions and reaching a shared understanding based on a verbal unwritten agreement to evade the full tax and social security payments owed. To evaluate whether this is the case, future research will need to analyse whether the individual morality of employers who pay (and employees who receive) envelope wages is less aligned with state morality than those who do not pay envelope wages. Importantly, it will also need to evaluate the reasons for this lack of symmetry, such as whether it is due to a lack of trust in government, a perception that tax rates are too high, a sense that they do not receive public goods and services they feel they deserve in return for the taxes they pay, and so forth.

What, moreover, is to be done about this illegitimate practice? One option that cannot be rejected without first discussing it is to do nothing. The principal rationale for adopting a *laissez-faire* approach towards envelope wages is that the level of formal employment might decrease if one eradicates this illicit wage arrangement because of the increase in labour costs for employers of shifting work into the formal economy. The fear, therefore, is that if envelope wage practices are targeted, where at least the employees are officially registered and a portion of their earnings declared, employers will turn to wholly undeclared employment. Before accepting this rationale for a *laissez-faire* approach nevertheless, it is important to recognise that doing nothing not only results in employees being denied full access to social security payments, mortgages and loans but also the continuation of unfair competition between businesses and the acceptance of working conditions below the statutory minimum. It also hinders the government in achieving wider societal goals such as social inclusion by depriving the state of the revenue required to finance social protection. For these reasons, doing nothing about envelope wages is here rejected. Instead, intervention is seen to be required. What form however, should such intervention take, especially given the possibility that employers always have the option of turning to wholly undeclared employment?

When considering interventions to tackle envelope wages, a first policy option is for the state to adopt a *punitive* approach by detecting and punishing such non-compliant ('bad') behaviour. Measures that might be used by this 'negative reinforcement' approach include improving the detection of this wage arrangement, such as by improving data matching and sharing (e.g., comparing average official wages in a business with the regional average in that sector), and increasing the penalties for employers caught paying envelope wages in order to alter the actual and perceived cost/benefit calculation they confront. The problem is that evaluations in the wider realm of informal employment are far from conclusive about the effectiveness of pursuing this approach. Although some find that improving detection reduces non-compliance for some groups (Beron, Tauchen and Witte 1992; Slemrod, Blumenthal and Christian 2001), others find that non-compliance grows (Bergman and Nevarez 2006; Varma and Doob 1998; Webley and Halstead 1986). Similarly, although some find that increasing penalties reduces non-compliance (De Juan, Lasheras and Mayo 1994; Klepper and Nagin 1989), others identify that it leads to its growth (Murphy 2005; Varma and Doob 1998; Webley and Halstead 1986).

Given the inconclusive evaluations of the effectiveness of punitive measures, another option is to pursue more enabling approaches that encourage and reward compliance rather than punish non-compliance (European Commission 2007; Kirchler 2007; Renooy et al. 2004; Small Business Council 2004; Williams 2006, 2014a). To facilitate and reward such compliant ('good') behaviour (i.e., employers fully paying salaries on a declared basis) rather than taking it as given, three different approaches can be employed.

First, *preventative* measures can be used to prevent from the outset employers adopting this illegitimate wage practice. Measures might include: simplifying regulatory compliance such as the procedures required both to register and pay declared employees; shifting on a societal level from direct to indirect taxation systems, and raising the level of the minimum wage. For example, in many East-Central European countries where such a practice is relatively rife, minimum wage levels were largely set cautiously at around half the average wage level (European Commission 2007). The rationale was to stop a shift from formal to informal employment. The problem nevertheless, is that while setting the minimum wage level low may prevent a shift into wholly undeclared employment, it provides greater scope for paying a larger share of employees' earnings as an envelope wage. Raising the minimum wage nearer to the average wage rate reduces the share of the total wage that can be paid as an envelope wage. The issue of course is that employers may decide to employ workers on a wholly undeclared basis if the minimum wage level is raised. This policy of raising the minimum wage rate will therefore require piloting and evaluating, especially in relation to calculating whether there is a tipping point at which employers move from formalising to informalising their employment practices.

Second, *curative* measures can be used to help employers currently paying envelope wages to legitimise their practices. To achieve this, amnesties can be for example offered to employers who decide to declare fully the salaries of employees where they before paid envelope wages. Another curative measure might be to move from the use of direct to indirect taxes (e.g., VAT), a proposal that has been advocated by the European Commission (2007). This leads to reduced employer contributions and therefore the economic rationale for employers seeking savings by using envelope wage payments.

Third and finally, indirect rather than direct controls might be adopted to bring about behaviour change amongst employers. Mirroring the use of indirect controls (alongside direct controls) at the organisational level to enhance performance (Legge 1995; Watson 2007), such *commitment* measures could be scaled up and applied on a societal (rather than organisational) level to foster 'high-commitment' societies in relation to tax compliance. This approach is therefore founded more upon the institutional theory explanation discussed above that envelope wages arise where there is

an asymmetry between state morality and the individual morality of employers (and employees). One way of winning ‘hearts and minds’ in relation to tax compliance is to provide tax education. Another method is to pursue awareness campaigns regarding the benefits of formal employment. An example is the campaign in Latvia to promote the benefits of declared work and disadvantages of envelope wages entitled ‘work contracts work’. Although this campaign has not been evaluated, evidence from the UK shows that advertising campaigns on the benefits of declared work have a return-to-cost ratio of 19:1 in terms of the revenue returns for tax authorities (i.e., £19 return for every £1 spent) compared with a return-to-cost ratio of just 5:1 for punitive measures (National Audit Office 2008). This suggests that such indirect controls might well be an effective instrument for tackling this illegitimate wage practice.

In sum, envelope wages can be tackled using policy measures ranging from punitive, through preventative and curative, to commitment measures. Such policy measures are not mutually exclusive. Government for instance, might increase the minimum wage level at the same time as offering amnesties to those employers who bring envelope wage payments into the declared realm and then, for those failing to comply, tougher sanctions might be applied, whilst at the same time using campaigns to foster greater commitment amongst employers to paying the full tax and social contributions owed.

CONCLUSIONS

Building upon a small literature emerging from East-Central Europe that has highlighted the existence of envelope wages, this paper has reported the first extensive survey of this illegitimate wage practice to have been conducted since the economic crisis began. In this paper, we have documented for the first time the prevalence and distribution of the practice of paying envelope wages across different types of business, employee groups and European regions. Analysing data from across the EU-28, the finding is that 1 in 33 formal employees received envelope wages from their formal employer in the 12 months prior to the survey being conducted. Such a wage practice, moreover, although ubiquitous across all types of business and employee groups, is more common in some than in others.

Smaller firms are significantly more likely to pay envelope wages and examining the employee groups who display a greater propensity to receive envelope wages, it is often more vulnerable and weaker employee groups who are subjected to this illegitimate wage practice. Not only are those with fewer years in education and those who have difficulties paying bills more likely to receive envelope wages, but so too are skilled and unskilled manual workers, and younger age groups. However, it is not just weaker and more vulnerable groups who display a greater propensity to receive envelope wages. Men are more likely than women to receive envelope wages, and so too are professionals and those who travel as part of their job, perhaps reflecting how envelope wages are paid to these employees to compensate for them working more hours than is stated in their formal employment contract. Envelope wages, moreover, are more prevalent in East-Central Europe and Southern Europe than in Western Europe and the Nordic nations, displaying a clear West-to-East and North-to-South divide within Europe in the tendency to engage in this illegitimate wage practice.

Examining the way forward, this paper has revealed the need to test the institutional theory explanation that views envelope wages as arising when there is a breach of the social contract between the state and employers (and employees) because employers (and employees) disagree with the codified laws and regulations. It has also revealed that there is a range of policy measures available for tackling envelope wages ranging from punitive, through preventative and curative, to commitment measures. Such policy measures are not mutually exclusive and can be used in combination. Until now, however, the most effective combination for tackling this illegitimate wage

practice has not been investigated. If this paper thus leads to this illicit wage practice being brought out of the margins, then one of the intentions of this paper will have been achieved. If this then leads to greater attention being paid to how this illegitimate wage practice can be tackled, and evaluations of different policy measures and combinations of policy measures, it will have achieved its fuller intention.

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Research Article

Higher Education in Crisis: Post-war Lessons from Finland and West Germany

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Abstract

In today's overpowering neoliberal dogma, the written media often renders strong economic developments and generous welfare state policies as incompatible. At a European level, the recent economic and financial crisis has worryingly reinforced this trend, exemplified by strategic cuts in higher education funding in the majority of EU member states. This article takes the present European crisis as its point of departure, and by drawing on the example of post-war higher education expansion in Finland and West Germany, it argues that crisis can provide beneficial insights into the causes, capacities, forms, and mechanisms of change in current capitalist economies under increased austerity. This analysis thereby condemns the alleged incompatibility of economic growth and egalitarianism, and concludes by suggesting – as was also implied by the Finnish and West German press of the 1960s – that investment in human capital via education needs to be maintained and increased to facilitate the EU member states out of the economic crisis.

Keywords

Welfare state; higher education; media analysis; Finland; West Germany

'In all methods of solving crisis education is paramount,' Laura Holman (2011) reflects with regards to the current European economic crisis, 'for both those who have the capability to make changes as well as those the changes will affect. [...] to have an understanding of what has happened and why, and what needs to happen to use uncertainty as opportunity.' By mapping the way crisis and renewal can influence the recent evolution in European political economy, her focus on education as a welfare provider is justified by making references to underutilised chances, the power of creativity, fresh ideas, and symbiosis between uncertainty and innovation. On a similar note, the European Economic and Social Committee (EESC 2012) stressed the importance of education in overcoming crisis in its annual conference manifesto:

In times of crisis, it should be reiterated that education is a fundamental human right and a public good, which should be guaranteed for everyone under equal conditions. A well-educated young generation able to make its own choices is a prerequisite for emerging successfully from the crisis. Member states should therefore pay particular attention to public investment in education and vocational training as well as in research and innovation. [...] Europe can only recover from the crisis if people have the skills enabling them to contribute to "smart growth". Education therefore has to be adapted to the economic and social challenges of the future.

While for Holman crisis produces opportunities and entails new discourses in European economies, the EESC highlights the preventative nature of education against deepening social divisions across Europe, especially among the Southern and Eastern European Union (EU) member states.

This article adds to this debate and takes the notion of European crisis as its point of departure. By drawing on the post-war higher education revolution in Finland and the Federal Republic of Germany (FRG), it argues that crisis can provide beneficial insights into the causes, capacities, forms, and mechanisms of change in current capitalist economies under increased austerity. As a useful research frame for country comparisons, the case studies were selected according to Esping-Andersen's (1990)

traditional classification of welfare state regimes (see also Arts and Gelissen 2002), to also discuss the relationship between education and welfare (especially Busemeyer 2015). In this sense, Finland, as an example that is close to the Social Democratic regime is contrasted with the FRG, a typical case of the Conservative regime (Esping-Andersen 1990: 11-12, 16-18). The 1960s, in turn, were chosen for investigation given the period's democratising mission. It was during this timeframe that higher education became more mainstream in character as national education systems were increasingly being influenced by global rhetoric and organisations (Gardin 2015). In short, upper mobility in the education ladder became an important prerequisite for the development of a democratic civic culture. This way, according to Jens Alber (1986: 81), the 1960s also contributed towards a 'social revolution', which later upgraded the education status of many current EU members, and by that, enabled them to overcome their post-war crisis.

First, by briefly summarising some relevant theoretical frames in the current welfare state research (*Conceptual framing*), and second, by examining the presentation and justification of higher education expansion (by 'crisis') in the written media (*Higher education in the Finnish and West German press*), this analysis seeks to complement the existing interdisciplinary approach in the study of welfare states and education (see Allmendinger and Leibfried 2003). Methodologically, it analyses press articles published in the 1960s, and assesses how higher education was channeled, legitimated and challenged through these debates. For the majority of people, media is an important form of political communication precisely because it is the primary access point to the space in which political issues are presented, debated and discussed (Jones 2006: 378). On the one hand, media reinforces people's self-identities by structuring values, beliefs, attitudes, traditions, and ways of doing things, that is, civic culture. On the other hand, it also challenges their opinions by giving specific information about particular policies, focusing on distinct aspects of problems, their origins, pros and cons, evaluation, and future prospects (Jones 2006: 379-380). Media analysis is therefore a crucial method of inquiry not just for our understanding of the relationship between education and political culture (see Almond and Verba 1963; Ravitch and Viteritti 2003), but it can also reveal – especially through a detailed and critical cross-national comparison – which aspects dominated in these discussions. The term 'European economic crisis' does not refer to any specific policy area or a particular EU member state, but it is instead used as a more general umbrella term to reflect the pervasiveness of the term 'crisis' in today's media discourse (e.g. Economist 2013; Wooldridge 2013; Crouch 2015). This paper concludes by suggesting – as was also implied by the Finnish and West German written media of the 1960s – that investment in human capital via education needs to be maintained and increased to facilitate the EU member states out of the economic crisis.

CONCEPTUAL FRAMING

In their *Ajatuksen Voima*, Johannes Kananen and Juho Saari (2009: 20-25) have recently analysed the impact of ideas on social policy. Their work begins by the assumption that welfare state research has shifted from a study of big structures and institutions towards a careful examination of different mental models since 2005. It now dynamically bridges the gap between theory and practice, the humanities and hard sciences. This was in line with the more general ideational turn in social policy research (see Béland 2005). As Peter Taylor-Gooby (2005: 3) has also observed: 'The issue of how actors understand and negotiate their interests, and how particular approaches to identifying and resolving key problems becomes dominant, assumes greater significance. In this domain, ideas play a stronger role.' Influenced by the theses of Peter Hall (1993) and Daniel Béland (2005), for Kananen and Saari (2009: 15-16), 'Often, also different perceptions of reality, values and equality, do affect policy outcomes. [...] Idea analysis means partly a return to the traditional ways of conducting social sciences.'¹

Similar to this, Martin Seeleib-Kaiser (2002) has effectively argued for the importance of ideas, beliefs, and irreversible ‘cognitive locks’, which are essential in the study of modern welfare states. Moving away from older functionalist (e.g. Dye 1966) and institutionalist (e.g. Schmidt 1996) theories in social policy research, in the words of Seeleib-Kaiser (2002: 42): ‘[I]deas used as weapons have the potential of becoming causal ideas, which then may be closely linked with principled beliefs, and eventually constitute cognitive locks.’ Likewise, Paul Pierson (2000) has often been eager to stress the concept of ‘path dependence’ in the development of social policy. He (2000: 809-810) has famously pointed to the ‘cumulative effects of a number of interdependent causal factors’, and ably highlighted that history matters, especially since ‘Certain courses of political development, once initiated, are hard to reverse. Instead, they may generate self-reinforcing processes, which can be described as instances of positive feedback or path dependence.’ This study responds to these propositions at two levels. At one level, it brings these arguments forward by using press articles as a framework for ‘idea analysis’ (Kananen and Saari 2009). At another level, it considers them in relation to the welfare state developments of the 1960s by viewing higher education reforms as a dependent variable, and assesses whether or not they constituted ‘cognitive locks’ (Seeleib-Kaiser 2002), and/or became ‘path dependent’ (Pierson 2000). In line with this framing, and by also demonstrating the topic’s contemporary relevance, Marius Busemeyer (2015: 2) has argued that:

Political struggles and decisions during the critical decades of the postwar period shaped the policy-development paths of education regimes while access to higher levels of education was being expanded, and the educational institutions established during that time are now influencing contemporary patterns of socioeconomic inequality.

Turning briefly to Finnish and German literature on welfare states and education, we can note how education has constituted a highly contested subfield. In Finland (Itälä 1969; Sarjala 1981; Raivola 1982; Heiskala 2011; Ahonen 2012; Sahlberg 2013), a variety of authors have made very different assumptions about its nature as a political phenomenon. For example, Matti Aletalo (1990: 211) has quite correctly explained that ‘Education is believed to determine the class set-up of individuals just like the ownership of a production machinery.’² In the FRG too (Picht 1964; Dahrendorf 1965; Weber 1973; Teichler 1991; Leisering 1999; Busemeyer 2015), the rise of educational issues in the 1960s has often been interpreted as education’s critical conjuncture with other fields of the welfare state, in which the federal government (*Bund*) assumed a greater role in overseeing the individual states (*Länder*):

It [education policy] is rather closely related to many other areas of economic and political life, such as economic, social and defense policy [...]. Because of its authority in these areas, as well as its responsibility as a general government, therefore, the federal state is increasingly called upon to devote itself to the questions of educational policy and systems.³ (Bundestag 1966: 18).

Whichever facet is sympathised, one can today safely locate education in the wider framework of welfare states, which has until recently been a neglected research area (Schröder 2013). Then, what were those ideas that were developed to enhance the expansion of higher education in the Finnish and West German press and what new horizons might these statements enable us to conceptualise as possible vistas for today’s crisis?

HIGHER EDUCATION EXPANSION IN THE FINNISH AND WEST GERMAN PRESS

Previously having embodied rigid hierarchies and exclusion, widening the access to higher education was one the most innovative concepts in the development of the European welfare state after the Second World War. Yet, here it must be noted that in the 1960s higher education policy in Finland and

the FRG entered a period of crisis, which was widely covered in the written media – a situation that is reminiscent of today's EU-wide media discussions. For example, the Finnish regional paper *Aamulehti* (1968) spoke of an 'educational impasse' (*koulutuksellinen umpikuja*), meaning that for many Finnish students, the current higher education system was producing highly unequal outcomes. It had closed its doors for the majority of young people, and maintained a strong stratification in society. In line with this, another regional paper, *Satakunnan Kansa* (1969), claimed that in the future 'an individual's education process was to be a unified whole' (*yksilön koulutusprosessista yhtenäinen kokonaisuus*), instead of being linked to a sectioned and selective system with dead-ends, which characterised the status quo (see also *Kansanuutiset* 1968a). In the FRG there were similar talks about an emerging 'educational crisis' (*Bildungsnotstand*), as the weekly magazine *Der Spiegel* (1965) exemplified (see also Picht 1964). Or, as Eckstein (1964), a West German Journalist, put it in *Sonntagsblatt*: 'We are talking about education and mean rights' (*Wir sprechen von Bildung und meinen Berechtigungen*).

What these statements implied was that the elitist and inegalitarian nature of higher education – a legacy of the 19th century (Teichler 1991: 177) – could not be maintained in the current cold-war conditions, which saw many other nation-states, such as those in Scandinavia and the Soviet Union, investing heavily in skill formation (e.g. Schütze 1965). The current policies lagged behind the needs of times with regards to an equal access to universities and a lack of support services, such as study allowances, low interest loans and housing benefits. Thus, mainly for democratic and demographic reasons, the press criticised the poor ability of young people from different socio-economic backgrounds and regions to access the countries' higher education institutions, which had thus far remained in the hands of few technocrats (see Sarjala 1981: 158).

'Because of this [inequality], we need to fully open our doors to this educational experimentation and conduct open-minded research,'⁴ as Lahtela, a Member of Parliament (MP), commented on this shifting architecture in Finland in 1968 (Eduskunta 1969: 758). According to him, 'The primary task of our education system is to create growth opportunities for free and independent people, who are able to think, to work, to love, to whom a democratic system of co-operation is not a burden but a source of strength.'⁵ (Eduskunta 1969: 758). For him, by creating new skills and national economic resources, education had also the potential of overcoming social divisions (Eduskunta 1969: 759). At the same time, the press indicated how it was crucial to restructure the internal structures of universities by making them more democratic (e.g. *Kansanuutiset* 1970a). In 1966, Prime Minister Johannes Virolainen had namely stressed higher education as a social steering mechanism:

It must also be considered important that through university planning students can be directed to different areas of learning according to the changing needs of society, so that students graduating from different faculties and universities have the opportunity to work in those sections of society that match with their qualifications. [...] Successful university policy also requires that the various higher education institutions intensify their own planning.⁶ (Eduskunta 1966: 2999).

After the mid-1960s, the West German press also reported that for economic reasons there was an urgent need for better educated workforce (Kläsener 1967; Matthöfer 1968). This economic necessity had also been acknowledged in the government statement titled 'Scientific Funding and Educational Planning' (*Wissenschaftsförderung und Bildungsplanung*) of 1965:

The need for scientifically trained people and better trained workers is growing; this makes it necessary to obtain access to comprehensive education for all gifted young people. It [the government] intends to continue working towards the establishment of a Federal Council and thus to intensify co-operation with the states; it hopes to contribute this way to a steady proposition of educational opportunities.⁷ (Bundestag 1965: 13579).

Edding (1964), a prominent West German educationalist in the post-war era, responded to these challenges by aligning education with capital investments in the Social Democratic paper *Vorwärts*: 'The return on investment in physical capital is determined by the extent and nature of educational investment.'⁸ For Edding, in other words, widening the access to higher education should also function as the linchpin of the new economic management of the FRG. Linked to this, there were serious demands for the dismantling of some of the FRG's federalist structures in higher education, as MP Schmid (1963) declared in *Abendzeitung*: 'One can see how complicated our federal structure makes everything for us. [...] But we should not be willing to take federalism so seriously that we sacrifice the future of our people.'⁹

Yet, the public distrust of federal regulations in education, as well as the previously unrecognised link between education and social policy, meant that the above issues also received cautious counter reactions in the West German press: 'Education policy: today's social policy?,' (*Schulpolitik: die Sozialpolitik von heute?*) the popular religious paper *Christ und Welt* (1964) wondered. 'Education for everyone?,' (*Bildung für alle?*) educationalist Mänken (1965) continued in *Industrie Kurier*. In short, while there was mostly a positive press coverage surrounding the treatment of higher education in the wider frame of social policy in Finland, the West German press was not always convinced that education was a collective responsibility, or a national welfare project, which affected many other sectors of society.

Higher education policy as regional policy

In 1966 *Satakunnan Kansa* reported how through education policies there was an attempt to tie younger generations to their home regions, and how the entry of the baby boom generation into the sphere of higher education and labour market would break all former oligarchic structures in academia. Higher education was thus quintessentially also related to regional equity. In other words, an entire province could be revitalised by investing in its educational institutions, such as universities and vocational training colleges, and correctly applied, education could play a major role in the prevention of social exclusion, which was seen as a precondition for economic growth (Kansanuutiset 1970b; Aamulehti 1968). The idea behind the model was that one was entitled to receive quality education and participate as broadly as possible regardless of one's location, parental background (socio-economic class) or gender (e.g. Helsingin Sanomat 1967a). Vice versa, a given region required well-educated and skilled workforce. This was often mentioned together with the urgent appeal to revitalise municipal centres in crisis, for people were moving en masse from poorer rural communities to larger cities (e.g. *Satakunnan Kansa* 1967). This change was especially marked in Finland given the country's late industrialisation (see Alestalo 1990).

Here, it is nevertheless necessary to distinguish between Finnish regionalism and German decentralisation. For a number of reasons, the two concepts had a radically different meaning in terms of an equal access to higher education. First, the 10 German *Länder* (excluding West Berlin) – from Bremen and Saarland to Bavaria and North Rhine-Westphalia – included various sizes and bureaucratic levels. In Finland, apart from the capital region Uusimaa and Åland Islands, the other 10 provinces (*läänit*) were more or less equal in their size allocation. With clearly defined, specialised tasks and hierarchies, it was easy for the central government to enforce nation-wide higher education legislation, and to be neutral in its distribution of regional resources. *Läänit* were not German-style rivals but equal bureaucratic partners who implemented collectively binding decisions. Local civil servants were accountable to the Ministry of Education. Regional bureaucracy was firmly under the ideology of the central government. In decentralised West Germany, by contrast, the ideological make-ups of ruling federal governments had clearly less influence at *Länder* level where high prestige bureaucracy was also a branch of law (see Katzenstein 1987).

Second, the unequal population concentration between the *Länder* meant that power was still very much invested in large units in the FRG where, for instance, the population of North Rhine-Westphalia stood nearly quadruple to that of entire Finland in 1970: 17.1 million and 4.6 million respectively (Bundestag 1992; Tilastokeskus 2013). Third, although they enthusiastically lobbied the central government, especially by campaigning for the establishment of universities, the Finnish provinces' function was never to block national legislation, or somehow constitute their own norms in higher education. Lacking the constitutional mandate, they simply formed part of the state bureaucracy, and executed and enforced those education reforms introduced in Helsinki. Keeping this in mind, despite its latecomer legacy in welfare state development, Finland operated in a climate of fast-paced and innovative higher education policy experimentation in the 1960s (Välimaa 2004). A case in point was the built-up and transfer of universities in and to Oulu (1959), Tampere (1960), Kuopio (1966), Vaasa (1966), Jyväskylä (1967), Joensuu (1969) and Lappeenranta (1969), which challenged the former dominance of Helsinki and Turku. In the FRG, also, new higher education institutions were built throughout the federation (see especially Katzenstein 1987: 305, 316), which included the concept of a new 'comprehensive university' (*Volluniversität*). In total, 18 new universities were founded by the *Länder* governments in the 1960s, including smaller Bochum (1962) and Bielefeld (1969). The rationale behind this was that 'We need to rethink the way education is perceived in our country, in a sense that education is not a privilege but a fundamental right.'¹⁰ (Bundestag 1964: 7440).

Higher education and welfare state regimes

From many perspectives, these higher education reforms were in line with the prevailing Zeitgeist, characterising and exemplifying the general trend of social policy expansion in Western Europe during the 1960s. In economic terms, in 1950 Finland's GDP per capita (USD) amounted to 4,253 compared to that of 3,881 in West Germany (Ersson and Lane 1987: 23). By 1973, the FRG's figure increased to 11,966 while Finland now lagged behind with 11,085. It is noteworthy that all this went hand in hand with rapid public sector expansion. Big government spending paved the way towards ever broader welfare programmes. In the FRG, the tax-state expanded from 31.6 per cent of the GDP in 1950 to 44.6 per cent in 1980, while in Finland the public sector increased from 30.3 per cent of the GDP to 39.4 per cent in the same timeframe (Ersson and Lane 1987: 324). Of course, education reform also had its share in this. For example, on average, during the 1950s there were only 5,552 matriculation examination graduates (*ylioppilas*) per year in Finland (Meinander 1967: 142-143), which represented approximately 10 per cent of the age cohort. By 1967, however, the figure had become threefold, largely due to the inclusion of the more remote areas into the sphere of upper secondary and higher education. These figures were even more modest in the FRG, where in 1955 only 4.3 per cent of the age cohort were students (Heidenheimer 1997: 236). Nevertheless, by 1975 the figure had risen to 11.7 per cent.

Thus, at a European level, this led to a shift from a higher education equality paradigm (apparent in the late 1950s) towards higher education mainstreaming (apparent in the mid-1970s), which dramatically altered the relationship between the state and citizens. A skilled, rational and politically active citizen was to be the sine qua non of these educational blueprints. Political efforts through education were directed to laying the foundation for a new social contract where the state and individual could become tightly interwoven, thus challenging the former hegemony of the family and local community as welfare providers. This way, however, the FRG was now faced with the dilemma as how to combine central regulations in education with its Conservative welfare state.

Put differently, it remained controversial how far the federal government, i.e. state, was to assume a dominant role in nation-wide education at the expense of the *Länder* (Busemeyer 2015: 99-104), while in Finland, 'the Finnish nation state displayed its territorial power by creating a homogenous system of higher education to serve national needs.' (Välimaa 2004: 39). Being against this in the FRG,

Journalist Wendland (1965) went as far as to employ the concept of ‘a new educational totalitarianism’ (*ein neuer Bildungstotalitarismus*) in *Rheinische Merkur*, arguing that the central state should not attempt to be involved in the education of its citizens. Or, fearing for individual freedom vis-à-vis the state, the regional paper *Süddeutsche Zeitung* (1964) asked: ‘Who is actually the new organised individual?’ (*Wer ist eigentlich der verplante Mensch?*).

There were further variations between the Social Democratic and Conservative welfare state regimes, when it came to the introduction of study allowances. In Finland, for the first time in the country’s history – according to the section 10 of the new Study Allowance Act of 1972 (*Opintotukilaki*) – study benefits were to be granted annually by the central government for full-time students in secondary or higher education for the maximum of seven years of study. Around 50 per cent of all Finnish students received these allowances in 1980 while approximately 30 per cent had low-interest loans (Alestalo and Uusitalo 1986: 217). The new system was designed to be used in tandem with the Housing Allowance (*Asumistuki*). In 1980 study allowances amounted to 270 million Finnish Marks, or circa three per cent of the overall educational expenditure (Alestalo and Uusitalo 1986: 217). In a more general sense, the idea behind the model followed the logic that ‘External conditions in post-compulsory education must be arranged in such a way that wealth and location do not crucially determine the choice of one’s study.’¹¹ (Eduskunta 1968: 7).

In the FRG, in 1969, an ad-hoc committee called ‘Training Assistance’ (*Ausbildungsförderung*) had been set up by a multiparty construction, which consisted of MPs Josten, Freh, Moersch and Pitz-Savelsberg. The ultimate goal of the proposal – finally passed in the Parliament as the ‘Federal Training Assistance Act’ (*BAföG*) in 1971 – was described by the committee as follows: ‘The design will draw on the area in the Basic Law that guarantees equal opportunities and a free choice of profession and training.’¹² (Bundestag 1969: 3). In concrete terms, this entailed a means-tested system of grants financed by the federal government, and administered by the student self-help organisations (*Studentenwerke*) at *Länder* level. The budget was 200 million German Marks for 1970, 400 million for 1971 and 500 million for 1972 (Bundestag 1969: 3). By 1972, 44 per cent of German students received these allowances (Studis Online 2010).

However, Journalist Westphal (1965) had questioned the late-running of the German study allowance legislation in *Die Welt* as early as in 1965: ‘Why then – you have to ask yourself – are the government and parliament not hard at work finalising these reforms before the end of the parliament’s annual term, reforms that Chancellor Erhard already called very necessary in his policy statement of 18 October 1963?’¹³ In his opening speech delivered in the Parliament, Erhard had namely attempted to sell nation-wide education as an integral part of a successful family policy and equality of opportunity: ‘By providing equal educational opportunities at various levels, depending on the inclination and talent of our young people – regardless of the wealth of their parents – we are to provide equal opportunities as an essential part of a positive family policy.’¹⁴ (Bundestag 1963: 4202). As cumbersome parliamentary proceedings were taking place, Westphal (1965) saw the West German system as a jungle (*Dschungel*) with no definite guidelines:

This obscure, complicated system of support services – based on specific categories each with their different permissions, services and processes – is a jungle that needs to be cleared. [...] What we need is a unified system of targeted educational aid for all young citizens in need of support, regardless of their membership in a particular group.¹⁵

Here it must be mentioned that in the FRG, ‘Educational support [was] only there to provide additional aid and loans, or special educational services and programmes.’¹⁶ (Bundestag 1969: 4). Most importantly, the bill was seen as essential only for those individuals in West Germany who could not afford the cost factor of higher education, whereas the Finnish law often addressed comprehensiveness. Efforts by the central government to introduce these reforms without means-testing, again, prompted resistance in the West German press. ‘There is no real educational

catastrophe,' (*Es gibt keine wirkliche Bildungskatastrophe*) Journalist Bergsdorf (1965) criticised these proposals in *Allgemeine Sonntagszeitung*. 'The nonsense costs us 450 million per year,' (*Der Quatsch kostet uns 450 Millionen pro Jahr*) an Anonymous writer (1965) complained in *Bild*. 'Education crisis – stupid prattle?,' (*Bildungsnotstand – saudummes Geschwätz?*) *Der Spiegel* (1965) continued.

Meanwhile in Finland, the press remained mostly unified in that higher education could no longer be seen as an inherent structure reproducing social inequalities and compounding socio-economic disadvantages (e.g. Helsingin Sanomat 1967b). 'Towards democratisation of education!,' (*koulutuksen demokratisointiin!*) *Kansanuutiset* (1968b) rejoiced. Two years later (1970b) it further headlined how the Finnish universities were now 'becoming people's universities' (*yliopistoistamme kansanyliopistoja*). MP Kivistö complemented this view by referring to the neglect of some talent reserves in the heated plenary session (*valtiopäivien täysistunto*) of 30 November 1971: '[...] there will be a lot of talent among the school-age population which is left in reserve, especially with regards to lower social classes and people in remote areas. To bring these groups within higher education would benefit society as a whole.'¹⁷ (Eduskunta 1972b: 2654). In the same context, it was argued that all students, regardless of the wealth of their parents, should get paid for their studies, which was seen as an integral part of modern welfare states (*Kansanuutiset* 1968c, 1968d). This was of course in line with the more general ideology of Social Democracy, as MP Taipale expressed it: 'In the long run it is self-evident that students should get paid a salary or an equivalent allowance for their studies.'¹⁸ (Eduskunta 1972a: 3072). In other words, the state was there to guarantee the equality of opportunity for the entire age cohort, and by investing in human capital this way, it was to secure international competitiveness, which was now seen as a major comparative advantage against other nation-states in the new cold-war economy.

CONCLUSION

Education systems should be interpreted as microcosms of societies as a whole. In this sense, this article has argued that there are important lessons to be learnt from the Finnish and West German social policy responses to the crisis of the 1960s. It suggests that the case of Finland and the FRG demonstrate that investment in the welfare state, as evidenced by the expansion of higher education, also carried economic benefits. As I have shown, the rise in the GDP per capita went hand in hand with welfare state expansion. By generating new skills, which were essential for the post-war 'knowledge' economy, the inclusion of the masses into the sphere of higher education and training contributed towards economic growth. This idea was also supported by the written media, albeit the West German case is less clear cut given the country's federalist structures which were under threat.

Yet, in today's neoliberal dogma, public discourse once again renders strong economic development and generous welfare state policies as highly incompatible (e.g. Economist 2013; Crouch 2015). At a European level, the recent economic and financial crisis has reinforced this trend exemplified by the cuts in higher education funding in the majority of EU member states (Gibney 2012; OECD 2012), and as its by-product, the rapid emergence of other questionable practices, such as shadow education (NESSE 2011). The trend seems universal despite decades of research conducted on the positive linear relationship between higher education investment, democratisation and economic growth (Levin 2010; NESSE 2010; Alexander 2012).

The European University Association (EUA) has repeatedly warned that the economic crisis could generate deep divisions across Europe, revive old tensions within the EU, and create new problems especially among the Southern and Eastern member states (Nazaré 2012). With regards to the 'Europe 2020 Strategy', Nazaré (2012) – President of the EUA – contends that:

Europe's global regional competitors are not waiting. They are investing heavily in universities and the next generation of young people who will be the innovators of tomorrow. In Europe today we are at risk of marginalising ourselves and losing out in the competition through creating a 'lost generation' of young people as a result of under-investment in higher education and research.

Her comments are not new. The same discussion was very much alive during the timeframe here examined. When we speak of educational competitiveness, national innovations and socio-economic investments as something contemporary, we must bear in mind that these concepts were precisely what the educationalists of the 1960s employed to pursue a greater educational expansion. It seems, then, that in many ways the present crises of higher education demonstrate a return to the pre-1960 conceptions of social stratification, exemplified by alarming reports published by the European Commission (NESSE 2012). Especially in the FRG, again, the country is faced with the dilemma as how to fill in posts in the labour market due to the lack of qualified domestic workforce (see e.g. International Herald Tribune 2012).

In Finland, in turn, higher education expansion became an instrument for societal changes and mobilisation, setting up historical departure points for the country's future welfare realm. Each set agenda and achieved milestone provided fertile breeding grounds for future expansion, and thereby became heavily 'path dependent' (Pierson 2000). The mostly positive feedback that these new 'welfare ideas' (Kananen and Saari 2009) received in the Finnish press helped to legitimate and consolidate their future course, and thus constituted and contributed to 'cognitive locks' (Seeleib-Kaiser 2002) in Finnish welfare state history. By maintaining and generating new skills and competences – and their concomitant social and economic capital – education became an integral part of Finnish *sosiaalipolitiikka*, but less so in the case of German *Sozialpolitik*, for 'Education reform came from the dark only in the 1970s and was seen to take place in a universe quite distant from social policy.' (Allmendinger and Leibfried 2003: 63). As I have demonstrated, this manifested itself in the sometimes negative reactions these new ideas prompted in the West German press. Doors to more comprehensive learning, cross-Länder co-operation and greater equality of opportunity in higher education were closed by 1982 (Busemeyer 2015: 99). A great deal of progressive reforms introduced in the late 1960s was again reversed as politics shifted its location on the political chessboard from a Social-Liberal to a Conservative-Liberal government in 1982. This was combined with the FRG's federalist education structures, guaranteed by the Basic Law, which were difficult to reform in the first place. The change 'backwards' in the 1980s can therefore be better explained by the older functionalist 'politics matters' thesis (e.g. Dye 1966), or by structural characteristics (e.g. Schmidt 1996), rather than Pierson's (2000) or Seeleib-Kaiser's (2002) positive feedback mechanisms. In the Finnish case, by contrast, incremental higher education reforms progressed steadily in the course of the latter part of the 20th century and beyond.

Yet, it should be noted that even in the FRG education did become interwoven with economic success, and via the building of many new 'local' universities, it was also utilised to promote regional identity and national stability: 'At the heart of this model is the doctrine of the nation state [...] the better the citizens of the state are educated, the more effectively they can be mobilised to serve the goal of national progress.' (Hovi et al. 1989: 245). Post-war democratisation and crisis prevention formed an important part of this repertoire, as Journalist Korhonen (2012) has explained:

Democracy is a demanding system, for it requires active, critical, knowledgeable and caring citizens. Democracy requires education. If citizens are not educated, democracy fades away. An individual that has only been taught to be a part of a production machinery is unable to criticise power, to question it, to empathise, or to take responsibility in communities.¹⁹

It is here that crisis can help us think beyond the present; beyond the possible educational impasse of today, and that might be exactly what is needed. Crisis can thus provide beneficial insights into the

causes, capacities, forms, and mechanisms of change in current capitalist economies under increased austerity. Although the nature of today's crisis is profoundly different from that of the 1960s – growing population vs. ageing population; speedy industrialisation/financial growth vs. information-based society/austerity – the 1960s offer us a necessary reminder about the importance of investment in education as a means to increase the amount of human capital; to preserve the welfare state and economic development, and to open up the system to new social groups. Busemeyer (2015: 30) is surely correct when he claims that 'The purpose of education is not to compensate *ex post* for income loss, but to invest in human capital in order to insure individuals against the prospects of income loss [in the first place].' What follows is that investment in human knowledge needs to be maintained and increased to aid the EU members out of the economic crisis. Otherwise something contrary to economic success, stability and democracy emerges through these associations, something contradictory and unpredictable, even hostile.

From the angle of this research, education emerges as an essential matrix through which future Finnishness and Germanness also became constructed, imagined and realised. By breaking into the standard neoliberal approach to welfare state reform that generally tends to dominate these discussions, this study has also demonstrated that the prevailing dogma 'equality vs. efficiency' did not hold true for Finland and the FRG. Quite the opposite, these countries emerged confident, stable and prosperous into the 21st century. The 1960s were the timeframe during which much of the ideological groundwork for these success stories was pioneered, and the period was to have a lasting legacy, which also gave direction to the future. Thus, it is suggested that a closer study on the interconnectedness between welfare states, education, and economic realities regarding the subject needs to be established in the future.

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¹ 'Usein erilaiset käsitykset todellisuudesta, arvoista ja oikeudenmukaisuudesta vaikuttavat myös politiikan lopputulemiin. [...] Idea-analyysi merkitsee osin paluuta vanhoihin yhteiskuntatieteellisiin ajattelutapoihin.' All translations from Finnish and German in this paper are the author's.

² 'Koulutuksen uskotaan määrävän yksilöiden luokka-asetelmaa siinä kuin esim. tuotantovälineiden omistuksen.'

³ 'Sie [Bildungspolitik] steht vielmehr in engem Zusammenhang mit vielen anderen Bereichen des wirtschaftlichen und staatlichen Lebens, etwa der Wirtschafts-, Sozial- und Verteidigungspolitik [...]. Wegen seiner Kompetenzen auf diesen Gebieten sowie seiner Verantwortung als Gesamtstaat ist daher der Bund in steigendem Maße aufgerufen, sich auch Fragen der Bildungspolitik und des Bildungswesens zu widmen.'

⁴ 'Tämän [epätasa-arvon] takia on koulukokeilulle avattava ovet selkosen selälleen ja suoritettava ennakkoluulotonta tutkimusta.'

⁵ 'Koululaitoksemme ensisijainen tehtävä on luoda kasvumahdollisuudet ajattelemaan, työtä tekemään ja rakastamaan kykeneville vapaille ja itsenäisiin ratkaisuihin pystyville persoonallisuuksille, joille kansanvaltainen yhteistyöjärjestelmä ei ole taakka vaan voiman lähde.'

⁶ 'Tärkeänä on myös pidettävä sitä, että korkeakoulusuunnittelun avulla opiskelijoita voidaan ohjata eri opinaloille yhteiskunnassa muuttuvien tarpeiden mukaisesti niin, että eri tiedekunnista ja eri korkeakouluista valmistuvilla opiskelijoilla on mahdollisuudet saada yhteiskunnassa koulutustaan vastaavaa työtä. [...] Korkeakoulupolitiikan onnistuminen edellyttää myös sitä, että eri yliopistojen ja korkeakoulujen omaa suunnittelutoimintaa tehostetaan.'

⁷ 'Der Bedarf an wissenschaftlich ausgebildeten Menschen und besser ausgebildeten Arbeitskräften wächst; dies macht es erforderlich, den Zugang zu einer um umfassenden Bildung allen dazu begabten jungen Menschen zu erreichen. Sie [Bundesregierung] beabsichtigt weiter, auf die Errichtung eines Bundesrates hinzuwirken und damit die Zusammenarbeit

mit den Ländern zu intensivieren; sie hofft, auf diese Weise auch zu einem gleichmäßigen Angebot von Bildungsmöglichkeiten beizutragen.'

⁸ 'Der Ertrag der Investition in physisches Kapital ist durch Umfang und Art der Bildungsinvestition bedingt.'

⁹ 'Man sieht, wie kompliziert unser föderalistischer Aufbau alle Dinge bei uns macht. [...] Wir sollten aber nicht bereit sein, den Föderalismus so absolut zu nehmen, daß wir die Zukunft unseres Volkes opfern.'

¹⁰ 'Wir brauchen ein Umdenken in unserem Lande in dem Sinne, daß Bildung nicht ein Privileg, sondern ein Grundrecht ist.'

¹¹ 'Peruskoulun jälkeisten opintojen ulkonaiset edellytykset on järjestettävän sellaisiksi, etteivät varallisuus ja asuinpaikka vaikuta ratkaisevasti opintien valintaan.'

¹² 'Der Entwurf will für diesen Bereich die im Grundgesetz garantierte Chancengleichheit und die freie Wahl von Beruf und Ausbildungsstätte ermöglichen.'

¹³ 'Warum – so fragt man sich – sind dann Regierung und Parlament nicht fleißig an der Arbeit, um noch vor Ende der Legislaturperiode endlich das längst überfällige Gesetzeswerk zu schaffen, das auch Bundeskanzler Erhard in seiner Regierungserklärung von 18. Oktober 1963 für notwendig hielt?'

¹⁴ 'Durch gleiche Bildungsmöglichkeiten auf den verschiedenen Stufen, je nach Neigung und Begabung, unserer Jugend – ohne Rücksicht auf Einkommen und Vermögen der Eltern – gleiche Lebens- und Fortkommens-Chancen einzuräumen, ist wesentlicher Bestandteil einer positiven Familienpolitik.'

¹⁵ 'Dieses undurchsichtige, komplizierte System der Förderung nach bestimmten Kategorien mit jeweils unterschiedlichen Berechtigungen, Leistungen und Verfahren wird seit Jahren von allen Fachleuten als Dschungel empfunden, der gelichtet werden muß. Was wir brauchen, ist ein einheitliches System gezielter Ausbildungsbeihilfen für alle jungen Staatsbürger, die einer Förderung bedürfen, unabhängig von ihrer Zugehörigkeit zu einer bestimmten Geschädigtengruppe.'

¹⁶ 'Die Ausbildungsförderung [war] grundsätzlich als Zuschuß und nur für besondere Ausbildungsgänge und Sonderleistungen als Darlehen vorgesehen.'

¹⁷ '[...] kouluiässä olevien ikäluokkien keskuuteen, nimenomaan alempiin sosiaaliryhmiin ja syrjäseuduille, jää runsaasti lahjakkuuden reserviä, joka koulutuksen piiriin saatettuna hyödyttäisi koko yhteiskuntaa.'

¹⁸ 'On pitkän päälle aivan selvä, että opinnoista on maksettava normaalia palkkaa vastaava tuki tai palkka.'

¹⁹ 'Demokratia on vaativa järjestelmä, koska se edellyttää aktiivisia, kriittisiä, tietäviä ja välittäviä kansalaisia. Demokratia edellyttää sivistystä. Jos sitä ei ole, demokratia hapertuu. Tuotantokoneiston osaksi kasvatettu ihminen ei osaa kritisoida valtaa, ei kyseenalaistaa, ei eläytyä toisen osaan eikä ottaa vastuuta yhteisöistä.'

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Research Article

Examining the Success of the European Capital of Culture in Sustaining the Cultural Foundations of the European Identity: An Analysis of Media Representations and Journalists' Views on Liverpool 2008

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Abstract

This article examines the European Capital of Culture programme in relation to its success in sustaining a sense of European cultural identity. This is done by examining the case study of Liverpool 2008. The study is conducted by combining a discourse analysis of a sample of articles of four British newspapers (two regional newspapers and two national newspapers) published in 2008 with interviews conducted with eight journalists in 2012. This research argues that the European Capital of Culture programme is a way in which a city can adopt a sustainable European cultural identity. There are a number of cultural factors that lead to this; some of the most prominent include visual discourse, the degree to which the community embraces the programme, the creation of desirable venues and the adoption of long-term cultural activities, festivals and schools. The analysis underlines that the city of Liverpool still adopts a cultural identity closely associated with the EU programme.

Keywords

European Identity; European Capital of Culture; Liverpool 2008; Social Constructivism; European Cultural Policy

No culture can live, if it attempts to be exclusive

This famous quote from Mahatma Gandhi (2008: 173) typifies the way in which European cultural policy has been implemented as a means of developing a European identity. Under the banner of 'unity in diversity', the European Union (EU) has attempted to nurture the individual cultures of member states while simultaneously fostering a common European culture. Running concordantly with this theme, this study will investigate the sustainability of the European Capital of Culture (ECoC) as a cultural programme in fostering a European dimension and, ultimately, a sense of European cultural identity. This will be achieved by examining the case of Liverpool 2008. We argue that this represents a key case study worth looking at because the initiative gave the opportunity to pave the way for an image shift of the city during the set of events that took place. Looking into a medium term perspective and understanding whether this endeavour was successful beyond the year in which it took place is key in order to provide insights regarding the actual value and importance of ECoC as a policy programme. Besides, through this small case study, we aim at providing insights relative to the issue regarding the local-supranational relationship, hoping that this will furnish insights for future research of a similar kind.

It is worth remembering here that the ECoC has become a way in which cities can 'stimulate urban regeneration, city branding and economic development' as well as contributing directly to the debate surrounding a 'European cultural identity' (Boland 2010: 627). The ECoC is a cultural policy through which it is hoped can be achieved the European Commission's aim for European cultural policy, i.e. bringing the common cultural heritage to the fore even while respecting member states' national and regional diversity. This approach to achieving a European cultural identity has been termed by the EU 'unity in diversity' (Delanty and Rumford 2005; Pantel 1999). While there have been studies which investigate the extent to which the ECoC, and the example of Liverpool in particular, adopted a sense of European cultural identity, these studies have investigated the topic during the year a city was awarded the title. Consequently, evidence of the success of cultural policy in developing a European cultural identity has been situated in a very narrow temporal frame. In order to address this gap in the literature, this study analyses local and national newspaper articles

during 2008 in order to gauge media perceptions of Liverpool's cultural identity during its reign as ECoC. A number of journalists writing at the time have since been interviewed, in order to evaluate the perception of the ECoC as a policy which achieves the EU's aim of bringing a common cultural heritage to the fore. The research question of this study is therefore: is the ECoC a programme which helps to create a medium-term and sustainable European cultural identity? The first section provides an overview of the theoretical and methodological insights regarding the study of the European identity through social constructivist lenses. We then outline the main academic discussion regarding the EU's cultural policy, with a more specific focus on the event 'European Capital of Culture'. After that, we introduce briefly our methodological design before reporting some of the main findings emerging from our analysis in the final section.

SOCIAL CONSTRUCTIVISM AND THE STUDY OF EUROPEAN IDENTITY

The theoretical and methodological background of this article follows the social constructivist insights that have been driving the theoretical discussions surrounding EU studies and the cultural dimension of European integration since the late 1990s. Social constructivism emphasises the discursive challenges generated by the European integration project, as well as the communicative practices developed through processes of social interaction and socialisation happening in the public sphere. This particular aspect of social constructivism has been extensively explored by a number of scholars (Checkel and Katzenstein 2009; Christiansen, Jorgensen and Wiener 1999; Diez 2001). This agenda highlights that Europe is not a bargaining arena among states asserting their power and interests but can be discursively impacted by the socially constructed nature of the environment of which actors are a product. It has thus been established that communication, discourse, norms, structure and agency make up the core elements of social constructivist theorising. Our choice to focus on a discourse analysis of newspaper articles and then to carry out a number of interviews with journalists to examine their perceptions of the event is in line with this agenda. The scope of our work extends to unpacking the core issues, themes, and points of view that surround the construction of meaning around Liverpool 2008.

It is in relation to the concept of European identity that social constructivism has, arguably, made the biggest impact. It has become well established that in order to form a legitimate cultural polity, some form of identification must be sustained (Cederman 2001; Checkel 1999; Checkel and Katzenstein 2009). One of the most important points that constructivist literature has raised is the issue of exclusivity in relation to identity. For many who challenge the concept of a European identity, the allegiance to a nation presents obstacles in the building of opportunities for a European identity to be adopted. Grimm adheres to this view, claiming that the elements missing from a European identity consist of, 'the popular legitimisation of the legal act constituting the Union, and the associated self-determination of Union citizens as to the form and content of their political unity' (Grimm 2000: 256). However, this has been challenged through social constructivist literature which views identity as being encompassing and malleable, in which people hold multiple layers of identification (Risse 2009). The emphasis social constructivism places on the symbiotic existence of both a national and European identity have led to an emphasis on the exploration of culture as a binding element of European identity; or a European cultural identity. The interplay between different layers of identification during Liverpool 2008 is a central element that emerges from our analysis, where we look at the different dimensions that shape meaning on notions such as local identity, national identity and European identity, by focusing specifically on the reciprocal influences between them that emerge from discourse surrounding the cultural event.

During the 1980s, academic literature began to explore identity as being a malleable, socially constructed concept, which brought to the fore the importance of culture in shaping a European identity. This can be placed alongside the promotion of a set of initiatives employed by the EU to

create a sense of commonality and belonging (Bee 2008). The combination of the importance of cultural policy at an EU level and a view of identity as being socially constructed has led to a wealth of literature in the past twenty years (Hedetoft 1994; Laffan 2004; Shore 2000). This is not to say that social constructivism is the only theoretical framework which embraces the idea of culture alongside European identity, one of the clearest examples of this comes from Anthony Smith who approaches the issue of European identity by exploring the concept of nationalism. Smith argues that evidence of a rise in nationalism during an era of increasing globalization provides evidence that 'established cultures are essentially antithetical to the development of a cosmopolitan culture, which poses a problem for European identity' (Smith 1992: 55).

Research into European cultural identity has amassed a wealth of literature and surmounted multiple conflicting and contested theories within the field of European studies. As a means of categorising these divergent claims within the academic world, this study will divide the literature on European cultural identity into three broad camps that can be labelled 'unity', 'diversity' and 'unity in diversity', characterising the principle notion laid down in EU documentation on cultural policy. These categorisations have been used in previous studies by a number of scholars including Sassatelli (2002, 2009) and Lähdesmäki (2010, 2012).

As the categorisation implies, theorists who take a stance that 'unity' has created a European cultural identity focus on how a common past has been structured through different themes, ideas, values and beliefs in order to create a common cultural identity. Sassatelli has pointed to the evidence of literature encompassing a 'European spirit', 'based on the legacy of Hellenic rationality and beauty, Roman law and institutions, and Judaeo-Christian ethics' (Sassatelli 2009: 26). Heller has supported this view of European cultural identity by pointing to periods of history such as the Enlightenment and modernism, 'which brought changes to politics, world views and social circumstances' as a means of generating a European identity (Heller 1992: 16).

In general, the themes that encompass the literature promoting 'unity' as the underlying factor resulting in a European cultural identity tend to focus on the past, united by common values and the intermingling of cultures based on shared beliefs, values and experiences. When such unifying experiences exist there is almost always an oppositional 'other' which is excluded or discriminated against (Colley 1992). This has led to some criticism of the 'unity' position. According to Goody, Europe has 'stolen achievements such as rationality, law and capitalism by painting a false picture of its Other' (Goody 2007: 87). Sassatelli has also highlighted that 'the effects of decolonization, the East-West division of Europe and its slow reunification, globalization and migration, have brought the issue of diversity to the fore' (Sassatelli 2009: 29). It is clear that 'unity' is not without its weaknesses and the next part of this section will discuss the core claims of scholars advocating 'diversity' in European cultural identity.

This approach sees European cultural identity as a pluralist concept, stressing the need to see not one but many different European identities and cultures. The core claim of the 'diversity' approach is that it is not possible to conceive of a pan-European cultural identity as cultural interests and identities are so vast across the EU member states. It has been argued that in its most extreme form the concept of a European cultural identity does the very opposite of what it sets out to achieve and can, in fact, foster exclusion and hatred (Orchard 2002: 430). Orchard ratifies this point by claiming that a definition of citizenship in cultural terms can lead 'immediately to racism and to xenophobia' (2002: 430). This is not to say that the 'diversity' literature does not acknowledge the existence of shared beliefs, ideas and values, these are just not seen as pertaining to a uniquely European identity, rather they can be witnessed on a global level. Delanty has pointed out that a European cultural identity can never transcend the national cultural identity because it lacks a base in popular culture and is fundamentally an 'elitist culture' (Delanty 1995: 96). Delanty has also conflated the nature of European cultural identity with a civic identity, arguing that Europe's nostalgic 'high-

cultured past', has a heavy influence on perceptions of European identity in the present (Delanty 1995: 41). Scholars who have championed the perspective of 'diversity' within European cultural identity have therefore asserted both the essentialist nature of national identity and the belief that a cooperative civic space within cultural diversity can be achieved. Despite the core claims that highlight the weaknesses and exclusivity of cultural identity, there are a number of issues with this approach. The views that emphasise the diverse nature of European culture often promote a more political or civic basis as the formation for a European identity. Habermas echoes these claims by asserting that it is a 'shared political culture', which is central to the creation of European identity (Habermas 1999: 287). This political culture is based around a democratic identity in Europe founded on shared norms of legal procedures (Habermas 2005: 29).

Problems arise through the contested nature of the diversity stance. As has been discussed, many scholars see national identity as the archetype for creating a cultural identity, however it is also argued, as the work of Habermas (1999, 2005) shows, that this can be constructed through a shared political culture. Literature asserting diversity within European cultural identity can therefore be argued to have a contradictory nature at its core. Assertions of both essential claims of national identity, the belief in a co-operative civic space, and an often heavy focus on the political demonstrate some of the weaknesses of this approach, weaknesses that the concept of 'unity in diversity' has attempted to solve.

The 'unity in diversity' stance has primarily been explored by Sassatelli and is a relatively new concept in relation to the previous two explored in this section, subsequently substantially less literature has been produced on this topic. However, the extensive work of Sassatelli (Sassatelli 2002, 2007, 2008, 2009) has propelled the concept to the fore of studies relating to European cultural identity. She argues that both 'unity' and 'diversity' are promoted as being the key features of European cultural identity. As Lähdesmäki explains, europeanness is seen to be 'characterized by the plurality of different cultural units and features, but these cultures are also believed to be connected with some underlying common elements' (Lähdesmäki 2012: 63). Nowhere can this stance be seen more clearly than in the rhetoric of the EU itself, the official motto of the EU, 'united in diversity', demonstrates the importance that is placed on the notion of inclusion through the celebration of difference. This focus has been especially placed within the realm of culture; examples can be seen through the poster for 'Europe Day', which in 2004 displayed a Matisse style image in order to convey a shared sense of common artistic culture within Europe. Sassatelli has also been one of the main scholars to draw attentions to the limitations and critiques of unity in diversity, claiming that 'unity in diversity is viewed not only as a formal solution with no substance, a superficial if successful slogan, but also as containing, if anything, a thinly veiled renewed Eurocentric triumphalism' (Sassatelli 2009: 36). This critique is based on the assumption that if multiple identities exist this may lead to a hierarchy of allegiances, in which Europeanness would be seen as progressive and more advanced than the others. Despite these critiques, the EU has stressed the importance of adopting the position of unity in diversity, which stresses the cosmopolitan aspect of European identity, promoting the idea of a common cultural heritage at its roots.

THE CULTURAL POLICY OF THE EU AND 'EUROPEAN CAPITAL OF CULTURE': INSIGHTS ON PREVIOUS FINDINGS

This section explores the cultural policy of the EU and previous academic findings on the capital of culture. Cultural policy can be seen as being a relatively new area of competence (Banus 2002). Despite this relative infancy in any prominence in EU policy, it has steadily received increasing attention in terms of legislation and initiatives. With regards to official documentation, culture was given its own place in the 1992 Treaty establishing the EU (TEU), making it a recognised aim of EU action, with a legal basis. The Commission became influential in propelling the first cultural

programmes such as Kaleidoscope, Ariane and Raphael, which ran from 1996-1999. Since this accession, cultural policy has initiated a wealth of programmes and actions including the Culture Programme, European Capital of Culture, EU Culture Prizes and European Heritage Days. The main body of EU institutions have recognised the importance of cultural policy as a means of social inclusion and cohesion. This can be shown through the Commission's increasing role in promoting culture as lying at the heart of the European integration project. It is clear that cultural policy has been perceived as being increasingly integral to the functioning of the EU and the development in the European social dimension and has continued to play more of a role in the EU consciousness through legislation and rhetoric in Treaties.

Official documentation suggests that a clear link pertains between culture and identity in the EU, coinciding with the rise of cultural policy. This has been expressed by the European Parliament who stated that 'the concept of European citizenship and identity is linked to an awareness of cultural interdependence' (in Banus 2002: 159). Thus, there has been a distinct change in rhetoric in official documentation from the word 'integration' to 'identity', signalling the acknowledgement of the importance cultural policy has in creating a sense of European identity (Sassatelli 2009: 41). One of the most important rhetorical indicators as to the evolving importance of both culture and identity in the EU consciousness is the adopted official motto of 'unity in diversity'. The changes in discourse throughout the history of cultural policy provide a contextual account of how the concepts of European identity and culture have become intrinsically linked and intertwined over time. It is this focus on European identity, and specifically a European cultural identity, that pushed forth programmes like that of the European Capital of Culture.

Since the ECoC programme started in 1985, there have been numerous academic studies focussing on a variety of different aspects and effects the programme has on cities. This section will be dedicated to exploring thematically the different attributions academics have placed upon the effects the ECoC has on a city's regeneration (urban, economical and cultural) and on its cultural identity. Herrero showed the economic impact the programme had on Salamanca in 2002 and argued that 'cultural tourism can be a factor for richness and therefore economic development and can also be a boost to the urban regeneration of cities' (Herrero et al. 2006: 52). This argument has been supported by Richards who claims that the steady increase in popularity of ECoC to the extent that 'bids to stage the event have taken on the same kind of competitive element only usually seen at the Olympic Games nomination' can be attributed to a 'shifting policy emphasis of the Cultural Capital away from cultural towards economic and urban regeneration goals' (Richards 2000: 159-160). Studies on the ECoC have transcended the economic and focussed also on the political, as can be seen in Hitters's study on the political construction of a European cultural capital which, through the example of Rotterdam in 2001, argued that cultural policies are often used to solve urban problems which are not related to culture (Hitters 2000: 184).

Another element that has been investigated is the use of visual discourse in providing 'cross-cultural communicative power' (Aiello and Thurlow 2006: 159). This has been seen as a major asset of the ECoC in shaping a common cultural identity. Aiello and Thurlow found that throughout promotional visual material in over 30 ECoC campaigns, the 'perceptual, denotative and iconic availability/accessibility of much visual discourse can render it a powerful mediating interface between linguaculture and material culture' (2006: 159). This is a stance which has been concurrently adapted by Heikkinen who, instead of arguing that visual imagery in the city promotes a common cultural identity, argued that the status of being ECoC transforms the 'place-image' perception of a city, which transforms its cultural identity attracting regeneration and investment (Heikkinen 2000: 216). The stimulus used throughout the visual promotional material as well as the visual regeneration of the city is certainly a key way in which the ECoC can promote and convey a sense of European culture, and therefore a cultural identity. This is an element that clearly emerges from our analysis as well which shows, as we discuss further in the last part of this article, the

centrality occupied by the visual image and perception of Liverpool (in short the rebranding of the city) within the national, European and more broadly speaking global contexts both within the media discourse and the points of view of the interviewees.

Despite the acknowledgement that visual discourse plays an immediate and undeniable role in the ECoC and its promotion of a European cultural identity, some literature has instead focused primarily on the way in which the ECoC looks to bring together diverse cultures in order to foster a sense of cultural identity. Lähdesmäki sees the ECoC as a 'cultural meeting place', claiming that, in the cases examined of Pécs, Tallinn and Turku, 'all of the cities stress their location as a historical meeting place of different ethnicities and cultures' (Lähdesmäki 2010: 44). This emphasis would certainly complement the EU's promotion of 'unity in diversity', and stresses a far less immediate impact than that of visual discourse, instead suggesting that it is through the meeting and experience of different cultures within a ECoC city that a cultural identity is conceived. When viewing the ECoC as a cultural meeting place, certain discourses are obviously going to be of influence, and this particular strand of literature has placed emphasis on the role of language and linguistic choices as a means of constructing a reality; in this case European cultural identity. This point has been conveyed by Griffiths who looked at the discourses used in ECoC cities and mentioned, in the case of Liverpool, that the language used in order to convey a cultural distinctiveness is that of 'a city that is marginalized, unorthodox, resilient and combative, and for this reason able to reflect and speak to the experiences of other stressed areas in Europe and the wider world' (Griffiths 2006: 424).

It is clear that the literature on the relationship between the ECoC programme and European cultural identity is diverse in its attribution of factors ranging from visual discourse, place-image perceptions, cultural diversity and linguistic discourse. However, it is important to stress that not all studies have embraced the idea that the ECoC promotes a European cultural identity. One of the main criticisms is the underrepresentation of minorities in the discourse of the ECoC programme (Lähdesmäki 2010: 38).

The underrepresentation of specific areas of culture is one of the focal points within studies of the ECoC and resonates within the studies that have been conducted on Liverpool in particular. The aforementioned criticism in fact relates to specific areas of Liverpool's culture which, it is argued, were neglected by the ECoC programme. Boland has asserted that Liverpool 2008 marginalised large sections of the poorer elements of society and only really promoted a new European cultural identity in the city centre, ignoring the more negative parts of Liverpool's culture including the 'gang culture' (Boland 2010: 638). Although there are very few studies that exist on the relationship between European cultural identity and Liverpool as a case study, the studies that do exist appear to echo the wider themes explored above. Studies that promote the sense of European cultural identity within Liverpool focus on the strong sense of community spirit which was felt in embracing the European elements of the city, seen in the adoption of the slogan 'The World in One City' and also highlight the visual changes in architecture and festivals throughout the city which altered its cultural identity (Jones and Wilks-Heeg 2004: 342).

Whether focusing on the apparent promotion or hindrance that the ECoC has on creating a European cultural identity within a city, there seems to be one underlying undercurrent which runs through all of these studies; the fact that they all focus on events and changes which occur during the year the city was awarded the title. In our study, we focus instead on the sustainability of the programme. This is achieved by exploring the media discourse at regional and national level regarding Liverpool's year as ECoC in 2008 and comparing them with interviews conducted with journalists from the regional and national press by asking them if the views they portrayed of the city's cultural identity in 2008 remain the same four years later.

METHODOLOGICAL DESIGN

In our research we followed a qualitative approach based on two levels of analysis: a discourse analysis of newspaper articles written in both local and national newspapers during 2008 to determine the core themes and topics that emerged during the course of the event; a set of interviews with a number of journalists writing for such newspapers four years after Liverpool's tenure, to determine whether the media discourse surrounding ECoC as a cultural programme was sustained or whether it was only short-lived or experienced during its reign. The relevance of our analysis lies in the fact that we look for aspects of change and continuity in the media discourse in order to provide an evaluation of the aims of the ECoC policy programme.

Discourse analysis has become a staple tool within investigations into various areas of political science and helps to provide some unique and enlightening ways of carrying out research. It must primarily be acknowledged that discourse is a highly contested term and, malleable and fluid, evolving through the literature that has been written (Chouliaraki and Fairclough 1999; Fairclough 1995; Hayer 2002; Laffey and Weldes 2004; Wæver 2004). One of the main areas discourse analysis has proved its strength as a methodological research technique is within studies on the EU (Bee and Guerrina 2014; Carta and Morin 2014; Howarth and Torfing 2005) and more specifically on studies of European identity (Carta and Wodak 2015; Hülse 2006; Krzyzanowski 2010). It is therefore perfectly placed to aid the nature of this research

The use of discourse analysis as an analytical tool is consistent with the theoretical standpoint of social constructivism and the overarching focus on structure in meaning complements the focus of our study. More specifically, in our study discourse analysis was used to examine newspaper articles in 2008 in order to gauge the perceptions of a European cultural identity.¹ In order to extract specific viewpoints on perceptions of cultural identity within Liverpool through articles written in 2008, the data have been categorised via the creation of a codebook developed through an open coding process (Charmaz 2007). This helped to address and minimise researcher bias which helped in creating a fair and unbiased set of codes on which to build the data analysis, enhancing the potential for a greater substantive amount of detail. This study employed line-by-line coding to a sample of one hundred random articles; taking twenty-five from each newspaper chosen. The coding process looked for themes relating to adopting a sense of European cultural identity, which ranges from the cultural activities structured throughout the year as well as themes of feelings within the community and the portrayal of events and attitudes. Whilst looking at the European Dimension, the codes were also based around a portrayal of local, civic and national dimensions within the media to distinguish perceptions of the ECoC as adopting European cultural identity or a sense that the event was perceived as displaying a more local or national cultural identity, or indeed a more general absence of association with the European element of the programme.

The second stage of the research regarded the execution of a number of semi structured interviews with journalists involved with reporting upon Liverpool 2008. The implementation of this technique in our study was seen as an essential research component as well as a complementary tool to use alongside discourse analysis as a means of uncovering the findings of the research. Due to the nature of the research, much of the focus of each interview was centred around the central themes emerging from the analysis of the media articles and which either suggested evidence of, or a lack of, European cultural identity within Liverpool. More specifically, the questions asked in the first part of the interview aimed to tease out the main themes which the interviewees perceived and experienced during Liverpool's reign as ECoC before asking questions which directly related to the core themes that emerged from the analysis of the media. These themes ranged from cultural changes within the city, media perception of the programme, inclusionary and exclusionary aspects of culture and perceptions of citizens/community involvement. Although some questions do refer to the European element of the cultural programme, the interviews were designed so that the

questions did not lead respondents to focus on the European element in particular, rather to divulge the themes that they felt were present at the time. In order to achieve the prevailing aim of maintaining the structure of the qualitative interview, and in order to minimise the use of leading questions, we approached the interviews thematically, asking diverse questions on the nature of cultural identity. The second part of the interview was personalised to the interviewee and the themes they personally thought were prominent in 2008. This part of the interview was designed in order to uncover how strongly each participant focussed on the European element of Liverpool's cultural identity during 2008 in order to see whether they still perceived this aspect to be consistent in 2012. Questions ranged from themes that included visual culture, popular, high and low culture, festivals, perceptions, community and citizenship. By exploring specific issues relating to Liverpool's cultural identity, we established whether perceptions surrounding the city's cultural identity had changed after the reign of ECoC. This then led to an assertion as to whether the ECoC succeeded in achieving the EU's aim of a long term or sustainable European cultural identity or whether successes were short lived, extending only to the year the title was awarded. The interview process was, therefore, designed and based around previous research within this study, aiming to tease out some of the themes of European cultural identity explored in previous works on the ECoC, as well as deviating from these works by looking at the issue of sustainability.

LIVERPOOL 2008 AND THE CULTURAL FOUNDATIONS OF THE EUROPEAN IDENTITY: A SUSTAINABLE PROJECT?

There were a number of themes which became prominent throughout our analysis. Consistently recurring themes were those of visual discourse, festival and cultural events, changing perceptions of Liverpool and the community within Liverpool, all factors which evidenced a European cultural identity during the events that took place in 2008. The proportion of articles within each newspaper that reported on Liverpool's inclusion of European elements of culture in a positive light drastically outweighed negative reports or those which excluded a European association. The themes which were espoused ranged vastly and no one single theme could be pin pointed as being distinctly dominant over the others throughout the year. One point which must be acknowledged which was extremely evident was the lack of popular culture associated with a European element, instead, there was a heavy focus on high culture such as theatre production. This could lead to the assumption that large areas of people were excluded from this experience. However, the dominant focus on festivals, street parades, and events which were available and free to everyone, and the focus on Liverpool's community adoption of a European culture led to the conclusion that, throughout the discourse of the media, there was evidence of articles which raised discussions pertaining to the link between Liverpool and the European cultural identity. Although there were some contradictions, the interviews largely reiterate this trend.

The Interplay between Regional and European Culture

Our analysis of the 2008 media sample shows evidence of a clear link between the experience of Liverpool as host of the ECoC and a wider transnational European dimension, shaped by a discourse that combines the city's regional culture with a wider European one. This certainly shows that firstly, newspapers were engaging in the idea of Liverpool as a European city and displaying a European cultural identity and secondly, that this was being displayed through 'unity in diversity', the third central stance on the literature on European identity that we discussed before. The main themes that were associated with a European cultural identity in the discourse of newspapers were the visual perception of the city and the cultural events, and the festivals and productions that were put in place. This is evident through displays of Liverpool's cultural identity and incorporating various companies, directors and ideas from around the continent to bring forth the common elements in

European culture whilst still maintaining the individuality of Liverpool's regional culture. In one of the many articles published right at the beginning of January 2008, and celebrating the start of the events, a core discussion related to the distinctive features of Liverpool but set within a broader, British, European, and global culture. Liverpool was presented as 'the ideal and intimate stage for a big show' and 'a visitor-friendly thoroughly engaging large-scale village', compared to any other British town, and London in particular. The capital was negatively labelled as 'a series of disparate districts connected by Tube' (LDE 1/01/08). Under these circumstances, Liverpool was assuming the role of being the showcase of the British identity to a wider arena: 'It falls to Liverpool to single-handedly represent the entire UK on a pan-European and global stage' (LDE 1/01/08). This was a thought widely remarked upon by the media throughout the celebrations and events that took place in 2008, with the wider perception that the Cultural Programme was shaping the city's image at the national, but also transnational level: 'Liverpool's place on the national and international stage is being cemented by the phenomenal success of its theatres, galleries and museums this year' (DP 2/7/08).

The visual perception of Liverpool is a topic that we discuss in more detail below. It is worth, however, highlighting the emphasis on the cultural drivers that establish the regeneration of the image of the city. The accession of a European dimension within Liverpool through a strong regional culture was certainly a theme shared in both regional and national newspapers. This theme was strongly identified through events which incorporated parts of the city associated with Liverpool's regional history and culture. ECoC is mirrored as a key opportunity in this sense, as the following extract explains: 'Liverpool can become a major European player as a result of 2008. It would have taken a lot longer had it not been for Capital of Culture' (DP 2/7/08). A meaningful example that can be drawn in this regard refers to the 'Tall Ships races' that was reported by the media as being one of the major cultural events that took place in the summer of 2008 along the historic Mersey river, a cultural icon and firmly part of the regional identity of Liverpool. The 'Tall Ships races' were widely discussed in the newspapers as a key element of the Liverpool 2008 branding and central in the image construction of the city. Liverpool had been chosen from more than a dozen European ports to host the race and locally was reported as a way to bring to the fore an important symbolic element of the city history, its 'maritime heritage' (LDE 27/09/07). Judith Feather, head of events for Culture Company, in discussing the 'Tall Ships' with a journalist of the Liverpool Echo, argued that: 'Their arrival on the Mersey will be an incredible sight and easily one of the defining images of our Capital of Culture year' (LDE 18/08/08). The event was depicted in the local media as an important opportunity to portray the city as belonging to a wider transnational space formed with other European cities:

The magnificent spectacle will attract hundreds of thousands of spectators in what is set to be a highlight of Capital of Culture year. Liverpool was chosen from more than a dozen major European ports to host the start of the race, which also takes in Norway before ending in the Netherlands (LDE 3/1/08).

The overall discussion reveals a key insight within the overall debate. The symbolism represented by Liverpool's events is deeply rooted within historical and regionally significant areas of the city such as the Mersey River, helping to marry the regional with the European cultural dimension. This link also emerged during the interviews conducted in 2012, and shows the demand for more European cultural events from within the city. When asked to reflect on the success of the productions and festivals of the ECoC year and how that reflects on the city today, all participants claimed there was a noticeable effect within the city.

A meaningful example of this is represented by the following extract taken from an interview with a journalist of a local newspaper:

Since 2008 there has been an appetite for that kind of culture, we saw last year Viva Voce come back to the city merely through popular demand, from the amount of tickets sold. No, there is no sign of the desire for this kind of culture stopping (Interview 1, LDE).

The positive impact of Liverpool 2008 in bringing a change in the cultural capital of the city is corroborated by another journalist in the following extract:

those positive reviews I made in 2008 I will be making next week, we see these types of productions and street parties recurring in Liverpool and teams from all over Europe are still attracted to Liverpool, I don't think that would have happened if it were not for the Capital of Culture year (Interview 3, DP).

In our sample, there is a positive response to the idea that the ECoC has been a sustainable way of fostering Liverpool symbolic elements within a broader European context. Overall, the interviews with local and national journalists have identified a number of different factors to which this can be attributed. In accordance with the literature presented earlier, there is a consensus that visual discourse plays an undeniable role in leaving a legacy in which people can interact with and be reminded of a European culture or European city, as argued further in a moment. There are also sustainable forms of culture such as schools, classes and productions which have been influenced by Liverpool's year as ECoC. One of the most important points to note is that any negative statements made originally regarding Liverpool and its perception as a European city were dispelled and replaced by positive reinforcement and affirmation that today Liverpool displays a cultural identity closely linked to Europe.

Perceptions of Liverpool and Cultural Changes

One of the most prominent themes, which dominated national newspapers, was the change in perceptions of Liverpool as a city and the reversal of negative stereotypes to positive. This is a dominant discussion within the sample of articles that we collected and focuses on the process of reconstruction of Liverpool's image because of cultural policy and more specifically because of the ECoC. A meaningful example of this is found in the following extract, which provides emphasis of the high expectations embedded at the start of the events:

Without doubt, this year will change Liverpool for ever. Apart from the physical fabric of the city, the coming 12 months will alter the perceptions of our people, as well as those who visit and share in their experience. Overground, underground and high in the sky, Liverpool is being reinvented, providing a time for reflection as well as anticipation. Liverpool's hour to redefine itself has finally come, both in terms of the image it transmits and the benefits it reaps (LDE 1/1/2008).

The start of a shift in the perception of Liverpool hints at the Capital of Culture programme replacing perceptions of a city afflicted by a huge number of social problems, criminality for example: 'it's no secret that Liverpool has had a bad name in the past – that's starting to be put behind us' (DP 19/03/08). The rebranding of Liverpool, the changes in perceptions and the removal of negative stereotypes was a main theme noted in local press:

It is impossible to pass through Liverpool today and deny it has not been transformed beyond the wildest dreams of even recent years, when a walk across an often deserted town at night was as unpleasant and potentially dangerous as taking the Road to Jericho. The finest strategy of our Capital of Culture plan was to have five themed run-up years, creating a profile which encouraged people to come and live and invest here. The improved city would never have happened on such a scale without the impetus of 2008 (LDE 1/7/08).

Differing perceptions of the city were clearly a focal point within the discourse of national newspapers as well. However, within the local press the changing perceptions and altered negative stereotypes of those people outside of the city remained a main theme in its discourse, and incorporated the element of European culture to convey this change. The perception in local newspapers was that the majority of criticism at the beginning of the ECoC year came from newspapers, politicians and commentators outside Liverpool. The Liverpool Echo even gave them a specific name during the year, calling them 'misery moos and moaning minnies' (LDE 23/07/08). The negative depiction of Liverpool, however, continued throughout the year and afterwards, as the local press pointed out: 'commentators have cast doubt on whether the city will be able to rise to the challenge, pouring scorn on the notion that Liverpool has a culture worth celebrating' (DP 9/1/09). Questions emerged about the value of cultural activity put in place in Liverpool and about the meaning of culture. The emphasis on the economic functionality played by the events during ECoC, contrasts with the actual meaning of 'culture'. This is a major criticism made by the national media in respect of Liverpool 2008:

As Liverpool 2008 proved, culture can play a lucrative part in the tourist economy. A vibrant culture, however, is one that surprises, cajoles and unsettles even as it entertains, an idea that sits uneasily with those who prefer to sell a culture that is bland, misty-eyed and stuck in the past (G 22/1/09).

This discursive context underlies, in our view, the emergence of a debate at the local level that is focused on countering the negative perceptions of Liverpool generated by the national media. Throughout the programme and because of the high success and attention it received, Liverpool is presented as a showcase for similar events to take place in the UK, but also is taken forward as an example of good practice at the European level: 'Government has taken up the suggestion that one of the legacies of what is, after all, also the UK's Capital of Culture, should be to build on the experience of 2008 and develop a UK Cities of Culture programme' (DP 9/1/09). Besides, the visit to Liverpool of Barroso, President of the European Commission at the time, was portrayed as an event that could foster a new role assumed by the city as a driver of the transnationalisation of cultural activity within Europe:

Liverpool's model for running Capital of Culture could be exported to future hosts. The city's Culture bosses met with the president of the European Commission at a summit at Tate Liverpool yesterday. They discussed how Liverpool could be involved in "knowledge transfer" across the EU after 2008. The city could become part of a network of Capitals of Culture (DP 4/7/08).

This process is fundamental in defining the new centrality acquired by Liverpool in the European scene and proves evidence of the successful endeavour to showcase 'its cultural life on an international stage' (G 8/1/08), through a process of 'cultural renaissance and long-term regeneration projects' (DP 9/1/09).

This dominant theme within the discourse of the press thus indicates the belief that attitudes towards the city were changing nationally and internationally. This was facilitated by the new positioning of Liverpool within a wider and networked European space where knowledge exchange on the cultural programme was pivotal. This is an important theme as it shows not only the acknowledgement within the discourse of local newspapers that Liverpool was seen as a key player for the European dimension but that there was a belief this was being adopted on a larger scale beyond the city: 'We have built up very sophisticated international networks, and delegates from the city are being asked to attend major conferences around Europe to talk about our experience as Capital of Culture' (DP 30/06/09).

The perception of Liverpool as existing on a local, national and European scale was a recurrent theme within the interviews conducted with the journalists in 2012, closely associated with a theme that arose in the discourse analysis but differing slightly in focus. The results show an overall

recognition of the change that occurred in Liverpool because of the ECoC. It is important to report here the existence of a greater connection between statements journalists made in 2008 and their view of the city's cultural identity when interviewed in 2012. For instance, when asked about a statement that suggested Liverpool might take a brief culture break at the end of the year, one interviewee stated:

Well, I suggested that it might happen because it had been a big year, but no, it didn't really seem to stop. A lot of the connections made with companies and culture production teams throughout the year have been maintained and I look forward to whenever I come to Liverpool to watch shows from the same directors and producers I saw in 2008 (Interview 6, G).

Analysis of the interviews also reveals the way in which the cultural relationships built over 2008 seem to have been sustained across time. It is, however, worth remarking that this overall trend was not completely recognised. A meaningful example of the differences of opinion existing between different interviewees is represented by the following extracts, where, in the first, one journalist stated that today Liverpool remained culturally identified with Europe, and in the other case, a second interviewee conveyed that the perception of European culture in Liverpool had reduced after 2008.

I remember well reporting on how the ECoC had brought the best in Europe's theatre productions to Liverpool and you can see that remain today, I believe the Capital of Culture programme, in Liverpool's case anyway, has been a catalyst to entice directors, producers and actors alike to the city and these types of shows have been coming back ever since. I know it encroaches on the buildings we were just talking about but arenas like The Empire Theatre and The Royal Philharmonic Orchestra keep Liverpool right at the fore of European culture (Interview 7, DM)

There is nowhere near the focus on Liverpool as a European city anymore, when I talked [in 2008] about the importance the community made in bringing a sense of Europe to Liverpool and indeed, Liverpool to Europe, I think it kind of dissipated after the year and moved to the next city. It's a very World Cup feel or what I imagine will happen with the Olympics, everyone gets swept up in European Capital of Culture fever but it's gone fairly soon afterwards (Interview 8, DM).

The statements made by the two journalists therefore provided differing results, both participants strongly felt that the visual impact made by 2008 and the architecture helped promote a sense of European cultural identity, however they were firmly divided on other issues, especially relating to the sustainability of that identity. There is thus a contrast between the feeling of the ECoC developing a legacy in terms of European culture and in particular theatre production in the venues created through 'Liverpool 08', and on the other side the feeling that, instead, the feeling of Liverpool being a European city had diminished since the end of 2008 and that no real legacy had been forged.

The Visual Image of Liverpool

When exploring discourse relating to the visual image of the city, a recurring theme which arose in articles was that of the rejuvenation of Liverpool in the broader European context because of ECoC. In a way, the programme brought to Liverpool a form of cultural recognition and legitimacy that is not acknowledged at the national level:

The city has a better reputation outside the UK than at home. Outside the North West, 80 per cent of Britons have never even been to Liverpool. In my view, four out of five of you are missing a treat. The neo-classical splendour of the place hits you the moment you walk out of Lime Street Station (DM 6/1/08).

The visual image of Liverpool is part of the overall discourse regarding its renewed branding and self-presentation in the international arena: 'there is the feeling of pride that a new-look Liverpool is presenting itself to the world both in terms of its transformed city centre, its revitalised waterfront, and its economic growth' (DP 26/05/08).

Therefore, the rejuvenation of the city ties in with altering negative stereotypes highlighted previously, and a newer, more modern 'European landscape'. In order to look into deeper details regarding the social representations of the journalists, during the interview process we asked our interviewees to identify statements they made in 2008 which in some way related to the cultural identity of the city and then asked if they felt this statement was valid today and if the cultural identity of the city remained the same. When asked about statements journalists made regarding the visual image of the city relating to a European culture or landscape, an overall agreement regarding the shaping of Liverpool as a European city clearly emerged:

I stand by the statement I made in 2008, the rejuvenation of the city has given Liverpool a real modern, European feel and the work to the landscape that was done in 2008 still makes me feel as though I am walking into a European city today (Interview 7, DM).

Oh yes, the visual landscape is still as breath-taking as ever, the arenas host shows that are renowned across Europe and I still feel very much that Liverpool is visually a great European city to visit (Interview 8, DM).

The power to reflect and immediately associate visual discourse and imagery with a shared sense of European cultural identity was mirrored also in interviews with journalists working within the regional press. One of the most important findings, which echoed that of the national journalists, was the view that the visual image of the city was the most important cultural change and related to a European culture. However, this was equalled with the importance that was witnessed within changes in the community. For example, one interviewee from the Liverpool Echo claimed that:

It was Liverpool's landscape which really added to the cultural embrace of the Capital of Culture year. In my opinion there was a perfect balance struck with the old and the new in the city, we saw all those new arenas and theatres hosting events, the opening concert springs to mind. And then you have the history of Liverpool being brought in, lots of those street festivals, like the mechanical spider I was talking about? That was taken near the Mersey River and the Liver building (Interview 1, LDE).

Most participants made a reference to the fact that the visual image and discourses in the city instilled a sense of European cultural identity within Liverpool long after its reign as ECoC. However, there was another important theme associated with the arenas and venues which held certain events, which was how the people impacted upon those visual spaces, showing that visual discourse and the way the people embraced a sense of European culture were the most important factors. This shows that not only was the immediacy of visual stimulus imperative to the adoption of European cultural identity but it was perceived that this translated through to the wider populace, through their interaction with and participation in many of the cultural events. The answers given regarding statements made about visual spaces in Liverpool show the longevity that visual architecture and imagery can have in creating a cultural identity, and in these interviews is certainly asserted the importance that long lasting symbolic places, such as buildings and arenas, can have in successfully sustaining a European cultural identity. During an interview, a journalist claimed that at the start of the ECoC, train stations such as Central and James Street were a 'descent into hell rather than an arrival in the European Capital of Culture'. When asked if this remained his view of the city today he remarked:

I remember writing that and no, far from it, although some areas of the city were fairly deprived, the regeneration of the city on the whole was remarkable and today I can certainly say that Liverpool is a European capital of culture (Interview 2, LDE).

CONCLUSION

This study addressed whether the ECoC programme can be key in creating a medium term and sustainable European cultural identity, by focusing on Liverpool 2008. We explored this by analysing a number of articles written in 2008, in order to identify key themes, and through a set of semi-structured interviews with journalists to investigate their views of Liverpool's cultural identity four years later.

The results show that there were a number of prominent themes, which led to the sustainability of a European cultural identity in Liverpool. Visual discourse played a pivotal role in first instilling a European dimension in 2008. The way in which the ECoC allows a city to regenerate its landscape and be perceived as 'European' is clearly an image that will last long after its reign as ECoC and therefore is a strong tool through which a European cultural identity can be sustained. All of the journalists interviewed noted a positive link between the visual discourse within the city and a strong sense of European cultural identity in Liverpool four years later.

Another conclusion which can be drawn is that all but one journalist felt that Liverpool remained a European city, in cultural terms, four years after. This suggests there are strong factors within the ECoC which help cities to sustain a European cultural identity. One of the most important of these, highlighted by the local journalists, was the recognition of the European dimension by the wider populace. If the appetite for certain types of culture are evident within a city and are adopted as part of a city's identity after the Capital of Culture year, there are certainly grounds to suggest that these forms of cultural identification will be sustainable. Continuing from this, there is a recurrent association, according to the findings of this study, between perceptions of a city and its cultural identity. Liverpool was perceived, locally, nationally and on a European level to be transformed into a key player in a broader transnational space. Consequently, the perceptions of people in and outside of the city have changed and this has attracted a wealth of cultural programmes, shows and schools which remained within the city in 2012.

This study has thus shown that there are the building blocks for a sustainable European cultural identity through the ECoC programme and that visual discourse, perceptions of a city, and the role of the community play crucial roles in not only creating but sustaining a European culture long after the ECoC title has moved on. Through our analysis, it has been argued that there are a number of important themes highlighted above which were evident in Europe and lead to the assertion that ECoC is one way in which a European cultural identity can be sustained.

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¹ In our sample we included a number of articles published by the following newspapers: Guardian (G), Daily Mail (DM), Daily Post (Mersey edition) (DP), Liverpool Daily Echo (LDE). The interviews were conducted in 2012 with 8 journalists writing with these newspapers. The database was constructed by combining a number of key words that led us to select 100 relevant articles published in the period of 2007-2009. The data analysis was carried out by relying on a code book constructed through an 'open coding' process and the support of atlas.ti.

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Research Article

The EU as a Promoter of Human Rights in Bilateral Trade Agreements: The Case of the Negotiations with Vietnam

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Abstract

This paper investigates the impact of the Lisbon Treaty on the harmonization of the actions concerning the foreign relations of the European Union (EU), with a focus on trade and human rights policies. It argues that an alliance of NGOs and economic interest groups promoting a human rights approach to external trade has found in the strengthened European Parliament an institutional channel for their demands. However, the creation of the European external action service as the EU's diplomatic body and the separation of the negotiation tables concerning trade and human right have ultimately reduced the influence on European trade policy of both the European Parliament and stakeholders interested in human rights promotion. On the basis of the case study of the negotiations with Vietnam, this paper contributes to the literature on the EU as promoter of human rights through bilateral trade by discussing the internal constraints on its normative power.

Keywords

European Union; Lisbon Treaty; Human Rights; Trade; NGOs

Since the early 2000s, the practice of including human rights clauses in preferential trade agreements (PTAs) has been a distinctive feature of European Union (EU) trade policy. The Lisbon Treaty, which entered into force in 2009, formally compelled the EU to take the human rights dimension into account within trade agreements. The Strategic Framework on Human Rights and Democracy, adopted on 25 June 2012, further emphasized the goal of 'Integrating human rights into all areas of the EU's external relations' (Council of the EU 2012). However, scholars disagree on the EU's actual commitment to using trade policy as an instrument of human rights promotion, and on the motivations behind its positions.

The literature on the EU as a norm promoter through trade has adopted three main perspectives respectively stressing the ideational, institutional, and interest group dynamics behind European foreign policy. While these views make valuable contributions to the understanding of the pressures for norm promotion and constraints on it, they leave a number of questions unanswered. What are the decision-making mechanisms that translate those pressures and constraints into the negotiating positions of the EU? What are the conditions that either empower or weaken human rights promoters in EU trade policy-making? An in-depth analysis of the impact of institutions and interest politics on the EU's decisions, supported by the process tracing method, helps address these questions. To this end, I assess the effectiveness of the mechanisms established by the Lisbon Treaty to foster foreign policy coherence and the actual opportunities that human right promoters have to affect EU trade policy.

I focus on the case study of the EU-Vietnam PTA negotiations, launched on 26 June 2012. These are the first trade negotiations started by the EU since publication of the Strategic Framework on Human Rights and Democracy. They have raised concerns among European civil-society organizations, member states and in the European Parliament about the responsibility of the Vietnam government for human rights violations, especially in regard to freedom of expression and core labour rights such as freedom of association. The EU has the potential to be a distinctive promoter of human and social rights in Vietnam for two main reasons. First, it is the first trade partner to include commitment to international labour and human rights law on the agenda of PTA negotiations with the country.

Second, it can rely on considerable bargaining power. In fact, the Vietnamese economy is heavily dependent on trade with the EU, which is the most important export market for Vietnamese products, and the second largest two-way trade partner after China (Delegation of the EU to Vietnam 2015). Despite these conditions, the EU has to date adopted an ambiguous approach to the human rights implications of bilateral trade with Vietnam. It has pushed for the inclusion of a suspension clause in the PTA in the case of human rights violations, but the clause does not explicitly mention the possibility of suspending trade obligations. It promotes the ratification and implementation of labour standards established by the International Labour Organization (ILO), but only under the condition that those standards are compatible with domestic circumstances. Finally, the chapter on sustainable development proposed by the EU covers labour provisions, but the European Commission Services' (2013) sustainability impact assessment concerning the trade negotiations with Vietnam does not tackle the human rights implications of the agreement. I investigate the decision-making mechanisms that have produced these contradictory positions.

This analysis argues that, despite the reform introduced by the Lisbon Treaty, the institutional conditions for improvement of foreign policy coherence are still lacking, since trade and human rights commitments are negotiated at separate tables. The European Commission dominates trade negotiations, while human rights dialogue with third countries is mainly delegated to the European External Action Service (EEAS). This separation strengthens the role of the Commission and of export and import interest groups within trade policy-making. At the same time, it reduces the influence of the Parliament, which is a major institutional channel for demands by NGOs and industry groups interested in promoting human rights in the trade negotiations. For these reasons, the absence of a unitary negotiation arena ultimately undermines the efforts to integrate a human rights component into European trade policy.

The article is structured as follows. The first part discusses the scholarly debate on the EU as a norm promoter through trade. It proposes a reading of EU trade policy-making that accounts for the relationship between institutions and stakeholders in the shaping of the EU's negotiating position on trade and human rights. Moreover, it compares the content of recent PTAs in order to identify the policy alternatives available to European negotiators for an agreement with Vietnam and to assess the scope of the human rights provisions proposed by the Commission in this case. Finally, it traces the history of EU-Vietnam political relations, which forms the basis for the ongoing negotiations on human rights and labour rights. The second part of the paper is devoted to the EU's role in the trade negotiations with Vietnam. It outlines the process leading to a European negotiating position from the agenda-setting stage to the negotiation rounds. It captures the decision-making mechanisms that operated within the EU both before and after the Lisbon Treaty entered into force.

EU TRADE POLICY AND HUMAN RIGHTS PROMOTION

Existing explanations

Three main interpretations of the EU's attempt to promote norms through trade have emerged in the literature. Their assumptions are grounded on the ideational, institutionalist and domestic politics schools. These interpretations provide insights into the EU's positions on human rights provisions within trade agreements, and, at the same time, leave room for further research. Scholars belonging to the first group consider trade policy to be an arena for exporting the constitutive values of the EU (Bretherton and Vogler 1999; Van de Hoven 2006; Khorana and Garcia 2013). According to this view, the EU considers trade negotiations as venues to exert its normative power, that is, the power to shape what is normal in international relations (Manners 2002). Within trade negotiations, the EU engages in promoting the core values inspiring the EU constitutive treaties, namely economic

liberalism, multilateralism (understood as support to international law), universality of human rights, solidarity, and sustainable development (Manners 2006; Manners 2009; Rosamond 2013).

The second perspective analyses the impact of the institutional constraints and opportunities on the EU's trade policy. Meunier and Nicolaïdis (2006) depict European trade policy as the result of the interests of its member states and of the guiding principles of European institutions, which often contradict each other. This internal obstacle to decision-making may paradoxically be a negotiating strength and bind the EU's trade partners to endorsement of its constitutive norms as a precondition for access to its market. However, da Conceição-Heldt's (2011) analysis of the EU negotiations for Economic Partnership Agreements (EPAs) with African, Caribbean and Pacific (ACP) countries shows that the coexistence of heterogeneous preferences in the shaping of a European negotiating position ends up by strengthening the autonomy of the Commission, and especially of Directorate General (DG) Trade, in the negotiations. Given the liberal orientation of the staff of this DG, the European negotiators tend to prioritize market opening over binding norms that risk restricting free trade. Moreover, a study carried out by Orbie *et al.* (2009) emphasizes the resistances of EU member states to the inclusion of binding labour standards in trade agreements. The study shows that governments led by conservative parties and interested in preserving national sovereignty on labour issues have resisted pressures to include ambitious commitments on labour rights within European trade policy. Furthermore, Young and Peterson (2014) represent EU trade policy as articulated in multiple policy sub-systems, each characterised by a specific constellation of decision-making procedures, preferences of policy-makers and societal preferences. Referring to the policy sub-system concerning bilateral trade agreements, they argue that, due to the high number of veto players, the combined effects of the preferences of the Commission and of protectionist member states and the pressures of industry groups and NGOs account for the lukewarm positions of the EU concerning development and human rights promotion.

The third interpretation stresses the impact of domestic interest groups and NGOs on EU trade policy-making. According to DeSombre (2000), a condition that facilitates the integration of social norms into trade agreements is the emergence of Baptist-bootlegger alliances between NGOs and industry groups. In this regard, De Bièvre and Eckart (2011) demonstrate that import-competing groups in the EU tend to mobilize more strongly than importer and exporter interests in order to affect decisions that might cause economic losses to their industries, and therefore exert greater influence on the European Commission. By contrast, Elsig and Dupont's (2013) analysis of the EU-Korea PTA (2007-2011) claims that the wide discretion held by the Commission as a negotiator strengthens the demands of exporter interest groups in the negotiations as opposed to the protectionist instances expressed by import-competing groups.

These perspectives lack full explanatory power when they are applied to the stance taken by the EU with respect to human rights and labour standards in trade negotiations. The representation of the EU as a normative power only partially fits the negotiating positions adopted by the EU in the PTAs. Indeed, all the new generation PTAs concluded by the EU require its partners' support for economic and social norms constituting the *aquis communautaire* (Bossuyt 2009). Nevertheless, the content of those PTAs shows the limits to the EU's normative commitment. Bailey and Bossuyt (2013) demonstrate that the increasing prioritization of commercial imperatives since the publication of the "Global Europe. Competing in the World" communication of the Commission (2006) accounts for the tendency of the EU negotiators to endorse non-binding provisions in the sustainable development chapter of PTAs. Woolcock's (2014) comparative research on the trade agreements signed by the EU in the 2000s further shows that its level of commitment to norm promotion varies according to the commercial interests that it has with the single trade partners.

In turn, the findings obtained by institutionalist and domestic interest scholars fail to address a key question: under what conditions EU decision-making rules either facilitate the inclusion of binding

human rights norms and ambitious sustainable development standards in the European trade agenda, or, on the contrary, end up by empowering the Commission and strengthening the market imperatives informing the preferences of DG trade. As a review by Poletti and De Bièvre (2013) of EU trade policy puts it, there is still room in the literature for research on whether the coexistence of multiple veto players in the EU either empowers civil society groups involved in norm promotion or strengthens the Commission's role as an advocate of exporters' and importers' interests.

Moreover, only few works test the impact of the Lisbon Treaty on trade policy-making, and they reach contrasting findings. Ripoll Servent (2014) notes that, by providing the European Parliament with consent power, the treaty has increased the EU's potential as a norm promoter and strengthened the political ambition of European trade policy. This study argues that the Parliament's decision to vote against the Anti-Counterfeiting Trade Agreement in 2012 shows that it is willing and able to reject a trade agreement if it infringes upon fundamental rights of European citizens. However, Vanhoonacker and Pomorska (2013) stress the limits of the High Representative of the Union for Foreign Affairs and Security Policy (FASP) and of its staff as instruments of policy coordination due to the lack of control of this institution over trade policy, which is still dominated by the Commission. Edwards (2013) claims that the EEAS has so far replicated the tensions between the Commission and the Council concerning foreign policy objectives and strategies. Finally, Orbie and Versluys 2009 and Smith 2013 claim that, by giving the EEAS responsibility for policy formation in the field of development cooperation, the treaty has subordinated development to security goals, thereby harming foreign policy coordination and coherence as guiding principles of European foreign policy.

Trade and human rights policy arenas

Building upon the institutionalist and domestic politics contributions, this study shows that the Lisbon Treaty has provided limited opportunities for NGOs and industry groups interested in human rights promotion to push for integrated trade and foreign policies. By providing the Parliament with the right to approve or reject international agreements and by establishing the High Representative of the Union the FASP and the EEAS, the treaty has formally increased the access of human rights promoters into trade policy-making. Nevertheless, it further fragmented decision-making powers in the EU while, at the same time, fostering the compartmentalization of trade and human rights policy processes into two separate arenas. Besides confirming the pre-existing structure of trade policy in multiple sub-systems (Peterson and Young 2014), the treaty has *de facto* amplified the separation between decision-making processes concerning trade and foreign and security. The Council has the power to set the mandate for the Commission to carry out the negotiations. The Commission has retained its role as chief negotiator on trade matters, while the Parliament has acquired veto power, and the member states join the EU as contracting parties if the final agreement is considered "mixed".¹ In this context, in order to avoid decision-making stalemate, the Council and the Commission have agreed to keep negotiations on trade and human rights separate. While the Commission negotiates a trade agreement, negotiation of the PCA is delegated to the EEAS. The lack of a unified policy process has ultimately strengthened the role of the Commission, which gives voice to exporter and importer interests and member states in shaping the EU's position on a trade agreement, and it has reduced the Parliament's control over trade negotiations. This separation of decision-making arenas has reduced the chances for NGOs and industry groups promoting a human rights approach to trade to exert influence.

Human rights and labour standards in the EU PTAs

All the PTAs that the EU has concluded since the 1990s include human rights clauses and provisions concerning labour standards. A comparison of all the human rights provisions in recent agreements shows that the EU tends to require differentiated commitments from its trade partners. In the words of the Trade Commissioner, DG Trade has deliberately adopted an approach to trade agreements that rejects a “one size fits all” logic (De Gucht 2011). All PTAs negotiated by the EU since 2006 have been framed within broader political agreements covering cooperation in the human rights field. The EPAs with the ACP countries build upon the Cotonou agreement; the PTA with Korea (2010) is included in the EU-South Korea Framework Agreement; the PTA with Colombia and Peru (2012) is linked to a PCA with the Andean Community, while the Association agreements with Central America (2012) and with Georgia and Moldova (2013) cover both trade and political matters. In the ASEAN region, the EU-Singapore PTA initialled in 2013 is framed in a PCA. The legal relationship between the trade and the framework and cooperation agreements varies from case to case. The Korea trade agreement adopts a vague linkage clause stating that ‘The present Agreement shall be an integral part of the (...) overall bilateral relations as governed by the Framework Agreement. It constitutes a specific Agreement giving effect to the trade provisions within the meaning of the Framework Agreement’. By contrast, the Singapore agreement contains a clearer clause, which specifies that the PCA and the PTA ‘shall form part of a common institutional framework’ (European Parliament 2014).

Finally, both of these agreements contain a clause stating that respect for human rights and democratic principles is an essential element of the agreement, and they supplement it with a non-execution clause permitting the adoption of appropriate measures if one of the two parties violates the clause. Yet the way in which the suspension clause is formulated in different agreements varies substantially. The EPA with Caribbean countries (CARIFORUM), signed in 2008, and the Association agreements with Georgia and Moldova, signed in 2014, stand out for the broad range of measures that they foresee in cases of human rights violation. They specify that such measures may imply the suspension of any obligations between the parties, therefore including financial and trade obligations. In terms of enforcement procedures, if a party adopts appropriate measures, it must notify the joint council and carry out consultations, if requested. In this regard, the Cotonou Agreement includes the most elaborate consultation procedure, which requires a mandatory political dialogue in non-urgent cases as a preliminary step, and the suspension of the agreement as a last resort measure (articles 96 and 97).

Another difference among recent PTAs concerns the content of the impact assessments carried out by the Commission services in preparation of the agreement. Whilst in 2012 the European Commission implemented a human rights impact assessment in the initial stages of the PTA negotiations with Georgia, Moldova, Armenia, Tunisia and Morocco, as requested by the European Parliament’s Resolution of 25 November 2010, it did not carry out a similar assessment in the negotiations with Singapore, initialled in 2013. Every trade agreement since the conclusion of the EU-Korea negotiations has a specific chapter on trade and sustainable development, which covers labour rights. This chapter requires that the parties comply with the core labour standards established by the ILO, including the freedom of association, the effective recognition of collective bargaining, and the elimination of forced labour and discrimination in respect of employment. Moreover, it asks that the parties take steps towards adoption of all the ILO Conventions that they still have to ratify. In this regard, PTAs concluded by the EU use different formulations. The PTA with Korea states that ‘the Parties will make continued and sustained efforts towards ratifying the fundamental ILO Conventions’, while the PTA with Singapore uses more conditional language, adding that ‘[T]he Parties will also consider the ratification and effective implementation of other ILO conventions, taking into account domestic circumstances’.

Political dialogue between the EU and Vietnam

The current negotiations between the EU and Vietnam build upon two decades of political dialogue, which, despite divergences on the standards and methods to pursue, have led to remarkable joint initiatives. These achievements make the EU one of Vietnam's main international interlocutors in the field of human rights, and they have laid the bases for further cooperation on this topic in the context of trade negotiations. Vietnam has a long history of relations with European states, and especially with France, due to its colonial presence from 1887 to 1954, and with former Communist Eastern European countries, which established close contacts with Vietnam in the 1970s and 1980s. Moreover, Northern European countries provided political support to Vietnam during the war with the United States. The origins of the contemporary trade and political relations between the European Community and Vietnam can instead be traced to 1986, when the Congress of the Communist Party of Vietnam, in order to reduce the country's dependence on the Soviet Union, adopted the so-called *Doi Moi* (renovation) reform program laying the bases for Vietnam's integration into the global economy. The *Doi Moi* also introduced political and constitutional reforms intended to support that process on the government's agenda.

After the end of the Cold War, the Vietnamese government openly embraced a multilateralizing strategy in order to normalize its relationship with countries formerly belonging to the Western bloc. In 1995 the country joined ASEAN, established diplomatic relations with the United States, and signed a comprehensive Framework Agreement with the EU. In order to conclude the agreement, the government had to accept that the agreement would include legally binding human rights provisions (Maas 2012). Even though the agreement did not include any suspension clause, it was a significant step in the direction of strengthening political cooperation with the EU. Since the mid-1990s, the multilateralizing strategy of Vietnamese foreign policy has also led to the country's ratification of five out of the eight fundamental conventions of the ILO. Yet Vietnam still has to ratify the Freedom of Association and Protection of the Right to Organize Convention (1948), the Right to Organize and Collective Bargaining Convention (1949) and the Abolition of Forced Labour Convention (1957).

Building on the EU-Vietnam Framework Agreement, the two parties launched regular dialogue on human rights in 2003. This dialogue laid the bases for the political dimension of the PCA, which was signed by the two parties on 27 June 2012. While Singapore and Malaysia refused to negotiate PCAs before launching PTA negotiations, the Vietnamese government demonstrated willingness to sign the PCA before starting trade negotiations, as required by the EU. This decision can be considered a further confirmation of the government's intent to broaden its political ties with international partners and to diversify its economic and diplomatic relations in order to reduce dependence on China. Like the other PCAs and association agreements concluded by the EU, the PCA with Vietnam makes reference to human rights principles as 'essential elements of the agreement' (art. 1). It states that the Parties confirm their commitment 'to the respect for democratic principles and human rights, as laid down in the UN General Assembly Universal Declaration of Human Rights and other relevant international human rights instruments to which the Parties are Contracting Parties'. Art. 57 of the agreement includes provisions concerning fulfilment of the obligations of the PCA. It specifies that, if one of the two parties claims that the other has failed to fulfil any of its obligations under the agreement, 'it may take appropriate measures', in accordance with international law. Despite the legal constraints imposed by the Vietnamese Constitution and the resistance of the government to accepting binding commitments on human rights issues, the recent progress achieved in the political dialogue between Vietnam and the EU provides a platform favourable for the inclusion of human rights clauses in the bilateral trade agreement.

THE EU-VIETNAM TRADE NEGOTIATIONS

In this section, the analysis reconstructs the decision-making process undertaken within the EU in order to draft a negotiating position on the PTA with Vietnam. It shows that from the agenda-setting stage onwards, two fronts formed in the debate on trade and human rights concerns. The first included export- and import-oriented pressure groups and member states and DG Trade, while the second front grouped NGOs and income competing interests, which found in the European Parliament and the High Representative the institutional channels through which to promote the integration of human rights concerns into the PTA. During the negotiation stage, the increasing number of veto players introduced by the newly enforced Lisbon Treaty further intensified inter-institutional conflict on the objectives of the trade agreement. These internal divisions contributed to crystallizing the separation of the institutional contexts trade and human rights policy-making. In this context, the mechanisms established by the Treaty in order to integrate different dimensions of European external relations proved inadequate to foster coherence in the negotiating position of the EU.

The agenda-setting stage

The idea of a trade agreement with ASEAN member states originated in the EU before the Lisbon Treaty came into force. At that stage, both the European Parliament and the High Representative for Common Foreign and Security Policy (CFSP) pushed for the inclusion of human rights arenas in EU-Vietnam relations. Societal pressures to include binding human rights and labour standards in the PTA with Vietnam further intensified in the preparation of the EU's negotiating position. Despite these pressures, the Commission and the Council opted for separating the institutional venues of debate on trade and human rights with Vietnam.

The "Global Europe" strategy (European Commission 2006) called for intensified efforts to improve the competitiveness of European industries and growth in the negotiations with Asian countries. This approach suggests that PTAs negotiated by the EU should subordinate milieu goals, which indirectly respond to its foreign policy interests, such as development cooperation and human rights promotion, to primary economic objectives. One year later, the Council of the EU (2007) wrote its recommendations to open inter-regional negotiations with ASEAN. The Council's recommendations called for a PTA which would cover primarily economic affairs, and a PCA complementing the PTAs, which would cover political affairs. Negotiations between the two regional organizations started in 2007. While ASEAN members wanted to negotiate as a block, in August 2007 the former High Representative for CFSP, Javier Solana, insisted that Myanmar, due to its human rights record, should not be included in the inter-regional trade deal (Doan 2012). The European Parliament Resolution of 8 May 2008 on trade and economic relations with ASEAN emphasized that agreements containing enforceable human rights clauses should be considered a prerequisite for the Union to conclude any trade agreement with the South East Asian regional organization. In 2009, Solana reiterated his requests for the inclusion of human rights within PTA negotiations with ASEAN (Lim 2012). The main reason why negotiations stalled in the same year, however, was the inability of South-East Asian countries to speak with one voice on trade matters (Meredith 2012). As a reaction, in 2009 the EU announced its intention to engage in bilateral negotiations for a PCA and a PTA with single ASEAN countries. In this context, the European Parliament emerged as an advocate of the integration of human rights and trade policies. In November 2009, it issued a Resolution on the situation in Laos and Vietnam (P7_TA(2009)0104) expressing concern for the human rights records of the two countries especially in the fields of freedom of expression, religious freedom, torture, human rights defenders, and violence against women (European Parliament 2009). The resolution called for inclusion of a binding clause on human rights and democracy and an enforcement mechanism in the PCA with Vietnam.

Despite these concerns expressed by the High Representative and the Parliament, the intentions of the Commission to keep negotiations on trade relations and on human rights separate were evident. The Commission's proposal for a PTA with Vietnam included a reference to the Universal Declaration of Human Rights (UN General Assembly, 1948) in the preamble of the agreement. Moreover, it required that labour rights provisions be introduced in the trade and sustainable development chapter of the PTA. Nevertheless, on 2 March 2010, in a leaked declaration the Trade Commissioner Karel De Gucht made his position on the human rights/trade nexus in the PTA negotiations explicit. He said that negotiations with Vietnam would not take the government's observance of human rights into consideration. Given the new powers attributed by the Lisbon Treaty to the Parliament, however, he recognized that the latter might well take issue with Vietnam's human rights performance (Radio Netherlands Worldwide 2010). Thus, human rights would be mainly discussed in the context of the PCA negotiations, while trade and investment matters would lead the negotiations for a PTA (Interview with the team leader of the EU Multilateral Trade Assistance Project to Vietnam, 2014). The definition of the relationship between the PTA and the PCA would be subject to discussion in the very last rounds of the trade negotiations. Debate on the human rights clauses of the PTA was also postponed to the final stages of the negotiations, when the European Parliament could possibly bring the issue to the attention of negotiators.

In 2010 the EU began negotiations for trade agreements with Malaysia and Singapore. In reaction, European NGOs and import-competing groups within the EU expressed demands for stronger links between trade and human rights provisions within the PTA with ASEAN members. The European Trade Union Confederation (ETUC 2010) and other national trade unions (European Commission 2011) were especially vocal in this regard. Industry associations wanting to protect their production based on high standards of labour rights shared those concerns. The European Confederation of the Footwear Industry (2010), referring to the fact that China and Vietnam together account for more than 60 per cent of imports of footwear into the EU, complained that for Europe 'the challenges arising from liberalisation take the form of heightened competition from countries with low labour costs'. The footwear sector in Southern Europe is especially concerned about the pressures for liberalization applied by the Commission in order to provide full market access to Vietnamese goods without asking for reciprocity. According to representatives of this sector, the Commission should ask the abolition of protectionist duties against the importing of European goods, which are subject to high labour costs and protections (Interview with Assocalzaturifici 2014). As the European group of textile producers, Euratex (2010) further elaborated, '[T]he high quality and sustainability standards existing in the EU represent a competitive advantage for our companies. Moreover they reflect the needs and demands of EU Consumers. Thus it is vital that the EU ensures that these prominent standards are properly respected and promoted in trade negotiations at multilateral and bilateral level'.

On January 2012, the European Commission (2012) published a Communication on 'Trade, Growth and Development', intended to bring development concerns back on its trade agenda. The declared aim of the document was to push for differentiated levels and timings of liberalization required of trade and investment partners according to their level of development. The strategy, however, by considering trade preferences as a crucial instrument in the fight against poverty, seemed to reinforce the commercial imperatives that had inspired the "Global Europe" agenda (Siles Brügges 2014). Moreover, in July 2012 the EU adopted the Strategic Framework on Human Rights and Democracy, stating that the 'EU will promote human rights in all areas of its external action without exception' (Council of the EU 2012). Yet, in the preparation stage of the trade negotiations with Vietnam, a spokesperson for the Trade Commissioner, Karel De Gucht, reiterated the Commission preference for separate institutional venues in which to negotiate trade and human rights matters. He argued that such a separation was consistent with the allocation of competences among different European institutions, where the Commission is in charge of the trade component of negotiations, and the EEAS deal with the political aspects of EU-Vietnam relations (New Europe 2012). As became evident in the

negotiation stage, the separation of negotiations on trade and human rights into distinct tables ultimately constrained the endeavour to integrate human rights concerns into trade policy.

Shaping the position of the EU throughout the negotiations

Throughout the negotiations, the European Parliament was even more active in promoting binding human right clauses and labour standards in the PTA, supporting the demands of NGOs, import-competing groups and a vocal group of member states. The Commission's opposition to inclusion of human rights on the agenda of the trade negotiations, however, harmed the definition of a clear-cut position by the EU on the human rights-trade nexus. On 31 May 2012 the Council gave a broad mandate to the Commission to negotiate a PTA with Vietnam (interview with ETUC, 2014). Moreover, it provided full support to the efforts of the Commission to increase market opportunities for European producers and traders in Vietnam. The majority of the member states, in fact, represent the interests of exporters to and importers from Vietnam. From their perspective, the latter is a door to the broader and growing ASEAN market. Faced with the effects of the global financial crisis, and the new role of attractive trade partners played by Asian emerging economies, even Southern Europe member states have increasingly shared the liberalization agenda of the Commission in the context of the PTA negotiations with ASEAN members. This group also includes Italy and Spain, where the most sensitive import-competing interests in the textiles and footwear sector are located (Interview with Chamber of Commerce Emilia Romagna, 2014). Notwithstanding this broad support for the Commission's agenda, the Council asked that the PTA with Vietnam should be considered a mixed competence, due to its comprehensive nature, and therefore that each member state should retain a veto power on the final deal (New Europe 2012)². Moreover, since the early stages of the negotiations France, the Benelux and Scandinavian states actively pushed for the inclusion of detailed binding clauses concerning human rights and labour standards in the PTA (Interview with an official of DG Trade, June 2014).

In 2012, DG Trade opened an online industry consultation on the trade negotiations with Vietnam. The purpose of the questionnaire was to collect inputs on the economic interests of European industry associations. It covered a broad range of issues, including trade in goods, trade in services and investment and regulatory issues, but it did not include questions concerning sustainable development and human rights issues. That further confirmed that trade interests were the major driver of the European Commission's position in the negotiations. In preparation of the first round of negotiations, which took place in June 2013, a number of European civil society organizations submitted position papers to the Commission, the member states and the Parliament asking them to take the human rights and labour implications of the PTA into serious consideration. In September 2012, EUROTHON, the European association of enterprises involved in tuna transformation, reiterated the concerns previously expressed by EURATEX and the European Confederation of the Footwear Industry by stating that it 'would like to see sustainability provisions' including labour rights in the agreement. According to the association, before the negotiations, 'it needs to be ensured that Vietnam is fully committed to respect and implement' ILO Conventions (EUROTHON 2012). In October, ETUC expressed detailed requests concerning the sustainable development chapter of the EU-Vietnam agreement. Its General Secretary said that '[I]n regard to labour issues, we want to see binding commitments by all parties to ratify and fully implement ILO standards, notably the core Conventions covering freedom of association and collective bargaining, non-discrimination and child labour' (ETUC 2012).

On 18 April 2013 the European Parliament adopted a Resolution on Vietnam, in particular with regard to freedom of expression (2013/2599(RSP), with the purpose of bringing the attention of European institutions to human rights violations in the country. The resolution provoked a harsh reaction by Vietnamese leaders which endangered the negotiations between the two partners (Sicurelli 2015) and

strengthened the opposition in the European Commission against the inclusion of binding human rights clauses in the PTA. As an official of DG Trade commented, commitments on human rights had already been included in the PCA with Vietnam, and therefore they were not a matter for discussion in the trade negotiations (interview, July 2014). Reactions of Vietnam leaders, however, did not stop the pressures of the NGOs on European institutions. On 30 April 2013 the International Federation for Human Rights (FIDH) issued an open letter to the European institutions on the trade negotiations with Vietnam, urging the EU to carry out the human rights impact assessment required by the European Parliament (FIDH 2013a). On May 2013 the European Commission Services (2013) released an Annex on Vietnam to the Trade sustainability impact agreement of an EU-ASEAN agreement which did not include a human rights assessment. The document stressed, that '[T]he Commission pays specific attention to core ILO labour standards'. Nevertheless, the report did not carry out an assessment of the implications for human rights of the trade agreement with Vietnam, and it did not explicitly discuss the agreement's implications concerning the principle of the freedom of association.

In turn, the Parliament intensified its efforts to push EU negotiators to adopt a human rights perspective in the trade negotiations. On January 2014 it adopted a Resolution on the future of EU-ASEAN relations (2013/2148(INI)) urging the Commission to actively promote respect of ILO labour standards in ASEAN. The resolution called for 'enhanced cooperation and mutual rapprochement on human rights issues' with ASEAN members, with a focus on 'freedom of assembly and association, including for trade unions'. Finally, on 17 April 2014 the Parliament issued a Resolution on the state of play of the EU-Vietnam PTA (2013/2989(RSP)) stating that the agreement should contain 'a binding and enforceable sustainable development chapter reflecting the EU's and Vietnam's common commitment to promote respect for, compliance with, and enforcement of international human rights agreements, the eight core ILO conventions'. In this regard, the resolution asked, 'that such a sustainable development chapter be covered by the institutional and legal link to be established between the PTA and the PCA, to include the possibility of suspension of the PTA in case of severe human rights abuses'. Furthermore, as already requested by the NGO FIDH, it asked the Commission to carry out a human rights impact assessment in Vietnam before concluding the trade agreement. According to an official of DG Trade (Interview, July 2014), this resolution resulted from pressures applied by NGOs and key import competing groups.

In sum, strengthened by its veto power acquired under the Lisbon Treaty and pressures from civil society and member states, during the negotiation rounds the European Parliament has played the role of a major advocate of stringent human rights clauses in the trade agreement. To be fair, though, its activism should not be overestimated. The entry into force of the Treaty is still too recent to enable the Parliament fully to develop an institutional structure supporting the drafting of a clear-cut position of the whole assembly on single trade negotiations (Interview with an official of the European Parliament, 2014). Furthermore, its composition before the elections of May 2014, with the major party, the European People's Parties, holding 275 seats, followed by the Socialists and Democrats with 185, did not facilitate the Parliament's support to more radical proposals integrating trade and human rights. For instance, with respect to negotiations with Vietnam, the proposal advanced by the Greens and the European United Left/Nordic Green Left European Parliamentary Group for a clause guaranteeing that investment protection did not take precedence over the human rights obligations of the contracting parties was not introduced in the Parliament's Resolution 2013/2989(RSP) of 17 April 2014 (FIDH, 2013b). Resistances within the European Commission against the proposal to include on the PTA agenda commitments that would trigger the opposition of the Vietnamese partners have further weakened the Parliament's potential as an advocate of human rights in the trade agreement.

The position of the Commission on human rights and labour standards

The Commission endorsed the request of the Parliament to include in the PTA a binding clause on human rights and an enforcement mechanism, by promoting an institutional mechanism tying the PTA with the PCA. As mentioned above, the PCA included a suspension clause in case of violations of the essential elements of the agreement. That clause was consistent with requests included in the Resolution on the situation in Laos and Vietnam adopted by the European Parliament in 2009. In contrast to agreements with Georgia, Moldova and CARIFORUM, however, the PCA with Vietnam does not make explicit reference to the possibility of suspending mutual trade commitments. Moreover, in contrast to the Cotonou agreement, the PCA with Vietnam does not specify that mandatory political dialogue should precede the consultation procedure in non-urgent cases. With respect to the second request included in the same resolution, namely that of introducing a mechanism to enforce provisions concerning sustainable development, the Commission proposed a soft power procedure based on government consultations and a panel of experts (interviews with DG Trade, June 2014 and July 2014).

Instead, the Commission decided not to endorse the Parliament's request that the sustainability impact assessment exercise be integrated with a specific human right assessment. In a formal reply to the Parliament, it justified its decision by arguing that the impact assessment of the EU-Vietnam PTA carried out by the Commission in 2013 was based on the Council's mandate to the Commission to negotiate a PTA with ASEAN back in 2007, namely before the Lisbon Treaty entered into force. For that reason human rights did not enter the agenda of the assessment exercise. Carrying out an *ad hoc* assessment devoted to the human rights implications would contravene the integrated approach adopted by the Commission for sustainability impact assessments, which requires a comprehensive assessment of the economic, environmental and social impact of the agreement (interviews with officials of DG Trade, June and July 2014).

Finally, the version of the chapter on trade and sustainable development of the PTA proposed by the Commission does not take the human rights dimension of labour standards into account. The Commission asked the Vietnamese government for the chapter to require Vietnam's commitment to making progress in ratifying all the ILO Conventions that the country still has to ratify, including the Convention concerning the principle of freedom of association. Nevertheless, given the resistance of the Vietnamese government to accepting a binding provision concerning freedom of association (Interview with the team leader of the EU Multilateral Trade Assistance Project to Vietnam 2014), it agreed to include a clause calling on the two parties to ratify the ILO conventions that they have not yet ratified provided that it is compatible with domestic law. That implies that ratification of the ILO Convention on the Freedom of Association and Right to Organize will be conditional upon the ongoing reform process of the Vietnamese constitution. In order to foster cooperation on labour standards, in the round that took place in June 2014, the Commission asked Vietnam to include labour unions in the dialogue with the EU on implementation of the PTA (interview with an official of DG Trade, 2014).

In this context, the High Representative Catherine Ashton was less committed to promoting the integration of human right principles within trade policy compared with her predecessor, Javier Solana (interview with an official of the European Parliament, 2014). While the EEAS held consultations with DG Trade on the interaction between the agreement's political and trade implications prior to the start of the negotiations, these consultation did not achieve tangible results (New Europe 2012). Considering the role, played by the EEAS in the negotiations with Vietnam, an official of the European Parliament (interview, 2014) noted that they are far from being an operative body. It is fair to argue that the prospect of a possible veto forced the Commission to take account of some of the requests included in the Parliament's resolutions. The Parliament, with the support of an active group of member states and a coalition of NGOs and industry groups, contributed to shaping the content of the Commission's negotiating position, which includes binding, even if partially contradictory, human

rights provisions. However, it is likely that the Parliament will consent to the PTA even though the Commission has refused to endorse major requests included in its resolutions. Given the comprehensive nature of the issues addressed in the negotiations, in fact, the Parliament's decision will be based upon evaluation of the overall content of the final deal.

CONCLUSION

This case study contributes to research on the EU as a norm promoter through trade. By investigating the role of institutions and societal actors participating in the policy process, it sheds light on the mechanisms adopted by the EU in the shaping of trade policy and on the conditions that harm coherence in the EUs' external relations. This analysis challenges the explanatory potential of the ideational readings of European foreign policy, and it addresses the questions raised by institutionalist and domestic politics studies. It shows that the new veto power provided to the European Parliament on trade policy makes it a crucial target of pressures by NGOs and industry groups interested in including human rights and labour standards provisions within trade agreements. At the same time, however, by establishing the EEAS as the diplomatic body of the EU, the Treaty has ultimately constrained the Parliament's influence on the human rights dimension of trade agreements. The Commission, which mainly expresses the demands of importer and exporter groups, still dominates the trade negotiations, while negotiations on human rights are delegated to the EEAS. As a result, different bilateral agreements cover trade and human rights provisions, and negotiations on labour standards take place separately from negotiations on human rights. This compartmentalization of the policy process reduces the influence of societal groups promoting the integration of trade and human right policies and, ultimately, weakens the normative potential of the EU. The inability demonstrated so far by the newly established High Representative and the EEAS to push effectively for a coordinated foreign policy action of the EU has further constrained the efforts to include human rights concerns in trade agreements.

Comparative studies on ongoing and future preferential trade deals will be required to shed further light on how inter-institutional relations and societal mobilization affect its positions on trade and human rights. More precisely, PTAs whose agendas have been drafted since the Lisbon Treaty came into force will provide a clearer picture of the impact of institutional mechanisms intended to foster foreign policy coherence.

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¹ The Lisbon Treaty has extended the domains of EU competence within the PTAs to include services trade, trade related intellectual property rights, and foreign direct investment. Art. 207 of the Treaty on the Functioning of the EU, however, lists a number of exceptions to this rule. Exceptions refer to trade agreements including provisions for which unanimity is required for the adoption of internal rules, covering issues such as audiovisual services that affect cultural or linguistic diversity and services in the national health, social and education sectors, and to the negotiation and conclusion of international agreements in the field of transport. Agreements covering these issues still fall under the mixed competence of the Union and its member states.

² Only after the conclusion of the agreement, the decision on the nature of its definition as either an exclusive competence of the EU or a mixed competence will be finally taken on the basis of the content of the final deal.

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Book Review

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THE EUROPEAN UNION AND OCCUPIED PALESTINIAN TERRITORIES: STATE-BUILDING WITHOUT A STATE

Author: Dimitris Bouris

Much of the literature on the EU's role in Israeli-Palestinian peace-making examines the EU's initiatives in the fields of 'high politics' and diplomatic activity, areas in which the EU has a limited role in comparison to when it uses its economic tools, including the provision of aid. Dimitris Bouris's book touches upon an under-researched topic in the literature on the EU's role in Israeli-Palestinian peace-making and considers how effectively the EU has utilised state-building as a tool for peace-building in the case of the Israeli-Palestinian Conflict.

In testing the effectiveness of the EU as a state-builder in the Occupied Palestinian Territories (OPTs), Bouris focuses not only on the EU's initiatives in the areas of 'high politics', diplomatic activity and partnership/provision of aid, but also on security sector reform (SSR), judiciary sector reform (JSR) and the rule of law, which have been essential components of the EU's state-building policies in the OPTs. In order to assess the effectiveness of the EU's initiatives in each sector in a comprehensive manner, which means embracing both the process and the end product, he employs convincing and innovative assessment criteria, including legitimacy output, coherence and the regulation of violence/capacity for enforcement.

The book comprises a brief introduction and six chapters, which are well written and clearly structured. The first chapter provides a rigorous overview of the relevant literature on the concepts of liberal peace, liberal peace-building and state-building and their critiques, and serves as a bridge for the second chapter, which debates the EU's unique role in the state-building project. The second chapter offers an illustrative discussion of the EU's distinctive role as a state-builder and provides a highly informative appraisal of those tools, policies and mechanisms available to the EU as a state-building actor. This section also offers a concise analysis of the EU's role as a state-builder in two 'contested statehood' cases: Bosnia Herzegovina and Kosovo. The chapter also sets novel assessment criteria, including generation of legitimacy, coherence and the regulation of violence/capacity for enforcement for analysing the effectiveness of the EU as a state-builder in the OPTs. Based on these innovative criteria, chapters three, four and five examine the effectiveness of the EU's state-building initiatives in the OPTs in the areas of 'high politics', diplomatic activity, economic tools, provision of aid and partnerships, SSR, JSR and the rule of law.

The third chapter begins by providing a concise historical overview of the EU's involvement in the Israeli-Palestinian Conflict in the area of 'high politics' and diplomatic activity. The author also critically assesses the EU-Israeli special relationship, which is based on a solid economic partnership. Furthermore, the chapter presents a brief overview of the EU's state-building efforts in the OPTs from the 1993 Oslo Accords to the 2009 Fayyad Plan. In his evaluations, the author provides an analysis of the effectiveness of the EU's efforts in its high politics, diplomatic activity, economic tools and provision of aid and partnerships. Despite the informative analysis, there are some drawbacks, for instance in the section covering the EU's involvement in high politics and diplomatic activity, which is

not directly linked to the EU's state-building efforts in the OPTs. Ultimately, Bouris stops here at providing a historical overview of the EU's involvement in the Israeli-Palestinian peace-making process and does not connect this to an assessment of the effectiveness of the EU's state-building policies. Moreover, the effectiveness of the EU's financial aid to Palestinians, which has been a major component of the EU's involvement in Israeli-Palestinian peace-making, is not adequately examined. Thus, the chapter would have benefited from an extended and enriched analysis that addressed these significant points.

The fourth chapter provides a detailed and considered examination of the EU's efforts to promote SSR in the OPTs. Within this context, the analysis examines the EU's two civilian European Security and Defence Policy (ESDP) missions, the EU Coordination Office for Palestinian Police Support (EUPOL COPPS) and the EU Border Assistance Mission for Rafah Crossing Point (EUBAM Rafah). The chapter succeeds in shedding light on limitations the EU has faced in carrying out SSR, which inhibits its success as a state-builder. The lack of local ownership and unresponsiveness to the local needs of the Palestinians and the 'Israeli security first' approach to the SSR in the OPTs, which prioritises counter-terrorist capability-building over a genuine SSR, are identified as constraining factors on the effectiveness of the two ESDP missions carried out within the context of SSR. The EU's preference to act as a passive follower of the US and Israeli policies, which has been regarded as one of the main factors causing the relegation of the EU to a secondary actor in the Israeli-Palestinian peace-building process, are once again highlighted in the context of SSR. It is argued that the EU's SSR approach moved from a gradualist, long-term, reformist method aiming to transform security institutions into more democratically accountable institutions, to a short term 'restructurist' policy that is mainly advocated by the USA and Israel (p. 127). Bouris argues also that this approach gives rise to the EU's prioritisation of 'good governance' over 'democratization' in its approach to the Palestinian reform process and also to the provision of unconditional support to a 'not democratically elected' and illegitimate Palestinian government in the West Bank, thereby contributing to the current 'democratic deficit' in the West Bank.

The fifth chapter provides a thorough appraisal of the EU's efforts to promote JSR and the rule of law in the OPTs. The author provides a detailed analysis of the Seyada Programme for JSR in the OPTs and the rule of law section of EUPOL COPPS. It is argued that the EU has enjoyed success in responding to local needs and increasing coherence between Seyada and the rule of law section of EUPOL COPPS, which increases the effectiveness of EU initiatives in JSR. That said, the Israeli occupation and the democratic deficit in the West Bank are identified as constraining factors on the effectiveness of JSR initiatives in the OPTs. The chapter succeeds in revealing a general weakness of the EU's state-building approach, which undermines its effectiveness as a state-builder - its technically orientated and politically constrained approach prioritising institution-building and capacity-building over improvement of democratic civilian oversight and accountability (p. 162).

There are three main strengths to the book. The first lies in the rich empirical data achieved through the substantial amount of semi-structured interviews (100 interviews) carried out by the author with EU, Palestinian and Israeli officials, academics and civil society members in Brussels, Jerusalem, Ashkelon and Ramallah during his field research in 2010 and 2013. Presenting official and unofficial insights from the EU (internal perceptions) and Israelis/Palestinians (external perceptions), which are termed as 'voices from the field', offers a more accurate and comprehensive understanding of the effectiveness of the EU's state-building policies in the OPTs. The second is the book's success in basing its empirical study on primary sources, mainly interviews and official documents, which enables triangulation and enhances the reliability of the empirical data. The third is its innovative assessment criteria for testing the effectiveness of the EU as a state builder, which offer useful tools for future research on the EU's state-building policies in 'contested statehood' cases.

The main weakness of the book is that although it aims to test the effectiveness of the EU's state-building initiatives in the OPTs since the Oslo Accords (1993), the Oslo years (1993-2000) remain under-examined. The book predominantly assesses the effectiveness of the EU's state-building initiatives such as EUPOL COPPS, EUBAM Rafah and Seyada programme, which belong to the last decade, not the Oslo years. Throughout the book, the Oslo years are presented as a historical background of state building in the OPTs rather than part of the assessment of the effectiveness of the EU's state-building policies.

To sum up, despite its limitations, the book provides a balanced and well-founded assessment of the EU's distinctive role as a state-builder in the OPTs. It succeeds in shedding light on what it is that limits the effectiveness of the EU's state-building policies in the OPTs. Therefore, it provides valuable lessons for EU policy-makers on how to deal with these limitations and increases the potential effectiveness of the EU's state-building policies. In addition to EU policy-makers, the book will also be highly informative for students and scholars with interests in EU foreign and security policy, or with an area of specific interest, either in the EU's role in the Israeli-Palestinian peace-making process, or in the EU's role as state-builder in 'contested statehood' cases, like the OPTs.



BIBLIOGRAPHIC INFORMATION

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