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Helmut K. Anheier and Alexander Ruser

EUROPE´S (FUTURE) ROLE ON THE GLOBAL STAGE

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Summary

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About the author

Prof. Helmut K. Anheier is Dahrendorf Academic Co-Director, Dean and Professor of Sociology. He also holds a chair of Sociology at Heidelberg University and serves as Academic Director of the Centre for Social Investment. From 2001 to 2009 he was Professor of Public Policy and Social Welfare at UCLA's School of Public Affairs and Centennial Professor at the London School of Economics. Helmut Anheier founded and directed the Centre for Civil Society at the LSE and the Center for Civil Society at UCLA. Before embarking on an academic career, he served as social affairs officer to the United Nations. He is currently researching the nexus between globalisation, civil society and culture and is interested in policy analysis and methodological questions.

Dr. Alexander Ruser works as a Dahrendorf Postdoctoral Fellow at the Hertie School of Governance. Prior to that he worked as a Research Fellow with the Global Institutional Development Research Group at the Max Weber Institute of Sociology in Heidelberg. His research activities focus on the fields of comparative political sociology, EU politics, political consulting, social network analysis and environmental sociology. As a consultant for the State Institute for Civic Education Baden-Württemberg, Alexander Ruser has also been responsible for developing teaching materials on EU topics.

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Abstract
EUROPE´S (FUTURE) ROLE ON THE GLOBAL STAGE

Which role will Europe play on the global stage? The European Union is often described as a 'different' type of actor in international relations, as a soft power (Nye 1990) whose capacity to act stems from its normative basis (Manners 2002). Instead of exercising hard power, it's thought that 'the EU itself stands as a model for the kind of international order to which the EU aspires' (Maull 2010, 50).

Theoretical Background

In contrast to hard powers, the European Union's actor capacity depends on *autonomy*, understood as the ability to act independently from its member states. At the same time it requires *authority* - that means the acceptance by foreign powers that they have to address the Union rather than its members (Jupille/Carporaso 1998). Having varied between issue areas ever since, the global economic crisis turned into a sovereign debt crisis that threatened both preconditions of a powerful EU.

In this contribution we will assess the European Union's potential to remain the provider of cutting-edge (environmental) technologies and carve out a 'green' growth path ensuring sustainable economic recovery. At the same governance innovations, most prominently the implementation of the European Semester, will be examined in order to estimate their impact on the governance readiness of a post-crisis Union. Our ultimate aim is to answer the question of *whether the growth strategies and governance innovations will be sufficient to strengthen the EU's influence on the global stage by restoring its autonomy and authority.*

Research design and methodology

In order to recover from the current crisis, the member states agreed upon the 'Europe 2020' Strategy, including ambitious goals for fulfilling the vision of becoming a competitive, knowledge-driven and sustainable economy originating from the Lisbon Treaty of 2000. At the same time the crisis, especially the sovereign debt crisis of some members of the Eurozone, has led to fundamental reform of economic governance within the EU. Most prominently, the implementation of the European Semester has put an emphasis on surveillance and sanctioning. The present analysis of the interplay of these economic and political challenges rests on two pillars: While economic surveys provide information on the status quo of national economies, *patenting* has to be taken into account as the first pillar in order to estimate the future competitiveness of the EU and its members in key technologies. The second pillar comprises the latest reform in (economic) governance within the EU. In September 2010 the member states agreed on the implementation of a new governance architecture 'supposed to ensure that the EU and the Eurozone will coordinate ex ante their budgetary and economic policies while national budgets are still under preparation, in line with both the (revisited) Stability and Growth Pact, the macroeconomic surveillance mechanism and the Europe 2020 strategy' (Schwarzer 2012, 37). The implementation of the European Semester has been described as a paradigmatic shift of the European governance approach: 'The new strategy is centered on enhanced, integrated surveillance of fiscal policies, macroeconomic management and structural reforms, which marks a clear step away from the earlier "open method of coordination" as enshrined in the Lisbon strategy, in favour of comprehensive country-specific monitoring' (Köhler-Töglhofer/Part 2011, 59).

Obviously, the European Union faces more than economic challenges. The political and economic targets can only be reached when strategic investment in future technologies and industries is accompanied by new mechanisms of smart governance ensuring the optimal allocation of scarce resources, the maintenance of public support and the preservation of the EU's credibility vis-à-vis its global partners. To estimate this interplay we employ a two-pronged approach (cf. Table 1): (1) the analysis of patent data helps to estimate the innovative capacity of the member states and the EU as a whole. Combined policy and QD-Analysis of key documents of the latest reform of (economic) governance in the EU and the Eurozone allow an assessment of the Union's ability to meet actual governance requirements and will help answer the question of whether it will be able to reach its strategic targets.

According to the model outlined above, the European Economic Governance can be more or less legitimate, efficient and so on. While this model is highly suitable for analysing the complex interplay of the different challenges of economic governance, for a proper explanation of these findings and an overall assessment of the overall quality, yet another set of criteria is required. In the following outline we´ll rely on the theoretical considerations of Fukuyama, who assumes that 'the quality [of a governance system] is the result of an interaction between capacity and autonomy' (2013, 360). Drawing on the concept of 'embedded autonomy' (Evans 1995, cited after Fukuyama 2013, 538), the impartially of the governance procedures can be measured.

'Europe 2020' Target	Challenge
Most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth	Economic Challenge: secure the competitive edge, Investment in R&D, Indicator: Patents Governance Requirement: (1)Averting dual market state failure, (2) Formulation of national strategies and (3) Strategic leadership
More and better jobs	Economic Challenge: Patents and Green Job Growth
Greater social cohesion	Governance Requirement: (1)Averting dual market state failure, (2) Formulation of national strategies and (3) promoting issue focus| result orientation

Table 1: Economic Challenges and Governance Requirements to reach the 2020 Targets

Assessing the Quality of Governance

The European Union´s governance readiness depends on the quality of the new economic governance architecture established in recent years. Measuring the quality requires an analytical model, since neither procedural standards nor a strong capacity to act alone guarantee a satisfying overall performance (Fukuyama 2013, 355f). According to Anheier (2013, 26f), any governance system must solve three challenges to guarantee its proper performance. First, it must guarantee the adherence of specific institutional rules and regulations to maintain its legitimacy. Second, it must enable relevant actors to find suitable solutions for identified problems, thus proving its efficacy. Implementing those solutions in an efficient way is the third and final challenge for proper governance performance. With regard to the European Economic Governance, the specific indicators can be derived:

Empirical Evidence and Results

Initial analyses show that the capacity to adapt to the innovation-driven growth and recovery strategy outlined in the Europe 2020 targets varies between the member states. Calculation of the public/private spending ratios on R&D for the EU 27 and selected nations revealed two clusters: a larger group with balanced R&D ratios and a smaller one with a clear prevalence for public spending (cf. Figure 1 Appendix).

Governance Dimension	Indicator
Legitimacy	Violations of Regulation, Universality of rules, Exemptions
Efficacy	Solutions and Policy Recommendations, Problem definition and framing
Effectiveness	Implementation Capacity, Sanctions
Performance	Goal Attainment

Table 2: Measuring Governance Performance and Indicators

Likewise, as the results of preliminary QDA of the 'country specific recommendations' of the 2013 European Semester show, requirements for national reforms vary considerably. The calculation of similarity matrices (with regard to the policy measures recommended) and frequency matrices (linking policy recommendations with the country-specific economic outlook) allow an in-depth analysis of the governance requirements to overcome the current crisis (cf. Figure 2).The results show that opportunities and challenges are unequally distributed.

The Europe 2020 strategy and the latest reform of (economic) governance are ambitious but probably essential parts of a roadmap for recovery ultimately aimed at restoring the EU's economic edge and its political and social cohesion. The two-pronged approach employed here aims at gaining a more comprehensive understanding of the preconditions which can turn a recovery strategy into a European success story. Therefore the analysis must not stop at 'dry exploration of particular institutional innovations' but ultimately aims at answering the question of whether the much needed 'new political narrative' is anywhere in sight (Stevens 2012, 12)

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Appendix

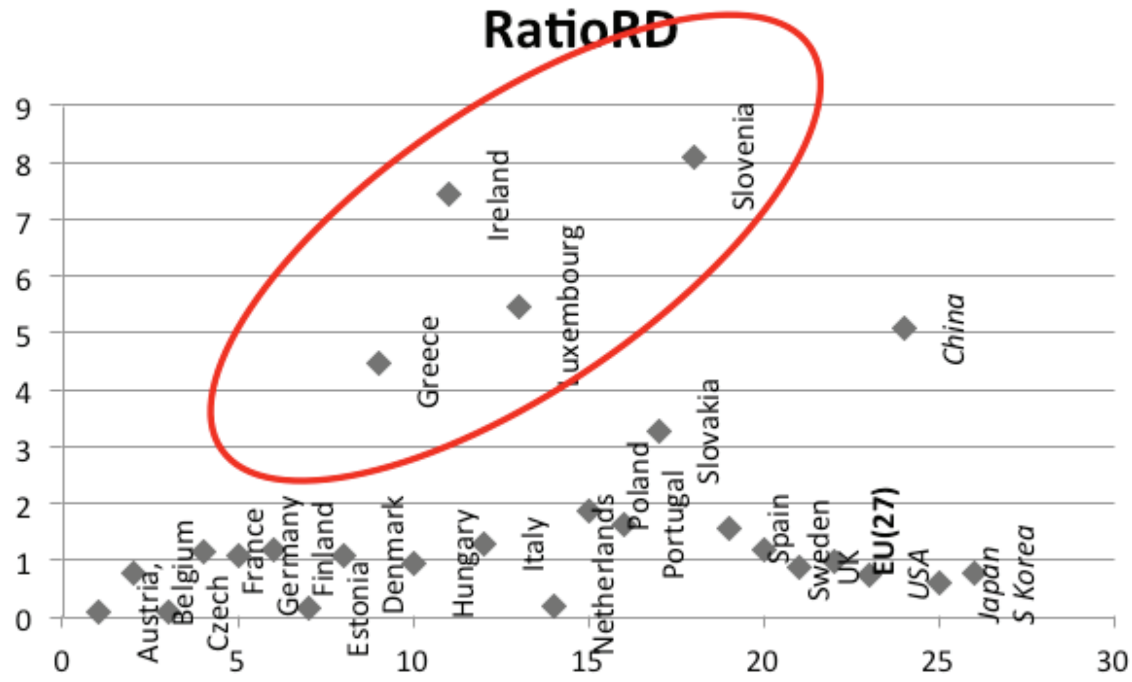

Figure 1: Ratio of Public/Private Spending on R&D (per GDP), EU and selected countries, own calculations based on OCED 2012. A Value of '1' indicates balanced spending while values < 1 point towards a prevalence for private spending. Values > 1: dominance of public funding.

	austria	belgium	bulgaria	czech	denmark	estonia	finland	france	germany	hungary	italy	latvia	lithuania	luxembourg	malta	netherlands	poland	romania	slovakia	slovenia	spain	sweden	uk
austria	1																						
belgium	0.82	1																					
BULGARIA	0.8	0.76	1																				
czech	0.72	0.63	0.49	1																			
DENMARK	0.73	0.63	0.69	0.53	1																		
estonia	0.72	0.65	0.9	0.37	0.69	1																	
FINLAND	0.89	0.7	0.64	0.63	0.74	0.64	1																
france	0.86	0.76	0.75	0.73	0.71	0.67	0.72	1															
GERMANY	0.89	0.7	0.64	0.63	0.74	0.64	0.84	0.82	1														
hungary	0.57	0.58	0.68	0.54	0.66	0.68	0.45	0.74	0.59	1													
italy	0.62	0.65	0.55	0.51	0.78	0.55	0.56	0.58	0.7	0.7	1												
latvia	0.47	0.47	0.65	0.54	0.76	0.65	0.46	0.55	0.46	0.7	0.66	1											
lithuania	0.77	0.7	0.68	0.81	0.66	0.57	0.59	0.74	0.59	0.63	0.58	0.7	1										
luxembourg	0.77	0.7	0.68	0.68	0.5	0.57	0.74	0.65	0.59	0.5	0.46	0.4	0.63	1									
malta	0.72	0.53	0.65	0.76	0.63	0.55	0.7	0.58	0.56	0.58	0.65	0.66	0.7	0.7	1								
netherlands	0.76	0.62	0.63	0.93	0.73	0.54	0.66	0.79	0.66	0.67	0.62	0.72	0.87	0.67	0.82	1							
poland	0.67	0.58	0.68	0.54	0.82	0.57	0.59	0.65	0.59	0.63	0.58	0.7	0.75	0.63	0.58	0.67	1						
romania	0.53	0.42	0.65	0.51	0.63	0.65	0.56	0.58	0.56	0.7	0.53	0.86	0.58	0.58	0.65	0.62	0.7	1					
slovakia	0.67	0.46	0.68	0.68	0.66	0.57	0.59	0.65	0.59	0.63	0.58	0.7	0.63	0.75	0.82	0.77	0.75	0.82	1				
slovenia	0.77	0.7	0.68	0.54	0.66	0.57	0.74	0.56	0.74	0.5	0.7	0.4	0.5	0.75	0.7	0.57	0.63	0.46	0.63	1			
spain	0.67	0.46	0.65	0.55	0.66	0.65	0.6	0.59	0.69	0.67	0.79	0.78	0.67	0.5	0.79	0.67	0.59	0.79	0.76	0.59	1		
sweden	0.61	0.48	0.69	0.53	0.8	0.69	0.56	0.71	0.56	0.66	0.63	0.76	0.66	0.5	0.63	0.73	0.66	0.63	0.66	0.5	0.66	1	
uk	0.51	0.38	0.6	0.45	0.69	0.6	0.48	0.54	0.48	0.68	0.63	0.75	0.68	0.41	0.63	0.61	0.68	0.63	0.54	0.54	0.73	0.86	1

Figure 2: Similarity Matrix with regard to policy recommendations 2013. Public finance outlook includes: Countries with 'sound' public finances are written in capitals. Countries with 'considerable consolidation efforts in bold, 'moderate consolidation effort' in regular, and a country's name in italics indicates 'poor consolidation effort'. Own calculations, QDA Miner.

A = sound B = Pension System Freq of A = 4 Freq of B = 15 Expected Freq = 0.4 B follows A = 1 (25.0%) A precedes B = 1 (6.7%) % of sequences = 25.0% Z value = 0.94 P = .360	**Pension System**	**productivity responsive wage setting**	**shifting taxes from labour**	**incentives,enforcment labour market integration**	**cost effective healt care**	**performance-based research and cost effective education funding**	**growth friendly fiscal consolidation**	**Restore financial sector**	**improve quality of government and administration**	**avoid housing crisis, bubble**	**Excessive deficit procedure**
Sound	0,94			0,68	**2,07**	0,53					
Considerable consolidation efforts	0,18		**2,17**	-0,07	1,16		**2,04**			**2,66**	**2,04**
Moderate consolidation efforts	***2,22***	0,59			1,03	0,56			1,5	**2,47**	
Poor consolidation efforts	***2,14***							1,56			**5,89**

Figure 3: z-value analysis, consolidation effort/policy recommendations. Own calculations based on 'Country Specific Policy Recommendations' (N=23)