

**How Many Voices?
The Governance of the European Union's International Economic
Relations**

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In the 'legacy' paper he posted at the end of his mandate as a trade commissioner, Pascal Lamy (2004) gives a sanguine view on the ability of the European Union (EU) to play a leading role on the world economic stage: "The lesson to be taken from the experience of the past five years, he writes, is that, when it chooses to pursue a truly federal policy, the EU can play a decisive role on the world stage. Together, we have a far greater 'weight' than the sum of the member states. We have the ability, not only to resist initiatives that we do not support [...], but also to set the international agenda".

However another senior European policymaker gives an unequivocally less upbeat view. In a controversial paper entitled 'Powerless Europe: Why is the Euro Area Still a Political Dwarf?', Lorenzo Bini-Smaghi, the European Central Bank board member in charge of external relations, writes that Europe "has much less influence over international policy issues than would be expected on the basis of its relative economic weight. This is particularly the case in international institutions like the IMF where, as compared to the WTO, Europe is much less influential than the United States" (Bini-Smaghi, 2006). As a precondition for a stronger EU voice in the International Monetary Fund, Bini-Smaghi advocates the consolidation of European chairs.

Depending on the issues and the fora, the EU is indeed sometimes a leader and sometimes a follower, sometimes a vocal player and sometimes a silent one. While the US exercises leadership over the entire scope of international economic relations, Europe can be characterised as an 'accidental player' (Pisani-Ferry, 2005) whose international behaviour lacks consistency.

As a remedy to this situation, a consistent school of thought - illustrated by the quotation of Bini-Smaghi - emphasises the fragmentation of European external representation or the weakness of the governance arrangements in place for coordinating the member states' positions and advocates a further federalisation of external economic policies. Yet other explanations can be offered to account for a high degree of variance in the external economic role of the EU. To start with, the EU may have more to gain in developing an external economic policy in certain fields than in others. Also, the desirability of a common policy depends on the degree to which the member states agree with each other. It is by no means obvious that more centralisation would systematically result in improving the Europeans' welfare.

The Bruegel project on Europe and the global economy provides an opportunity for clarification. By evaluating systematically EU external policies across a range of sectors, it offers a basis for assessing where and why Europe has or has not been an effective player.

Against this background, our paper is intended to serve several purposes.

- First, to provide a broad-brush overview of the governance arrangements in place, their legal basis and their evolution over time;
- Second, to offer an analytical framework for organising sector-specific evidence on the governance of external economic relations and to provide normative criteria for choosing among alternatives for governing external governance models;
- Third, to evaluate the extent of preference heterogeneity across policy domains;
- Fourth, to assess whether the diversity of existing arrangements can be accounted for within our framework and whether the corresponding choices can be deemed optimal;
- Fifth, to provide some policy recommendations for improving the effectiveness of the external economic relations of the EU.

What we do not do in the paper is to trace the history of current arrangements and provide explanations for the current situation in each and every policy field. We do not address global

governance issues either (i.e. our standpoint is that of a welfare maximising EU citizen, altruism allowed). Finally, we do not discuss the content of the EU policies.

The structure of the paper is as follows: we start in section 1 by briefly reviewing the evidence on the size of the EU as a global player. We present existing external governance arrangements in section 2. In section 3, we try to make sense of existing arrangements and discuss their optimality. Policy conclusions are offered in section 4.

1. The EU: How big a player? How much at stake in external relations?

In discussions on European external economic relations, the US is almost always taken as a reference point. But is it a correct benchmark? Is the EU as big a player as the US? To answer those questions, Table 1 provides a series of comparative indicators on the size and openness of the EU-25 and the US in the various fields covered by the project.

Table 1: Indicators of size and openness, EU25 and US

SIZE	EU25	USA	OPENESS	EU25	USA
MACROECONOMICS					
SHARE OF WORLD GDP (current US\$)	30	28			
SHARE OF WORLD GDP (PPP)	20	20			
TRADE					
SHARE OF WORLD TRADE*	18.1	16.7	TRADE AS A SHARE OF GDP*	19.2	20.8
ENERGY					
ENERGY CONSUMPTION (TFC)	16.8	21.6	SHARE OF IMPORTS IN ENERGY CONSUMPTION	72.1	42.2
ENVIRONMENT					
CO ₂ EMISSIONS	15.5	22.9			
DEVELOPMENT					
SHARE OF OFFICIAL DEVELOPMENT ASSISTANCE	52%	26%	SHARE OF ODA IN GDP	0.41	0.22
FINANCE					
SHARE OF WORLD FINANCIAL MARKETS**	22	46.9	SHARE OF FOREIGN ASSETS IN TOTAL HOLDINGS	33.1	10.2
MIGRATION					
SHARE OF WORLD IMMIGRATION****	20.9	20.2	SHARE OF FOREIGN-BORN IN POPULATION*****	8.6	12.9

Source: IMF, Eurostat, IEA, OECD, World Federation of Exchange, BIS, WDI, CIPS

(*) Intra-EU25 trade excluded

(**) Sum of stock market capitalization and domestic debt securities issued by the private sector

(***) Intra-EU25 foreign asset holdings excluded

(****) Share of world foreign born population; Intra-EU25 migrations not excluded

(*****) Intra-EU25 migrations not excluded

It is apparent that the EU is very similar to the US as regards its economic size and its weight in world trade. It has a somewhat lower share of global energy consumption, as a consequence of differing consumption habits. The same applies for migrations, for which

statistics are imprecise (they do not distinguish between intra-EU migrations for third countries. A proper accounting would lower somewhat the size of the EU). Only for financial markets is the EU a significantly smaller player, because of its lesser financial development. However, the EU is a more significant player than the US in Official Development Assistance (ODA): its share in the total ODA by OECD countries is twice as large as that of the US.

Turning to openness, the EU is as open as the US for trade, but much more as regards energy and financial assets. It has therefore more to gain or lose in the functioning of the international system. Only for migrations is the EU more closed than the US.

All in all, size and openness put the EU and the US in the same category. Both are very big players – depending on the indicator, they jointly account for between 35 and 70% of the world total – and open economies vulnerable to external shocks and impacted by each other's decisions.

2. An overview of current arrangements

The distribution of external competence between the EU² and the member states and the arrangements for exercising it are diverse, evolving and contentious. They are diverse because there is no single template for assigning external competence or for organising external representation. Significant variance can be observed across sectors and even within sectors. They are evolving because the Treaty establishing the European Community (hereafter, the EC Treaty or 'the Treaty') has been amended many times since 1957 but also because there are only a few cases in which it explicitly defines the external competence of the Union. In most cases that competence is implicit and derives from internal competence. They are finally contentious because the issue has been the matter of numerous legal battles between the Commission and the Council. In many fields where the Treaty does not explicitly allocate competences, it is the European Court of Justice which eventually has taken responsibility for defining them.

We start here by reviewing the legal dimension of the issue (2.1). We then outline a framework for analysing the governance of external economic relations in various sectors (2.2). Next, we provide some quantitative evidence on the importance of external governance (2.3). Finally, we apply that framework to the fields under review (2.4).

2.1 Legal dimensions³

The general Treaty provision covering the international agreements between the Community and states or international organisations is Article 300, which originates in the Treaty of Rome. This article however does not include provisions regarding the *scope* of such agreements (beyond the very general first sentence). It only determines the procedure to be followed for concluding agreements.

There are two ways for the Union to acquire external competence. The first one is to be *explicitly* granted such competence by the Treaty. This is particularly the case for trade policy

² In this paper, for the sake of simplicity, the 'EU' will in many cases refer to the European Community. We will not enter in the debate on the legal identity of the EU, even though it bears important consequences for its external representation. Under the EC Treaty, only the Community has a legal identity and can participate formally in international treaties and conventions. The areas covered are therefore restricted to the so-called 'first pillar' covered by the EC Treaty, i.e. economic, social and environmental policies as well as asylum, migration and judicial co-operation, which have been transferred from the third pillar by the Amsterdam Treaty. The Constitutional Treaty would have abolished the pillar structure and included Common Foreign and Security Policy and Police and Judicial Cooperation on Criminal Matters.

³ We are grateful to Jean-Victor Louis for his remarks on an earlier version of this section.

(Art. 133), for international monetary and exchange rate matters (Art. 111) and for development (Art. 177). External dimensions are also mentioned in the Treaty as regards migrations (Art. 61) and the environment (Art. 174), but in a cursory manner.

The second one is for external competence to derive *implicitly* from internal competence and their evolution over time. This follows the landmark 1971 ‘AETR’ (French acronym for European Road Transport Agreement) ruling by the European Court of Justice (ECJ) and the subsequent jurisprudence, which the Convention tried to summarise in its characteristically equivocal Article I-13 of the Constitutional Treaty: “The Union shall also have exclusive competence for the conclusion of an international agreement when its conclusion is provided for in a legislative act of the Union or is necessary to enable the Union to exercise its internal competence, or insofar as its conclusion may affect common rules or alter their scope”.

The absence of a clear competence delimitation led already at the time of the European Coal and Steel Community to the emergence of mixed agreements in which both the EU and (some or all of) the member states are parties (Louis, 2006). The later proliferation of such agreements vividly illustrates the complex and disputed character of the external representation issue.

The notion of implied competence

The AETR ruling of 1971 was a watershed because it introduced for the first time the notion of implied (or implicit) competence. The issue was to determine who had competence for entering into an international agreement concerning the work of crews in international road transport⁴.

The rationale for the Court decision was that external competence derives from internal competence. It recalled that “the Community enjoys the capacity to establish contractual links with third countries over the whole field of objectives defined by the Treaty” and most importantly, that “each time the Community, with a view to implementing a common policy envisaged by the Treaty, adopts provisions laying down common rules, whatever form they may take, the member states no longer have the right, acting individually or even collectively, to undertake obligations with third countries which affect those rules or alter their scope”⁵. Furthermore, in accordance to what Loukas Tsoukalis (1977) called the cumulative logic of integration, the Court explicitly stated that “as and when such common rules come into being, the Community alone is in a position to assume and carry out contractual obligations towards third countries affecting the whole sphere of application of the Community legal system”.

An evolving jurisprudence

The Court’s philosophy subsequently led it to lay down in a series of subsequent rulings precise conditions for the EU to be assigned an implied external competence: first, it must have been given the corresponding internal competence; second, this competence must be effectively exercised by the EU; third, the external agreement must be conducive to achieving Treaty objectives. This means for example that for the EU to enter into international agreements on, say, international bank transfers, it needs to have been granted competence in the field (which is the case through the Single Market provisions), to exercise this competence

⁴ A negotiation had been concluded by individual member states under the auspices of the United Nations Economic Commission for Europe in Geneva. As similar work had been undertaken at Community level, a discussion within the Council on the conduct of negotiations within the United Nations had developed, and the Council had decided to confine itself to taking note of the cooperation established between the member states in the course of that negotiation and to express its political approval of its outcome. This prompted a successful application by the Commission for the annulment of the proceedings of the Council.

⁵ ECJ Judgement C-22-70 of 31 March 1971.

(which is also the case since the adoption of a European bank payment standard), and to establish that entering an agreement with a third country contributes to achieving Treaty objectives (such as economic efficiency and free capital movements)⁶. However, if only the second of those conditions fails to be fulfilled, member state competence remains transitorily. According to the Court's early jurisprudence, the second condition (effectiveness of internal competence) could also be softened if common external action is indispensable for achieving Treaty objectives.

In 1994 came an important issue as the Court had to decide on the relative competence of the EU and the member states as regards the services part of the Uruguay Round agreement. The view of the Commission was that the EU had exclusive competence in the field, as for trade in general, while member states had the opposite view on the ground that the agreement included elements that were not traditionally regarded as commercial policy (such as intellectual property rights).

The Court did not side with either of the parties. It ruled that some modes of service provision were akin to trade and therefore belonged to the exclusive remit of the Union, while for others, which imply a movement of persons and can be assimilated to the free movement of people, the basis for deciding on competence could not be Art. 133. Furthermore, the Court decided that in the absence of a "complete harmonization" of the rules governing access to a self-employed activity in the services sector, there was no ground to grant exclusive competence to the EU. In other words, the incompleteness of the single market for services implied limitation to the exercise of a virtual external EU competence. This interpretation of the Treaty paved the way for a multiplication of shared competence cases.

The open skies agreements with the US entered into by a series of member states during the 1990s seemed to confirm the move to a more restrictive, less integrationist Court philosophy (Dehousse and Maczkovics, 2003). In the mid-1990s, after several member states had concluded bilateral agreements, the Commission brought the case to the Court, which rejected the Commission's claim that the matter was exclusive EU competence. In the opinion of the Court, there was a wide grey area between agreements which are clearly in conflict with common rules (and are thus unlawful) and agreements which cover the same subject matters as those governed by common rules (and are thus unlawful on the basis of the AETR judgment). The open skies agreement was deemed to belong to this middle category and the Court's view was that the risk of distortions "did not suffice for that purpose since such distortions could easily be avoided by other means". In particular, the Court noted, "there is nothing in the Treaty which prevents the institutions from arranging, in the common rules laid down by them, concerted action in relation to non-member countries or from prescribing the approach to be taken by the member states in their external dealings"⁷.

The matter is however still evolving. In 2006, the Court concluded the examination of another case (the Lugano convention on the states' judicial competence) by stating that "detailed analysis must be carried out to determine whether the Community has the competence to conclude an international agreement and whether that competence is exclusive. In doing so, account must be taken not only of the area covered by the Community rules and by the provisions of the agreement envisaged, insofar as the latter are known, but also of the nature and content of those rules and those provisions, to ensure that the agreement is not capable of undermining the uniform and consistent application of the Community rules and the proper functioning of the system which they establish"⁸. The mention of the content of the rules

⁶ See the paper prepared for the Bruegel project by Marco Becht and Luis Correia da Silva.

⁷ ECJ Judgement C-466/98 of 5 November 2002.

⁸ ECJ Opinion C-1-03 of 22 February 2006.

leaves room for considerable pragmatism in determining whether and when a matter falls into EU competence.

The governance of external relations

While the delimitation of external competence is not fully laid down in the EC Treaty, the relative role of EU institutions is more precisely defined.

According to Article 300, the responsibility for deciding to open negotiations and for concluding them belongs to the Council, while the responsibility for conducting them belongs to the Commission. Furthermore, the Council is granted supervisory powers through the appointment of special committees overseeing the conduct of the negotiation. In economic jargon, the Council is thus without ambiguity the principal, while the Commission is the agent. However, through making recommendations to the Council as regards the opening of negotiation, the Commission exercises its right of initiative also in the external field. It therefore acts both as the agenda setter and as the agent.

The same pattern applies to the association agreements as governed by Art. 310 (the difference being that they need to be approved by unanimity). It also applies to trade negotiations as governed by Art. 133. There are however two differences here: first, the leash is kept somewhat shorter as Art. 133 states that the “the Commission shall report regularly to the special committee [actually known as Committee 133 in EU parlance] on the progress of negotiations”. Second, the article explicitly prohibits agreements that would result in internal harmonisation where such harmonisation is ruled out by the Treaty. This is meant to be a safeguard against the EU using external agreements to increase its internal powers. At French insistence, cultural, audiovisual, educational and social services are explicitly mentioned as being covered by this safeguard. Furthermore, the Treaty explicitly rules that agreements in those fields “fall within the shared competence of the Community and its member states and that they shall be concluded jointly by the Community and the member states”. At Nice, thus, both shared external competences and mixed agreements thus explicitly made their way into the Treaty (Louis, 2006).

In the case of shared competence, the ECJ clearly considers that member states act as agents of the Community and have a duty of cooperation with the institutions of the Community, in particular with the Commission. In its 1993 opinion on the International Labour Organisation Convention on safety in the use of chemicals at work, the Court stated that: “cooperation between the Community and the member states is all the more necessary in view of the fact that the former cannot, as international law stands at present, itself conclude an ILO convention and must do so through the medium of the member states”, and that “it is therefore for the Community institutions and the member states to take all the measures necessary so as best to ensure such cooperation”⁹

Finally, Art. 111, introduced by the Maastricht Treaty, governs the external aspects of Economic and Monetary Union. The pattern is different here, first because the Council takes over from the Commission the role of external representative¹⁰ and second, because the

⁹ ECJ Opinion 2/91 of 19 March 1993. Interestingly, labour safety is an area where there is no exclusive competence of the Community, which only sets minimum standards through directives. The Court nevertheless considered that member states could not undertake additional international commitments outside the Community framework.

¹⁰ Art. 111(4): : “The Council acting by a qualified majority on a proposal from the Commission and after consulting the ECB, shall decide on the position of the Community at international level as regards issues of particular relevance to economic and monetary union and on its representation”. Note that one possible application of the enabling clause would be for the Council to delegate external representation to the

European Central Bank (ECB) intervenes as a third agent of the Community besides the Commission and the Council. The Commission unambiguously takes second role vis-à-vis the Council (it is only “fully associated with the negotiations”) and on exchange rate matters it even loses its right of initiative since it can be bypassed if the Council acts on a recommendation from the ECB (see Bini-Smaghi, 2006, for a full discussion of article 111).

The fields under review therefore exhibit significant variance as regards the extent, legal basis and clarity – as well as stability of the distribution of competence between EU and member states. In some such as trade in goods, the situation is homogenous, unambiguous and stable. In others such as financial services or the environment, it is heterogeneous, ambiguous and unstable.

2.2 Governance models

How competence is distributed between the EU and the member states certainly provides the primary characterisation of the governance of external economic relations in a given field. However, this does not suffice. As the discussion of the legal dimensions makes apparent, there are various templates for organising representation and decision in a field which has been assigned to the EU. Not only there are different possible choices of an agent to represent the EU (it can be the Commission, a Community agency such as the ECB, the Council acting through its Presidency, or even the member states themselves), but there are various possibilities for organising the relationship between the principal (the Community) and the agent. Also, the mere fact that representation in a certain field has not been delegated to the EU does not mean that the EU has no role. There can be softer forms of coordination among the representatives of the member states.

We therefore have to introduce both various possible degrees of centralisation of external economic relations and various models for their governance. This leads to distinguish three basic models for the governance of EU policies, which apply to both internal and external dimensions (we discuss the specific external dimension in the next section).

In the first model, *Unconditional delegation*, competence to act is entirely assigned to a EU body according to, and within the limits of, a predefined mandate. This body then retains full discretion within the limit of its mandate and can only be made accountable on an ex-post basis. This applies for example to the Commission’s competition policy decisions (including when they have extraterritorial effect) or to the monetary policy decisions of the ECB¹¹. The only constraints on the autonomy of the agent are its mandate, the threat of an appeal to the Court of Justice, and possibly to non-judicial checks and balances such as the reaction of public opinion and/or protest or retaliation of non-EU countries.

The second model, *Supervised delegation*, is one in which a EU body acts as an agent while the member states (and generally also the European Parliament) actively monitor and steer his or her behaviour. The standard case in this respect is trade policy where the role of principal is exercised by the so-called Committee 133 made of trade officials named by the member states, which meets frequently to monitor the negotiation process and give guidance to the trade commissioner. *Mutatis mutandis*, a broadly similar pattern applies in other fields such as

Commission. Note also that any external representation arrangement should comply with the allocation of powers laid down in the Treaty (e.g. it could not infringe on the independence of the ECB).

¹¹ Exchange rate policy is more ambiguous. The Treaty does not identify exchange rate policy with monetary policy and it even allows the Council to issue ‘general orientations for exchange-rate policy’ (art. 111). However, the two main instruments of exchange rate policy, namely official rate changes and foreign exchange interventions, are in the sole hands of the ECB. Furthermore, the Council has agreed to use this provision in exceptional circumstances only.

environmental negotiations, with the difference that the Council Presidency plays the role of the agent.

The third model, *Coordination*, is one in which member states do not delegate responsibilities or external representation roles to the EU but coordinate among themselves while retaining their seats and speaking with their own voice in international fora. This could be regarded as a soft commitment, but as already noted the ECJ considers that in those areas that fall within the competence of the Community, member states have the legal duty to coordinate among themselves and with the institutions of the Community.

As an example, the EU cannot formally be a member of the International Monetary Fund under the Fund's current bylaws, but European member countries have to speak with one voice and coordinate with the Commission when it comes to trade or single market issues. Increasingly, they aim at defining common positions on major topics of discussion. Since the European Council of Vienna (1998), prior discussions take place within the ECOFIN Council, the Economic and Financial Committee (EFC) made of Treasury officials, and a special EFC sub-committee on IMF-related issues, which result in the adoption of common understandings¹². In turn, those common understandings are expected to influence the positions taken by the member states in international discussions, but in most cases they do not have a binding character. Prior discussions seem smooth enough: the Commission or the ECB have never asked the ECJ to force member states to abide by common positions in areas such as trade, competition or money, or more generally on first pillar issues (as was the case for the ILO convention mentioned above).

Table 2 provides a presentation of our three models as well as examples of fields in which they are used.

Table 2: Governance models for EU external economic relations

Model	Main features	Examples
Unconditional delegation	Policy responsibility delegated to EU institution Monitoring by member states, if any, not binding on decisions by EU institution	Competition policy (no monitoring)
Supervised delegation	External representation and negotiation authority delegated to EU institution Council exercises supervision through issuing guidelines and monitoring implementation	Trade in goods (supervision by committee) Environment (supervision by committee)
Coordination	No delegation of external representation to EU institution MS coordinate among themselves and with EU institutions, may or may not commit to follow guidelines	Representation in IMF Board (ex ante coordination within subcommittee of EFC)

¹² Bini Smaghi (2006) provides an informed and detailed account of those changes.

This classification involves some simplifications as there is in fact more continuity between models than suggested by the table. There is not much difference between unconditional and supervised delegation if the agent's mandate is limited in time, as its renewal depends on the principal agreeing on his behaviour. In the same way, there is not much difference between supervised delegation and coordination if supervision involves a committee that meets continuously and issues frequent guidelines. Nevertheless, the classification can serve as an instrument for organising analysis.

2.3 The increasing international content of European law

How important is the international dimension in the current EU legislation? Quantitative evidence does not say everything, but at least it provides a comprehensive picture. In order to answer this question, we have thus dug into the EUR-lex database, which collects all EU legislation since 1957¹³. EU legislation includes directives (i.e. European framework laws), regulations (European laws), secondary legislation such as decisions of the Council or the Commission, and agreements with non member states and international organisations. We have studied the evolution of the latter category over time, in absolute numbers and as a proportion of total EU legislation, in the eight fields under review. The results are summarized on Figure 1 and Figure 2 while detailed tables are to be found in Appendix 3.

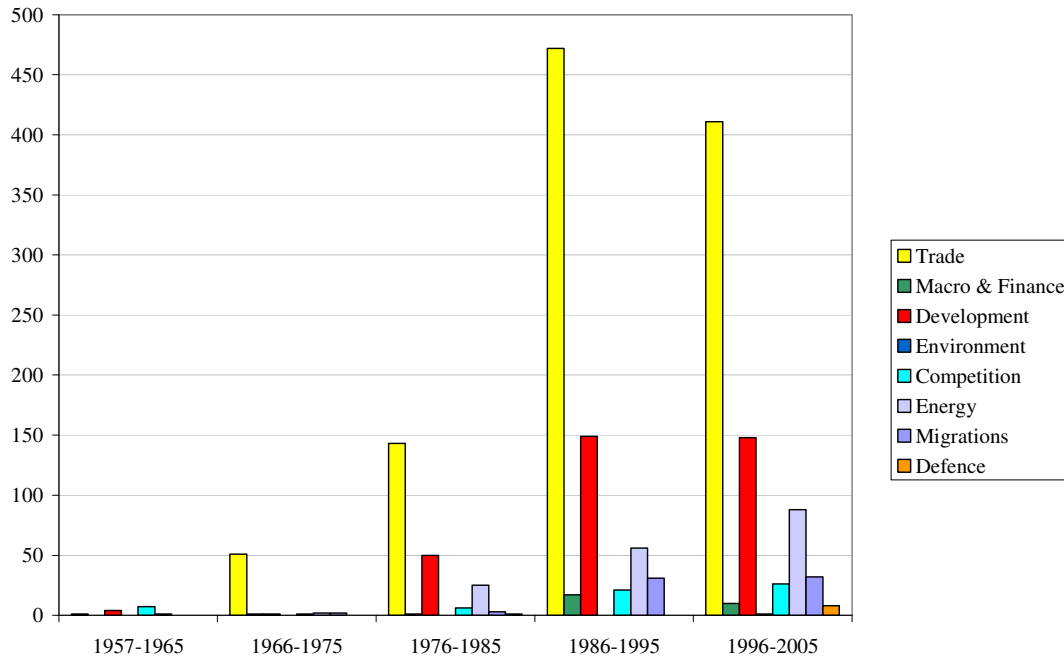
There has been an expansion of EU legislation with a total number of texts increasing from 9,776 in the period 1966 to 1975 to 45,062 in the period 1996 to 2005. Over the entire period 1957-2005, the biggest contributing field has been trade, with 36% of all texts produced, followed by macro and finance (10,3%), then development (8,7%). External dimensions have therefore played a major role in the development of EU legislation.

When it comes specifically to agreements with non-member States and with international organisations, there has been a steady increase until the mid 1990's, with a total number of agreements increasing from 360 in the period 1966 to 1975 to 1,251 in the period 1986 to 1995, then only 967 in the period 1996 to 2005 (Figure 1). In relative terms, however, agreements with non-member states represented a much higher share of overall legislation in the 1960s.

Interestingly, even though trade dominates the absolute number of agreements, the most 'internationally exposed' policy fields as seen from the *relative* importance of international agreements to the total number of texts, have been energy (where 4.5% of legislation passed has an international dimension) and the environment (4.4%), followed by development (4.1%), defence (3.9%) and trade (2.7%, a very low ratio that results from the large number of EU trade-related acts which do not have the character of an international agreement). Other fields lag significantly (see Appendix 3). Development has played an important role historically, but it has now been outpaced by defence and the environment (Figure 2).

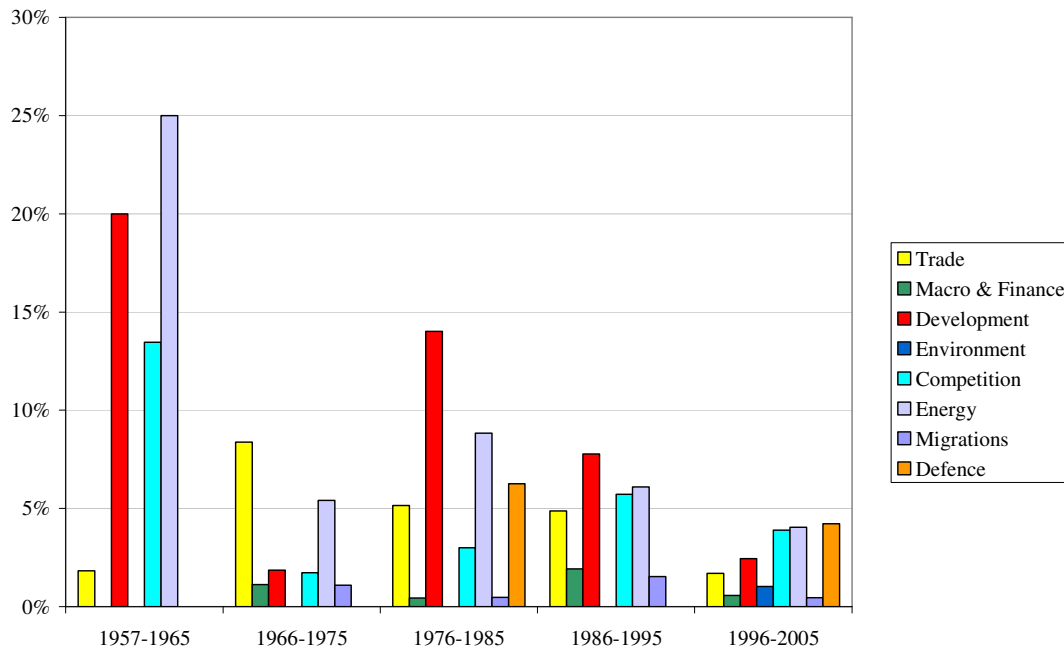
¹³ In a different context, Alesina, Angeloni and Schuknecht (2005) have also used a quantitative analysis of EU legislation.

Figure 1. Number of agreements with non-member states and international organisations



Source: Eur-Lex.

Figure 2. Number of agreements with non-member states and international organisations, as % of total legislation in the respective policy field



Source: Eur-Lex.

2.4 An overview of the situation in eight policy fields

We can now use our framework to provide an overview of the situation in eight fields: the seven under review in the Bruegel project plus environment. Information for preparing this

assessment was provided to us by the authors of sector papers through a common questionnaire (Appendix 1)¹⁴.

Table 3 provides an overview of the situation as regards both competence and governance. A few observations can be made.

First, there is considerable variance both across and within fields as regards the nature of issues involved, the legal provisions governing international relations and the corresponding governance arrangements. Trade (at least for goods), competition, development, migrations and international money are homogenous in those respects. Financial markets, energy and the environment are by contrast aggregations of heterogeneous subfields with differing degrees of EU competence and different governance arrangements. For example, in spite of the overall agreement on an EU energy strategy, there is little in common between oil which is not a matter for EU policy, nuclear energy which is covered by a specific treaty, and electricity which is part of the Single Market.

Second, there are only three fields where the EU has exclusive competence, and in all three as a result of explicit Treaty provisions: trade, competition and the exchange rate of the euro. In all other cases, EU competence (if any) derives from jurisprudence and it is shared to some extent at least with the member states. This frequently goes with fuzzy delimitations and the resulting controversies, as indicated under “clarity” in Table 3. Significant cases in this respect are financial markets, energy and the environment. All three are heterogeneous and in all three, a combination of competition and cooperation between the Community and the member states can be observed, frequently resulting in mixed and unstable agreements in which both levels are part.

Third, the nature of the international activity also varies from field to field. In some, such as trade, financial markets or the environment, the core activity is to enact rules through negotiating multilateral or regional / bilateral agreements. In others such as competition, development and international money, the emphasis is on case decisions, i.e. quasi-judicial or executive functions.

Fourth, the decision rule is generally qualified majority voting (QMV), but there are exceptions such as trade negotiations on services and migrations. Furthermore, QMV may not be enforced because of the search for consensus within the EU and because the existence of mixed agreements formally gives the member states veto power on the ratification of agreements negotiated by the EU. The practice therefore is much more complex than the theory (Meunier, 2000).

Fifth, governance mechanisms in place are diverse. All three models identified above are in use and they are implemented in various ways. For example the ECB and the Commission are granted by the Treaty unconditional delegation in some areas (money, competition) while as regards supervised delegation, the agent can be either the Commission (for trade, development) or the Council (for the environment, although there is considerable diversity within the sector). The Treaty also makes room for future evolution: as noticed above, this is the case for external representation in areas relevant to the economic and monetary union (art. 111(4)).

Summing up, there is considerable variance as regards the arrangements in use in the sectors under review. The question, then, becomes whether there is an underlying rationale for different choices as regards degrees of centralisation and governance arrangements or whether they are purely the result of history and / or are mechanically derived from internal arrangements. This is what we want to investigate now.

¹⁴ We also thank Nicolas Théry of the European commission’s DG environment for having provided to us information on this sector.

Table 3 : An Overview of Competence Assignment and Governance Arrangements in Eight Sectors

	Trade	Competition	Financial markets	Development	Migrations	Energy	Environment	International macro / money
Sector homogeneity	Medium	High	Low	High	High	Low	Low	High
Competence assignment								
Competence	EU exclusive for goods Shared for services and investment	Exclusive EU competence (above threshold)	Shared competence	Specific EU policy alongside (and “complementary to”) MS policies	MS, but Commission has initiative. Also visa policy coordination in Schengen space	Shared competence	Shared competence (except marine biological resources which are exclusive EU competence)	EU exclusive for money + exchange rates (euro area). MS in other fields
Legal basis for EU competence	Explicit (Art. 133)	Explicit (Art. 81sq)	Implied, based on Single Market competence	Explicit (Art. 177)	Explicit (Art. 61) derived from free movement of persons	Implied, except for nuclear energy (EAEC Treaty, Art. 101-106)	Implied, based on Treaty provision on environment protection (Art. 174)	Explicit for exchange rates (Art. 111), implied for coordination (Art. 99)
Clarity	High for goods	High	Low	High	High	Low	Low	High
Governance								
Number and nature of international agreements	High Multilateral, regional and bilateral	Low Bilateral	High Multilateral and bilateral	High Multilateral and bilateral	Low Bilateral	High Bilateral	High Multilateral	Low Multilateral
Decision regime	Mostly QMV	Does not apply.	QMV	QMV	Unanimity	?	QMV	QMV for X rates (but does not apply)
External representation	Commission, on the basis of Council mandate	Commission	Commission and MS	Commission and MS	Does not apply	Commission and MS	Generally Council presidency with Commission support	Mostly MS, also ECB (G7, BIS), Eurogroup and Commission (G7)
Delegation / coordination mechanism	Supervised delegation to Commission	Unconditional delegation to Commission / some coord. via	Coordination	Mix of supervised delegation to Commission and	Coordination	Coordination	Mix of supervised delegation to Presidency and	Mix of unconditional delegation to ECB

Source: Authors’ compilation of answers to the governance questionnaire (Appendix 1).

3. How efficient are existing arrangements?

Having presented existing arrangements, we now move to discussing them. The two issues we need to explore are, first, competence assignment, i.e. whether a given policy should be carried out at a decentralised level or whether there should be some form of centralisation - a question usually referred to as that of *competence* in EU parlance; and, second, governance, i.e. how best organise joint decision-making when there is a degree of centralisation.

Those are obviously not completely separate questions: actually, the governance issue has stronger relevance when competence is neither completely decentralised (in which case there is nothing to govern) nor completely centralised (in which case the international dimension vanishes). But it makes sense to examine them successively.

In what follows, we take up the competence issue first (Section 3.1), before turning to governance (section 3.2), starting in each case with analytical issues before turning to operationalisation. We sum up in section 3.3.

3.1 Competence

Lessons from the literature

Since Tiebout (1956), Olson (1969) and Oates (1972), theories of federalism have studied the allocation of public goods by different levels of government. In this line of thinking, decentralised decision matches best the preferences of citizens, unless preferences are homogeneous and economies of scale are significant enough to justify devolution to the federal level. The modern literature on political unions builds on the same insight, i.e. a trade-off between economies of scale and the heterogeneity of preferences, as in the model of Alberto Alesina, Ignazio Angeloni and Federico Etro (2005). For scholars of Europe, this echoes the familiar trade-off between deepening and widening.

Introducing the external dimension in this framework does not lead to significant changes. In spite of Guido Tabellini's (2003) sobering warning ("What mandate can be given in the realm of foreign policy? The only feasible mandate is to pursue the common interest of the EU. But what does that mean in practice?"), we do not see major reasons why the standard approach should not apply. What matters to EU citizens is how their welfare will be impacted by the choice of separate or joint decisions. The economies of scale / heterogeneity of preferences framework applies with the only proviso that economies of scale have to be understood in a broad sense, i.e. including the gain to EU member states from jointly exercising market power or from pooling their votes in international organisations¹⁵. The same criteria can provide guidance for choosing between degrees of centralisation.

Think for example of immigration policy: there are externalities across member states since individuals holding a resident permit in a particular EU country can move to another one, and this favours the centralisation of visa policy, at least for internationally mobile migrants. But if some countries favour increasing immigration and others stopping it, the loss from a common policy can be significant. And if implementing the common policy implies setting up common consulates throughout the world, it involves additional costs that can make the net benefit unclear, at least in the short run.

¹⁵ Remember we implicitly assume that the policy objective is to maximise the welfare of EU citizens, not that of a citizen of the world. Hence we regard market power as a gain even if has adverse consequences abroad.

Centralisation is therefore warranted for policies that involve limited heterogeneity of preference and exhibit strong economies of scale and externalities across countries, as well as low transaction costs. Otherwise decentralisation should be preferred¹⁶.

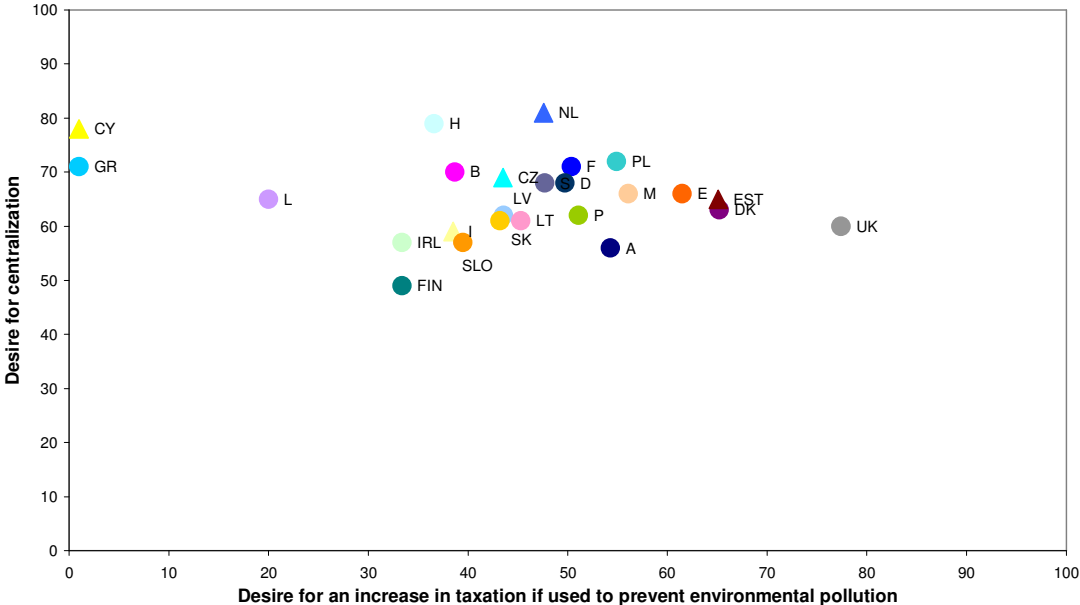
Measurement

Opinion surveys such as the European Commission’s regular *Eurobarometer* surveys and specific surveys of international public opinion provide consistent information on many policy issues. While the degree to which they accurately measures national preferences is a matter for discussion, the advantage of these sources is that they facilitate comparison across policy domains and (for Eurobarometer surveys at least) over time.

Figure 3 presents the type of information we start from, which is in this case taken from the Eurobarometer survey and the European Value Survey (EVS). We plot on the horizontal axis a measure of substantive policy preference (in this case a measure of the price citizens are willing to pay for a cleaner environment, which we take as an indication of the implicit value of the environment for citizens) and on the vertical axis the proportion of citizens who respond that environmental policy should be allocated to the EU level. We regard the latter as a measure of the perceived economies of scale / spillovers.

As the figure immediately illustrates, there is considerable convergence on assigning environment policy to the EU level, but considerable divergence on the desirable content of that common policy. This is understandable: citizens (rightly) consider that cross-border pollution and global climate change can only be tackled at the EU level (if not at global level) but this does not lead them to converge on the actual features of that common policy. From geography to population density, income levels and overall tax burdens, there are many reasons why they can diverge.

Figure 3. Public opinion’s preferences on environment policy, EU 25, 2000



Sources: EB 64.2 (2005), European Value Survey (1999-2000)

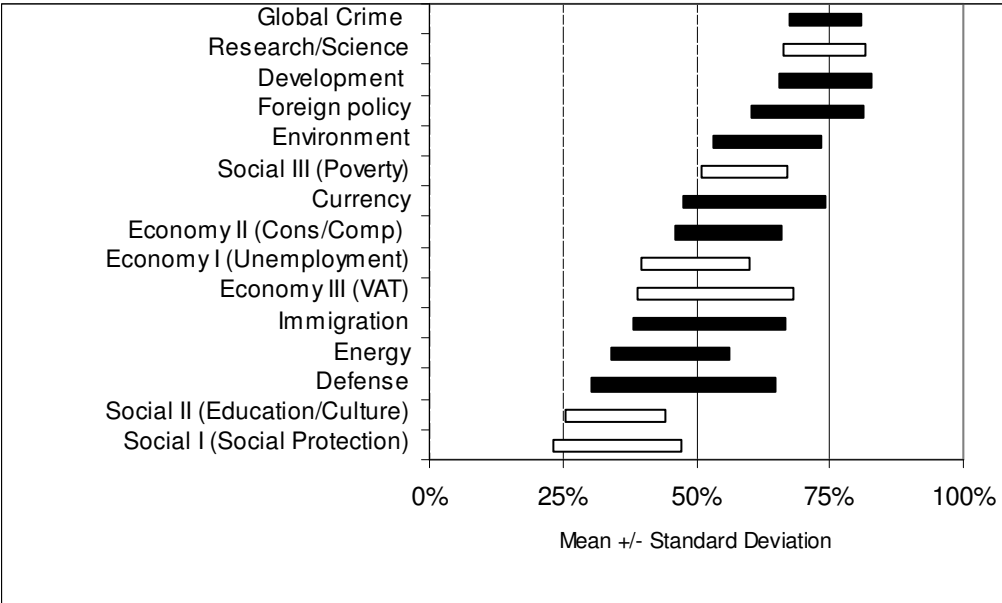
¹⁶ At this point it should be noted that it is not at all the same to look at the distribution of preferences *across countries* and *among individuals*. This is related to the question of voting rules.

We have collected similar information for a wide range of policies issues, drawing on opinion surveys from a variety of sources (Appendix 2). Indicators of the desire for centralisation are available from the regular Eurobarometer surveys and cover a wide array of domains. Public opinion preferences as measured by this survey are remarkably stable over time as we do not observe important shifts following the broadening of EU membership (changes mostly reflect the overall evolution of public opinion about Europe as well as reactions to events. For example, 9/11 resulted in a clear increase in the demand for allocating the fight against terrorism to the EU level).

However, there is significant heterogeneity across countries. Figure 4 plots the distribution or preferences for centralisation for 15 policy fields considered in the Eurobarometer surveys. Policies with a significant external dimension are plotted in black and policies which are mostly internal are plotted in white. The length of the bar corresponds to two standard deviations (across countries), thus the longer the bar, the greater the heterogeneity within Europe as regards the desirability of centralisation.

On the whole, public opinion preferences broadly conform to the economists' criteria of economies of scales and externalities. Desire for centralisation is strong in fields where the opinion rightly perceives that spillover effects from national policies are high (research) or that national states do not have the required dimension (global crime). However this is not always the case: there is only weak support for centralising competition policy / consumer protection / industrial policy (which have been aggregated because questions asked often cut across sub-domains). There is also preference for centralisation in fields with an external dimension, however with the exceptions of defence (where heterogeneity is high) and energy. For example, opinion in Europe clearly regards social protection as an essentially national competence, but development assistance is overwhelmingly regarded a European affair.

Figure 4: Preference for Centralisation, 1989-2005



Source: Eurobarometer Surveys

Economy I, II and III are categories grouping questions related to unemployment and labour markets (I), consumer protection, competition and industrial policy (II) and value added taxation (III). Social I, II and III refer to health insurance and pensions (I), education and culture (II) and poverty and exclusion (III),

Comparing substantive policy preferences across fields is more delicate. First, one has to rely on a variety of sources, some of which only cover a subset of the EU member states. Second, available measures are provided by responses to questions that are by nature specific to a certain policy field. To make it possible to compare preference heterogeneity across fields, we have first collected a large number (90) of responses to surveys on the issues we are interested in conducted in the 1990s or the 2000s. Second, we have defined aggregate categories by grouping questions having to do with the same field (for example, eight different questions on the environment). This helps eliminating cross-country variations attributable to question specificity (for example, some questions ask whether citizens are willing to pay more taxes for the environment and some other whether they could accept reducing their standard of living). Third and finally, in any given field we take as an indicator of substantive preference heterogeneity across countries the average standard deviation of the responses to the questions belonging to the field, divided by the average standard deviation of responses for all fields. This approach is intended to eliminate or at least to limit the effects of variations due to the wording of the questions. We have also verified that the two dimensions are independent, namely, that responses on the desirable degree of centralisation are not determined by the heterogeneity of preferences¹⁷.

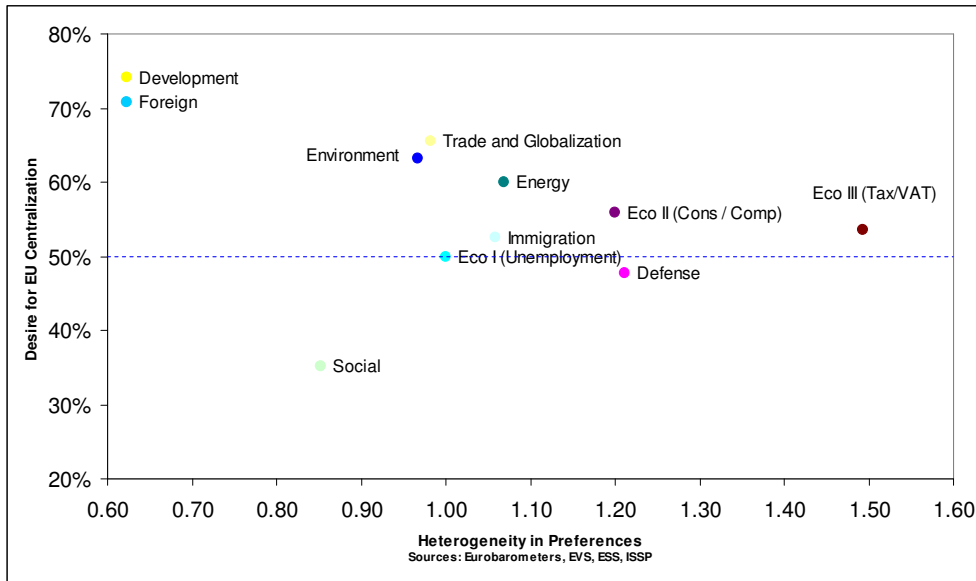
Results are given in Figure 5 where we have plotted on the horizontal axis the heterogeneity of preferences as measured by the intra-EU variance of national responses and on the vertical axis the desire for centralisation (measured as in Figures 2 and 3 by the proportion of EU citizens who respond that the corresponding policy should be allocated to the EU level). Candidates for centralisation should be found in the North-West corner while decentralisation should be preferred in the South-East corner. Other situations are ambiguous¹⁸.

What Figure 5 shows is that as far as public opinion is concerned, development and foreign policy are the prime candidates for centralisation. The environment and trade-related policies come next, however with a markedly higher index of policy preference heterogeneity. A third group is composed of energy and immigration, for which support for centralisation is somewhat weaker and preference heterogeneity somewhat stronger. Unemployment and labour market policies are regarded as mostly national, and this applies to a larger extent to social policies. Economic policies, especially in the fields of competition and consumer protection, as well as unemployment and labour market, clearly face a trade-off between a desire for centralisation and evident heterogeneity of preferences.

¹⁷ This possibility was pointed to us by Barry Eichengreen. Informed citizens could reject centralisation in a field where they perceive the rationale for it because they perceive that citizens in other countries have very different preferences and therefore fear to be in a minority, should decisions be centralised. In that case, the two dimensions could not be considered independent. However, the correlation between heterogeneity of preference and desire for centralisation appears to be insignificant. Though theoretically valid, the objection thus does not seem to have empirical relevance.

¹⁸ Only those policies for which we have been able to obtain measures of both the degree of centralisation and the heterogeneity of preferences are plotted on Figure 5. However, partial information is available for a wider range of policies.

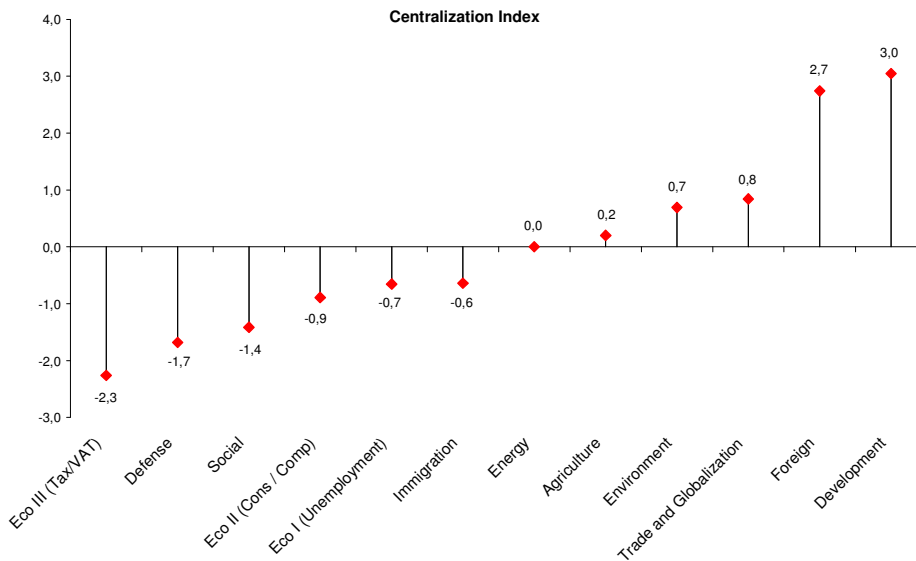
Figure 5: Desire for Centralisation vs. Heterogeneity of Preferences



Implementing the approach

We now have the ingredients for assessing the distribution of competence. We were only able to collect survey data for six of our eight categories. We order policies using a ‘centralisation index’ *I* that combines the two dimensions of preference for centralisation and heterogeneity of preference (Figure 6). Graphically, *I* measures the distance of a given policy to the North-West corner of Figure 5. We find that the case for centralisation is very strong for development assistance (and for foreign policy, which is out of the scope of this paper) and strong for trade and the environment. It is weaker for energy and weak for competition and migrations, fields which actually involve both internal and external dimensions.

Figure 6: Desire for centralisation and preference heterogeneity in the EU: the centralization index



Source: European surveys (Eurobarometer, EVS, ESS and ISSP, see Appendix 2) and authors’ calculation. To establish this graph, three categories (High, Medium and Low) were defined for both the desire for centralisation and the heterogeneity of preferences. A very strong case for centralisation corresponds to a high preference for it and low heterogeneity. The case for centralisation is assessed by giving equal weight to both criteria. The

'centralisation index' is $I = \hat{c} - \hat{h}$ where c is the desire for centralisation, h is the heterogeneity of preferences, and $\hat{x} = \frac{x - \bar{x}}{\sqrt{Vx}}$

There is only approximate correspondence between our results and the current assignment of preferences. Development assistance is not centralised (at least for the most part) while trade and competition (above thresholds) are. Energy is currently very decentralised (but the case for a EU approach is being discussed) and the situation varies in the field of environment.

Trade is interesting because it is a policy which is centralised since the early days of the European Community while opinion and policymakers exhibit a fair degree of preference heterogeneity. This heterogeneity is actually underestimated in our data because we had to exclude surveys covering only a few countries, such as the German Marshall Fund's trade and poverty surveys (US German Marshall Fund, 2006). From judgement on the effects of trade opening to specific trade policy prescriptions, opinion in France and the UK exhibit in this survey a high degree of divergence across a wide range of trade-related issues – and national government frequently behave in accordance with public opinion preferences. This must be taken as an indication that a common policy can be run in spite of diverging preferences, provided the governance structure allow making decisions. However, European trade policy is notoriously contentious within the Union.

3.2 Governance

Lessons from the literature

For a given level of centralisation, how should external relation be governed and more specifically, what should guide choice among the three models of unconditional delegation, supervised delegation and coordination? This is what we want to investigate now.

The design of efficient contracts has been a central topic in the theory of corporate governance (see Becht, Bolton and Roëll, 2002, for a survey). Since corporate managers typically have to deal with multiple principals such as shareholders, creditors, employees, etc., the theory of the firm has naturally addressed common agency problems, which are relevant for our study. Ownership of the firm amounts to exercising residual control rights in those cases that are not covered by the contract. Recent research on constitutional design has drawn on this literature to assess the efficiency of policymaking institutions. Attention has especially focussed on the choice a government faces between exercising direct responsibility in a policy field and delegating it to an agency such as an independent central bank or regulatory authority.

An additional aspect introduced by the external dimension is the possibility of forming coalitions among players (say, between countries in the IMF Board or in the negotiation of environmental protocols) or of giving a time-bound or subject-specific negotiation mandate to an agent representing the EU (as for international trade negotiations). The question then becomes: what rule, if any, should be used to aggregate member state preferences? When should simple majority, qualified majority and unanimity be chosen? This is a major issue for the EU in general and one that has particular implications in the external field.

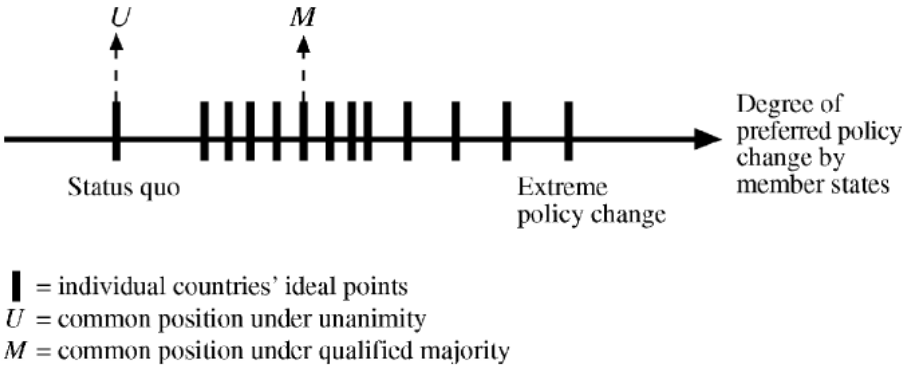
Frieden (2004) and Meunier (2000) explicitly address the issue in a simple case where preferences over a policy choice can be represented along a single dimension and the choice is made by majority voting (Figure 5). They point out that the gain from pooling votes within the EU depends on the distribution of preferences and that some EU member states can actually lose from forming a European coalition because their own preferences are closer to

those of the other players (in plain English, Britain or Poland would have lost from a European coalition over the war in Iraq because their preferences were closer to that of the US).

In a case study of the EU-U.S. trade negotiation, Sophie Meunier relies on a similar approach but introduces a further distinction. She shows that in those fields where member states have an ‘offensive’ or ‘reformist’ agenda, i.e. when their objective departs from the status quo, it is efficient for them to give the Commission a broad mandate so that it can extract more concessions from its partners. On the contrary, when the Europeans have a ‘defensive’ or ‘conservative’ agenda, i.e. when they intend to maintain the status quo, it is safer for them to keep the Commission on a short leash so as to make sure it will not deviate from the status quo. The more conservative a member state is, the more it favours avoiding delegation.

An example of a ‘defensive’ agenda for Europe is the agricultural negotiation during the Uruguay Round, while reciprocity in public procurements is an example of an ‘offensive’ one. The difference between a ‘short’ and a ‘loose’ leash can be expressed in terms of the extent of the negotiation mandate but also in terms of internal voting rules: by nature, unanimity is more conducive to conservatism than majority voting. This is illustrated by Figure 7.

Figure 7. Voting on the EU common position



Source: Meunier (2000)

There are therefore two dimensions in governance model. The first is the *delegation model*: should the agent be accountable to the people, or should it be a non elected bureaucracy such as the Commission or an independent agency? How often should the mandate be redefined? The second dimension is the *voting rule* used to decide on the substance of the mandate. In what follows, we address these two dimensions in turn.

Choosing a delegation model

Alberto Alesina and Guido Tabellini (2006a, 2006b) and Eric Maskin and Jean Tirole (2004) have discussed the choice between government by politicians and government by bureaucrats (or ‘judges’ in Maskin and Tirole’s language). The idea in that literature goes as follow. Politicians are selected in elections and are motivated by re-election, while bureaucrats are meant to be technically competent and motivated by career concerns. Politicians therefore may bend too easily to private interest groups, and the voters who select them should (but do not necessarily can) have a clear vision of whether they have the required abilities. As a result, policies on which social preferences are clear and stable enough to be written down in

a mandate, which are characterised by strong and possibly evolving technical content, and involve a risk of pandering to special interests (i.e. the minority can inflict large negative externalities on the majority) should be handed over to independent bureaucrats¹⁹.

This does not directly answer our problem since the choice here is between government by states or by an EU agency. But we posit that the same approach can be extended and that the choice of a model depends, as in the closed economy set-up, on the nature and effects of the policy and on the (predetermined) structure of the international discussion. The setting up of an independent agency broadly corresponds to the *unconditional delegation* model, the ‘bureaucrat’ being the European Commission or some independent agency. Politicians relinquish all control rights, with the agent being accountable only *ex-post*. The mandate sets out its obligations and the principals cannot withdraw the delegation that has been given or monitor the implementation of the mandate²⁰. As in the Maskin-Tirole-Alesina-Tabellini set-up, unconditional delegation is to be preferred when technicality is prevalent, preferences are stable, the risk of pandering is high, and overall distributional effects within generations are limited²¹.

At the opposite, policies involving uncertainty about the ex-post preferences, large redistributive effects within the population giving rise to policy trade-offs and/or of the public and a lower risk of pandering are better managed by elected politicians. In our setting, this can be implemented either directly through intergovernmental coordination or by keeping bureaucrats on a short leash, giving them a mandate that is frequently checked and possibly redefined. This corresponds to the *coordination* and to the *supervised delegation* models (the agent being either the Commission or the Council Presidency, or a technical agency)²².

Summing up, reasons for unconditionally delegating policy responsibility to a European agency can be that:

- The field requires technical expertise and policymaking involves real-time reaction (such as crisis management or decision on rapidly evolving matters);
- National governments are excessively sensitive to specific interests, for example those of national companies²³.

¹⁹ An option also envisaged in the literature is direct democracy: : people vote at any point in time on policy decisions. Although it is not institutionally feasible in a European context, this option is worth mentioning since one could envisage specific instances (such as a trade, energy or environment crisis triggering widespread public debate) where decision making would be led by the tyranny of opinion.

²⁰ A pure example is monetary policy: : the risk of pandering is limited (unless maybe to banks, which favour low short term interest rates and high long term yields), it is fairly technical and voters are clearly in favour of price stability. This is why monetary policy has been handed over to inflexible bureaucrats, aka central bankers.

²¹ An important aspect which is overlooked in this approach is that external policies imply interaction with non-EU actors. What would be needed here is a model of strategic delegation by a group of principals to agents participating on their behalf in a non-cooperative or cooperative game (in which other participating agents could also have several principals). We are however not aware of the existence of such a model.

²² An example is budgetary policy: : it is less technical than monetary policy, it has many redistributive consequences and *ex-post* preferences of the voters are unclear. Consistently with theory, it is decided by elected Parliaments.

²³ Another possible reason is that the agent’s own preferences depart from those of the states in a way that is efficient. For example, the Commission is probably keener than most member states on ensuring budgetary sustainability and coordinating fiscal policies. It is also more market-oriented than most member states when it comes to trade and competition. As it is well known in the case of monetary policy (Rogoff, 1985), it may be the right thing to do for member states to delegate their competence to a ‘conservative’ agent to enhance their credibility. However, this motive for delegation raises issues of political sustainability and calls for drastic constitutional protections such as central bankers’ irrevocability and extended mandates.

Reasons for choosing instead supervised delegation or coordination are that:

- Policies systematically involve significant redistribution across states and therefore cannot be decided upon by an agency because there is no mandate that can give it authority for deciding on equity across states²⁴.

Finally, reasons for excluding intermediate solutions and to favour the corner solutions of decentralisation and unconditional delegation are:

- The changing character of the agenda. In such a case, the cost of constantly renegotiating a common position or a mandate can be high and the resulting inertia can be detrimental to efficiency.

Choosing a voting rule

As regards the voting rule, Figure 6 speaks for itself: unanimity is more conducive to status quo than majority voting. This is also true when member states ‘vote on votes’, as illustrated by the stalemate on the voting rule on tax issues during the Nice negotiation. It should be noted, however, that rules used to aggregate member state preferences are not necessarily well described by *de jure* voting rules. Majority voting is often postponed until some kind of consensus has been reached. Under the ‘Luxembourg compromise’, an informal agreement dating back from 1966, a member state can veto a majority decision if it deems that its ‘vital interests’ are at stake. Also, the complex rules of Committee 133 allow a case by case decision on the voting rules for some areas of trade negotiations such as intellectual property (see Meunier and Nicolaïdis, 1999). In another area, the ECB Governing Council decides by consensus on monetary policy even though it formally uses majority voting²⁵.

The need to adopt a voting rule that facilitates decision – QMV rather than unanimity, plain voting rather than consensus-building, and double majority rather than the Nice system – is thus higher where the EU has an “offensive” interest, meaning that its members’ preferences are further away from the status quo than those of its negotiation partners. A good example here is global warming: a majority rule that coalesces Europe around a common position strengthens the bargaining power of the EU vis-à-vis the US and other countries²⁶. When the EU’s (stated) interests are defensive – say on agricultural protection – its bargaining position is strengthened by an inefficient voting system.

Implementing the approach

Our analysis suggests four empirical criteria for implementation:

- ***Nature of the task.*** We distinguish between the negotiation and implementation of rules and case decisions which can have a judicial or quasi-judicial nature (as regards competition policy) as well as an executive nature (in the IMF board). There is more need for autonomy of the representative agent in the latter case.

²⁴ It could be argued that the Commission retains some distributive power through its role in the preparation of the Community budget. However, though the Commission makes the initial proposal for the Financial perspectives, the negotiation is conducted by the presidency and the perspectives are adopted by unanimity.

²⁵ Article 10.2 of the Statute of the European System of Central Banks and of the European Central Bank. The voting rule is simple majority of the Governing Council (which comprises the 6 members of the Executive Board and all euro zone governors) as long as the number of euro zone member countries does not exceed 15. It will then depend on a complex rotation principle (Decision 2003/223/EC of the Council, 21 March 2003).

²⁶ Another example is representation on the IMF board. Ahearne et al. (2006) point out that moving to a single EU or euro chair while retaining the Nice system could reduce, rather than increase, European influence in the IMF.

- ***Evolving nature of the agenda.*** We distinguish between fields in which matters for negotiation are constantly changing and fields in which they are more stable. Evolving agendas make difficult to define and renegotiate a mandate and therefore call either for leaving the representation to the member states or for relying on unconditional delegation.
- ***European negotiation stance.*** We distinguish between offensive and defensive stance. An offensive stance where the majority of the EU advocates changes to the status quo calls for majority voting, while a defensive stance call for preserving the status quo through relying on unanimity or supermajority. There is obviously a difficulty here, as deciding whether European interests are offensive or defensive in a given field involves judgement, but the EU stance can be observed and documented.
- ***Distributive effects among states.*** We distinguish between those decisions that are likely to affect some state disproportionately and those which have little distributional impact. The stronger the distributional effects, the more the voting rule needs to preserve the interests of the minority.

We are not able to quantify all four criteria and we have to rely on qualitative judgement instead, drawing on the answers to our questionnaire (Table 5).

Putting together all four criteria, we find that the need for an autonomous agent is strong in competition, and international macroeconomic policy and finance, which are characterized both by an evolving agenda and by the prevalence of case decision over rule making. It is somewhat weaker for financial markets, development, energy and the environment. Again, we find a surprising outcome concerning trade: the case for an autonomous agent seems to be weak, because the main responsibility regards the negotiation of rules and because the agenda evolves slowly. This provides an interesting benchmark as it is hard to dispute the fact that the trade commissioner needs some leeway to negotiate.

We also find that efficient voting rules are most needed for development and international macro and finance, as well as for financial markets, energy and the environment. In those fields, Europe has an offensive agenda and decisions involve (relatively) low distributive effects across member states.

This assessment remains mostly based on judgement and this is a weakness. Making progress towards quantitative, rather than qualitative analysis of governance criteria should be a goal for further research.

3.3 Putting things together

We now have answers to the three questions: Is centralisation desirable? Should the agent be given some leeway in negotiating with outside partners, or should it be kept on a short leash? When deciding on the agent's mandate, should the voting rule support the majority or protect the minority?

The results are the following. Firstly, as we have already discussed, we find that the policies for which centralisation is the most justified are development, followed by trade and the environment, and, further behind, energy, immigration and competition (Table 4). With the exception of competition, those conclusions are supported by the sectoral papers in this volume²⁷.

²⁷ We do not have the data that would have allowed us to decide on macro-financial matters.

Secondly, as regards the governance model, we find desirable to give at least some autonomy to the EU's agent (Table 5). This especially applies to competition, international macroeconomic policy and finance, and to a lesser extent to financial markets, development, energy and the environment. The main reason is the evolving nature of the fields under consideration, which calls for flexibility and the ability to change rapidly the negotiation agenda.

Thirdly, as far as voting rules are concerned, the picture is more mixed (Table 5). We find a need for efficient voting rules for development and international macro and finance, to a lesser extent for financial markets, energy and the environment. We must admit that this conclusion partly hinges on somewhat subjective delimitations between offensive and defensive interests. It would need to be supported by more objective criteria for determining the nature of the EU agenda in a given field, which we regard as a topic for future research.

These results do not map existing institutional arrangements. They especially lead to highlighting three fields where a reform of governance would seem appropriate:

- **Development.** The current combination of partial centralisation and loose coordination is hard to justify on economic grounds. As argued in the paper by Arne Birgsten, the reasons for its persistence have to do with the member states' desire to use development assistance as a way to enhance their political influence and with dissatisfaction with the way the EU development policy is run. Those are not strong economic rationales. If the European development policy is inefficient it should be reformed, not decentralised.
- **Environment.** Climate preservation is the closest possible thing to a global public good and the Europeans exhibit a high degree of unity towards it. The complexity of the current arrangements where the Union and the member states compete for competence is hardly satisfactory. The changing nature of the agenda calls for giving the European negotiator sufficient autonomy and the offensive character of the European negotiation stance, which has been illustrated by the EU's decision to implement the Kyoto protocol in spite of widespread resistance in the rest of the world, call for an efficient voting procedure.
- **International macroeconomic and monetary affairs.** Ahearne and Eichengreen emphasise the case for centralisation in this field. We add that because of the evolving nature of the agenda, there is a need for delegating representation to a representative of the EU (or of the euro zone) with sufficient autonomy.

Table 5. Determinants of the Choice of Governance Model and Voting Rule

	Trade	Competition	Financial markets	Development	Migrations	Energy	Environment	International macro / money
Governance								
Nature of the task	Negotiation and implementation of rules	Case decision	Negotiation and implementation of rules	Negotiation and implementation of rules	Definition and implementation of rules	Negotiation and implementation of rules	Negotiation and implementation of rules	Case decision
Evolving character of agenda	Low	High	Medium	Medium	Medium	Medium	Medium	High
<i>Case for autonomy of agent</i>	<i>Weak</i>	<i>Strong</i>	<i>Moderate</i>	<i>Moderate</i>	<i>Weak</i>	<i>Moderate</i>	<i>Moderate</i>	<i>Strong</i>
Vote								
Negotiation stance	Defensive and offensive	Defensive and offensive	Defensive and offensive	Offensive	Defensive and offensive	Offensive	Offensive	Defensive and offensive
Distributive effects among states	High	High	Medium	Low	High	Medium	Medium	Low
<i>Case for efficient voting rules</i>	<i>Weak</i>	<i>Does not apply</i>	<i>Moderate</i>	<i>Strong</i>	<i>Weak</i>	<i>Moderate</i>	<i>Moderate</i>	<i>Medium</i>

4. Conclusions

The papers in this volume have highlighted that current arrangements for Europe's external economic relations are both complex and evolving, that their efficiency is questionable, and that the choice of governance models are inherited from history rather than based on efficiency criteria. The question we would like to address now is whether there is a potential for improving upon existing arrangements.

Before answering this question, we need to emphasise that reaching normative conclusions is by no means easy. As developed in this paper, economic analysis provides criteria for choosing between decentralisation and centralisation but the devil is in implementation: it is hard to assess empirically the degree to which further centralisation or decentralisation is justified and even harder to provide a robust empirical basis to the choice of a governance model. We have attempted to make use of opinion surveys, and we think that this approach provides useful insights, but we are also conscious of its limits. After all, the history of the EU did not begin in 1950 with a survey asking the French and the Germans whether they would agree to have a common coal and steel policy. Furthermore, reliance on opinion surveys rests on the assumption that citizens are able to assess and compare the externalities and economies of scales which economists themselves find hard to measure.

As regards governance, we have provided a framework for organising thoughts on the issue and we do see scope for an empirical approach to issues identified by the literature as impacting governance choices, such as the evolving character of the policy agenda, the risk of capture by special interests, or the offensive or defensive nature of Europe's interest, but corresponding empirical measures are not provided in this paper. Any conclusion therefore has a tentative character.

A final limitation of the paper is that we do not address complementarities across policies. For example, we do not discuss whether competence assignment for trade has consequences of competence assignment in some aspects of environment policy. This is a significant shortcoming, as indicated by the rising number of issues which involve both dimensions. Complementarities also exist between internal and external policies. The reason why the Treaties do not provide for a single template for international representation might just be the diversity of arrangements for internal policies. The easiest way to address complementarities across policy domains could well be to enforce a single governance template for all those domains, as it is more or less the case in individual nations. Complementarities would then be internalised at cabinet level. But this is not the nature of the EU. In the absence of such a single template, the relevant fora to address policy complementarities across domains are the Commission and the European Council. Whether or not this is done properly (we are doubtful) would require another paper to be written²⁸.

Turning to recommendations, we do not see much scope for further unconditional delegation in the fields we have reviewed. As explained in the text, the conditions for this model to be efficient are strict and they do not appear fulfilled, except where (competition, monetary policy) authority is already delegated.

In all other domains, the choice is between coordination and conditional delegation. The case for coordination is generally weak on legal and efficiency grounds. On legal grounds, as noted above, the ECJ has increasingly taken the view that member states should be considered (and should behave) as agents of the Community in external talks that impinge, or may impinge on Community competences. It can then be argued, on efficiency grounds, that a single

²⁸ In a previous work (Coeuré and Pisani-Ferry, 2004), we have discussed policy complementarities at the euro zone level and the roles of the Commission, the Eurogroup and the European Council.

representation minimises transaction costs and provides for more stability in international discussions. Also, as already noted, the conditional delegation model is very flexible. In particular, unconditional delegation can be approached by granting long-term mandates and by limiting the agent's remit to general principles with full operational flexibility, as it is the case for central bank governors. At the other extreme, short mandates allow member states to retain and exercise control right and can be regarded as a way to structure coordination

The question then becomes how to improve on the conditional delegation model. A first issue, not addressed in this paper, is the choice of the agent. We have not discussed competence assignment between the EU's two executive branches, the Commission and (in its executive capacity) the Council. We have argued however that complementarities across policies suggest moving towards a unified governance template, as in fact clearly stated in the Treaty.

A second question is the definition of the agent's mandate. Here, we suggest to mirror what is in the US called the 'fast track' system for trade negotiations²⁹: the Council and (depending on Treaty provisions in the field under consideration) the Parliament would vote and grant the agent (say, the Commission) negotiating power for a given term and within a given remit.

The term could be longer or shorter depending on the field. The traditional case for long mandates rests on independence from vested interests, continuity and flexibility in international negotiations, and the need to build experience and acquire knowledge in technically complex areas. Incidentally, this favours delegating to the Commission or to a specialised agency rather than to the Council, unless the Council finds a way to escape from the rotating presidency and introduce more stability (as it is the case now for the Eurogroup, which elects its President for a two-year term).

The remit could be more or less general. It could encompass a given negotiation only (say, a bilateral energy agreement, or a UN convention on climate change), or be granted for a full Commission mandate. At the end of the mandate, the agent should be accountable to the Council and the Parliament for the results obtained or the decisions taken.

As the EU role evolves with globalisation and moves from internal governance towards participation in global governance, clearer and more efficient arrangements are required. The approach we propose would bring more clarity and transparency in a domain which has become extremely complex and which provides public opinion as well as foreign partners with too many opportunities for confusion.

²⁹ The name has changed, but the procedure remains.

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Appendix 1. Governance Questionnaire

The following questionnaire is intended to provide a framework for the exchange between the authors responsible for the ‘governance’ paper and the authors of the sectoral chapters. This will help gathering additional information on governance in the different fields covered by the book.

Comments on the contents of the questions as well as on the method are welcome. If there is information you think relevant to add, please feel free to do so. Answers can be filled directly in the blank spaces provided below.

Definition of the field

What is the policy domain(s) you are covering?

Are arrangements for external relations homogenous in this domain? If not, what are the relevant subfields? *(Please use a consistent field breakdown in your answers to the questions below)*

Competence Assignment

Who holds the authority to negotiate international agreements? (e.g. the Commission, an agency, the Council presidency, a subgroup of countries, etc..)

What is the legal basis for delegating negotiation to the authorized agent? (e.g. explicit Treaty provisions for external representation, extension to international agreements of Treaty provisions on internal competence assignment, intergovernmental agreement, ad hoc assignment ...)

Is the authority to negotiate unconditional or based on a specific mandate? Is this mandate time-bound?

What responsibilities for external representation / negotiation remain within the remit of member states?

By means of which mechanism(s) do member states agree on a common position? What is the voting rule (unanimity, qualified majority, consensus) for taking common decisions? Who is then in charge of representing this position?

How has competence assignment evolved through years? In particular, does it pre-exist to Community/EU arrangements?

Enforcement

Who is in charge of implementing the policies agreed on at an international level?

How is the mandate of this ‘agent’ defined?

How would you assess the degree of control exercised by member states on implementation by the agent?

Do member states enjoy leeway to enforce policies at national levels? To which extent? Does competence assignment between member states and the agent result from a historical/practical arrangement, or is it legally defined?

Is there a settlement mechanism in the case of a conflict between member states and the agent? Same question in the case of a conflict between different norms with different governance schemes (e.g. competition versus trade)?

Critics and suggestions

What are the critics most often encountered towards the decision process in your field?

To which extent do you consider these critics relevant?

What are the main reform proposals of governance in this field? What is your own view?

Did the draft Constitutional Treaty include specific arrangements that might have improved governance in your field?

Any other comment

Appendix 2. Sources for Preference Indicators

Economic analysis of competence assignments intensively refers to the notion of heterogeneity in preferences in the population. Empirical assessment of it is however scarce and impedes the analysis from being facts based. In this section, we present a simple framework to fill that gap. Following the literature on the ‘European political space’ perspective (Hooghe and Marks, 1999; Gabel and Hix, 2002; Gabel and Andersson 2002; Hooghe et al. 2002; Imig, 2002; Marks and Steenbergen, 2002;) we rely on quantitative evidence to shed light on the issue.

More precisely, we aim at answering the two following questions: Do Europeans agree on competence assignment? Do they agree on the substantive content of policies? We try to provide answers for the different policy fields.

Decision level dimension

Standard Eurobarometers (EB) are well suited to provide information on whether a policy area should be assigned to the European Union level as it asks that question every year to Europeans (the exact wording is : “For each of the following areas, do you think that decisions should be made by the (NATIONALITY) government, or made jointly within the European Union?”). We exclude other questions on the preferred decision making level that are asked in Special Eurobarometers or in certain parts of the standard Eurobarometers (namely the part concerning foreign policy). reason is that we fear the emphasis on the problems Europe is facing on a certain subject is likely to affect the answer to the decision level question, while that the risk of a framing bias is less pronounced when the question on the decision level is asked for several areas one after the other. The noticeable stability in the answers we get for the different decision level questions (it is especially noteworthy since the number of countries included in the EU aggregate is all but stable during that period of time) supports this hypothesis. Following this strategy, we were able to assemble information on the decision level dimension for 38 policies over 17 years (1989-2005).

Table A : Detailed Eurobarometer Results

Policies	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*	2005	Average
1. Defense	48% (16)	50% (14)	51% (11)	55% (13)	47% (17)	47% (19)	51% (21)	47% (20)	46% (20)	47% (19)	42% (20)	42% (17)	44% (17)	45% (17)	45% (16)	57%		48% (17)
2. Environment	69% (11)	67% (9)	70% (8)	71% (8)	65% (10)	62% (10)	67% (9)	62% (12)	61% (12)	63% (11)	55% (12)	55% (11)	59% (10)	57% (10)	59% (9)	67%	65% (8)	63% (10)
3. Currency	57% (11)	59% (9)	60% (10)	61% (13)	57% (12)	56% (11)	63% (11)	57% (15)	55% (14)	68% (13)	64% (15)	57% (17)	65% (15)	66% (15)	65% (16)	63%		61% (13)
4. Humanitarian aid											61% (13)	62% (12)	67% (10)	65% (12)	65% (12)	72%		65% (12)
5. Health and social welfare	43% (10)	39% (11)	39% (13)	40% (12)	33% (12)	30% (10)	39% (13)	34% (11)	33% (11)	33% (12)	28% (13)	29% (11)	32% (14)	31% (14)	29% (14)	33%	33% (14)	34% (12)
6. Media											33% (9)	34% (9)	37% (9)	36% (10)	35% (9)	34%		35% (9)
7. Poverty/social exclusion											57% (8)	59% (8)	63% (7)	61% (8)	56% (8)	58%		58% (8)
8. Unemployment				52% (13)	48% (10)	49% (9)	62% (6)	52% (9)	53% (11)	55% (11)	48% (10)	49% (10)	49% (11)	47% (12)	45% (12)	47%	43% (10)	50% (10)
9. Agric. & Fishing											44% (12)	45% (12)	50% (11)	47% (9)	48% (11)	50%	53% (10)	48% (11)
10. Regional aid											61% (7)	61% (8)	65% (6)	63% (8)	61% (7)	60%	64% (10)	62% (8)
11. Education	39% (8)	37% (9)	38% (9)	39% (10)	32% (8)	30% (8)	37% (8)	35% (8)	34% (8)	35% (8)	28% (9)	29% (10)	32% (11)	31% (10)	30% (10)	33%	31% (10)	34% (9)
12. Research/Science	81% (6)	82% (5)	81% (4)	82% (6)	76% (6)	78% (6)	79% (6)	75% (9)	72% (9)	74% (8)	68% (11)	65% (11)	68% (11)	67% (11)	66% (9)	67%	74% (8)	74% (8)
13. Information EU											67% (8)	68% (9)	71% (8)	72% (7)	71% (6)	71%		70% (8)
14. Foreign policy	69% (12)	71% (10)	75% (8)	75% (8)	71% (10)	72% (12)	74% (11)	71% (12)	71% (11)	73% (12)	70% (13)	65% (12)	69% (8)	69% (9)	70% (9)	68%		71% (10)
15. Cultural policy				45% (11)	37% (9)	35% (10)	39% (10)	35% (9)	34% (10)	36% (11)	30% (9)	32% (12)	38% (11)	39% (11)	38% (11)	34%		36% (10)
16. Immigration				58% (13)	54% (14)	52% (15)	57% (16)	52% (15)	52% (14)	56% (15)	52% (17)	40% (16)	44% (16)	45% (16)	48% (17)	58%	55% (13)	52% (15)
17. Political asylum rules				60% (12)	57% (11)	55% (12)	59% (12)	54% (14)	53% (13)	56% (13)	51% (15)	43% (15)	48% (14)	48% (13)	51% (14)	58%		53% (13)
18. Organised crime												66% (11)	72% (8)	70% (9)	71% (8)	76%		71% (9)
19. Police												27% (8)	31% (9)	29% (9)	26% (9)	30%		28% (9)
20. Justice												31% (10)	34% (11)	32% (11)	29% (10)	36%		32% (11)
21. Accepting refugees												42% (17)	46% (16)	46% (16)	47% (17)	56%		47% (17)
22. Juvenile crime												41% (11)	43% (13)	40% (14)	37% (14)	39%		40% (13)
23. Urban crime												37% (10)	40% (11)	38% (13)	36% (13)	32%		37% (12)
24. Drugs					77% (4)	73% (7)	79% (5)	73% (7)	71% (8)	72% (7)	66% (8)	64% (8)	68% (7)	66% (8)	66% (7)	73%		71% (7)
25. Exploit. Hum. Beings												73% (10)	79% (5)	78% (6)	78% (6)	81%		78% (7)
26. Terrorism													84% (4)	84% (6)	83% (6)	86%	82% (8)	84% (6)
27. Ageing														48% (16)	45% (15)	48%		47% (16)
28. Data Protection	42% (10)	42% (10)	42% (11)	44% (10)	38% (9)													42% (10)
29. Industrial Policy				63% (9)	52% (10)	52% (10)	61% (13)											57% (10)
30. Development/Third World	78% (9)	80% (7)	81% (6)	82% (5)	77% (7)	79% (7)	81% (6)	76% (8)	75% (9)	75% (9)								78% (7)
31. Rates of VAT	56% (16)	55% (15)	55% (14)	58% (14)	49% (16)	51% (15)	56% (13)	51% (14)	50% (15)	54% (14)								54% (15)
32. Trade							67% (9)	64% (10)										66% (9)
33. Competition							58% (10)	56% (9)										57% (9)
34. Energy																		60% (9)
35. Consumer Protection																		49% (8)
36. Pensions																		24% (9)
37. Tax																		26% (13)
38. Crime																		62% (10)

* Weighted Average

Note: for the year 2005, there is one common question for defense and foreign policy (average 65% std 15)

Sources: Standard Eurobarometers 1989-2005

Table B : Summary Eurobarometer Results

Category grouping	1.989	1.990	1.991	1.992	1.993	1.994	1.995	1.996	1.997	1.998	1.999	2.000	2.001	2.002	2.003	2004*	2.005	Average
39. Social Index I (Health/Social Welfare/Ageing/Pensions)	43%	39%	39%	40%	33%	30%	39%	34%	33%	33%	28%	29%	32%	39%	37%	41%	28%	36%
	(10)	(11)	(13)	(12)	(12)	(10)	(13)	(11)	(11)	(12)	(13)	(11)	(14)	(15)	(14)		(12)	(12)
40. Social Index II (Education/Culture)	39%	37%	38%	42%	35%	32%	38%	35%	34%	35%	29%	31%	35%	35%	34%	34%	31%	35%
	(8)	(9)	(9)	(11)	(8)	(9)	(9)	(9)	(9)	(9)	(9)	(8)	(11)	(11)	(11)		(10)	(9)
41. Social Index III (Poverty/Social exclusion)											57%	59%	63%	61%	56%	58%		59%
											(8)	(8)	(7)	(8)	(8)			(8)
42. Economy Index I (Unemployment)				52%	48%	49%	62%	52%	53%	55%	48%	49%	49%	47%	45%	47%	43%	50%
				(13)	(10)	(9)	(6)	(9)	(11)	(11)	(10)	(10)	(11)	(12)	(12)		(10)	(10)
43. Economy Index II (Consumer Protection/Competition/Industrial Policy)				63%	52%	52%	59%	56%									53%	56%
				(9)	(10)	(10)	(11)	(9)									(8)	(10)
44. Economy Index III (VAT)	56%	55%	55%	58%	49%	51%	56%	51%	50%	54%								54%
	(16)	(15)	(14)	(14)	(16)	(15)	(13)	(14)	(15)	(14)								(15)
45. Local Crime Index (Juvenile/Urban)												39%	42%	39%	37%	36%		38%
												(10)	(12)	(14)	(14)			(12)
46. Global Crime Index (Terrorism, Exploit. Hum. Beings, Drugs, Organised Crime)					77%	73%	79%	73%	71%	72%	66%	68%	76%	74%	75%	79%	82%	73%
					(4)	(7)	(5)	(7)	(8)	(7)	(8)	(10)	(6)	(7)	(7)		(8)	(7)
47. Development Index (Hum. Aid, Development, Third World)	78%	80%	81%	82%	77%	79%	81%	76%	75%	75%	61%	62%	67%	65%	65%	72%		74%
	(9)	(7)	(6)	(5)	(7)	(7)	(6)	(8)	(9)	(9)	(13)	(12)	(10)	(12)	(12)			(9)
48. Immigration Index (Immigration, Asylum)				59%	55%	54%	58%	53%	53%	56%	52%	42%	46%	47%	49%	58%	55%	52%
				(12)	(13)	(13)	(14)	(15)	(14)	(13)	(16)	(15)	(15)	(15)	(15)		(13)	(14)

* Weighted Average

Note: for the year 2005, there is one common question for defense and foreign policy (average 65% std 15)

Sources: Standard Eurobarometers 1989-2005

Contents dimension

There is no single source we can rely on to assess the contents dimension for public opinion. The strategy therefore has been to gather as much relevant information possible along several areas of policy. Four main sources were used to that aim: the European Values Surveys (EVS), the European Social Surveys (ESS), studies from the International Social Survey Programme (ISSP) and the Eurobarometers. The GMF Transatlantic Trend survey was also used but much less often. Other international sources are interesting but lack observations (typically less than 10 European countries) to pretend entering our empirical strategy (we namely think of the Pew Trends surveys).

To choose the relevant questions in each policy field, we used when available the empirical political literature on policy positions to get a first insight on the conflict lines in each field (we mainly rely on Dobbins, Schneider, Zimmer, 2005). We then complement it with our own knowledge of the fields and the sector papers of the “Europe and the World Economy” book.

Table C : Sources

Label	Source	Var. Num.	Number of Obs.	Year
Agriculture				
L'Union européenne doit limiter la protection qu'elle donne à ses agriculteurs	EB 51.1		15	2001
Defense				
The European Union should have a rapid military reaction force that can be sent quickly to trouble spots when an international crisis occurs	EB 62	39	15	2004
The European Union should strengthen its military power in order to play a larger role in the world	GMF Transatlantic Trends	7.4	14	2006
Should [COUNTRY'S] government spend ... on defense?	ISSP		11	
Development				
In your opinion, how important is it to help people in poor countries in Africa, Latin America, Asia, etc. to develop?	EB 62.2	1	25	2005
Do you think that the share of its budget that the (NATIONALITY) Government dedicates to development aid is...?	EB 62.2	6	25	2005
The European Commission has devoted 8% of its budget in 2003 to development aid in Africa, Latin America, Asia, etc. Do you think that, this share is...	EB 62.2	8	25	2005
Economy Index I (Unemployment)				
If the government had to choose between keeping down inflation or keeping down unemployment to which do you think it should give highest priority?	ISSP Role of Government III	v63		1996
People who are unemployed should have to take any job available or lose their unemployment benefits vs People who are unemployed should have the right to refuse a job they do not want	Wvs/EVS	E038		1999-2000
Economy Index II (Consumer Protection/Competition/Industrial Policy)				
The less government intervenes in the economy, the better for country	ESS 1	125	19	2002
Private ownership of business should be increased vs Government ownership of business should be increased	Wvs/EVS	E036	24	1990-2000
State should give more freedom to firms vs. State should control firms more effectively	Wvs/EVS	E042	26	1990-2000
Competition is good. It stimulates people to work hard and develop new ideas vs Competition is harmful. It brings the worst in people	Wvs/EVS	E039	24	1990-2000
On the whole, do you think it should be or should not be the government's responsibility to provide industry with the help it needs to grow	ISSP Role of Government III	v40	14	1996
Economy Index III (Taxation and social spending)				
If the government had a choice between reducing taxes or spending more on (social services), which do you think it should do?	ISSP Role of Government III	v56	14	1996
Energy				
Would you be prepared to pay more for energy produced from renewable sources than for energy produced from other sources? (IF YES) How much more would you be prepared to pay?	EB 64.2	A66a	27	2006
To reduce our dependency on imported energy resources, Governments have to choose from a list of alternatives, sometimes costly solutions. Which of the following should the (NATIONALITY) Government mainly focus on for the years to come.	EB 64.2	A65	25	2006
Against the background of high energy prices, some are proposing to take new measures that will help people to reduce their consumption of energy. According to you, what should be the public authorities' priority to help people to reduce their consumption of energy?	EB 64.2	A64	25	2006
Environment				
How willing would you be to pay much higher prices in order to protect the environment?	ISSP Environment II	v19	14	2000
Would you buy things at a 20% higher price if it helped to protect environment	EVS/WVS	B003	14	1999-2000
And how willing would you be to pay much higher taxes in order to protect the environment?	ISSP Environment II	v20	14	2000
I would agree to an increase in taxes if the extra money were used to prevent environmental pollution	Wvs/EVS	B002	26	1999-2004
And how willing would you be to accept cuts in your standard of living in order to protect the environment?	ISSP Environment II	v21	14	2000
Would you give part of my income for the environment	EVS/WVS	B001	16	1999-2000
Should [COUNTRY'S] government spend ... on environment?	ISSP		13	
Industry should do less damage to the environment	ISSP		14	
Foreign				
The European Union should play an effective role in the resolving of the peace process in the Middle East	Flash EB 151	7.a	15	2003
The European Union should encourage political and cultural relations between Europe and Arab countries	Flash EB 151	7.b	15	2003
European Union foreign policy should be independent of United States' foreign policy	EB 62	3	25	2004
Do you think that the partnership in security and diplomatic affairs between the United States and the European Union should ...	GMF Transatlantic Trends	5	11	2006
Immigration				
Immigrants bad or good for country's economy	ESS 1	201	19	2002
Immigrants bad or good for country's economy	ESS 2	126	20	2004
Immigrants are generally good for [COUNTRY] economy	ISSP National Identity II	v51	17	2003
Immigration to country bad or good for home countries in the long run	ESS 1	205	19	2002
Allow many/few immigrants from poorer countries outside Europe	ESS 1	181	19	2002
Allow many/few immigrants from poorer countries outside Europe	ESS 2	125	20	2004
How about people from other countries coming here to work. Which one of the following do you think the government should do?	EVS/WVS	E143	26	1999-2000
[COUNTRY] should take stronger measures to exclude illegal immigrants?	ISSP National Identity II	v62	17	2003
Social Index (Health/Social Welfare/Ageing/Pensions)				
People should take more responsibility to provide for themselves vs The government should take more responsibility to ensure that everyone is provided for	Wvs/EVS	E037	26	1999-2000
Individual responsibility for pension vs State responsibility for pension	Wvs/EVS	E043	11	1999-2000
On the whole, do you think it should or should not be the government's responsibility to provide a job for everyone who wants one?	ISSP Religion II	v2	19	1998
On the whole, do you think it should be or should not be the government's responsibility to provide a decent standard of living for the unemployed	ISSP Role of Government III	v41	14	1996
Trade and Globalization				
L'Union européenne est compétitive et a beaucoup plus à gagner qu'à perdre avec la libéralisation des marchés	EB 51.1		15	2001
[COUNTRY] should limit the import of foreign products	ISSP		17	
Free trade leads to better products becoming available in [COUNTRY]	ISSP		17	
Large international companies are doing more and more damage to local businesses in [COUNTRY]	ISSP National Identity II	v41	17	2003
Free trade leads to better products becoming available in [COUNTRY]	ISSP National Identity II	v42	17	2003
Increased exposure to foreign films, music, and books is damaging our national and local cultures	ISSP National Identity II	v45	17	2003
Currently, do you consider that our country's economy is ... to the development of the worldwide economy?	Flash EB 151b	3	15	2003
Of the following two propositions, which is the one which is closest to your opinion with regard to globalisation ?	Flash EB 151b	6	15	2003
And generally speaking, would you say that the European Union is ...	Flash EB 151b	4	15	2003

Appendix 3. International dimension of EU law

Table D: Number of EU legislative acts

	1957-1965	1966-1975	1976-1985	1986-1995	1996-2005	1957-2005
ALL	1467	9776	23099	28114	45062	105305
Trade	55	609	2779	9692	24292	37947
Competition	23	89	229	885	1763	2890
Development	20	54	357	1918	6052	9199
Migrations	2	2	1	10	98	1684
Energy	52	58	200	367	667	1455
Environment	4	37	283	919	2177	3180
Macro & Finance	53	183	629	2019	7116	10889
Defence	0	3	16	15	190	232

Table E: Number of agreements with non-member states and international organisations

	1957-1965	1966-1975	1976-1985	1986-1995	1996-2005	1957-2005
ALL	35	360	858	1251	967	3125
Trade	1	51	143	472	411	1010
Competition	0	1	1	17	10	27
Development	4	1	50	149	148	379
Migrations	0	0	0	0	1	1
Energy	7	1	6	21	26	66
Environment	1	2	25	56	88	141
Macro & Finance	0	2	3	31	32	73
Defence	0	0	1	0	8	9

Agreements with non-member states and international organisations as % of legislation

	1957-1965	1966-1975	1976-1985	1986-1995	1996-2005	1957-2005
ALL	2,4%	3,7%	3,7%	4,4%	2,1%	3,0%
Trade	1,8%	8,4%	5,1%	4,9%	1,7%	2,7%
Competition	0,0%	1,1%	0,4%	1,9%	0,6%	0,9%
Development	20,0%	1,9%	14,0%	7,8%	2,4%	4,1%
Migrations	0,0%	0,0%	0,0%	0,0%	1,0%	0,8%
Energy	13,5%	1,7%	3,0%	5,7%	3,9%	4,5%
Environment	25,0%	5,4%	8,8%	6,1%	4,0%	4,4%
Macro & Finance	0,0%	1,1%	0,5%	1,5%	0,4%	0,7%
Defence	-	0,0%	6,3%	0,0%	4,2%	3,9%

Definition of fields (Eur-lex numbering)

0811 Cooperation policy	Aid policy, humanitarian aid, cooperation policy
0821 Defence	Defence policy, armed forces, military equipment, arms policy
20 Trade	Trade policy, tariff policy, trade, international trade, consumption, marketing, distributive trades
2811 Migration	Migration, international migration
24 Finance	Monetary relations, monetary economics, credit & financial institutions, free movement of capital, financing & investment, insurance, public finance, budget, taxation, prices
4031 Competition	Competition law, restrictive trade practice, competition policy, restriction of competition
52 Environment	Environmental policy, natural environment, deterioration of the environment
66 Energy	Energy policy

Definition of documents

All treaties	EU treaty, EC treaty, EAEC treaty, accession treaties, other treaties and protocols
All legislation	
- Secondary legislation	Regulations, directives, decisions, other acts
- International agreements	Agreements with non member states and international organizations, agreements between member states, acts of bodies created by international agreements
Case-law	Court of Justice, Court of First Instance
Preparatory documents	Preparatory acts, other documents from the institutions
Parliamentary questions	Written questions, oral questions, questions at question time
EFTA documents	