

# The politics of Europe 2004: solidarity and integration

Erik Jones

## ABSTRACT

The process of European integration has reached the limits of European solidarity—both within the member states and between them. Increasingly, Europeans are demonstrating reluctance to accept common rules, to recognise common values, to protect common interests, or to promote common objectives. Instead, Europeans appear to be expressing many different and yet interrelated forms of disaffection. Voter abstention is high, security cooperation is weak, economic confidence is low, and support for either European enlargement or institutional reform is vanishing. To respond to this crisis, European politicians need to manage expectations better, they need to accept responsibility for public policy problems, they need to explain the limits of what Europe can do, and they need to search for new formulas to meet different national challenges with common European institutions.

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## INTRODUCTION

The European Union (EU) descended into crisis in the summer of 2005. Popular majorities voted against the ratification of the draft constitutional treaty in France and the Netherlands. The European Council failed to agree a new multi-year financial framework for the newly enlarged Europe. British-born Islamic terrorists bombed the London underground, killing more than 50 and wounding several hundred. And France turned against the Schengen agreement to reimpose passport controls at its borders in response. The Social-Democrat-led coalition in Germany orchestrated its own collapse in order to trigger early elections, and the opposition Christian Democrats began to campaign against EU enlargement to Turkey. Meanwhile, growth in the major economies of the eurozone continued to falter and property markets in some of the more peripheral economies threatened to overheat. The European Parliament challenged the political independence of the European Central Bank (ECB) over the Bank's refusal to lower interest rates more aggressively. The Italian government tested the reformed Stability and Growth Pact (SGP). A newly elected Blair government in the UK assumed the presidency of the EU determined to promote the cause of market-structural reform, and instead fuelled debate about the future of the European social

□ Erik Jones is Associate Professor of European Studies at the Johns Hopkins University Bologna Center and European Editor of the *Industrial Relations Journal*. Correspondence should be addressed to Dr Erik Jones, Johns Hopkins University SAIS Bologna Center, Via Belmeloro 11, 40126 Bologna, Italy; email: [ejones@jhucb.it](mailto:ejones@jhucb.it)

model. The summer holidays started and—for all appearances—European integration went on vacation.

The crisis was easy to anticipate. The hallmarks were manifest already in 2004, if not earlier. European integration made great strides during the course of the year—the completion of enlargement and the signing of the draft constitutional treaty being only the two most prominent examples. Nonetheless, the evidence that European integration was running into difficulties was everywhere. It could be found in the controversy over the SGP, in the low turnout in Euro-parliamentary elections, in the continuing difficulty of the transatlantic relationship, in the faltering start of the new European Commission, and in the contradictory discussions about how the EU should progress beyond enlargement and institutional reform.

The crisis was obvious. The solution is not. The challenge is to diagnose the problem from the symptoms. Europe has always suffered from controversy, and yet each time it has rebounded (Jones, 2000; 2002; 2004c). This time looks different. The argument in this article is that integration has reached the limits of solidarity. The claim is not tautological. Just because the member states are at odds with one another, it does not mean that solidarity between them has broken down. On the contrary—between states as within couples—sometimes a good fight is necessary to clear the air. Solidarity is different from the absence of conflict. It is the willingness of the Europeans to accept common rules, embrace common values, protect common interests and promote common objectives. In this sense, solidarity is the very essence both of Europe and of the European project. Popular expressions of solidarity define the limits to which the boundaries of Europe can be stretched and the depth to which European integration can progress.

This argument is made in five sections. The first unpacks the different aspects of solidarity in Europe. The next three focus on developments in politics, security and economics. The fifth section examines the interactions across different areas and concludes by outlining a way forward.

## SOLIDARITY

Solidarity is not a term that appears often in the literature on European integration and it pops up only infrequently in the major histories. In part this is because of the overwhelming success of the Polish trade union movement in developing *Solidarity* as a brand name. It is also because of the cooption of the term by the political left to describe particular patterns of income redistribution. Jacques Delors emphasised the importance of solidarity as a bulwark for his vision of social Europe (Gillingham, 2003: 160) and Peter Baldwin invokes solidarity as an expression of the ‘class bases of the European welfare state’ (Baldwin, 1990). Hence, mainstream analysts of European integration avoid the term solidarity because they see it as being overloaded with explicitly political or normative content. Together with a clutch of related concepts like fraternity or affinity, solidarity has dropped out of the discussion as a result (Jones and van der Bijl, 2004).

Nevertheless, there is a need to develop an analytical marker or placeholder to use in bracketing the willingness of individuals and governments in Europe to engage in the process of integration. Most contemporary analysts try to use ‘identity’ in this role (Risse, 2001). However, their success is at best limited. People may identify themselves as European without actually supporting European integration. The

reverse is also true. There is no clear causal link between identity and behaviour. And it is really the behaviour, rather than the identity, that needs to be bracketed for analysis. The question is not whether people identify with the European project or even whether they claim to support it when asked by public opinion pollsters. Rather what we need to understand is what that support really is: how people support integration and why their support matters in practical terms. The answer is solidarity.

The *Oxford English Dictionary* offers three variants for solidarity: ‘The fact or quality, on the part of communities, etc., of being perfectly united or at one in some respect, esp. in interests, sympathies, or aspirations’; ‘community or perfect coincidence of (or between) interests’; and ‘a form of obligation involving joint and several responsibilities and rights’. Such dictionary definitions are not ideally suited for analysis but they do offer three features for any operational interpretation of the word:

- First, solidarity does not have to constitute a comprehensive attribute of a community, like nationality or culture. Rather it depends on the existence of a commonality ‘in some respect’. It can be a union of ‘interests, sympathies, or aspirations’ without having to be a combination of them all at once.
- Second, solidarity can work as a complementarity rather than only as an equivalence or identity. It is a ‘coincidence of (or *between*) interests’.
- Third, solidarity describes a relationship involving ‘responsibilities or rights’. In this sense, it is explicitly behavioural in that it implies not just a coincidence of interests but also a coincidence of interests that defines action.

Within a European context, solidarity consists of those points of commonality or complementarity between peoples and countries. ‘Integration’ is the relationship they develop as a result. Expressions of solidarity include the willingness to accept common rules (like the *acquis communautaire*), to embrace common values (like the European convention for the protection of human rights), to defend common interests [as through the Common Foreign and Security Policy (CFSP)], or to promote common objectives (as within the European Council). European solidarity is not exclusively or even predominantly redistributive. Although some redistribution does take place through the *acquis*, the level of redistribution is very minor when compared with the level of economic activity in the common market as a whole. European solidarity is not limited to the formal institutions of the EU. The convention for the protection of human rights is promoted by the Council of Europe and not the European Council. And European solidarity is not comprehensive or evenly distributed across issues. Europeans have more solidarity in some areas and less in others. Hence, they express more willingness to embrace common rules than to engage in a CFSP. Analysts like Robert Kagan (2003) have interpreted this to mean that Europeans are becoming more Kantian than Hobbesian in their perspective on international relations. A simpler explanation is that Europeans have more in common in economics than in foreign affairs.

The advantage of unpacking European solidarity in this way is fivefold. To begin with, it suggests that the logic of solidarity may differ depending upon the area. While solidarity can have normative implications, it is not just about values. In market relations, for example, solidarity is expressed through the pursuit of interests and not passions (Hirschman, 1977). It develops in the form of diffuse interpersonal trust (Fukuyama, 1995). And it crystallises as social capital (Putnam, 1993). This is similar but not identical to the crystallisation of political solidarity around specific cleavages

in values (Lipset and Rokkan, 1967). And it is far removed from 'the enemy of my enemy' logic at work in the wartime alliances of the Second World War or within the NATO alliance during the Cold War.

Second, unpacking the notion of solidarity encourages precise analysis. If European solidarity is under strain, is it because Europeans are no longer willing to abide by (or create) common rules, because they no longer hold common values, because they no longer see a congruence in their foreign policy interests, or because they no longer share a vision of how Europe should develop in the future?

Third, this concept of solidarity underscores the resilience of integration as a process. Integration can continue so long as solidarity operates in at least some domain. During the crisis of the 1970s, Europe's leaders may not have agreed on where the European Community was headed, but they at least agreed on the need to abide by common market rules. And while the UK has proven to be an 'awkward partner' (George, 1998), the British government (and the British legal system) has nevertheless remained committed in its implementation of and adherence to European legislation.

Fourth, this notion of solidarity makes it easier to distinguish between two different pathologies at work during any crisis in European integration. Traditional analysis has assumed a 'bicycle theory' where integration has to progress in order to survive. Now it makes more sense to question whether the Europeans have run out of common ground upon which to deepen or widen the integration process in the future, or whether emergent differences between Europeans are undermining the commonalities used to support integration in the past. Both pathologies are familiar to students of national integration. The first can be used to explain 'the size of nations' or the pattern of political organisation (Alesina and Spolaore, 2005; Lijphart, 1984). The second reveals the importance of value change and the problem of institutional adaptation (Pharr and Putnam, 2000; Van Deth and Scarbrough, 1995).

Finally, this exercise in analytic unpacking reinforces the link between different levels of politics. European integration has for a long time developed as a result of solidarity at the elite level. This remains true whether the motive force for integration operates through intergovernmental bargaining or more diffuse patterns of neofunctionalist spillover (Verdun, 2005). Increasingly, however, political elites must bargain explicitly with domestic constituencies as part of the integration process. And non-elite political actors have begun to pursue a European agenda that is uniquely their own (Cowles, 2005). Hence, it is now relevant to ask two questions. The first is whether European integration is somehow dependent upon solidarity at the national level. The second is whether elite and popular conceptions of Europe—or elite and popular expressions of European solidarity—are consistent with one another.

Once unpacked, the notion of solidarity reveals a rich research agenda. It also suggests what to look for in analysing the present crisis. There is no real reason for concern if one project or one member state proves to be difficult at any given point in time. European integration remains viable so long as some measure of solidarity is intact and it can progress so long as new areas of solidarity emerge to be exploited. The danger arises only when there is a blockage at all levels and on all sides. When there is no willingness to accept common rules, embrace common values, defend common interests, or promote common objectives, then the limits of solidarity—and of Europe—will have been reached. The source of this danger is not conflict *per se*. Rather it is contagion, where a breakdown in relations in one area begins to affect attitudes in all the others. If the summer of 2005 appears different from crisis periods in the past, it is not because there are so many points of tension. It is because these

different conflicts seem to be interacting with one another. And as tension spreads from one area to the next, the whole fabric of European solidarity is at stake.

## **POLITICS**

The political year started on 11 March 2004, when terrorists attacked the Spanish capital of Madrid. Before that date, European politics remained hamstrung by the failure of the European Council to agree a draft constitutional treaty at its December 2003 summit in Brussels and by the decision of the Council of Economics and Finance Ministers (ECOFIN Council) to suspend the SGP the previous November. Together, these two controversies threatened to dominate the agenda of the incoming Irish Presidency and to overshadow the historic enlargement of the EU from 15 to 25 member states—scheduled to take place on 1 May so that the new member states could participate in the European parliamentary elections to be held the following June.

The agenda for the Irish Presidency was complicated enough without the benefit of such controversy. The Irish Taoiseach (prime minister), Bertie Ahern, made clear his determination to give priority to improving performance under the Lisbon Strategy already in November 2003 (Ahern, 2003). With persistently slow growth and high unemployment in the major economies of the eurozone, the EU was falling well short of its strategic objective to transform Europe into the world's most competitive and dynamic knowledge-based economy by 2010. The December 2003 European Council acknowledged this shortcoming explicitly. It also called upon the March 2004 European Council summit to regain momentum (European Council, 2004a: 5). The incoming Irish Presidency was eager to comply. An early draft of the presidency conclusions—published on 17 February—asserts with regard to the Lisbon Strategy that 'the message from this [March 2004] European Council is one of determination and confidence' (European Council, 2004b: 3). The same document indicates that the Presidency would limit discussion at the summit to the Lisbon Strategy and a report on the ongoing constitutional negotiations. The international situation would intrude on the discussion only 'as necessary'. As it turned out, the necessity was great. The first full day of the two-day summit was taken up with responses to the tragic events in Madrid.

### **Madrid implications**

The terrorist bombing of Madrid did not change everything—at least not in the way that the Administration of George W. Bush claims that the 11 September 2001 (9/11) attacks did in the USA. Nevertheless, the Madrid bombings changed enough to recast European politics in 2004. To begin with, the bombings changed the outcome of the Spanish parliamentary elections held on 14 March. Before the terrorist attack, the ruling conservative Popular Party was widely expected to return to power—albeit under new leadership given the previously announced departure of Prime Minister José Maria Aznar. When the attacks took place, however, the Aznar government mishandled its response both by prematurely attributing responsibility to the Basque separatist group ETA and by appearing to manipulate the crisis for political benefit. The result was a wave of popular demonstrations against the government and a sudden shift in electoral support from right to left. The Socialist candidate, José Luis

Rodriguez Zapatero came to power with 42.6 per cent of the vote against 37.6 for the incumbent conservatives.

The change in the Spanish government in turn altered the dynamics of negotiations over the draft European Constitutional Treaty. The incoming Zapatero government made known that it would be willing to concede a change of the voting rules in the Council of Ministers. This had been the major sticking point at the December European Council summit (Jones, 2004c: 495–497). Once the Spanish government changed its positions, the Irish Presidency could realistically strive to bring the constitutional negotiations to a conclusion. The only remaining obstacle was Poland. Isolated, the Polish government could not sustain its hard bargaining position. Polish prime minister Leszek Miller quickly conceded and on 26 March he announced that he would stand down from office with effect from 2 May one day after Poland's accession to the EU.

During the second half of its tenure, the Irish Presidency was able to oversee the enlargement of the EU and the completion of a draft constitutional treaty. Both are historic achievements and yet neither was unambiguously welcomed. Between autumn 2003 and spring 2004, support for EU Membership actually declined in the (then prospective) new member states from 52 per cent to 43 per cent. Over the same period, support for membership in the existing 15 member states held constant at 48 per cent, but support for enlargement weakened. A relative majority still agreed with the accession of the 10 new member states—42 per cent in support, 39 per cent opposed. Attitudes towards any further enlargement were almost exactly the reverse—43 per cent opposed, 37 per cent in support (Eurobarometer, 2004a: B32, B92–B93, C51). The new member states held big public celebrations on 1 May 2004, as did the Irish Presidency in Dublin. Festivities elsewhere in the EU were much more muted, if they took place at all.

Ambiguity over enlargement does not augur well for the future. Two simultaneous factors make matters worse. The first was the failure of the referendum in Cyprus to accept the United Nations plan for the political reunification of the island. In a polling held on 24 April 2004, 65 per cent of the Turkish Cypriot population voted to accept the plan while 76 per cent of the Greek Cypriot population voted to reject it. This outcome did not delay enlargement to Cyprus and neither did it alter the EU position that the island be regarded as a single political unit. However, it did strain relations between the European Commission and the Greek Cypriot political leadership and it also strained relations between the EU and Turkey. With enlargement, the Commission lost its most powerful source of influence over the peace process between the Greek and Turkish parts of the island. Failure to accept the UN sponsored peace plan also meant that Turkey would have to give official recognition to the status quo in order to progress with its own application for membership. In this way, Cyprus became more intractable and more important at the same time.

The second factor was the political weakness of the Polish government headed by Leszek Miller. Although Miller's resignation made it possible for the Irish Presidency to conclude negotiations over the draft constitutional treaty, it also signalled the underlying difficulty of negotiating with the new member states. The problem is not the weakness of coalition governments per se. Rather it is the weakness of political parties. Miller's downfall came as a result of his inability to control different factions in his own Alliance of the Democratic Left (SLD). This same lack of party discipline also explains Miller's intransigence at the December 2003 European Council summit. And the lack of party discipline is a problem that is replicated across the new

member states and particularly in Bulgaria and Romania, who will join the EU only in 2007.

The political weakness of the new member states makes a reform of the EU's institutions for decision making all the more imperative. Nevertheless, the draft constitutional treaty also received an ambiguous welcome. Prior to agreement on the text, there were overwhelming majorities across Europe—meaning the 15 existing member states and the 10 new member states—that believed the EU should adopt a constitution (77 per cent) and that 'a Constitution is vital to the functioning of the EU institutions' (67 per cent) (Eurobarometer, 2004b: 21, 24). This level of popular support continued through the final negotiation of the draft treaty and even increased in the immediate aftermath. From February/March 2004 to October/November, when the European Constitutional Treaty was signed, support for the principle of having a European constitution in the EU-25 increased from 63 to 68 per cent (Eurobarometer, 2005a: 149).<sup>1</sup>

### Principle and practice

The ambiguity arises from the distinction between support for a constitution in principle and support for the draft European Constitutional Treaty that was actually negotiated. Polling respondents clearly favoured the idea of a constitution. However, their attitudes towards the specific details of the treaty remained unknown. The importance of the distinction was manifest already in April, when British prime minister Tony Blair called for a referendum to be held on the constitution at some point during the next Parliament—meaning late 2005 or 2006. The following July, French president Jacques Chirac announced that a referendum on the constitution would be held in France as well. Before the end of the year referenda were being planned in 10 of the 25 member states. Because of the strength of the polling data, only the British and Danish contests were the cause of much speculation in the press. Both countries have a tradition of Euro-scepticism and so it remained possible that both would reject the European Constitutional Treaty. The possibility that other countries would reject the treaties—including, most importantly, France and the Netherlands as founding members—was not given much consideration.

Such complacency was unwarranted. By the end of 2004, very few Europeans had any deep knowledge of the contents of the draft constitutional treaty and fully one-third were not even aware of its existence (Eurobarometer, 2005b: 4). Moreover, and with the benefit of hindsight, the conduct of the June 2004 European parliamentary elections should have underscored the difference between principle and practice. In principle, polling respondents indicate that the European Parliament is an important institution. In practice, voters find the European Parliament to be more useful for sending messages to national governments than as an institution in its own right.

In Eurobarometer polling of the EU-15 during the run-up to the elections, 81 per cent of respondents indicated that the European Parliament plays an important role in the EU, 54 per cent indicated that they tend to trust the European Parliament, and 66 per cent agreed that 'European Parliament elections are really important'. Moreover, the numbers for 'importance' and 'trust' were higher for the European Parliament than for any other EU institution. And 44 per cent of respondents indicated that the European Parliament has more power than their national parliaments, against

<sup>1</sup> These numbers are not directly comparable with the Flash Eurobarometer data given above because of marginal differences in the questions asked.

only 36 who indicated the reverse (Eurobarometer, 2004a: B64, B65, B68). Nevertheless, turnout at the European parliamentary elections was an all-time low. Only 45.7 per cent of the electorate attended the polling. Of those, most voted on the basis of either national issues or issues—like growth and unemployment—over which the European Parliament has little influence. Eurobarometer commissioned a post-election survey to explain the outcome. The survey reports widespread belief that the European Parliament is not relevant and that national political systems are ineffective (Eurobarometer, 2004c). Nevertheless, when Eurobarometer pollsters went back into the field to conduct their standard survey in the autumn following the elections, belief in the importance of the European Parliament remained stable at 81 per cent and trust in the institution actually increased (Eurobarometer, 2005b: 110, 112).

### **Practice and principle**

The politics of 2004 was recast by the events of 11 March and came to be dominated by the ambiguous reception of enlargement and constitutional reform. Meanwhile, European voters felt themselves disconnected from the European institution, the European Parliament, which they regard as most important and in which they place the highest amount of trust. Such developments would be disturbing enough by themselves. But they coincided with a test of strength between the incoming European Parliament and the new European Commission. That two newly staffed institutions would test each other is hardly surprising. That they would test each other over basic questions of morality and religion is what matters.

The stage was set for this contest soon after the June 2004 European Council summit. European Commission president Romano Prodi was nearing the end of his five-year mandate, and the European Council named the Portuguese prime minister, José Manuel Barroso, to succeed him. Before Barroso could start to assemble his new Commission, however, he had to await the outcome of elections within the European Parliament.

By convention, the election of the president of the European Parliament is decided between the two largest groups—which together work to split the parliamentary session between their own candidates. Hence, on 20 July 2004, the Spanish Socialist Josep Borrell Fontelles was elected president with the support of the European People's Party (EPP). When the European Parliament reaches mid-term, Borrell will hand the presidency over to a candidate from the EPP—presumably the current chairman, the German Christian Democrat, Hans-Gert Poettering. This arrangement blurs the left-right division of the Parliament and obscures the pattern of electoral accountability. Nevertheless, representatives of the two largest groups view this arrangement as a shortcut to achieving a workable assembly. Two days after his elevation to the presidency of the Parliament, Borrell presided over a plenary in which Barroso's candidacy as president of the Commission was approved. The fact that Borrell is centre-left and Barroso is centre-right mattered very little and the new Commission president received support from both sides of the aisle.

The division between left and right only became important once Barroso started to assemble his new Commission. Controversy centred on the conservative Catholic beliefs of the Italian candidate, Rocco Buttiglione. Italian prime minister Silvio Berlusconi proposed Buttiglione as a candidate for the European Commission as part of a complex domestic political deal to hold together his governing coalition in Italy. In turn, Barroso decided that Buttiglione, a jurist, would be a good candidate to serve

as vice president of the Commission and to hold the Commission portfolio for justice and home affairs.

Because of the broad remit of the portfolio he was given, Buttiglione faced confirmation hearings before two European parliamentary committees—one on legal affairs (JURIS) and the other on civil liberties, justice and home affairs (LIBE). The hearings before JURIS went without objection, and the chairman of the committee (a member of the EPP) recommended that Buttiglione be accepted to the European Commission. Nevertheless, the chairman of JURIS did note that some of the socialist and green-left members of his committee expressed concern about Buttiglione's ability 'to take positive political action' to combat discrimination. The chairman of LIBE was much less supportive. He pointed out that his committee split 27 to 26 against Buttiglione being confirmed in the portfolio for justice and home affairs, and 28 to 25 against Buttiglione's being named vice president of the European Commission even while holding a different portfolio.<sup>2</sup> The explanation was provided by the press. In question and answer, Buttiglione apparently expressed his personal beliefs that homosexuality is a sin and that the role of women is to raise children in marriage. And while he qualified these beliefs to say that he would support the policies of the EU, he could not reassure his counterparts in the European Parliament that such qualifications were either sufficient or sincere. By 27 October, it became clear that the European Parliament would not accept a Commission with Buttiglione as a member.

The difficulty for Barroso was to restructure his Commission without appearing to cave into the political left. He also could not replace Buttiglione as a commissioner without the support of Berlusconi. Buttiglione made matters worse by claiming to be persecuted for holding onto his legitimate religious convictions. In this sense, the Buttiglione incident reveals the other side of the distinction between principle and practice. In practice, left and right can work together. Such easy cooperation becomes more difficult when matters of principle are at stake. The left could not accept a candidate thought to be homophobic or sexist. The right could not reject a candidate simply for being 'too Catholic'—particularly when that candidate was nominated to help hold together a centre-right coalition of ex-Christian Democrats in a country that still identifies itself with the Catholic Church (even though very few go to mass).

Basic moral questions about sexual orientation, gender equality and religious conviction are not easy areas for compromise. Nevertheless, compromise was essential. Any attempt to force through a Commission with Buttiglione as a member threatened to provoke a crisis: the European Parliament cannot reject a single candidate without rejecting the Commission as a whole. In the end, the Prodi Commission was invited to remain in office until a solution could be found. On 30 October, Buttiglione agreed to stand down. Barroso was able to get a modified slate of commissioners through European parliamentary approval by mid-November and his Commission began work before the end of the month.

## SECURITY

Political developments in 2004 reveal a complicated pattern of hope and ambiguity, abstention and engagement. Europeans want a constitution but they know little about it. They want to join the EU, but their ardour cools as membership becomes reality.

<sup>2</sup> The committee letters—together with a record of the hearings for the full Commission—are published on the European Parliament's website: <http://www.europarl.eu.int>

They trust in the European Parliament, and yet they do not attend Euro-parliamentary elections. They look for practical, consensual solutions, but they do not hesitate to engage in heated debate over fundamental values. Such patterns are disturbing. In an ideal world, Europeans would show levels of interest and engagement that are consistent with their values and aspirations. Nevertheless, very few societies approach this ideal; most do not. No matter how disturbing from an ideal perspective, the complicated pattern of European politics is not unusual.

### **Counter-terrorism**

The pattern for European security cooperation is no less unusual, although it does have the virtue of being less complicated. European security cooperation is strongest where common interests are most clearly identified and weakest where common interests are more difficult to discern. The impact of the Madrid bombings on European approaches to terrorism is a good case in point. When Istanbul was struck by terrorists in November 2003, the reaction of the European Council was to include a single paragraph in the presidency conclusions condemning the attacks and to reiterating 'its solidarity with Turkey and . . . its determination to defeat terrorism with others in the international community' (European Council, 2004a: 15). This reaction is consistent with both the divided attitudes of the EU member states towards the war in Iraq and the preoccupation of the European Council with internal matters, such as the negotiation of the draft constitutional treaty.

The reaction of the March 2004 European Council to the Madrid bombings was much stronger. The Council adopted a 'Declaration on Combating Terrorism' asserting that 'the Union and the Member States pledge to do everything within their power to combat all forms of terrorism' and noting that 'a terrorist attack against one country concerns the international community as a whole' (European Council, 2004g: 1). The same declaration invoked the 'solidarity clause' (Article 42) of the draft European constitutional treaty. According to that provision, the member states commit to 'mobilize all the instruments at their disposal, including military resources to: prevent the terrorist threat in the territory of one of them; protect democratic institutions and the civilian population from any terrorist attack, and assist a Member State or an acceding State in its territory at the request of its political authorities in the event of a terrorist attack' (European Council, 2004g: 18).

The March European Council took action as well as making declarations. It called for the creation of a 'Counter-terrorism Coordinator' to work under the Secretary General of the Council of Ministers and it welcomed Javier Solana's decision to appoint the Dutch liberal politician Gijs de Vries to fill that position. The Council also called on the member states to fulfil their existing commitments to strengthen internal security, it called on them to accelerate preparation for a new European Borders Agency, it called for increased attention to information sharing and intelligence cooperation, and it elaborated a revised plan of action setting out the EU's 'strategic objectives to combat terrorism'.

Counter-terrorism became a major theme in European Council deliberations and a lasting legacy of the tragedy in Madrid. In June, the European Council called for a new initiative to integrate the fight against terrorism within the larger ambit of justice and home affairs, and it announced that there would be biannual reviews of progress under the action plan to start in December 2004 (European Council, 2004d: 2–3). When the Council met again in November, it adopted 'The Hague Program', a

multi-annual project to strengthen and integrate the different dimensions of internal security in the EU. A 'key element' in this programme is 'the prevention and suppression of terrorism' and a founding principle is 'that when preserving national security, the Member States should take full account of the security of the Union as a whole' (European Council, 2004e: 13). Finally, the December European Council made an assessment of the progress achieved to date and called for concrete steps to be taken in the year to come (European Council, 2004f). The progress already made is impressive. The domestic front of the global war on terror has been an important source of agreement between the member states.

Nevertheless, the real challenge for Europe is not how to deal with internal security. European domestic responses to the 9/11 attacks on the USA were already impressive and some analysts have suggested that Europe is farther along than the USA in many respects—intelligence cooperation in particular (Aldrich, 2004). The real challenge for Europe is to secure common interests in the wider world. Here it is necessary to distinguish between two spheres of interest. The first is the world at large, in which relations between Europe and the USA are the dominant concern. The second is the immediate neighbourhood around Europe, where the EU is effectively a local superpower. The two spheres overlap in some areas, such as the Balkans. Nevertheless, they are sufficiently distinct to provide an adequate basis for analysis.

### **The transatlantic relationship**

The EU has many other partners in the world besides the USA. And yet none of the EU's major allies even comes close to the USA in terms of its relative influence or importance. Moreover, while the EU can claim to be a global superpower in the realm of trade and finance, it has only limited resources for the global projection of force. More often than not, the EU must cooperate with the USA if it is to act in the world at large. Of course the same can and should be said about the USA with respect to the EU and its member states. The transatlantic relationship is more balanced than many observers are willing to admit. It is controversial, conflictive, at times even volatile. But it is an essential component of world order for both sides of the Atlantic (Jones, 2004a).

Managing the transatlantic relationship has been a preoccupation in Europe since it became clear in 2002 that the Bush Administration would prosecute a war against Saddam Hussein in Iraq. This preoccupation escalated rapidly into conflict as European countries split over the best way to influence US policy and over the relative merits of the Iraq war. As 2004 started, there were few signs that tensions within Europe or between Europe and the USA had relaxed. If anything, the terrorist attack on Madrid only made matters worse. In opposition, Zapatero made clear his objection to the Iraq war and committed to withdraw Spanish troops if elected. Once in office, Zapatero quickly made good on his promise. Spanish troops were withdrawn from Iraq by 21 May, just weeks before the USA handed partial sovereignty over to provisional Iraqi authorities. Although the political logic of the Spanish withdrawal from Iraq was easy to understand, the symbolic content was easily misinterpreted. To many both in Europe and the USA, Zapatero appeared to be bowing to the demands of Al Qaeda and perhaps even encouraging further terrorist attacks.

Tension continued to mount over the summer and autumn, during the run-up to the November presidential elections in the USA. The vast majority of the European public supported the opposition candidate, Democratic Senator John Kerry. At the

same time, Republicans both inside and outside the Bush Administration hardened their position over Iraq and ridiculed the idea that the USA would act in partnership with Europe (Jones, 2004b). When Bush achieved a popular victory over Kerry, European reactions were cool. The November European Council ‘warmly congratulated President George W. Bush on his re-election’ and then went on to emphasise the need to work together, ‘including in multilateral institutions, to promote the rule of law and create a just, democratic, and secure world’. The same European Council also adopted a declaration on relations with Iraq that noted ‘with regard to a mission inside Iraq all security concerns need to be appropriately addressed before any decision could be taken’ (European Council, 2004e: 6–7, 45).

The political tensions in the transatlantic relationship constitute only part of the story. The other part is institutional. It is also much more constructive than conflictive. During the course of 2004, the EU began to elaborate the architecture of its new European Security Strategy, it worked to strengthen ties with the North Atlantic Treaty Organisation (NATO), it assumed new responsibilities in the Balkans, it developed new agencies to improve coordination in procurement, and it planned for new units to use in force projection.

The EU was not alone in making such institutional adaptations. In March 2004, NATO expanded its membership and began preparing to deepen its partnership with the EU. At the June NATO summit, the alliance announced that it would surrender operational control over peacekeeping in Bosnia to the EU while at the same time making available NATO assets to facilitate the new European mission. The alliance also declared: ‘we are determined to work together to further develop the NATO–EU strategic partnership’ (NATO, 2004: paragraph 26)—both in those remaining trouble spots in Europe, and outside in the Caucasus, in Central Asia and in the Middle East.

The success of such institutional arrangements is limited. Transatlantic institutions work better where the interests of Europe and the USA are more closely aligned and they work less well where European and American interests part company. To a large extent, the correspondence between American and European interests is geographically determined. The allies are closer together when events are closer to Europe, and more likely to be divided when events move farther away. Cooperation in Bosnia and Kosovo is easier than in Iraq or Iran.

### **Europe and its neighbours**

Of course the irony is that the need for close cooperation between the EU and NATO is less when events are close to Europe than when they are farther away. Bosnia and Kosovo are the exceptions and not the rule. Moreover, the lesson Europeans drew from Kosovo was that military intervention should come as a last resort after all other options had failed. This explains why the EU was so eager to expand and accelerate the enlargement process after the June 1999 European Council summit in Cologne. By making the prospect of membership real for all applicant countries, the European Council hoped to avoid having to engage in a costly intervention elsewhere in Central and Eastern Europe in the near future. The same logic also explains the approach that the EU is taking in Bosnia. Signs announcing the changeover from NATO to EU control are subtitled: ‘from stabilization to integration’.

Enlargement is clearly the most effective tool that the EU has for projecting influence into its surrounding environment. By extending the Copenhagen criteria—including the *acquis communautaire*—in exchange for the right to membership, the

EU not only provides a viable template for good governance, but also offers a powerful incentive for market-structural and political reform (Cecchini *et al.*, 2001). The problem is that enlargement also imposes a cost on the EU as a whole—a problem that is evident from the political discussion given above. Hence, while it is reasonable to expect that the EU will complete the accession of Bulgaria and Romania in 2007, it is more doubtful that it will expand to other countries soon. Certainly the EU will not continue to expand indefinitely.

Hence, the challenge for European politicians has been to come up with a formula for maintaining influence in those countries bordering on the EU without having to offer the prospect of membership. The ‘European Neighbourhood Policy’ is an attempt to square this circle. The original intention behind the policy was to create a framework for dealing with those countries of the former Soviet Union that were culturally European and yet unlikely to qualify for EU membership: Belarus, Moldova, Russia and the Ukraine. Very quickly, the idea was expanded to include the Mediterranean countries participating in the Euro-Medical partnership (European Commission, 2003). Soon after the adoption of the European Security Strategy, the policy was extended into the southern Caucasus as well (European Commission, 2004a: 10). The European Council adopted this expanded version of the policy at its summit in June.

The strength of the European neighbourhood policy is that it provides a common framework for developing individually tailored relationships between specific countries and the EU. Given the vast differences between the countries that ring the EU, such flexibility is not only effective, but essential. Within these relationships, the EU can provide selective incentives for countries to undergo reforms, and it can use benchmarks and monitoring to assess compliance. The only major drawback is that the policy is explicitly designed to exercise influence without the promise of membership. For countries in the southern Caucasus or the southern Mediterranean, this is not an issue. Those countries never seriously expected to join the EU in the first place. The problem is only acute for the culturally European countries that the policy was set up to manage in the first place. Even worse, now they must accept not only the lack of membership as a prospect, but also the inclusion of non-European countries as equal members of Europe’s ‘neighbourhood’.

Belarus remains undemocratic. Moldova is simply too poor and in need of reform. Russia has no real interest to join the EU. Only Ukraine offers a serious challenge to the success of the neighbourhood policy in providing influence without offering membership. Therefore, the democratic revolution of the Ukraine—while universally welcomed in the EU—placed the European Commission in an awkward position. It also sowed the seeds for a conflict between the member states and between the different institutions of the EU. The narrative is straightforward. On 21 November, Ukrainian prime minister Victor Yanukovich defeated Victor Yushenko in the country’s presidential elections. However, Yushenko accused Yanukovich of electoral fraud and the EU refused to recognise the results. Yushenko’s opposition movement staged a massive popular demonstration and attracted considerable attention from both the EU and the USA. Poland’s president, Aleksander Kwasniewski, came in to mediate between the government and the opposition. Then the Ukrainian courts invalidated the contest and ordered that the elections be re-run. On 26 December, Yushenko defeated Yanukovich. Upon assuming the presidency, Yushenko argued that the new democratic credentials of the Ukraine make it a viable candidate for EU membership. Poland offered its strong support for a Ukrainian application and the European

Parliament agreed, voting its support in a non-binding resolution. This left both the Commission and the European Council to explain that while the Ukraine is a democracy, it is destined to be a 'neighbour' and not a member state. As the European Council (2004f: 24) made clear in a 'Declaration on Ukraine' shortly prior to Yushchenko's victory: 'the EU aims at an enhanced and distinctive relationship making full use of the new opportunities offered by the European Neighbourhood Policy'.

The Ukraine challenges the European neighbourhood policy from the inside. Turkey challenges it from without. The December 1999 Helsinki European Council accepted that Turkey is a candidate for membership like any other. The December 2003 Brussels European Council said that it would make a decision about whether and when to pursue the Turkish application for membership in December 2004. Hence, while events were unfolding in the Ukraine, the Commission had to report on the progress that Turkey had made to meet the criteria for consideration and the European Council had to decide whether and when accession negotiations between the EU and Turkey could start. The logic behind Turkish accession is the same as the logic behind accession anywhere else. The prospect of enlargement is the strongest source of influence that the EU can exercise in trying to encourage political and market reform. While the European Commission (2004b) noted some areas in need of improvement, it also acknowledged that Turkish reforms in response to the incentive of membership had been 'substantial'. In turn, the December European Council (2004f: 6) decided that negotiations with Turkey would begin on 3 October 2005 provided specific conditions were met.

The difficulty with the neighbourhood approach is not only that it leaves Ukraine out, but also that it brings Turkey in—at least potentially. The European Council (2004f: 7) was careful to point out that 'negotiations are an open-ended process, the outcome of which cannot be guaranteed beforehand'. Even so, explaining that Turkey is somehow more European than the Ukraine is not going to be easy, particularly when the audience is Polish.

The neighbourhood policy is a source of conflict as well as influence. And where the policy fails, the prospect of European intervention to stabilise its neighbours can only increase. This raises questions about whether European countries will ever be able to agree on intervention in the first place. As Europe's borders move outward, the differences between Europeans over their security interests in the 'neighbourhood' grow more important. Europe may not only be running out of candidates for enlargement, but also be running out of instruments that Europeans will agree to use in stabilising those countries on their borders.

## ECONOMICS

It is easy to overdramatise the security dilemmas that Europeans face and to underestimate the real resources that the EU can bring to bear. Although the USA has military outlays greater than the next several countries combined, the EU contains many of those next several countries and it is unlikely ever to go to war with the USA. By the same token, neither Europe nor the USA is eager or even likely to go to war with China. Hence, the EU has a military capacity that far exceeds any of its potential rivals. More important, the EU has vast economic resources that it could use to stabilise—or at least buy off—any possible insecurity that could emerge on its borders. It would be expensive. But it remains possible if the need is great.

The security discussion is more important for the tensions that it reveals than for what it suggests about the real threats that Europe has to face. One point of tension concerns what instrument the EU should use to assert its influence over a given country. Another concerns how much it is realistic for the EU to expect any country to change itself to suit Europe's interest. Both questions are subjective. Moreover, neither is purely limited to the context of external affairs. If anything, they are more relevant to developments inside the EU, than those on its borders (or elsewhere). The two major economic debates of 2004 are illustrative. The controversy over the SGP is about whether the same instruments for maintaining fiscal discipline should be used with all member states. The controversy over the Lisbon Strategy is about how much and how quickly it is realistic to expect the member states to reform themselves. Neither issue can be resolved to the satisfaction of all parties. The question is whether either can be solved in a manner that is stable, if not universally acclaimed.

### **The Stability and Growth Pact**

The controversy over the SGP started on 25 November with the decision by the ECOFIN Council to suspend the excessive deficit procedure for France and Germany. The background and reactions to this decision are reported in Jones (2004c: 493–495). The aftermath unfolded in 2004. On 13 January the European Commission announced that it would file a legal complaint with the European Court of Justice (ECJ) seeking to overturn the decision of the ECOFIN Council. In its press release, the Commission insisted that 'strong analysis and the principle of equal treatment will continue to underpin all our recommendations'. The action was filed on 27 January. The Commission complained that the Council had operated outside the normal decision-making procedures, that it had put aside Commission recommendations unlawfully, and that it applied its powers to suspend the excessive deficit procedure out of context. By implication, the Commission alleged that the ECOFIN Council had made up rules to suit the case, giving preferential treatment to France and Germany that would not be available to other member states.

This complaint raises two important questions—one in law, and the other in practice. The legal question is whether the SGP or the excessive deficit procedure are uniformly binding across all member states. The practical question is whether they should be. The answers are surprisingly unobvious. What the ECJ found in its ruling of 13 July is that the Council had operated outside the normal decision-making procedures and that it had misapplied the power to 'hold the excessive deficit procedure in abeyance'. Hence, the ECJ upheld the Commission's complaint and invalidated the ECOFIN Council's decision of 25 November 2003. Nevertheless, the Court noted that the excessive deficit procedure could be held in abeyance in fact, if not in law. All the Council need do is refuse to decide (or fail to agree) to act on a recommendation of the European Commission under one of the preliminary articles of the procedure. As these articles do not give rise to legal action, the Commission has no recourse when its recommendations are not adopted. In this sense, the ECOFIN Council could achieve the effect of suspending the excessive deficit procedure, albeit without taking a formal decision to do so.<sup>3</sup>

This finding of the ECJ suggests that the excessive deficit procedure and the SGP both operate outside the legal framework of the EU—at least up to a point. Once a

<sup>3</sup> The full judgment of the ECJ can be found at <http://www.curia.eu.int>

member state crosses a procedural threshold (Article 104, paragraph 9 of the Treaty Establishing the European Communities), it faces legal obligations. Before that point, however, the ECOFIN Council retains discretion. By implication, neither the SGP nor the excessive deficit procedure need be applied consistently across countries.

But should they be applied consistently? At a minimum, should any variation in the handling of the excessive deficit procedure or the SGP be made explicit? These two questions dominated reactions to the Court's decision. The difficulty is finding a formula to explain why the rules should be applied less strictly for some countries (or under certain conditions) than others. Such a formula must meet three criteria: it must be politically acceptable among the member states, it must be economically rational, and it must be transparent in the markets. The problem is predominantly political, but any solution must work within tight economic constraints. Going into 2005 it was unclear what the outcome of any reform would be. It was also unclear whether any such reform would prove to be stable, or whether once again a large member state would find sufficient political support to circumvent the rules (Jones, 2005).

### **The Lisbon Strategy**

The reason that so many member states have had difficulty abiding by the rules set down in the SGP and the excessive deficit procedure is that fiscal and market structures create such a drag on economic performance. This is the argument made repeatedly by the ECB in its monthly press conferences. It is supported by the European Commission in its periodic analysis of economic performance and market-structural reform. And it is broadly accepted by the member states. Hence, the only real question is why so little has been done to improve the structures of European economies.

The answer is to be found in the shortcomings of the Lisbon Strategy. Going into 2004, it was clear that the EU was not developing as the world's most competitive and dynamic knowledge-based economy. It was less obvious why this was so. In February, the European Commission (2004d) produced a detailed report analysing what it saw as some of the problems experienced in implementing the Lisbon agenda. Among these, the Commission noted that the member states were slow to adopt the relevant European directives and it called upon the Spring European Council to give 'fresh political impetus' to implementation within the member states. The Commission report also noted the importance of holding a mid-term review to plan how the strategy would continue in the second half of the decade.

The Spring European Council accepted the Commission's analysis and added that 'the credibility of the process requires stepping up the pace of reform at Member State level. Structural reforms are necessary and beneficial' (European Council, 2004c: 3–4). The European Council then went on to emphasise the importance of creating employment and to call for the Commission to elaborate member state-specific recommendations for labour market reforms that should be taken within the context of the broad economic policy guidelines. Finally, the European Council called for the establishment of an independent 'high-level group' to be headed by former Dutch prime minister Wim Kok to provide an independent mid-term assessment of the functioning of the Lisbon process (European Council, 2004c: 14). The European Council instructed Kok to deliver his report by 1 November.

The Kok report offered a damning indictment of the implementation of the Lisbon Strategy during its first five years. Kok (2004: 3, 13) argued that the process suffered from 'an overloaded agenda, poor coordination and conflicting priorities', that it

lacked 'determined political action', and that 'the end result of the strategy has sometimes been lost'. He admitted that 'the delivery of sustainable economic growth, however, well supported with growth orientated monetary and fiscal policies, comes with tough options and choices; resources have to be refocused and vested interests challenged'. And he concluded that 'nothing less than the future prosperity of the European model is at stake' (Kok, 2004: 34, 39).

What the Kok report reveals is that the member states are unwilling or unable to undertake necessary reforms. What it implies is that this failure to reform undermines not just the functioning of domestic labour markets but the prosperity of the EU as a whole. The November European Council accepted this logic and called upon the Commission to take careful consideration of the Kok report in writing its own mid-term review of Lisbon. The European Council (2004e: 1) also 'reiterated the importance of the implementation of agreed measures by the Member States'. The question is whether such encouragements by themselves can be expected to have any effect. What the European Council did not propose was some mechanism for strengthening member state compliance. It also did not provide a formula for setting a clear hierarchy of objectives. Together with the debate over the SGP, these issues would dominate discussions of the first quarter of 2005.

## CONCLUSION

Despite the pessimistic assessment offered in the Kok report, the member states of the EU are undertaking market-structural reforms. The pace is slow, but there is progress. The worry is that such progress is not fast enough to accelerate growth or to create jobs. And time is of the essence. Europeans are growing weary of the long duration and slow pace of the reform process. They are growing tired of the slow improvement in economic circumstances. As a result, they are turning against both their own political elite and Europe. They are becoming more insecure, more insular, more intolerant and more xenophobic. Such attitudes are not always manifest. All it takes is a spark to bring them to the surface.

The 2 November 2004 murder of Dutch film maker Theo van Gogh is a good illustration. The Dutch have a long history of tolerating immigrants in their society—and a large number of immigrants as a result. The May 2002 elections brought the problem of assimilation to the forefront of political debate. However, it did not encourage political violence. The assassin of the populist politician Pim Fortuyn was Dutch and not foreign. Nevertheless, tensions between Dutch and Muslim communities were mounting. Van Gogh's last film, *Submission*, was a short exposé of what he viewed as the inequalities inherent to the Muslim way of life. Van Gogh's assassin chose this as an excuse for murder. And the Dutch people responded in kind—attacking mosques and burning Islamic schools. Of course such retaliation was the work of extreme elements and not the Dutch people as a whole. Still, the fact that such elements would act in a society as tightly controlled as the Netherlands speaks volumes.

The contagion in Europe is spreading from poor economic performance outward. It can be used to link events as diverse as Leszek Miller's downfall in Poland to the low participation in Euro-parliamentary elections. It can explain why Europeans are so reluctant either to invest in heavy military capability or to proceed with an ambitious agenda for enlargement. It works to undermine adherence to the SGP, and it can explain mounting political opposition to continued economic reform. Along the

way, economic insecurities can exacerbate other conflicts over values or aspirations. They can deepen the tensions between left and right. And they can change how equitable treatment is understood within common institutions.

Here an example would be the debate over the EU's multi-annual financial framework for the period from 2007 to 2013. That debate never actually started in 2004. And that is precisely the point. Both the Irish and the Dutch presidencies feared to engage in the issue because they rightly calculated it could not easily be resolved. Once the largest net contributors announced their intention to scale back the amount of resources allocated to the EU in December 2003, it was clear that the Union could not re-equilibrate net contributions across the member states without cutting deeply into common policies—like agricultural protection, regional development, internal security, or external affairs. The problem is not just one of finding out who should give and who should receive. It also concerns how the shrinking European financial pie should be distributed, which policies should be prioritised and which should be cut. Once again, the easy way out would be to stimulate economic growth. European resources are targeted as a share of gross national income for the Union as a whole. Therefore, more income means more resources. And less income means less.

This argument about economic contagion is not meant to imply that all solidarity is economic. On the contrary, solidarity exists on many dimensions. The point is that prolonged economic hardship—even when it is only relative hardship—can undercut solidarity across the board. It does not have to be this way, but the potential is there. This raises two possibilities: one is to improve European economic performance; the other is to sever the links between economic solidarity and other expressions of Europe.

A single strategy would tackle both mechanisms at once. European politicians must explain that economic outcomes are not exclusively or even predominantly a European concern. They must eliminate the expectation that Europe is somehow a solution for the problem of unemployment. And they must accept that economic performance is a matter for national responsibility. The EU—and Europe writ large—can offer opportunities and advantages. But only national governments can shape the institutions that transform such opportunities into results. European politicians used the Amsterdam Treaty negotiations to implicate Europe as a solution to the jobs crisis. That was a mistake. Now they are reaping the harvest of the expectations they sowed. The time has come to reverse the error. It will take courage to do so. But the current crisis will not be resolved until it happens. Both European solidarity and Europe are at stake.

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