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Daniel Tarschys

The Enigma of European Added Value

Setting Priorities for the European Union

Sieps
Swedish Institute for European Policy Studies

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PREFACE

As the battle for the budget of the European Union unfolds, the governments are setting priorities for the European Union. In this process, there are many references to our common interests and objectives. Advocates of various initiatives and projects often assert that their proposals will bring about *European added value.* This study seeks to shed light on the concept and its use in various policy settings. It also suggests some ways in which the formula could be converted from an all-purpose argument into a better tool for policy choices.

By issuing this report we hope to make a positive contribution to the European debate on which undertakings should be financed through the EU budget and how the limited resources of the European Union are best used. The Swedish Institute for European Policy Studies, Sieps, conducts and commissions research, evaluations, analyses and studies of European policy issues. It aims to act as a link between the academic world and decision-makers at various levels and to stimulate the public discussion on European affairs.

Stockholm, June 2005

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EXECUTIVE SUMMARY

What costs should we all pay for? What is the best use of the scarce resources of the European Union? How should tasks and expenditures be apportioned between the Union and its Member States?

In discussions on priorities in the European Union, a formula often invoked is that of European added value. The present study seeks to shed light on this concept by tracing its intellectual origins, examining its use in three policy areas and suggesting ways of converting it from an all-purpose mantra into an efficient tool for priority-setting and policy choices.

The first task is to place the expression in its conceptual context. Recent decades have seen such a proliferation of related notions that we may speak of a general value turn in governance and public policy. Some value-connected concepts refer to material components in the process of economic growth while others are used to describe immaterial political principles.

The survey of various value concepts is followed by an inquiry into the references to European added value in transport policy, research policy and cultural policy. These areas are no heavy-weights in the budget of the European Union but represent specific, partly divergent and gradually evolving methods for project prioritisation. In each field we look at the emergence of a common European policy, the various discourses used to justify it, and the criteria employed to make choices among competing claims for common funding.

Many participants in European politics are convinced of the persuasive power of the added value criterion. Yet the impact of the argument is somewhat weakened by its omnipresence and all-inclusiveness. Can there really be European added value almost everywhere?

The subsequent chapter subjects the concept to critical scrutiny. When tough choices are to be made, we have little use for sweeping vindications. A good criterion should be critical or discriminatory, separating the wheat from the chaff. Confronted with a plethora of proposals we cannot avoid a process of grading and rating. Some pertinent questions are the following:

- Is value added, or is it reduced?
- To whom does the added value accrue? Collectives or private actors?
- How are benefits shared between smaller and larger jurisdictions?
- Is aggregate value added, or is there evidence of zero-sum redistribution?
- Which objectives are being served? Are they sufficiently high-ranking and specific?

The final chapter sketches the contours of a fastidious approach to the idea of European added value, suggesting that particular consideration should be given to investments in high-yielding cross-national public goods and to initiatives making significant contributions to the sense of solidarity and cohesion in Europe.

1 INTRODUCTION

What costs should we all pay for? What is the best use of the scarce resources of the European Union? How should tasks and expenditures be apportioned between the Union and its Member States?

European added value, or *European value added,* have turned into fashionable buzz-words in contemporary discussions on European policy and politics, particularly in arguments about the agenda of the European Union.[1] The formula has become a common justification for specific programmes and a frequent element in evaluation studies. The fact that applicants for many types of European grant are requested to specify the European added value of their particular project has generated a huge and imaginative body of reflections on the topic, but also added to the confusion.

In deliberations on the legitimate borderlines between the European Union and its Member States, a commonly expressed view is that the higher level should concentrate on measures yielding a distinct European added value. This position is often presented as a corollary of the established principle of subsidiarity, assigning each and every task to its appropriate level of political responsibility. If the proposed new Constitutional Treaty is adopted, this issue is bound to play an even more important part in the future, with national parliaments serving as participatory arbiters and empowered to react if they find this principle violated. A special protocol on subsidiarity has been attached to the Constitutional Treaty.

The mounting interest in subsidiarity has drawn increasing attention to the concept of European added value. What is the meaning and import of this formula? Can it be operationalised? Is there a litmus test at hand to determine whether the proposed answers to a challenge are European or national in scope? Or if this is rather a matter of degree, how do we

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[1] Related expressions are *community added value, or community value added.*

go about measuring the impact and sequels of the various policies? What criteria are available for assessing the European usefulness of particular investments?

These questions are by no means only theoretical but are also highly practical and topical. In the current discussions on the Constitutional Treaty and on the next Financial Perspectives, there are several disputes about the appropriate political level for various clusters of policy. This makes it all the more important to engage in a more systematic consideration of the concept of European value added.

Looking at the constituent parts of the expression, we find some old acquaintances. The term *value added* has deep roots in several different policy spheres. Economists have discussed it since the 18th century, not least in connection with labour and property rights. The theory of the employers' illegitimate expropriation of the added value produced by the workers provided Marxist ideology with its moral dynamite. In fiscal policy, the formula appears in a more neutral setting in the value added tax.

Two other words in the formula have also appeared together for several decades, namely *European values.* In the Council of Europe discourse, they have often been specified as democracy, rule of law and the respect for human rights. In the European Union, attention to European values has grown incessantly in the last decade, culminating first in the adoption of the Charter of Fundamental Rights and then in the vivid value discussions in the course of the Constitutional Convention, which included the Charter as Part II in its draft Constitutional Treaty. As a result, the European Union has emerged as a political entity committed not only to economic development but also to a much broader spectrum of political objectives.

Zooming in on the term appearing in both of these word-strings, we have reason to observe that the notion of *value* is fraught with ambivalence. When a banker hears the word values he does not necessarily think of the same things as, say, a bishop. In many contexts, the *European added value* may be measured in hard euros, but in others it may stand for more intangible contributions to the attainment of common European objectives.

This study consists of three parts. The first chapter seeks to place the formula of European added value in its conceptual context, identifying it as a member of a larger family of related notions. The argument advanced in this analysis is that recent decades have seen a general value turn in governance and public policy, as evidenced by the increasing attention given to a whole cluster of value-connected notions.

This is followed by an inquiry into the use of European added value in three separate policy areas: trans-European networks, research and culture. A substantial literature on the dynamics of European integration has sought to explain the causal patterns behind the delegation of authority from the national level to the supra-governmental sphere. In this context, we are not so much concerned with the drivers of such transfers of policy competence as with the arguments advanced in their support. In terms of budgetary weight, the areas covered cannot compete with agricultural and structural policy, but they have been singled out for analysis as fields with interesting, partly divergent and gradually evolving methods for project prioritisation.

With the present "goal congestion" in the European Union, the assertion that a programme is likely to contribute to an established objective may not be sufficient to justify common funding. The problem with such an *omnivorous* concept, swallowing virtually everything and rejecting virtually nothing, is that it hardly serves as a useful tool for critical discrimination. If we want an operative measuring instrument to guide the enlightened discussion on policy options, we have to inject further restrictions into the formula. We have to opt for a *fastidious* approach to the idea of European added value, a strategy that is both quality-conscious and exacting. The final two chapters suggest ways in which the concept might be made more selective.

2 THE VALUE TURN IN GOVERNANCE AND PUBLIC POLICY

The emergence of *European added value* as a fashionable concept is no isolated phenomenon. It is linked to an expanding interest in values that is currently sweeping through many disciplines and fields of public policy. Looking more closely at the formula, we find elements from several different contexts. The threads woven together in the expression seem to stem from various spheres of policy and discourse. Together, the many value-related concepts in the contemporary discussion on governance and public policy signal a new preoccupation with material as well as immaterial assets.

One source of this new orientation may be found in classical economic theory, with its idea of value increments through the application of labour to nature. The German term *Mehrwert* is rendered into English in two different ways: by surplus value or by added value. The idea of an economic surplus generated through work lies at the core of the labour theory of value. In a more recent version of this theory, business economists analyse productive activities as organised in value chains. Commodities and services are seen as shaped through a long series of efforts contributory to the cumulative generation of wealth.

Another common context for the formula of value added is fiscal policy. The *value added tax* is one of the great fiscal inventions of the last century and as such a major precondition for the spectacular growth of government in the post-war period. As this expansion slowed down in recent decades, there have been many efforts to streamline and rationalise public policy and public administration, some of them centred on the notion of value. Key concepts in recent reforms of the public sector have been *value for money, best value,* and *additionality*.

An entirely different conceptual relative of European added value is the idea of *common values* as a spiritual basis for the cohesion of modern societies and international organisations. In European politics, there are frequent references to the crucial role of *European values* as fundamental standards for political co-operation, sometimes specified as the rule of law, the promotion of democracy and the protection of human rights. Long cultivated, mainly in specific value-oriented organisations such as the Council of Europe and the OSCE, the advocacy of European values has recently moved to the forefront of the European Union.

Finally, there is an interesting regional antecedent to the current discussion of European added value in the co-operation between the Nordic countries, where the concept of *nordisk nytta* (Nordic value, or usefulness) has long been used as a criterion for expenditure pruning and policy design.

To set the concept of European added value in context, it may be useful to review the kindred notions in these various spheres. The tour will start in the 17th century but soon move on to our own time.

2.1 Surplus value

If God has given the world to all mankind in common, what are the moral foundations of property? In his *Second Treatise on Government* (1690), John Locke based his answer to that question on the individual work effort. Since everybody owns himself he also owns his labour, and when he invests this asset in production the result of the process will automatically become his own property. If a piece of land is not possessed by anybody else, it will belong to the landowner once he has worked on it. In this argument, Locke makes no distinction between the landowner and his servants:

> the grass my horse has bit; the turfs my servant has cut; and the ore I have digged in any place, where I have a right in common with others, become my property, without the assignation or consent of any body. The labour that was mine, removing them out of that common state they were in, hath fixed my property in them.[2]

[2] Locke, John (1690; 1966) *The Second Treatise on Government,* Oxford: Blackwells, Section 28.

In his further development of the labour theory of value, Adam Smith introduced a distinction between the "real value" of a commodity and its "nominal value". Both were related to work, but in different ways. While the real value expressed the amount of labour that had gone into producing a given commodity, the nominal value indicated the amount of work that could be purchased by selling it. What Smith observed through the prism of his conceptual dichotomy was the disparity between the labour costs and the market price of a given product.

David Ricardo closed this gap by contending that the price of a commodity was determined by the amount of labour that had gone into producing it. This thesis inspired a whole group of "Ricardian socialists" to develop fragmentary theories of exploitation. As adapted by Karl Marx, this idea of surplus value expropriated by the employers appeared in two different forms.

The first version is found in the "humanist" young Marx which was rediscovered only half a century ago and then embraced particularly by the New Left and the dissident movement within the Soviet bloc. In his early writings, the usurping of surplus value is portrayed mainly as an affront to the human dignity of the worker. By injecting a part of his own human essence into the work object that is then torn away from him, the worker is subjected to a process of alienation (Entfremdung). As a victim of expropriation, he becomes a stranger to himself and to society at large. At this stage, Marx's main charge against the established system of labour relations concerns not so much its economic as its psychological impact. Its cardinal flaw is a pattern of generalised self-estrangement.

In his later works, Marx directs his fire against capitalism as a system of continuous and large-scale exploitation. His value theory, which is considerably more complicated than Ricardo's, is based on the idea of a "socially necessary abstract labour-time" required to sustain the livelihood of the population. Only labour that produces a commodity that is of use-value to someone else counts as socially necessary. Social production involves a division of labour in which individual efforts are contributions to the whole.

How can profit emerge under these circumstances? Crucial to Marx's theory is the distinction between the ability to produce (labour-power) and the actual activity of producing (labour). If the workers do more labour than is required to cover the cost of hiring them, there will be a profit which the employer can appropriate. Marx distinguishes between *absolute surplus value,* which is brought about by extending the work-day, and *relative surplus value* attained through productivity gains. Either way, the outcome is the same: the worker is robbed of something that should have been his property.

Marx's concept of surplus value provided crucial moral ammunition for the labour movement. It was particularly important for the trade unions' efforts to mobilise their members in favour of better pay and working conditions. Though Social Democratic parties have gradually distanced themselves from Marxism as an economic theory, the concepts of the surplus value and the illegitimate expropriation of profits have nevertheless left their mark on the traditions and the folklore of the movement.

After Marx, mainstream economics soon discarded the concept of surplus value in favour of various notions of marginal utility. Orthodox Marxists as well as Neo-Marxists have been more inclined to stick to the original theory, but even here there have been signs of cautious disengagement. Paul A. Baran has expressed regret that he and Paul M. Sweezy took the labour theory of value for granted in *Monopoly Capital* (1966). "We have not rejected the theories value and surplus value but merely sought to analyze the modifications that became necessary as a result of the concentration and centralisation of capital", he wrote in the preface to a later printing.[3]

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[3] Foster, John B. & Szlajfer, Henryk (1984) *The Faltering Economy: The Problem of Accumulation under Monopoly Capitalism,* New York: Monthly Review Press, p. 25f.

2.2 The value chain

If the original idea of *surplus value* is dead, a new version of it is very much alive in the concept of the *value chain.* Launched in the 1980's by Michael E. Porter, a Harvard authority on business strategy, this formula has spread like wildfire through management journals and textbooks in business economics.

Porter shares the classical economists' fascination with labour as a collective and cumulative enterprise. The value chain in a firm consists of all the different activities performed in it, such as marketing people making sales calls, service technicians performing repairs, scientists in the laboratory designing products and treasurers raising capital. All these operations have the purpose of creating customer value, which is ultimately measured by the amount of money that buyers are willing to pay for the products or services of the enterprise. If this value exceeds the cost of performing all the required activities, the firm will be profitable.

Porter distinguishes two types of operation in his value chain: *primary activities,* which are linked to the production, marketing, delivery and servicing of the particular product, and *support activities* dealing with the overhead. Every activity employs purchased inputs, human resources and some combination of technologies. It also draws on the firm's infrastructure, such as management and finance. Much depends on how these activities are connected with each other, which Porter calls *linkages*. Trade-offs are often involved in the design of such linkages, as when more expensive components and more thorough inspection are chosen to reduce after-sale service costs. The careful management of linkages can be a decisive source of competitive advantage.

A key issue in modern management is the choice between in-house production and purchase or outsourcing of specific components or functions. To be a strong competitor, the firm must be prepared to reconfigure its value chain by relocating, reordering, regrouping or even eliminating particular activities. This is not done in isolation but in constant interaction with a changing environment. The company's value chain is embedded in an economic context that Porter defines as *the value system,* which includes suppliers, distribution channels and end-users of products and services. The firm's own value chain is therefore linked to supplier value chains, channel value chains and buyer value chains. To remain in the forefront, managers must keep abreast of new technologies, new or shifting buyer needs, the emergence of new industry segments, shifting input costs as well as changes in government policies and regulations.

In contemporary business prose, the pervasive value chain metaphor for the modern company and its interaction with other economic actors has spawned a clutch of related expressions including the word *value*. Nobody will be surprised to come across enterprises priding themselves on providing excellent *customer value* or, with a different audience, *shareholder value.* To satisfy both groups and their employees as well, managers may prefer to speak of *stakeholder value.* In marketing to companies there are ample references to *business value,* and air passengers no longer spoiled with tax-free purchases can find consolation in offers signalling *travel value.*

2.3 The value added tax

Much reasoning around value added is nebulous and abstract, but in one area it is perfectly exact and concrete. Tomes of fiscal legislation define the exact meaning of value added in commerce and the applicable criteria for assessing the taxable fraction of every single business transaction.

The value added tax is one of the most important inventions in fiscal history, and certainly the most important innovation in the last half-century. It has by now been introduced in the vast majority of countries around the globe, and has gradually come to deliver an increasing share of their public revenues. For many governments of the OECD countries, the value added tax has become the single most important source of income. It has not entirely squeezed out all previous forms of commodity taxation, but it has at least relegated them to relative obscurity. Since the growth of its share of the fiscal burden coincides with a significant expansion in public revenue, it seems safe to claim that the value added tax has been an important precondition for the growth of the welfare state.

Commodity taxes have evolved in four stages, linked to the evolving technology of extraction.[4] They first appeared as *tariffs* levied mainly at critical passage points, where the loads of traders could be inspected. Some tariffs were introduced back in Antiquity, such as the 2 per cent *portoria* on commodities brought into Athens. In the Roman empire, fees were paid both at the entrance of cities and at particular boundaries between colonies and areas. Duty collection was leased to publicans, who got their share of the receipts. Later on, in Carolingian times, the right to collect duties was in many places handed over to the Church. Medieval tariffs tended to fall on imports, whereas later mercantilist duties were imposed mainly on exports. While the protective motive was often invoked to vindicate and mobilise political support for a tariff, it was clearly the generation of revenue that made rulers keen to employ this instrument.

Before the rise of protectionism in the 19th century, tariffs were seldom higher than two to five per cent. Nevertheless, they frequently met with resistance and circumvention. In British history, there were few wars that did not evolve around tariffs, with the American War of Independence (following the Boston Tea Party) as the most famous case in point. For many centuries in European history, town tariffs were also a chief source of revenue for local authorities. The French octroi, introduced by royal privilege in 1647, survived as a funding

[4] For a further discussion of this see Tarschys, Daniel (1988) "Tributes, Tariffs, Taxes and Trade: The Changing Sources of Government Revenue" in *British Journal of Political Science,* vol. 18.

mechanism for municipal government until 1948, when French cities were allowed to levy local taxes instead.

A second, more targeted form of commodity taxation was imposed on the sale of particular goods, often deemed to be luxurious or harmful. Examples of this are the *excise taxes* on certain consumer durables, such as automobiles, and the taxes on such goods as petrol, alcohol and tobacco.

A third form evolving with the expansion of the market economy was the *turnover tax*. This was a generalised levy based on the obligation of companies to declare the volume of their commercial transactions. The turnover tax or sales tax could be more or less visible to the customer. In some countries, it was hidden in the price; in others, the tax would be added to the advertised price at the purchase. The turnover tax could be a buoyant source of government revenue, but the choice of an appropriate definition of the tax base met with some technical difficulties and with considerable resistance from business.

The *value added tax* solved some of the problems connected with its immediate predecessor in that it was based on a simple idea: all costs could be deducted and only the value increment would be taxed. The latter was defined as the value of all goods and services produced in a company minus the value of raw materials, semi-manufactures and services bought from other companies. An element of self-regulatory control was built into the system: since all tax-payers would be interested in minimising their own costs, they would be keen to collect evidence of payments made to their suppliers. As with the turnover tax, the visibility of the tax could be reduced by legal provisions about its inclusion in the advertised gross prices. When, in 2004, Japan took the step from net prices excluding taxes to legally enforced gross prices including taxes, this was generally interpreted as a prelude to future tax increases.

The first suggestions of a value added tax were made soon after World War I but it was only in 1954 that France, as the first country to do so, introduced its *taxe sur la valeur ajoutée* (TVA). Other West European countries took their time in digesting the French experience. In 1967 there were still only two OECD countries with a value added tax, but twenty years later that figure had risen to twenty four states. After the collapse of the Soviet empire, adoption of the value added tax started in Central and Eastern Europe, and at present a large number of countries in the Third World are also taking steps in this direction.

What determines the pace and sequence of policy diffusion? Some obvious factors are the maturity of the market economy, the volume of market transactions, and the growth of international trade. The value added technique makes it possible to avoid the double taxation effects of the turnover tax when the production chain is split up in several companies. This facilitates neutral taxation of exports, imports, and domestic production. Moreover, the value added tax is much easier to levy in economies where the principal monetary flows can be controlled through reliable accounts. Digitalisation reduces the work burden of the taxman, but not necessarily the fiscal burden of the citizens.

2.4 Value for money

In his book *The Audit Society: The Rituals of Verification* (1997), Michael Power argues that advanced economic systems have assembled such phenomena as the production of risks, the erosion of social trust, the fiscal crisis and the need for control under the wide umbrella of accountability. With "checking gone wild", we have entered an era in which audits have spread far beyond their traditional borders of financial scrutiny. Today, they are undertaken in the most varied settings: there are social audits, environmental audits, management audits, forensic audits, democracy audits, medical audits and teaching audits, to name but a few.

When it comes to assessing the effectiveness and efficiency of public policy, two prominent types are *performance auditing* and *value for money auditing;* the former originating in the 1960's, the latter in the 1980's. The time difference counts because of the changing economic environment. In the expansive 1960's, the cardinal questions asked were intended to accompany the continued expansion of the public sector. Twenty years later, the dominant trend was streamlining and cut-backs. Value for money auditing was launched within the broad framework of New Public Management, with its emphasis on restraint, re-examination and sharp policy choices. The idea was not only to assess performance with a view to improving programmes, but also to tackle the problem of government overstretch by identifying activities ripe for slimming or phasing out.

Value for money auditing was launched in the United Kingdom under Margaret Thatcher and in the United States under Ronald Reagan. It was soon linked to the idea of "reinventing government" and introducing market mechanisms into the public sector. The separation of service providers from service purchasers gave further impetus to the movement by generating greater needs for evaluation. The EU was relatively slow in adopting the new methodology for its own auditing functions, but the underlying philosophy of value for money left its imprint on the booming evaluation industry, which emerged as an integral element of several EU policy programmes, not least structural policy and research policy.

In the UK version of value for money, an important role was played by the principle of compulsory competitive tendering. Applied to central government, a code-word frequently used under the Conservative governments between 1979 and 1997 was "market testing". For a variety of public services, there were efforts to open up a bidding procedure between contractors and in-house providers. Initially, compulsory competitive tendering was confined to the "blue collar" activities, but the Local Government Act 1992 extended the principle to typical "white collar" activities such as libraries, architecture, engineering, information technology, legal services, finance and personnel.

Pinning down the value component of the value for money formula is not entirely easy. In some early formulations, there was emphasis on the three Es: economy, efficiency, and efficacy. Later on, the improvement of services rendered to citizens was included into the notion. Michael Power characterises value for money as “a vague normative space in which an ensemble of operational routines and auditable performance can be harnessed to broader political ideals”.[5] He traces a tension between the theme of fiscal crisis endemic in the concept and the theme of service quality enhancement also present in some versions of value for money analysis.

2.5 Best value

New Labour embraced the core elements of the Conservative reforms in the public administration of the United Kingdom, but added its own accents and nuances. One shift was the replacement of the concept of “value for money” with the formula of “best value”. While retaining the three Es as an important objective, the announced novelty in this concept was a greater emphasis on quality. Local authorities should not only be concerned with cutting costs but also with continuous improvement of their services.

The best value doctrine was first launched in the White Paper *Modern Local Government, In Touch with the People* (1998), and later enshrined in the *Local Government Act* (1999, 2002). The prescribed procedure combined the setting of local authority objective and the selection of a number of service areas to undergo a fundamental performance review every year. Transparency should be attained through the publication of a local performance plan and a periodic examination of the outcomes based on an independent assessment by an external evaluation agency.

Besides the three Es, the best value programme in the White

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[5] Power, Michael (1997) *The Audit Society: Rituals of Verification.* Oxford: Oxford University Press, p. 44.

Paper rested on the four Cs specifying the tasks of the performance review. These were:

- to *challenge* why and how a service is being provided
- to invite *comparison* with others' performance across a range of relevant indicators, taking into account the views of both service users and potential suppliers,
- to *consult* local taxpayers, service users and the wider business community in the setting of new performance targets
- to embrace a fair *competition* as a means of securing efficient and effective services.

New Labour abandoned the requirement of compulsory competitive tendering, but this did not mean a return to generalised direct delivery. Local governments were requested to review all options for service provision in relevant fields and select those giving best value to the public. While the chief responsibility for the evaluation was placed with the local authorities, the central government maintained its overall control through statutory provisions for the Secretary of State to specify "performance indicators" and "performance standards". The Audit Commission was also required to audit the whole process, and the Secretary of State retained default powers to take command of any agency failing to meet its standards.

2.6 Additionality

Additionality has emerged as a highly contagious concept, travelling with ease from one policy area to the other. Its two most prominent uses are in (1) the justification of public subsidies and in (2) the design of conditions restricting the granting of such subsidies. Assessing the extent of additionality brought about by specific interventions has become a major challenge to the evaluation industry.

The intellectual roots of the notion can be traced back to welfare economics, the theorem of externalities and the idea of market failures popularised by Kenneth Arrow. Qualifying knowledge as a semi-private good not adequately supplied through independent market decisions, this theory provided a reinforced rationale for government programmes in support of research and development. The proliferation of such investments in recent decades testifies to its broad acceptance. Public resources have been channelled not only to basic research but also to a wealth of applied projects and innovation schemes expected to generate spill-over effects throughout the economy.

A crucial problem in the construction of such programmes is the sharing of costs and benefits. Government support is normally granted on the assumption that it will supplement not substitute corporate investment. The intention is to achieve synergy, not help the private partner save money for other purposes. But whether this result is obtained is not always easy to confirm. In the ex-ante analysis, policy-makers can only make more or less well-founded assumptions about likely courses of behaviour under varying circumstances, and in the ex-post evaluation the outcome of a project can at best be compared with the achievements of a control group. Even if sophisticated tools of modelling are employed to assess the extent of additionality actually attained, the underlying reasoning is condemned to draw on the intricate craft of counter-factual history.

When the concept of additionality moved from national to European policy-making, the principal "other" was no longer private business but Member State governments. In developing Community programmes for research and development and structural policy, a key premise was that the European contribution should come on top of domestic efforts and not be used to reduce them. Since its introduction in regional policy in 1975, the additionality condition was often rephrased. In the 1984 programme, Member States were even given an option to choose between two different definitions.[6]

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[6] Regulation 1787/84, article 36.

In a subsequent version, the principle was expressed as follows: "In order to achieve a genuine economic impact, the appropriations of the Funds may not replace public or other equivalent structural expenditure by the Member State."[7]

From research policy and structural policy, the idea of additionality soon spread to other domains. Three examples:

- Two forms of additionality have played an important role in the negotiations on the implementation of the Kyoto Protocol. On the issue of "financial additionality", meaning that resources mobilised to reduce greenhouse gas emissions should not lead to reductions in official development assistance, the problem of defining an appropriate baseline was advanced as an insurmountable obstacle to binding rules, and the negotiating parties failed to reach an agreement. In contrast, the principle of "environmental additionality" received broad support and was enshrined both in the Kyoto Protocol and in the 2001 Marrakech Accords on its implementation. In this context, additionality is understood as a reduction in greenhouse gas emission additional to any that would occur in the absence of the certified project activity.
- In the United Kingdom, the concept of additionality has become prominent in cultural policy. When the National Lottery was launched, the Government committed itself in a 1992 White Paper to the principle that its proceeds would be used only for projects additional to those that would otherwise be funded by the public through general taxation. Whether this promise has been fulfilled in practice is a matter of controversy. In 2004, the Culture, Media and Sports Committee of the House of Commons voiced its concern that budgetary support of cultural activities had been reduced, and several funding bodies admit that lines are often blurred. Additionality is good in principle, says Arts

[7] Regulation 1260/99, article 11(1).

Council England, but in practice Lottery money and grand-in-aid funding are mixed to make intelligent use of the resources available.[8]

- Washington-based development banks have begun to use additionality as a synonym for the wider impact of their credits. The Inter-American Investment Corporation (IIC) applies additionality criteria to all loan applications. Each proposal must undergo a series of matrix-based evaluations of its impact on development, resource mobilisation and the enterprise's governance. Several requirements seek to encourage applicants to put their house in order by adopting sound administrative practices and accounting standards. The Inter-American Development Bank (IDB) requires "a significant presence of additionality" in its funded projects, understood i.a. as environment, health and safety standards, risk mitigation, catalytic demonstration effect and improved corporate governance. Critics are not impressed. A radical newsletter contends that "(e)xamining the Bank's own policies and evidence from project case studies shows no causal link between Bank rhetoric and reality. Based on insufficient and vaguely worded policies and inadequate implementation of loan conditions, the IDB's additionality assertion remains elusive."[9]

A red thread running across all controversies around the notion of additionality is the difficulty of establishing and maintaining a base-line against which the incremental interventions can be assessed. A further challenge lies in the definition of the concept. In addressing this problem, recent analysts tend to distinguish between input additionality on the one hand and output or impact additionality on the other. An

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[8] The United Kingdom Parliament, Select Committee on Culture, Media and Sport, Session 2003-04, *Fifth Report.* http://www.publications.parliament.uk

[9] Bank Information Center (2003), *The Myth of Additionality: A Critical Look at the Policies and Loan Conditions of the Inter-American Development Bank.*

intermediate variant, much discussed in recent years, is that of behavioural additionality, understood as the difference in firm behaviour caused by the intervention.[10] Prest *et al.* (2002) have suggested a type called "cognitive capacity additionality", intended to capture the ability of an organisation to assimilate and utilise new ideas as a result of an intervention.[11]

2.7 Common values

"La République ne reconnaît, ne salarie, ni ne subventionne aucun culte." Since France confirmed this fundamental principle in 1905, virtually every state in Europe has modified its relationship to religion. While a few countries still retain a state church, there are now few traces of religion in the rituals of government and the predominant public institutions. Our educational systems have moved a long way towards secularism and religious impartiality. This tendency has been reinforced by recent migratory flows, adding new creeds and colours to the demographic landscape of Europe.

The phasing out of official religion as a source of cultural cohesion has left many voids, not least in normative ethics. Accordingly, there is a strong demand for other unifying principles, many of them propagated under the name of values. The mounting interest in this theme seems very much related to the increasing diversity and pluralism of our societies. If social control can no longer operate under the auspices of an authorised state faith, the core of the behavioural code is instead presented as a set of *common values.*

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[10] First suggested by Buisseret, P. *et al.* (1995) "What Difference Does it Make? Additionality in the Public Support of R&D in Large Firms" in *International Journal of Technology Management,* vol. 10, pp. 587–600.

[11] Prest *et al.* (2002b) *EU RTD framework programmes: A "mini meta analysis".* Manchester: University of Manchester and Office of Science and Technology; *Targeted review of added value provided by international R&D programmes* (2004) p. 67, http://www.ost.gov.uk

The impact of this tendency is particularly strong in schools. Every educational system seeks to identify certain core principles defining its common value-ground. The elements advanced for inclusion in this common ground are drawn from different spheres of ethics and politics, ranging from ideals of respect in interpersonal relations to the need for a healthy environment. Many versions seek to strike a balance between rights and responsibilities. Some countries draw on their constitutions or founding principles while others seek inspiration from international instruments such as the UN Declaration of Human Rights. Sometimes the core values are sought in a national legacy. France has packed a rich normative substance into its *idée républicaine.* President Yeltsin appointed a high-level commission to identify the Russian idea, but this expedition returned without tangible results.

The tacit premise endemic in the concept of common values is that it constitutes a core of principles accepted by people who may differ very much in other respects. Such convictions serve as a common denominator to preserve social peace in a pluralist context. The shared value-ground is a corollary to cultural cleavages, but also a platform for joint action. An increased interest in building such platforms can be noticed in many countries. In 1998 the Norwegian Government appointed a special Commission on Human Values to contribute to the broad mobilisation of Norwegian society for common objectives.

The idea of common values as a necessary ingredient in cohesive societies has also crept into democratic theory. In contrast to doctrines legitimising the state by reference to the orderly derivation of sovereignty from the people (through regular elections, institutions and established procedures of decision-making) or through its material impact (redistribution and service delivery), a new wave of interpretations regards politics principally as a system of communication, deliberation and learning. This perspective accords a crucial role to the recognition and defence of shared principles as a basis for democratic governance. To find a common ground in the post-national and post-modern state, Habermas has suggested the concept of *Verfassungspatriotismus*: a sense of community built on shared values and mutually accepted procedures.

2.8 European values

The concept of European values is inextricably bound with the process of enlargement of different European organisations. Once an application for accession to a body has been put forward, the issue of shared beliefs and objectives is soon placed on the agenda. More recently, the question of common values has also surfaced in the discussion on the Constitutional Treaty of the EU, not least on the design of its preamble.

The value dimension is particularly strong within the *Council of Europe*. This organisation was set up in 1949 to help heal the wounds of World War II and re-establish peaceful relations between the nations of the continent. At the top of its agenda was the task of restoring the respect for human rights, so recently trampled under foot by the totalitarian regimes.

This led first of all to the European Convention of Human Rights and Fundamental Freedoms and to the construction of a control machinery today embodied in the European Court of Human Rights in Strasbourg. There were then important additional protocols, such as the ban on the death penalty, and supplementary conventions such as the 1987 Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment, and the more recent 1997 Bioethics Convention. Along the road, the Council of Europe created many instruments to safeguard human rights and the rule of law, such as the European Commission against Racism and Intolerance (ECRI), which advises governments on their strategies against xenophobia, and the Anti-Torture Commission, which performs on-the-spot inspections in prisons, police stations, psychiatric wards and other places of forcible detention. A third body worth mentioning is the Venice Commission, which supports the constitutional development of countries in transition to democracy.

Pluralist democracy was a key value promoted from the very outset. The Council of Europe took a clear position against all forms of dictatorship, which earned it extreme resentment from totalitarian and authoritarian regimes but made it attractive to the resistance and dissident movements emerging in Portugal, Spain and the countries behind the Iron Curtain. When these peoples made their transition to democratic governance there were early contacts with the Council of Europe, and from 1989 onwards a special guest status in the Parliamentary Assembly of the Council of Europe was invented to accelerate the prospective unification or reunification of the continent. A gradual enlargement of the Council of Europe followed in the 1990s, as membership was granted to countries that had taken their first steps to pluralist democracy and started rebuilding their legal systems and judiciary institutions.

But which countries qualified? There were long and heated discussions on this topic, focusing very much on the concept of European values. How could the organisation best serve these ideals? By accepting applicants that expressed a belief in these ideas and a strong determination to adapt their systems accordingly, or by telling them that their commitment was appreciated but that they still had a long way to go? There were two lines of argument in the discussion on enlargement, one pleading for encouragement through inclusion and the other advocating firm standards and uncompromising conditionality.

An intermediate strategy was chosen. No country was admitted just in return for glib promises, nor was the barrier set so high as to be insurmountable. Many countries complained about double standards, and certainly double standards existed. In effect, a variety of thresholds were constructed so as to allow for serious efforts to be rewarded and for progress to be duly recognised. Some negotiations for entry lasted one year, others as long as four years, and during this period an intense dialogue was conducted on European standards in different fields, and there were also extensive consultations on the substance and procedures of desirable reforms.

The very concept of European values was always somewhat puzzling in this process. “What values?” people used to ask. Had not some of the worst crimes in world history been committed by Europeans? What about the gulag, the holocaust and the colonial massacres? The answer to that was of course that the notion was intended to be normative, not descriptive. The point was not what Europeans had done in the past but rather what they might do in the future by honouring their own enlightened standards.

A second question often raised referred to the geographical element in the concept. Were there really European values as distinct from American values or Asian values? The answer to that was often divided into two parts:

- One the one hand, the core components of the common European value-ground were recognised as corresponding to a set of universal principles laid down in the UN Declaration of Human Rights and UN Covenants. Human rights were essentially universal, even though Europeans had added some accents of their own as well as control mechanisms.
- On the other hand, one could choose an empirical approach to find out what people in different continents really believe in. This method reveals some differences of opinion. According to the European Values Survey, 86 per cent of Europeans respond that they prefer a democratic political system. The corresponding figure for Africa, Asia and South America is much lower, mostly under 50 per cent.[12] What one also finds in Europe is a strong support for the Welfare State (over 70 per cent) and a relatively strong support for the market economy (56 per cent in the present EU countries and 61 per cent in Central and Eastern Europe). There is also a certain shift from traditional values (law and order, material security and rigid social norms) to post-material

[12] European Commission (2003) “Evolution of values and deep-seated attitudes in Europe”, *Discussion paper, Round table: A Sustainable Project for Europe.*

values such as self-expression, quality of life, tolerance and openness.

The value discussion has followed a somewhat different path within the *Organisation for Security and Co-operation in Europe* (OSCE). Here, there was seldom any question about adherence to particular values in connection with accession, since all European states in addition to the United States and Canada were seen as eligible for membership, but values were nevertheless in the forefront from the very inception of its forerunner, the Conference for Security and Co-operation in Europe (CSCE), also known as the Helsinki process. In the Helsinki Final Act of 1975, the recognition of human rights was given a prominent place, and even if it is well known that the regimes of the Soviet block had no original intention of honouring these solemn commitments but accepted them as a price to pay for other concessions, not least the recognition of the established borders, they were soon reminded of them by dissident movements in their own societies. Helsinki Watch (now part of Human Rights Watch), the Helsinki Rights Committee and Charta 77 were all built on the idea of confronting the dictators with their own pledges – a daring enterprise but eventually successful.

In the security-oriented practice of the OSCE, values also came to play an important role. High-level officers were appointed to tackle value issues related to national minorities and media freedom. Concrete measures to promote democratic practices and the respect for human rights were coordinated by the organisation's Office for Democratic Institutions and Human Rights (ODIHR), and missions were despatched to a dozen Member States with the task of supporting the application of European standards in various domains. Value themes were also prominent in the messages conveyed to the former Yugoslav countries and regions where the OSCE was asked to contribute to stabilisation.

If European values held centre stage in these two organisations, they received scant attention in the early stages of the

European Communities, which for a long time focused squarely on issues of trade and economic policy. The expansion of democracy, good governance and the respect for human rights came up in the external relations of the Communities, as objectives for development co-operation or as conditions for trade concessions, but for a long time they played no significant role in the internal affairs of the Communities. They crept into the Copenhagen criteria for the Eastern enlargement and into the third pillar added through the Maastricht Treaty, but it is only in the last few years that we have seen a real break-through for a strong value orientation in the *European Union.*

The two assemblies known as Conventions have played in important part in this reorientation. The 2000 Convention drafting the EU Charter of Fundamental Rights collated a vast array of provisions from treaties, conventions and European Court of Justice case-law to set out a general European catalogue of principles and rights. Although the whole exercise was based on the condition that no new rights should be created, it was also seen as deepening and redefining the very essence of EU co-operation. The Charter was a quality leap in the direction of converting the union into a community of values. *Die Union ist nicht nur Wirtschaft und Währung, sondern auch Werte* – that was how this idea was expressed in German, with better alliteration than any other language could offer.

The subsequent Constitutional Convention confirmed this reorientation, building its proposal on the premise that mutual economic benefits are not enough to keep the Union together without establishing also a community of values. Defining these core ideas and ideals proved to be an arduous task, with considerable frictions between advocates of religious and secular world-views. Similar divergences surface in the discussion on the further enlargement of the European Union, particularly on the issue of Turkey. Again, the issue of commitment to common European values crops up as a crucial and controversial criterion for accession.

By now firmly entrenched in the political discourse of European co-operation, the concept of European values continues to present some problems in EU contacts with other parts of the world. If there are European values, are there also Asian and African values; and if so, what are the differences? Are authoritarian practices and disdain for human rights acceptable in countries where they have a long tradition? European commentators are not prone to accept that proposition, leaning instead to the position that human rights and fundamental democratic principles are universal and indivisible.

2.9 Nordic value

The final conceptual relative of European added value, *nordisk nytta* or *nordisk nytte,* contains none of the three words in the formula. In direct translation, it means "Nordic value" or perhaps "Nordic usefulness". Its relevance in a discussion of EU affairs hinges on a long habit developed among the three Nordic Member States to use this criterion in the evaluation of intergovernmental activities.

Nordic co-operation is organised around two pillars: the Nordic Council and the Nordic Council of Ministers. The former is a Parliamentary Assembly providing impetus for legal harmonisation and practical co-operation in many different fields. The latter is a secretariat based in Copenhagen with the task of overseeing a set of common institutions and a large number of projects and programmes. Each country has a Minister whose portfolio includes main responsibility for Nordic affairs, but most other Ministers also meet regularly with their Nordic colleagues, and the same goes for secretaries of state who form a number of Nordic bodies of senior officials. The activities agreed upon by these different bodies are wholly or partly financed by the common budget of the Nordic Council of Ministers.

Pressure within this budget has long led to a search for rational and consistent principles of pruning. What should be covered by national means, and what should be co-financed by the five countries? The last two decades have seen efforts to develop a doctrine on Nordic value, defining the criteria for inclusion of initiatives and commitments in the common budget. The topic is often discussed in the Nordic Council and in the particular groups of officials responsible for different policy areas.

A 1995 Working Party came up with the following conditions for Nordic financing:

- It must be an activity that would otherwise be organised on a national basis but would yield substantial positive effects through common Nordic solutions.
- The activity must manifest and develop a sense of Nordic community.
- The activity should increase Nordic competence and competitiveness.

The three criteria were rated as both equivalent and compulsory for any funding to be considered. But it was also conceded that hard data and quantitative evidence would not always be available, so a qualitative analysis would be necessary in many cases. Several measures of positive impact might be envisaged, including visibility inside and outside the Nordic countries, rate of participation and international prestige.[13]

At this stage, only Denmark had experience of membership in the European Union. The entry of two other Nordic states into the Union and the opportunities provided through the EES for the two further countries to become involved in a wide range of Union activities raised a new question for Nordic decision-makers. Henceforth, they would have to weigh the usefulness of Nordic funding not only against national alternatives but also against common European action. This new situation was reflected in a subsequent 1998 strategy report on Nordic

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[13] Ibid.

value.[14] The authors of this study underlined the need to compare the benefits of Nordic projects not only against nationally funded initiatives but also against broader-based European ventures.

In this context, what speaks in favour of the Nordic framework? Apart from the economic advantages of co-operation being carefully examined on a case-by-case basis, the report underlined the role of the common historical and linguistic heritage as well as common views on democracy, welfare and administrative principles. The authors suggested a pooling of resources for a joint Nordic innovation policy including financial guarantees, coordinated market scanning through technological attachés, Nordic cluster programmes and a Nordic coordination of technical assistance to Central and Eastern Europe.

What makes the concept of Nordic value an interesting forerunner of European Added value is its long-time practical use as a criterion for policy choices. In the 1980's, I chaired an academic network called the Nordic Committee for Soviet and East European Studies. This body was eventually axed by the Nordic Committee of Ministers, with the motive that it did not contribute enough towards the objective of Nordic value.

2.10 Conclusion: the conceptual family of European added value

The strong emphasis on value and values in the discourse on public policy and public administration is recent. Consulting the monumental eight-volume German encyclopedia of conceptual history, aiming at examining *die Auflösung der alten und die Entstehung der modernen Welt in der Geschichte ihrer begrifflichen Erfassung,* we find some references to a handful of the terms just reviewed but other than that no

[14] PLS Consult (1998) *Hele Norden som base: utredning om nordisk erhvervs/næringsrettet innovationssamarbejde,* Copenhagen: Nordisk Ministerråd.

reference at all to most of them.[15] The value turn in modern governance has occurred only in the last few decades, and particularly in the last few years. Seeking its roots we are led in several different directions, to the reform movement called new public management (NPM), to some influential currents in modern business economics, and to the intensified search for common moral foundations in pluralistic and increasingly secular societies.

The word-count presented in table I offers a bird's eye view of the value turn in modern governance:

Table 1. Googlometrics: Frequency count of selected concepts, 30 April 2005

Phrase	Hits
European value added	4 350
European added value	17 800
Surplus value	130 000
Value chain	1 110 000
Value added tax	808 000
Value for money	3 250 000
Additionality	85 400
Common values	431 000
European values	69 500
Nordisk nytta/e	1 235

Source: http://www.google.com

Concepts are highly promiscuous. They link up with each other in ever-changing combinations, split up and reunite. They also travel easily across linguistic, national and disciplinary borders. Once coined, they can be used in many different contexts. Like young stem cells, fashionable expressions become multi-functional and pluripotent. Conceptual historians such as Reinhart Kosselleck have taught us to watch carefully for the rich

[15] Brunner, Otto, Conze, Walter & Koselleck, Reinhart (eds.) (1972–1997) *Geschichtliche Grundbegriffe: Historisches Lexikon zur politisch-sozialen Sprache in Deutschland,* Stuttgart: Klett-Cotta.

substance hidden in seemingly innocent words. Within every concept, there are bundles of human and historical experience.

Embedded in a family of related concepts, the notion of European added value has become immensely popular in recent years. Few suggestions with a bearing to the agenda of the European Union are launched without the claim that the proposed measures will bring about such an increment. But the very frequency of the argument inevitably erodes its credibility. How well-founded are the repetitive and ubiquitous assertions about European added value?

Leaving this question unanswered for the moment, we shall first take a look at a selection of arguments in favour of common action in three policy areas. The European Union, like the modern state and the modern commune, is not a unitary actor with a single set of priorities. It is rather a complex of many different sectors, defended and promoted by various sets of advocates. Clients, suppliers, employees and a variety of other affected interests often combine to plead the cause of each sector. Sectoral perspectives sometimes converge to shape more or less coherent policy discourses, but there are also internal tensions within each area. This will be reflected in the following chapter.

3 THREE POLICY COMMUNITIES IN SEARCH OF EUROPEAN ADDED VALUE

Beyond the twenty-two official languages of the European Union, there are many subtle linguistic differences between groups and strata in European society. Every profession has its own tool-box and its own more or less esoteric vocabulary. If we want to understand the meaning of certain terms and expressions, we have to examine them in context.

The diversity of European governance has several faces. First of all, we have the many nations represented through the various *Member States.* Second, the ideological tendencies embodied in the different *political families* are organised in the various groups in national parliaments, the European Parliament and several inter-parliamentary assemblies. Third, we have the different *levels of government,* with two tiers in small countries and up to four in the larger ones.

A fourth dimension is the cleavage of European politics in various *policy sectors.* This division cuts across all the others, since every nation consists of different professional groups, every government of different ministries and every parliament of different specialised committees. Corresponding to these are also the sectoral units at lower and higher tiers of governance: divisions in regions and communes, Commissioners and General Directorates in the European Commission and the various and ministerial constellations in the Council of the European Union.

Contemporary government is everywhere characterised by far-reaching specialisation and sectorisation. The powerful tendency towards differentiation of modern societies was observed earlier by such classical theorists as Smith, Ricardo, Marx, Comte and Durkheim. In the 20th century, this theme was further developed in organisation theory through such concepts as departmentalisation, divisionalisation and segmentation. An academic proliferation of disciplines and sub-disciplines and a corresponding administrative proliferation of ministries and agencies gave further impetus to the process of specialisation. Legislatures at all levels of governance followed suit by placing an important part of their activities in a steadily growing number of committees and sub-committees.

When a parallel sectorisation occurs at several different levels, links are often forged between the specialists with similar concerns. In the European Union, the long-standing co-operation between various general directorates in the Commission and specialised committees in the European Parliament is increasingly supplemented through an outreach to national and regional decision-makers as well as professional experts and non-governmental organisations. The phenomena of "policy networks", "epistemic communities" or "iron triangles", long observed by students of individual political systems, are now being replicated at the European level. With the deepening of EU intervention in different policy sectors, we see the gradual emergence of densely textured policy communities kept together by their common expertise, common concepts, common concerns, and common perspectives.

The vertical links within sectors perform important political functions. In their competition for scarce resources at the various levels, sectoral actors often rely on their counterparts at other levels. Obligations imposed from above are frequently invoked to attract resources. This is why sectoral actors tend to favour central commands and regulations, sometimes exaggerating their binding character. Their own part of the bargain may be to mobilise support for the allocation of resources controlled from below, as in budgetary exercises controlled by the Member States. The policy community at various levels of governance will frequently share a common commitment to boosting the place of that particular sector on the political agenda.

The "epistemic" element in the sectoral community should not be underrated. Seemingly similar concepts often change meaning as they travel across disciplinary borders. The languages of the various professions are replete with "false friends". On top of the tower of Babel erected by the 22 official tongues, the sectoral groups add further to the linguistic diversity of the EU by cultivating their own professional dialects.

The notion of European added value provides a good illustration of these cleavages. Different nuances of the concept have evolved in various policy areas of the European Union. In this chapter, we shall see how the search for European added value is pursued in three different policy communities by specialised politicians and professionals sharing common concerns, perspectives, priorities and idioms. The three sectors to be covered are those dealing with (1) trans-European networks, (2) research, and (3) culture. In quantitative terms, these are clearly less important than agriculture and structural policy, but since the main focus here is not on the volume of expenditures but on the variety of reasoning, these areas offer interesting examples of discursive development. For each one of the three fields, we shall review briefly (i) the main lines of policy history, (ii) the definition of objectives and the marketing of European policies in popular presentations, and (iii) the search for stringent criteria for project selection.

3.1 Trans-European networks

3.1.1 Policy history

Transport policy had a slow start in the European Community. In the Rome Treaty, there was a chapter on transport dealing mainly with the need to enforce unimpeded competition and anti-discrimination in this field. Though prominently placed in the Treaty's introductory section on the foundations of the Community, this chapter was clearly aimed at removing obstacles to free trade and did not hint at infrastructural investments as a shared concern. True, it did launch the concept of a "common transport policy", but in specifying what such a policy might entail almost all attention was absorbed by the problems of freight companies operating outside their own home countries. The legal base for action was also a bit shaky. One author has described the provisions of the Rome Treaty relating to transport as "a jigsaw puzzle consisting of pieces whose shape can be changed to fit the circumstances".[16]

As far as the infrastructure was concerned, the Member States were clearly hesitant to relinquish any competence. The role of the central government in this area varied significantly among the six original members of the Community. The Benelux tendency to laissez-faire contrasted to a German tradition of firm government planning. Abbati qualifies the French line as centralist in theory but much less rigid in practice, whereas the opposite held true for Italy.[17] These disparities may go some way towards explaining the lukewarm response to the early blueprints presented by the Commission in the 1961 *Memorandum on the general lines of a common transport policy* and the 1962 *Action programme on a common transport policy.*

In 1983, the European Parliament took the Council of Ministers to the European Court of Justice for its failure to introduce a common policy for transport and lay down a binding framework for such a policy, as required by the Treaty. In its 1985 ruling, the Court criticised the Council, and shortly afterwards the Commission presented proposals for the liberalisation and harmonisation of transport legislation in its White Paper on the Internal Market.

With the four freedoms and the idea of enhanced mobility given strong emphasis, it was not surprising that the issue of transport climbed on the policy agenda. The Delors Commission singled out further investments in this sector as a key to progress in European unification. The term "trans-European networks" was first launched by the UN Economic Commission for Europe and only later taken over by the European Union. In 1989, it was endorsed in a Commission communication entitled *Towards trans-European networks,* following

[16] degli Abbati, Carlo (1987) *Transport and European Integration.* Brussels: The Euro Perspectives Series, p. 15.

[17] Ibid. ff.

which the Council instructed the Commission to draw up programmes for four different areas: transport, telecommunications, energy and training. This led to the 1992 White Paper on the *Future development of the common transport policy* which proposed the promotion of trans-European transport networks (TENs) by creating links between Member States' networks and enhancing interoperability between different forms of transport. Elimination of bottlenecks and provision of missing links between national systems were important items in this programme.

The Maastricht Treaty conferred upon the Community the right to support TEN projects provided that they were financed by the Member States and identified in Community guidelines. Several forms of contribution were listed in art. 129c of the Treaty and later specified in a 1995 Regulation, such as co-financing of feasibility and preparatory studies and technical support measures, interest subsidies on loans for a maximum of five years, loan guarantee premiums and direct subsidies.[18] Yet such measures did not cover the fundamental funding needs. A proposal in the Delors White Paper that the Union should be entitled to issue bonds to support investments in trans-European networks was rejected in 1995 by the Ecofin Council as running counter to the Member States' financial convergence policies.

Two main forms of Union support were nevertheless made available: budgetary appropriations and credits. The budget contributed in several different ways. In the first place means were channelled, particularly to preliminary studies, over Chapter B5-7 in the Community budget. Second, some projects were supported more substantially through the Structural Funds. An important innovation in the Maastricht Treaty was the Cohesion Fund based on three rather disparate types of conditionality:

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[18] Regulation 2236/95 art. 4.

- In the first place, an eligibility criterion limiting support to countries with less than 90 percent of the average EU per capita GDP.
- Second, a link to the introduction of the monetary union making the continuous disbursement of the cohesion fund resources contingent on progress in meeting the Maastricht criteria.
- And third, a purpose of spending requirement indicating that the means received should be used for investments and split evenly between transport infrastructure and environmental protection.

In EU15, the four countries obtaining support through this mechanism have been Greece, Ireland, Portugal and Spain. Another important source of funding for projects affecting Objective 1 regions in particular has been the European Regional Development Fund (ERDF). Grants from this fund have been used for such projects as the Lisbon-Valladolid motorway, the Thesalloniki motorway, Via Egnatia and the Irish section of the Ireland-UK motorway.

Coordinated with ERDF investments were credits from the European Investment Bank (EIB) to supplement funding from private and domestic public sources. Further loans were granted by the European Investment Fund (EIF), a special facility set up at the initiative of the Edinburgh European Council to support large infrastructural investments as well as small and medium-size undertakings. Yet neither the budgetary allocations nor the credits by the European finance institutions could cover more than a fraction of the investment costs involved.

The issue of trans-European networks has remained controversial between the three main bodies of the European Union, with the Council assuming its traditional role of guardian of fiscal prudence and the Parliament repeatedly complaining about a lack of vision, courage and momentum. Yet it is not only the aggregate volume that has proven divisive but also the choice of projects. Priority-setting in infrastructural investments is an obvious and classical field for politicians proving their skills to home constituencies. The Council has similarly been a battlefield for governments striking a balance between general restraint and advocacy of particular national projects.

Confronted with many suggestions from various Member States, the Commission twice set up high-level working parties to examine the methodology of prioritisation. The first body, known as the Christophersen group, set out to examine projects at very different stages of preparation: some already started but stalled or interrupted, others still on the drawing-board. Special workshops were organised to look into available data on costs and benefits and assess potential arrangements for funding. The 35 projects ultimately proposed by the group fell into two categories: priority projects, scheduled to begin by 1996, and other important projects to be considered at a later stage.

The 1994 Essen Summit selected fourteen priority projects, with particular emphasis on investments intended to replace road transport. The subsequent 1995-2000 Action Programme broadened the perspective by including projects improving the external links with countries outside the Union. Successively revised plans reflected the growing concern for the needs of the candidate countries as well as non-Member States in the Balkans.

But there was only limited progress in implementation. When the second high-level group chaired by Karel Van Miert was appointed to review the methodology and assess over a hundred proposals, it began its 2003 report by noting that only three of the projects identified by the Christophersen group and confirmed by the European Councils of Essen and Dublin had been completed, while five others would be ready by 2010.

Meanwhile, the perspective had been extended to include also the weak infrastructure of the candidate countries in Central and Eastern Europe. In the context of the Stability Pact for

South-Eastern Europe, plans had been drawn up for trans-frontier transport corridors. The task of the Van Miert group was to consider the transportation challenges to an enlarged European Union, extending the time horizon to 2020. 22 priority projects were selected. The only countries failing to agree on the final list were Belgium and Luxemburg, pushing for an upgrade of the Brussels-Luxembourg rail link, and Greece insisting on the Ionian-Adriatic intermodal corridor.

3.1.2 Policy objectives: four discourses

The rationale of the trans-European networks is differently presented in various contexts. It may be useful to distinguish between four slightly divergent discourses, which schematically could be identified as those of the lawyers, the economists, the politicians and the ideologues.

(i) *The legal rationale* consists of the arguments laid down in the Treaties, where the provisions on trans-European networks have remained unchanged from Maastricht to Nice. Here, the need for trans-European networks in the areas of transport, telecommunications and energy is derived from two major objectives of the European Union: the establishment of the internal market with free movement of goods, persons, services and capital and the goal of strengthening economic and social cohesion by reducing disparities between various regions and the backwardness of less favoured areas. To enable citizens, economic operators and regional and local communities to draw full benefit from the abolition of internal borders, the Community is called upon to contribute to the development of an appropriate infrastructure by promoting interconnection, interoperability of national networks and access to such networks.

The action foreseen in the Treaty includes the drawing up of guidelines covering the objectives, priorities and broad lines of measures to promote trans-European networks. The guidelines should aim at identifying "projects of common interest" which may be supported through feasibility studies, loan guarantees and interest-rate subsidies. Technical standardisations are pointed out as a main instrument to attain interoperability. The Treaty also calls for coordination of national policies in liaison with the Commission and co-operation with third countries to promote projects of common interest.

(ii) If the legal foundations for EU transport policy have remained stable since 1991, the *political rationale* has been more fluid, reflecting the shifting priorities of the European policy-makers. Since an improved transport infrastructure can serve many purposes, investments in this field are easily built into various political programmes. At one stage it figured as an important element in the campaign to complete the *internal market* by 1992. It was then given a prominent place on the *enlargement agenda* with its strong emphasis on the need to improve links both within and between the new Member States and their connections with EU15. Another perspective easily related to transport policy is that of *sustainable development.* Reforms aiming at energy conservation, intermodality and road-to-rail transfers had an obvious place on the Gothenburg agenda.

In recent years there has been particular stress on the targets of the Lisbon agenda, such as employment, competitiveness and knowledge-based growth. Trans-European networks fit nicely into strategies aimed at attaining these objectives, too, and the rationale for it has therefore tended to be accordingly reconfigured.

(iii) The *economic rationale* for trans-European networks hinges on an argument in two different steps.

In the first place, there is the general question of public versus private investments in the field of transport infrastructure. This problem has long been dealt with in the classical literature on welfare economics where the reasoning circles around the concepts of collective goods, externalities, sub-optimisation and indivisibility of benefits. Routine methods have been developed to predict the various effects of specific infrastructural investments, such as the short-range construction employment created through a particular project, the number of likely accidents prevented by a better road, the energy savings brought about by shifts from road to rail and the time gains produced by a quicker link. Transport economists have also refined the art of cost-benefit analysis by including into the calculus not only the immediate behavioural shifts produced by proposed investments but also their network effects, environmental consequences and other forms of secondary impact. But the longer view presents a number of moot methodological problems and cannot be handled with precision.

Next, there is the specific problem of under-investment generated by the transnational character of externalities. Just as the case for central rather than local stewardship of national networks is built on the fact that benefits from such investments accrue to larger areas than the immediate vicinity, so the same argument can easily be made for high-level decision-making on trans-frontier networks. Empirical evidence for this can be found in the poor infrastructure in many border areas where neither state is enough motivated to make the investment but both would gain from it. This second step of the analysis can frequently demonstrate the value not only of public action in general but also of bilateral or multilateral public action in particular.

(iv) Supplementing these three forms of reasoning in favour of trans-European networks there is also a specific type of *ideological rationale* to be found in the popular presentations by the Commission or in the pleas put forward by various policy advocates. Intended to convince the general public of the importance of infrastructural investments, these texts employ a variety of persuasive techniques from the tool-box of classical rhetoric. They often romanticise the endeavour by dwelling on the grandeur of the European project and the historical mission of the European Union.

Cardinal to the argument is the idea of forging unity by reducing distances. Bridging gaps between peoples and countries is portrayed as a key contribution not only to better transport but also to better cohesion and mutual understanding in a continent long fragmented by national diversity and tormented by its heritage of rivalry and blood-stained battlefields. To draw maximum benefits from the *acquis* of the integration and from the new opportunities for mobility, there is an urgent need to tackle the physical obstacles to trade, contacts and communication. These consist both in natural barriers (the Alps, the Pyrenees, the Baltic Sea and the British Channel) and in a deficient and under-performing infrastructure. In the most eloquent versions of this form of salesmanship, grand history blends harmoniously with grand geography.

Adapted to the field of transport, the narrative dwells equally on the plight of the isolated periphery and the time losses in the congested centre. Both are ill served by a deficient rail and road network. A common theme is that of the "missing links". If many parts of the transport structure in Europe are in reasonable shape, it is both bad form and bad economics to accept blockages and interruptions in the steady flow of traffic. This is simply not fitting for a modern continent. The "existing facilities will not do for the new Europe", goes the argument in a popular publication from DG Transport:

> Too fragmented and lacking interconnections, they are about as complete as a pack of card with the aces missing. Nor are they good enough to deliver a winning hand.[19]

3.1.3 Criteria for selection

Operationalising the programme for trans-frontier connections, European policy-makers are inevitably faced with the problem of priority-setting. Article 157:1 of the Nice Treaty proclaims that "(t)he Community's activities shall take into account the potential economic viability of the projects". This provision raises a whole range of difficult issues. How do cash-flow returns (as from rail revenue and toll road receipts) relate to the benefits freely distributed to road users? How is the

[19]European Commission (1994) *The Trans-European Transport Network,* p. 2.

projected utility of a proposed trans-frontier investment to be divided between different countries? And which is most important, providing for transport in central and densely populated regions or for better links to the remote areas?

Finding adequate answers to such questions is crucial not only for budgetary priority-setting but also for establishing the necessary partnership with private actors. Investments in transport infrastructure are very expensive and often beyond the means of public authorities. In EU15, public spending in this field peaked at around 1.5 percent of GDP in the 1980's but has since dipped to under 1 percent of GDP. In the new Member States, it is now slightly higher but unlikely to expand very much. European resources are also scarce. Even with the cornucopia of the Structural Funds and the credit lines of the EIB and EIF, the European Union can make only very limited contributions to investments in physical infrastructure.

The stringency imposed by the Maastricht criteria and the Growth and Stability Pact have played its role in containing the appetite for public investment. Any major project relies on a complex funding package with various forms of credit. In cobbling together such solutions, there is a need to convince both public or semi-public lending institutions and private investors of the soundness and profitability of the project. What makes this task particularly demanding in many huge transport investments is the fact that, at closer scrutiny, they turn out to be combinations of many small projects marketed under one single label. The art of covering losses from less frequented sections by transfer of resources from profitable links requires considerable talents for entrepreneurship, branding and persuasion, particularly when different countries and different modes of transport are involved.

Different groups involved in the policy process will often come up with conflicting answers to the problem of project-rating. Cost-benefit analysts have come a long way in assessing the merits of various infrastructural investments and can provide relatively reliable calculations of first-order effects and some second-order effects. But when it comes to the long term impact in terms of social, environmental and political consequences, there is less agreement and less room for quantitative precision. Representatives of national and various other territorial interests often contest the purely quantitative methodology, arguing that projects must also be assessed in a broader perspective since the wider ramifications of large transport investments include geopolitical considerations and other imponderables defying economic calculus.

To qualify as projects of common interest satisfying the requirements for the development of a trans-European network, the Christophersen group suggested a number of criteria. Projects

(i) had to be of exceptional size, bearing in mind the type of project and the relative size of the Member States directly concerned;

(ii) had to pass the economic viablity test, including improvements of competitiveness and the technological performance of the Union;

(iii) had to allow for the possibility of private financing;

(iv) ought to be mature enough in preparation to be carried out quickly;

(v) had to avoid the public financing of infrastructure which would lead to distortions of competition contrary to the common interest;

(vi) and should respect Community legislation, in particular concerning environmental protection.

Of the 34 projects submitted to the Christophersen group, 14 were retained in its recommendations and eventually endorsed by the Essen Council in 1994.

There ensued a prolonged legal battle between the institutions. Mr. Piecyk, the rapporteur of the European Parliament, criticised the approach of the Christophersen group and the lack of consonance between its stated principles and concrete recommendations. Eventually, the Parliament added its own list of proposals which it wanted firmly accepted as suitable for Community funding, whereas the Commission and Council did not want to exclude the possibility of contributions to other projects. The matter was ultimately settled through a conciliation procedure in which the list was adopted "on an indicative basis" which did not rule out a subsequent extension.

In effect, far fewer projects were realised than outlined at the Essen Council while a large number of new proposals were submitted. Confronted with over a hundred suggested projects, the Van Miert group set out to formulate sharper criteria than its predecessor. "An examination of all the priority projects selected by the Christophersen Group might give the impression that they do not have perfect coherence", it stated, suggesting that this might be due to "the method used" and "the rules of the game inherent in this type of exercise".[20] Some of the Essen projects reflected a national planning desire but did not show any strong synergy with the remainder of the trans-European network. Others were packages with many disparate elements. To avoid falling into the same trap, the Van Miert Group advanced the notion of major *trans-European axes,* modelled on the ten multimodal *pan-European corridors* which had been developed in the dialogue between the EU and its neighbours during the 1990's and endorsed by the 1994 Crete and 1997 Helsinki pan-European Transport Conferences.

The corridors were broad bands up to 100 or 200 km wide and had been established through intergovernmental co-operation. The Van Miert group did not manage to identify specific trans-European axes but suggested that its priority projects would give an approximate indication of this future network

[20] European Commission (2003) *High-Level Group on the Trans-European Transport Network,* section 5.2.2.

and urged the Commission to continue the analytical effort by mapping current and future traffic flows in order to come up with concrete proposals. Three main principles were proposed for defining the axes: (1) they should include both land and maritime links and nodes expected to be significant for trade between Member States, (2) they should take into account the accessibility needs of the peripheral countries and be well interconnected with national, regional and third country networks, and (3) they should include routes with proportionally high volumes of long distance national traffic, since these are good targets for promoting modal rebalancing and could make it possible to improve the consistency of national corridors under development.

The inherent tensions between the three principles go a long way towards explaining why the Van Miert Group "did not have time to identify these main axes."[21] It could report only having had "very constructive and informative exchanges on the perception that the various members of the Group had of what these main trans-European axes were".[22] But since it was tasked with revising the list of priority projects and formulating a more consistent methodology than that of its predecessor, it devised a two-phase strategy to pin down particularly important proposals. In a "pre-selection stage", it excluded all projects not meeting all the following three criteria:

- being on a main trans-European axis pertinent to the internal market of the enlarged Europe, in particular taking into account projects crossing natural barriers, solving congestion problems or corresponding to missing links;
- having a European dimension by surpassing the threshold of E 500 million for infrastructure; and
- showing evidence of potential economic viability, other socio-economic benefits (e.g., social, environmental), and firm commitments from the concerned Member States to

[21] Ibid., section 6.4.3.
[22] Ibid., section 5.2.2.2.

carry out the required impact assessments with a view to completing the project within an agreed time-frame.

The first criterion was obviously a bit shaky since the Group had not managed to agree on the definition of the axes. Instead, it invited Member States to indicate their own conception of the position of their projects on one or several main trans-European axes. The second criterion aimed at ruling out small projects and the third at excluding those that were insufficiently prepared or supported.

In a second stage, entitled "evaluation of the pre-selected projects", the Group set priorities by applying the following conditions:

- the European added value of the project, in terms of importance for facilitating exchanges between Member States, for instance improving interconnections and interoperability between national networks;
- the strengthening of cohesion, either by better incorporating the future Member States into an enlarged Europe, or by connecting the main peripheral areas and the least developed regions to the rest of Europe; and
- the contribution to the sustainable development of transport while tackling the problems of safety and of environmental protection and by promoting modal transfer.

Again, it is easy to see that these conditions point in different directions and fail to arbitrate both between the centre and the periphery and between economic and ecological ambitions. But the assignment of "European" only to the objective of trade promotion is indicative. In an explanatory note, the Group underlined that this evaluation criterion was without doubt the most important one. Two alternative measures were advanced for the rating of various projects along this dimension. One option was to look at the relative share of intra-Community traffic (i.e., concerning at least two Member States) in percentage terms of the total traffic on the sections concerned or on the increases in net capacities on the relevant route. Another option was to focus on gains in interoperability. In both cases, one would look mainly at the economic importance of the projects. The two other criteria, relating to the needs of the periphery and the objective of sustainable development, were clearly given second rank by the Van Miert Group.

To sum up this reasoning, it would seem that the recipe of the Van Miert group could be somewhat irreverently paraphrased in the following way: look first for projects yielding high and certain economic returns, assess then their "Europeanness" by looking at the relative share of intra-Community traffic, give some attention to the need for *juste retour* to peripheral countries, and add for flavour a few projects with a high environmental profile.

3.2 Research

3.2.1 Policy history

Research is now recognised as a European policy field in its own right, but it is also fundamentally horizontal in that it transcends all policy boundaries. Since some form of expertise is present in all varieties of professional endeavour, a knowledge component may be observed in any field of public or private activity, and the further refinement and extension of that component is often a matter for researchers and innovators. With our economies moving steadily towards more knowledge-intensive modes of production, increasing attention has come to be directed to research and development (R&D) as crucial preconditions for growth and progress.

Three stages may be distinguished in the development of European research policy. The first one was characterised by *fragmentation*. From the 1950's to the 1970's, research initiatives were sector-specific and frequently embedded in broader programmes. The first scientific institution at a European level was the European Organisation for Nuclear Research (CERN), which was set up in the early 1950's as an independent intergovernmental organisation. R&D programmes were also initiated within the various European Communities, covering nuclear energy (Euratom), coal and steel (ECSC) and agriculture (EEC).

The case of Euratom gives an interesting illustration of the gradually increasing weight of the knowledge component. This body was initially set up to pursue industrial policy. Later, it concentrated more on energy policy and eventually finished as a research agency. The five-year (1958-1962) research programme specified in the original treaty involved both in-house activities and external contracts. The internal work was located at a Joint Research Centre comprising several different laboratories. In 1968, when the staff had grown to around 2,500 employees, the Commission issued a negative report on Euratom, pointing out that Member States still favoured their own domestic programmes and that there was still no consensus on a way towards a common reactor design. Biological and thermonuclear research continued, but in most other fields the joint programmes ceased.

The impetus for a broader research policy came from a growing concern about the technological gap between Europe and the United States and the signs of a growing brain drain across the Atlantic. The remit of the Joint Research Centre was broadened and in 1974 the Council asked the Commission to start work on a common policy for science and technology. Three years later, the Commission came up with the following six priorities:

- Energy, including conservation and new sources.
- Raw materials.
- Environmental studies.
- Living and working conditions, such as the social consequences of technology, emigration, and demographic changes.
- Services and infrastructure, including technical information.
- Industry, including information science, telecommunications and transport.

The role of the Joint Research Centre was again redefined, this time to provide a public service infrastructure for research in general but with a certain focus on energy and conservation. In 1979 the Council approved an action plan for information technology that led to the European Strategic Programme for Research and Development in Information Technology (ESPRIT). Here, a few features were launched that would eventually become pillars of subsequent Community programmes: the involvement of industry at all stages, the emphasis on "pre-competitive" or generic research with widespread applicability, the rule that at least two companies from two different Member States must be involved in each project, and the ceiling of Community funding at 50 percent of the total cost.

So far, research programmes had been adopted on an ad hoc basis and in response to particular fashions or perceived needs. To improve coordination, the Commission launched the First Framework Programme (FP1) in 1984. This was the second phase, marked by a *comprehensive research policy.* The share of resources devoted to energy declined. The new code-word was "industrial competitiveness" which FP1 sought to promote through three programmes:

- Industrial technologies, including a basic research programme open to firms in all industries and particularly intended to benefit small and medium-size enterprises.
- Information technology and telecommunications, particularly ESPRIT and a new programme called R&D in Advanced Communications Technology for Europe (RACE).
- Biotechnology, with special stress on interdisciplinary research.

FP2 (1987–1991) was linked to the Single European Act, with its emphasis on the research needs of the internal market. Sixty percent of the resources were reserved for industrial research. Information and communication technologies were boosted at the expense of energy research. The Joint Research Centre mandate was once again adapted to fit the broader agenda and research contracts in energy, agriculture and environmental policies were negotiated with the respective DGs.

In FP3 (1990–1994) and FP4 (1994–1998) there were marginal adjustments in priorities, with “human capital and mobility” rising as a new important field. The linkage between research and industrial development was reformulated to emphasize common approaches and standards. The Framework Programmes were seen as strategies for building knowledge bases for new and emerging industries through concerted technological activities, sometimes referred to as “technology platforms”. A number of industry-research task forces were created to foster a closer and more productive relationship between the business and research communities. The evolving concern for economic and social cohesion also found its way into the fourth framework programme, with priority treatment given to applications from Objective 1 areas.

FP5 (1998–2002) was developed as a more complex matrix, with four thematic and three horizontal programmes. Along the thematic axis, there were allocations to research intended to (1) improve the quality of life and the management of living resources, (2) create a user-friendly information society, (3) promote competitive and sustainable growth and (4) preserve the ecosystem. The horizontal programmes were aimed at boosting the international role of European research, improving human potential and promoting innovation in small and medium-size enterprises.

A third phase was prepared in the late 1990's through the incipient discussion about a coherent *European research area* (ERA). This concept was eventually endorsed by the 2000 Lisbon Summit which construed it as a key ingredient in its strategy to enhance competition and make the European knowledge-based economy world-leading by 2010. The plans for ERA were drawn up in conjunction with FP6, which represented a further step in the diversification of the policy repertoire. Key elements in this programme were enhanced support for centres of scientific excellence and for trans-frontier networking as a principal technique of co-operation. But there was also a new accent on harmonisation and greater coherence between national research policies.

The idea of particular “spaces” proved contagious. Soon, there was talk also about several adjacent “European areas”. The need to assess FP activities generated suggestions about a unified European Evaluation Area, and the pleas for greater academic mobility reverberated in the Bologna process where plans are being drawn up for a common structure of European universities. In her 2001 report to the European Parliament, Dutch MEP Elly Plooij-van Gorsel argued for strong links between the two fields: “Next to the European Research Area, there should come a European Area for higher education. I think that education is still the responsibility of the Member States….but if we want to become the most competitive economy of the world in ten years, and we want a knowledge-based economy, then it is impossible not to make also a European Education Area.”[23]

The construction of the European Research Area is still work in progress. For the next Financial Perspectives, the Commission has proposed a doubling of the allocations to research policy, underlining once more its crucial contribution towards attaining the Lisbon objectives. A further project under discussion is the setting up of a European Research Council with particular focus on high-quality basic research. This might either be an EU body or a mixed structure involving the Member States.

3.2.2 Policy objectives: four discourses

In the vindication of European research policy, the weight given to the added value argument gradually increases over time, but its position differs significantly between the different groups taking part in the discussion.

(i)The legal rationale. At the outset, there was scant recognition of research as a legitimate concern for the Communities.

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[23] Interview with Elly Plooij-van Gorsel, ”After the ERA, a European Education Area”, *Cordis*, (http://dbs.cordis.lu)

The first generation of Treaties mentioned science and technology only in passing. The framers of the Coal and Steel Community included a provision about relevant technical and economic research, and the Rome Treaty contained a similar reference to agriculture. The Euratom Treaty was more explicit in entrusting the Community with the task of promoting a coordination of national research activities.

After Maastricht, however, the lawyers have had no difficulty by and large in justifying action in the field of research and technological development. This is one of the several areas for which the Treaties provide a much wider competence to the Community than it has ever made use of. Apart from the general rules about subsidiarity, proportionality and additionality, the principal restraint preventing a more expansive policy has been budgetary rather than legal.

The key provision in article 163 assigns to the Community the objective of strengthening the scientific and technological bases of its industry and encouraging it to become more competitive at the international level. This may be attained through support for undertakings (including small and medium-size enterprises), research centres and universities in their research and development activities. Special attention is given to the opening-up of national public contracts, the definition of common standards and the removal of legal and fiscal obstacles. Specifying particular fields in which the Community may supplement the efforts of the Member States, article 164 mentions (1) the implementation of research, technological development and demonstration programmes, (2) the promotion of R&D co-operation with third countries and international organisations, (3) the dissemination and optimisation of results and (4) the stimulation of training and mobility among researchers in the Community.

The practice of assembling all Community activities in multi-annual framework programmes adopted by the Council is also inscribed in the Treaty (articles 166–167), and allowance is made for "enhanced co-operation" in the form of programmes financed only by some countries (article 168). A provision that has so far not been employed but is now attracting attention is the possibility of Community participation in national programmes (article 169).

While the main objective of common action in the field of research is the paramount goal of international competitiveness, article 163 also grants a blanket permission for co-operation in support of any other purpose pursued by the European Union ("promoting all the research activities deemed necessary by virtue of other chapters of this Treaty"). With such wide powers, legal engineering becomes all but superfluous in the formulation of research policy.

(ii)The political rationale. The horizontal or transversal nature of research policy – its links to all policy areas where new knowledge is in demand – leaves its imprint on the science and technology discussion in more than one way. In the first place, arguments tend to evolve along with the general political agenda, following closely the fluttering of the Zeitgeist and the shifts in political fads and fashions. Second, there is trend over time to broaden the perspective to wider horizons. And third, there is a persistent effort to compare European efforts to those of other world powers, particularly the United States and Japan.

In a previous study of arguments employed by Swedish agencies in their annual requests for appropriations, the present author found evidence of "value opportunism" in several branches of government, but especially striking tendencies in this direction were noted in universities and other research institutions. These bodies were particularly prone to adapt their justification of increased funds to the political priorities of the day, skilfully presenting their endeavours as timely and forceful contributions to the pursuit of important political objectives.[24]

[24] Tarschys, Daniel & Eduards, Maud (1975) *Petita*: *hur svenska myndigheter argumenterar för högre anslag.* Stockholm: Publica.

The same inclination to let research "piggy-back" on other items in the policy agenda can be observed in the European political discourse. There are several specific examples of this, as in the emphasis on particular fields of high-tech and spearhead innovations. But there is also a general argument about the nexus between R & D investments and economic growth, given particular attention and stress after the launching of the Lisbon agenda. In its February 2004 Communication on the next Financial Perspectives, the Commission makes a strong case for increased spending on science and technology as indispensable preconditions for employment, growth and competitiveness.

(iii)The economic rationale. The economic reasoning in support of European research policy is construed in several steps. First of all comes the vindication of public rather than private investments in applied R & D. This argument is based largely on the indivisibility and unpredictability of potential returns. As long as expenditures on science and technology serve only one concrete enterprise, tax-payers have no particular reason to defray the bill. But if the results of an activity are deemed to be highly uncertain as to who might benefit from them while at the same time the activity is also crucial to attaining such desirable goals as higher employment, regional development, frontline technological excellence and general economic growth, it may qualify as a common good worthy of public funding or co-funding.

As research policy is well established in all Member States and has a history extending several hundred years back, this issue is raised only at the margins where it is necessary to draw the line between public and private efforts, or identify suitable combinations between them. Similar questions appear at the next step in the justification of European research interventions. Here, the borderline is that between national and joint support. Which level is most appropriate for financing R&D?

The case for international co-operation in pooling resources rests normally on the magnitude of investments required and the transnational application of potential results. In this context, emphasis is placed on "pre-competitive" or generic research at some distance from the market and with results expected to be of widespread applicability. These arguments were made already at the conception of CERN and ESPRIT and have been repeated often since, not least in the context of mind-boggling new technologies. In fields where centres of excellence cannot realistically be established in the many different states of Europe, it makes economic sense to see to it that one or a few such institutions or networks are established at a European level.

But if the European research budget expands, where does the money come from? The most convenient solution as regards the R&D community itself is of course to look for transfers from other sectors, or for intra-sectoral transfers towards research. In reality, however, many Member States handle their research budgets as relatively fixed quantities and respond to further European commitments by reducing their own efforts, thus defying the spirit of additionality. This tends to pit national stakeholders against those benefiting from the cornucopia of the European programmes. It is hardly coincidental that most European programmes have evolved in new research areas where there are not yet any firmly entrenched interests at the national level. This facilitates the advocacy by Member States with particular high-tech industries to advocate joint research efforts in just such areas.

Trends within the economic discipline have also left their mark on the arguments for European research co-operation. When the first framework programmes were launched in the 1980s, their rationale tended to be presented in neoclassical terms with particular accent on the public good arguments for investments in science and technology and the need for public initiatives to compensate for market failures. Later the reasoning was diversified to include references to "the knowledge society" and to the networking benefits associated with trans-national co-operation. In recent statements, there are many echoes from the value turn in governance and public policy.

(iv)The ideological rationale. In marketing European research policy to the general public, the predominant theme is the risk for brain drain and economic stagnation. The self-indulgent traditionalism of European R&D is contrasted to the industrial dynamics in North America and South-East Asia. To illustrate this gap in performance, there is seemingly no end to the disparaging indicators. Europe is lower on college and university enrolment, lower on graduates, lower on doctoral diplomas, lower on scientific publications, lower on research investments, lower on patent applications, and lower on Nobel prizes awarded.

The knowledge lag is a well-tested *leitmotif* in efforts to boost public spending on science, and not only in Europe. In 1957, the Soviet launching of the Sputnik provided a rude shock to the Americans and gave a celestial push to the call for far greater investments in academic excellence. The cold war served as a backdrop for similar pleas as long as it lasted. Within European states there was always an eye to the strong R&D budgets of neighbours and competitors. In my analysis of Swedish agency arguments for appropriations over a long time-span, I found recurrent references to the much better endowed facilities of Norwegian colleagues.[25] Another Swedish example sheds light on the tendency to view research and education in a competitive perspective. The current government has set out 47 political goals for various policy sectors, but only in these two fields are the national objectives formulated as comparisons with other states.

The competitiveness theme received a strong emphasis in the 2000 Lisbon declaration, proclaiming that within ten years the Union should overtake the United States and become the

[25] Ibid., p. 41–45.

leading knowledge-based economy. This formula varied a solemn declaration by the Communist Party of the Soviet Union, which at its XXII Party Congress in 1961 set the goal of catching up with and surpassing the United States within twenty years *(dognat' i peregnat' Ameriku)*.

3.2.3 Criteria for selection

A concern about "Community advantage" has been been present in EU research policy from its very outset. The principles formulated when the FP1 was launched have later come be known as the *Reisenhuber criteria*.[26] They laid down the following conditions for Community support to research and development:

1. Research activities of a scale that single Member Countries either could not provide the necessary financial means and personnel, or could only do so with difficulty;
2. Research that would obviously benefit from being carried out jointly, after taking account of the additional costs inherent in all actions involving international co-operation;
3. Research that, owing to the complementary nature of work carried out at the national level in a given sector, would achieve significant results in the whole of the Community for problems to which solutions call for research conducted on a vast scale, particularly in a geographic sense;
4. Research that contributes to the cohesion of the common market, and which promotes the unification of European science and technology; as well as research that leads where necessary to the establishment of uniform laws and standards.

[26] The United Kingdom Parliament, Parliamentary Office of Science and Technology, *Research and the European Union,* POST Report Summary, 1996, no. 83, Cf. NIFU, STEP and Technopolis (2004) *Evaluation of Norway's Participation in the EUs 5th Framework Programme.* Oslo: NIFU, STEP and Technopolis, p. 27.

Later on two further criteria were added, one on economic and social cohesion and one on mobility of researchers and the co-ordination of national policies.[27]

In the early 1980's, a centralised Evaluation Unit was set up to monitor the implementation of these principles, but there was little coherence in these efforts. Peer reviews by independent panels were organised separately in the various areas, eventually extended into two-phased assessments at mid-term and after project termination. In 1994, the legal framework of FP4 required the Commission to set up a system of systematic evaluations, both annually and in the form of a five-year assessment. The first such report covering the period from 1911 to mid-1996 was produced by an expert panel chaired by Viscount Davignon. It sidestepped the task of evaluating past performance, placing instead its emphasis on recommendations for the future and recommending closer attention to the goals of the European Union.

According to the Davignon panel, future framework programs should rest on "the twin pillars of scientific excellence and economic relevance".[28] European added value was then suggested as a supplement to the latter criterion, but its implications were not clearly defined in the report. The EU Scientific and Technical Research Committee (CREST) endorsed these recommendations and called for further attention to "the results and impact of the RTD programmes on economic and societal objectives, including scientific quality and European added-value".[29] In the European Parliament, further support was added by the Committee on Research, Technological Development and Energy which underlined the contribution of the whole Framework Programmes to the

[27] On conditionality in the early stages of EU research policy, see Guzetti, L., (1995), *A brief history of European Union research policy,* Brussels: European Commission (DG XII).

[28] European Commission, *5-Year assessment of the European Community RTD Framework Programmes* (COM (97) 151 final).

[29] European Union, *CREST/1217/1/97 rev. 1.* (15 Dec. 1997).

achievement of Community goals as regards European added value as well as economic and social cohesion.[30]

A common denominator in these statements was the request for further refinement of evaluation procedures in order to pin down the results and impact of various programmes. The response by the Commission was a flurry of new initiatives. An Inter-service group on monitoring involving twelve DGs set out to define common procedures for research evaluation in the Commission. One product was a software-based common methodology using more than 300 indicators to take into account the different features of specific programmes. Yet this approach was found to be too complex and was therefore abandoned. Instead, CREST identified a minimum set of core indicators amenable to bottom-up assessments of individual projects.

The issue of socio-economic consequences continued to haunt Commission evaluation strategists. A 1999 report by the European Technology Assessment Network identified the challenges as consisting of (i) imperfect knowledge of the cause-effect relationship between research and technology development and various types of impact, (ii) the temporal delay of impact evidence in comparison with the engineering stage, and (iii) the difficult aggregation of impacts resulting from a multitude of project. To dispel these various forms of uncertainty, the report suggested further collection of input/impact data and a special study identifying the constituent elements of European added value of the EU research and technology development programmes.

In a critical analysis of the way in which the concept had been applied prior to FP5, this study noted that the use of European Added value as a filter in the screening process had been exceedingly mechanical and trivial, with the involvement of

[30] European Commission, *Report on the 1997 annual report on the research and technological development of the activities of the European Union* (A4-0031/98), pp. 6, 9.

partners from different Member States taken as sufficient evidence for a positive impact.[31] Its own suggested definition built on an input perspective, qualifying European added value as support which is additional to the value that would have resulted from funding at regional or national levels by public authorities and the private sector.[32]

At this stage, noted another team of evaluators, it "seems fair to say that the implementation of European added value was operationalised as establishment of cross-national consortia".[33] Yet the discussion about suitable selection guidelines continued unabatedly throughout the preparation of the subsequent framework programmes. For FP5, three broad criteria were pinned down. Projects should:

- Establish a critical mass in human and financial terms, in particular through the combination of complementary expertise and resources available in the Member States;
- Make a significant contribution to the implementation of one or more of the Community policies;
- Address problems arising at Community level, or questions relating to aspects of standardisation, or questions connected with the development of the European area.

On the basis of these criteria, the consultants commissioned by the Commission to delve deeper into the issue came up with a synthetic formula:

> European Added Value is a concept derived from the subsidiarity principle that could be defined as the added value that could not be generated at national or regional level. In more practical terms, EAV relates to objectives to be pursued at European level and involves the development of critical mass, the

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[31] Guy, K., Denis, A. and Galant, S. (2000) *Identifying the Constituent Elements of the European Added Value of the EU RTD Programmes: Conceptual Analysis Based on Practical Experience,* Brussels: European Commission.
[32] NIFU, STEP and Technopolis (2004) *op. cit.,* p. 38.
[33] Ibid.

> contribution to the implementation of Community policies and to addressing European problems.[34]

By this time, there was increasing stress on the multi-dimensional impact of research activities. Evaluation guidelines made frequent references to such broad-based assessment techniques as the balanced scorecard and multi-criteria analysis. Applicants for FP5 and FP6 grants were required to specify the ways in which their projects related to the "Community added value and EU programmes", which gave rise to a substantial body of claims about the projected contributions of their research to such objectives as industrial development, enlargement, social inclusion, the fight against fraud and the promotion of a European infrastructure. Two frequently heard buzz-words were "competition" and "excellence". Mr. Achilles Mitsos, Director General of DG Research, addressed these aspects in a speech at the Irish Royal Academy:

> Until now we have defined European Added Value as the collaboration of teams. Now is time to bring a new definition to European Added Value, one that incorporates the principle of allowing a researcher in any one of our Member States to compete with all other researchers to win funding. Competition therefore becomes an essential new, forward-looking definition of European Added Value.[35]

With FP7 in preparation, there is still considerable ambiguity as to the selection criteria to be used in evaluating both programmes and projects. Along one dimension, there are *thematic* priorities in the form of particular fields of research deemed to be of particular importance for Europe's competitive capacity. Along a second dimension, there are *certain types of activity* advanced as worthy of EU support. In its 2004 Communication on the Financial Perspectives, the Commission

[34] Yellow Window Management Consultants (2002) *Evaluation of the Arion action of the Socrates Programme. Final Report,* p. 105.
[35] Mitsos, Achilleos, *Speech at the ELSF-Euroscience Conference of the European Research Centre,* Dublin 21–22 October 2003.

brings forward the following five criteria: collaborative research (networks of excellence, integrated projects); coordination of national policies; capacity building (mobility and training); technology platforms; and competitive basic research. A third dimension often invoked concerns the degree of *additionality*, whether in the form of input (pooling resources) or output (pooling results and making impact).

References to these types of criteria appear in several combinations. The huge body of applications and evaluation studies comprises many imaginative ideas as to how the notion of European added value might be employed to enhance rational choices, but there is still no consensus about the most appropriate use of the concept.

3.3 Culture

3.3.1 Policy history

National sovereignty over cultural policy is jealously guarded by the Member States. This makes the scope for EU initiatives modest and the European Commission a weak player. Co-operation in this field has long been predominantly intergovernmental and placed outside the boundaries of the European Union, primarily in the Council of Europe.

For a long time the predominant umbrella for joint action was the 1954 European Cultural Convention.[36] A good dozen other Council of Europe conventions have since been drawn up to provide frameworks for specific endeavours in such areas as protection of the archaeological heritage, trans-frontier television, copyrights connected to broadcasting by satellite, film production, and protection of the audiovisual heritage. Under the auspices of the Cultural Convention, the Council of Europe has engaged in co-operation between archives, European art exhibitions, intercultural dialogues, music broadcasting, assessment of national cultural policies and broad-based programmes such as the European Heritage Days (opening up otherwise

[36]Council of Europe (1954) *European Treaty Series,* no. 18.

closed buildings, parks and memorials to the public a few days a year) and the European Cultural Routes, blending tourism with education and cultivation of the common heritage.

The European Community moved more cautiously in this sphere. The preamble of the Rome Treaty referred to “culture as a factor capable of uniting people and promoting social and economic development”, and ministerial resolutions in the EEC started calling for European cultural initiatives from the 1970’s.[37] Some support for cultural activities was provided through the Social Fund and the Regional Fund. Undaunted by the absence of an official mandate, the European Parliament established a committee for cultural affairs as earlyas after the first direct elections in 1979 and started pressing for a firmer legal base. This request was eventually granted through the Maastricht Treaty, and a further step was taken by the Constitutional Treaty which, if adopted, will introduce decision-making based on qualified majority voting.

The Maastricht Treaty broke new ground in two ways. In the first place, it established a legal base for cultural action by article 128 which proclaimed that the Union “shall contribute to the flowering of cultures in the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore”. Second, it provided a broader financial framework for structural policy that became a key channel for cultural initiatives.

While important, these two steps did not go as far as to establish cultural policy as an independent field of action. Their import was rather the recognition of culture as a legitimate sideline in Community activities. The provision on culture was reproduced as article 151 in the Amsterdam Treaty, with a slight change in paragraph 4, which was amended to require the Community to “take cultural aspects into account in

[37] Griffiths, Damien (2002) *The European Union’s Cultural Policy: A Discursive Analysis,* p. 1.

its action under other provisions of this Treaty, in particular in order to respect and to promote the diversity of its cultures". But there was not yet any master plan for cultural policy, and projects in the field remained scattered and decentralised. So much so that when the Commission was asked to report on cultural activities supported by the Union, it had no unit possessing an overview of activities with its financial support. The necessary data had to be collected from the Member States through a questionnaire that was designed to be open-ended on the ground that there was no established definition of the term. The Commission conceded that "the concept of Culture is a nebulous one which can vary from one school of thought to another, from one society to another and from one era to another. It may include Fine Arts, literature, etc., but may also include all types of knowledge and features which characterise a society and make it possible to understand the world."[38]

In its second report covering cultural activities financed by the Structural Funds 1994-1999, the Commission distinguished three main types of operation. First, there were individual programmes carried out in partnership between the states, the regions and the Commission. Several of these were conservation projects, such as the restoration of the medieval town of Mystras near Sparta. Another example was the conversion of the Völklingen steelworks, an industrial complex included on the Unesco cultural heritage list, into a combined business and cultural centre. A second group was qualified as "community initiatives" which were mono-national or pluri-national projects co-financed by Interreg II, Leader II, Urban, Pesca, or Peace. Several ventures under this heading aimed at promoting cultural tourism, such as Portuguese "Europe of traditions" consortium creating quality hotels out of ancient buildings or the establishment of a network of countryside footpaths in Luxembourg, Belgium, France and Ireland. A final category

[38] European Commission (1996) *First Report on the Consideration of Cultural Aspects in European Community Action,* COM(96)160 final,.

called “pilot projects” included the restoration of cultivation terraces in France and the development of the “coastal culture heritage” by a network linking coastal towns in Europe.[39]

Meanwhile, other building-blocks to a European cultural policy were added through legislation and specific programmes. The Television without Frontiers directive (1989, amended 1997) established a legal framework for the free movement of broadcasting services, television advertising and the production of audiovisual programmes. Without channelling any funds over the EU budget, this directive affected the national markets through its quota provisions and advertising rules. Other directives and regulations contributing to common standards in the cultural sphere dealt with exports of ancient works of art, the return of treasures of artistic, historic and archaeological value, and copy-right in connection with resale, lending and rental of cultural goods.

Limited EU funds were also made available for the protection of the cultural heritage, grants to artists, assistance for literary translation and support for cultural events. In the early 1990s, the *Platform Europe* and the *Kaléidoscope* programmes started to contribute to artistic and cultural events involving at least three Member States. *Ariane* provided support for activities in publishing, translation and reading, while *Raphael* was launched to supplement national initiatives in heritage preservation. *Media* aimed at strengthening the competitiveness of the European audiovisual industry.

The next step in the development of a common policy was a more comprehensive programme *(Culture 2000)* covering initiatives in many different fields: performing, plastic and visual arts, literature, heritage and cultural history. Supported activities included festivals, master classes, exhibitions, tours,

[39] European Commission (2004) *Application of Article 151(4) of the EC Treaty: use of the Structural Funds in the field of culture during the period 1994–1999.*

multimedia, discussion forums, new productions and translations. The aim was to reach artists and operators as well as broad audiences, young people and disadvantaged groups. Emphasis was placed on trans-national initiatives involving a minimum of three Member States.

Apart from DG Culture and DG Structural Policy, cultural aspects spilled over into many other General Directorates and were given a prominent role in the co-operation with neighbouring countries and with other parts of the world. In the field of heritage preservation, an important window was opened under the auspices of the eEurope programme. In 2000, DG Information Society set out to co-ordinate national approaches to digitisation. The purpose was to support standardised techniques for accessing archives, museums and libraries and the creation of large-scale interactive networks of cultural resources. Common principles and an action plan were adopted at a 2001 conference in Lund. In the same year, and in line with its support for the European research area and the European education area, the European Parliament also endorsed the aim of creating a "European cultural area". In 2004 it established an action programme to promote European bodies active in the field of culture.

3.3.2 Policy objectives: four discourses

Arguments in favour of cultural action are permeated with instrumentalism. Cultural interventions are seldom presented as intrinsically valuable but much more often as means towards various material or immaterial ends. The panorama of justifications reflects the diversity of goals endorsed by the European Union.

(i) *Legal rationale.* When the Rome Treaty mentioned contributions to "the flowering of the cultures of the Member States" as one of the activities that the EEC might undertake, the key word was emphatically employed in the plural; there were many different cultures, and what merited promotion was the *national* heritage and symbolic universe of each country. Neither the *regional* nor the *European* dimension was present in this 1957 formula. Yet in the subsequent decades, the Member State monopoly on culture came under fire from two sides. On the one hand, linguistic and regional minorities started making claims for a greater measure of autonomy. On the other hand, the federalist vision of a united Europe was increasingly embedded in the doctrine of awareness-raising through the further dissemination of knowledge about common European roots and values.

The opening paragraph (art. 151, ex 128) on culture in the Maastricht Treaty reveals the impact of all three perspectives:

> The Community shall contribute to the flowering of the culture of the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore.

In deference to the important cultural functions devolved to the regional level in some countries, there is an express requirement in this article to consult the Committee of the Regions before incentive measures are adopted. The diversity of cultures is not only to be respected, but also promoted. There are also markers of unity and cohesion, as in the reference to “the safeguarding and preservation of the cultural heritage of European significance”. Another important expression of the desire to create “an ever closer union between the peoples of Europe” in the Maastricht Treaty is introduction of the European citizenship. Yet there is still a clear accent on national sovereignty over the symbolic sphere in that the designated vectors of culture and history remain the “the European peoples”, in the plural.

This equilibrium between the three currents remains largely unchanged in the Constitutional Treaty, which replicates the Maastricht and Amsterdam provisions on culture but facilitates future action by introducing qualified majority voting. The obligation undertaken by the Union to respect cultural, religious and linguistic unity (II-82) might be seen as adding weight to the cause of minorities and small nations, but there is also ample emphasis on the common heritage. The preamble seeks balance the pride of European peoples in their national identities and history with their resolve to transcend former divisions and, united ever more closely, forge a common destiny. This echoes the 2001 Laeken declaration which asserted that "one of the basic challenges to be resolved by the European Union is to bring citizens closer to the European design and the European institutions".

(ii) *Political rationale.* European declarations on culture abhor the idea of *l'art pour l'art.* Instead, we find a clear tendency of linking cultural interventions to other policy objectives. There is a great deal of "piggy-backing" in the discourse on European cultural policy, and several pigs are on offer.

Most early cultural projects financed by the European Commission were chosen and justified as investments and activities contributing to the development of depressed or lagging areas. Thus, investments in heritage preservation or the restoration of historical buildings were often presented as instrumental in boosting the regional economy by attracting tourism. In reporting the results, there was more emphasis on output than on outcomes: the physical achievements could be documented, whereas the projected economic effects were much more difficult to account for.

Another theme with some economic ingredients has been the need to pool resources in order to attain economies of scale in the face of global, particularly American competition. In the audiovisual field, this argument has often been cast as the defence of European culture against Hollywood. But there has also been some attention to cultural components in the relationship with other parts of the world, as an integral element in European development co-operation. Recent texts on cultural policy reflect the Lisbon agenda, e.g. the 2002 Council resolution recalling that cultural industries have experienced major growth, add much to employment and comprise a large number of small and medium-size industries.[40]

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[40] Council Resolution of 19 December 2002. OJ 18.1.2003.

With the launching of a comprehensive cultural policy, a much wider span of objectives appeared in the official presentations. While some attention is still being paid to the economic impact of cultural initiatives, many other aspects are now included in the canvas, not least the educational impact. Culture is increasingly seen as a bridge-builder promoting integration, reconciliation, social cohesion and understanding of "the other".

This argument has bifurcated into two different cases for trans-frontier co-operation. On the one hand, there is the need to foster a sense of community by highlighting the shared strands in the European heritage. On the other hand, tolerance and reconciliation may be promoted through a better understanding of the specific and divergent elements of other cultures. The twin motives of "common roots" and "riches through diversity" are often cultivated in tandem.

(iii) *Economic rationale.* Strictly economic arguments play a relatively modest role in the justification of European cultural policy. There are incidental references to the theory of public goods as well as to the notion of merit goods deserving public subsidies. In some cases, European interventions are also deemed to offer economy of scale benefits. The case for co-operation in the audiovisual field is frequently based on the need for greater markets than those provided by the various linguistic segments. Other significant arguments revolve around the usefulness of standardisation and interoperability. If a large part of the cultural heritage is to be made accessible through digitisation, it makes sense to agree on common technological platforms.

(iv) *Ideological rationale.* In explaining the reasons for Community action in the field of culture, advocates tend to dwell on two themes that are partly intertwined.

The first one is the need to foster a common European identity, to develop the European public sphere and to fill the notion of the European citizenship with a substance of allegiances, emotions and convictions. Awareness of the common heritage is indispensable to attain this end, and this makes it legitimate to engage in cultural co-operation. In the Laeken declaration following the European Council Meeting 14–15 December, it was asserted that one of the basic challenges to be resolved by the European Union was to bring citizens closer to the European design and the European institutions.

The second theme advanced to buttress the case for common action is the indivisibility of the common heritage and the seamless web connecting the creative and spiritual space of various European societies. Joint ownership of the historical legacy as a "freeware" and participation for all in the information society ("e-inclusion") are important elements in this vision of a cultural sphere open to all peoples in Europe. "If we interpret this European Cultural Area as a public space where cultural resources and cultural knowledge can be shared and accessed freely and without the impediments of time and place, then a shift into the digital dimension is a next logical step", writes Eelco Bruinsma.[41] In the Lund Principles on digitisation of the cultural heritage, the common cognitive domain is also presented as a form of shared property:

> Europe's cultural and scientific knowledge resources are a unique public asset forming the collective and evolving memory of our diverse societies and providing a knowledge basis for the development of our content industries in a sustainable knowledge society.[42]

The *leitmotif* of cohesion and connectedness gives this "public asset" its transcendent character. "European cultural heritage does not consist of separated islands of national heritage, our collective heritage is a continuum, an infinitely fine texture of physical objects, forms, meanings, connections and associations, with a thread passing through time and space from one

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[41] Bruinsma, Eelco (2003) *Position Paper on EU Added Value and post-Lund Strategy, Minerva eEurope,* http://www.minervaeurope.org/

[42] The Lund Principles: Conclusion of Experts Meeting, Lund, Sweden, 4 April, 2001.

geographical extreme to the other, from the dawn of living memory to the present day."[43]

3.3.3 Criteria for selection

Cultural policy-makers at all levels face stark choices between a multitude of endeavours and activities competing for attention. To give but a few examples:

- among the performing arts, the resources must be divided between the different media or forms of expression (how much for film, how much for theatre?)
- in public service broadcasting and theatre, an arbitrage must be made between broad and narrow productions (how much for the largest possible audience, how much for various "elites"?)
- another dilemma is that of territorial equity (how much for central national institutions, how much for the periphery?)
- an often replayed dispute pits "the moderns" against "the ancients" (how much for contemporaries, how much for the classics?)
- in the world of museums, there are perennial tensions between the interests of conservation and education (how much for research, how much for exhibitions?).

When such "horizontal" issues are compounded with the "vertical" problem of establishing responsibility and cost-sharing patterns between different levels of government, the result will be a complex web of opportunities calling for co-financing and joint ventures. But which of all these proposals offer genuine European added value? The tendency to "piggy-back" cultural interventions on programmes in various policy areas renders the assessment of individual projects difficult in the extreme.

When Culture 2000 was launched, the aims were defined as promoting (i) dialogue and mutual knowledge of European

[43] Bruinsma, E., *op. cit.*

culture, (ii) good practices concerning Europe's cultural heritage, (iii) creativity, trans-national dissemination of culture and the mobility of artists, and (iv) the intercultural dialogue between European and non-European cultures. While suggesting broad criteria for programme design and project selection, these objectives did not go very far in specifying the requirements and facilitating the grading of individual applications. The invitation to expand on the Community dimension of various initiatives spawned a wealth of inventive improvisations on the theme of European added value.

In the hope of bringing some order into this creative chaos, the Cultural Affairs Council set out to establish more precise principles for setting priorities. On 25 June 2002, it adopted a work plan for cultural co-operation underlining the need to identify and evaluate the added value of European actions in the field of culture. This was followed by a resolution specifying the relevant dimensions for prioritisation.[44] European added value was qualified as "a basic and decisive concept in European cultural co-operation", not least in the light of the imminent enlargement of the European Union.

As a point of departure, the resolution indicated that added value was to be found in "actions that cannot be sufficiently undertaken at Member State level and therefore, by reason of scale or effects, are better undertaken by the Community". The goal could also be reached by making cultural actions more consistent, structured and visible. Value would be added through "the synergy effects that emerge from European co-operation and which constitute a distinctive European dimension in addition to Member State level actions and policies in the field of culture".

The resolution cautioned that added value was "a dynamic concept and should therefore be implemented in a flexible way". To identify the added value of particular initiatives, one would have to proceed through a cumulative analysis, giving preference to actions

[44] Council Resolution of 19 December 2002. OJ 18.1.2003.

(i) encouraging co-operation between Member States;
(ii) having a clear multilateral character;
(iii) having objectives and effects that are better achieved at Community level than at Member State level;
(iv) addressing, reaching and benefiting primarily citizens in Europe, and furthermore enhancing mutual knowledge of cultures;
(v) aiming at being sustainable and at constituting a long-term contribution to the development of co-operation, integration, and cultures in Europe;
(vi) aiming at broad visibility and accessibility.

The items in this list can be grouped around two poles. One key objective is to attain *economies of scale* and compensate for the limited size of the Member States through trans-frontier undertakings. The other key objective is the desire to build a stronger *European identity* by promoting shared frames of reference, an active citizenship and allegiance to European integration. To bring about a substantial European added value, a project should combine a sound economic justification with positive contributions to the sense of European unity. But the cumulative approach also points towards prioritisation of initiatives with multiple assets. The ideal targets for EU support would seem to be activities scoring high on all six counts.

3.4 Conclusion

In each of the three policy areas we have thus seen vivid discussions about the appropriate strategies for making policy choices. One cluster of arguments deals with synergies and cures for national sub-optimisation. Another related set of motivations highlights contributions to particular broad goals established by the European Union, such as competitiveness, growth, convergence and social cohesion. But there is also a more ideological or idealistic mode of reasoning in pleas for extended trans-frontier contacts and increased support for the European project. The ambiguity of the value concept is evident in the tendency to mix material and immaterial aspects in the same rhetorical framework. Promises of economic gains are often married to the advocacy of greater density and frequency in European interaction.

While similar themes recur from one field to another, there is no real agreement on criteria either within or between the different sectors. In transport policy, there have been two major attempts to formulate specific guidelines for prioritisation of programmes and projects. In research policy, the quest for evidence has moved forward through the various framework programmes and the burden of developing arguments has largely been placed on applicants required to support their project proposals and on the evaluators commissioned to assess them. In cultural policy, a set of selection principles have even been formally approved by the Council. Yet in all three fields, there remains ample room for discretion. With the multiple criteria suggested, each community of policy-makers retains a wide margin of appreciation.

4 SHARPENING THE EDGE: CAN EUROPEAN ADDED VALUE BECOME A TOOL FOR TOUGH CHOICES?

The term κριτήριον is derived from the Greek word for judge. A criterion is a touchstone, or a piece of evidence used to arrive at judgements. Can the notion of European added value help us make judgements about European policies? Can it give clues for the rank ordering of various suggestions?

Many participants in European politics are convinced of the persuasive power of the added value criterion. Speeches by Commissioners and Members of the European Parliament are replete with references to added value of the various initiatives, and so are their collective Communications and Resolutions. Reverberating from one rostrum and one authoritative text to another, this concept is increasingly advanced as a reason to embrace particular causes or include particular projects in future budgets, framework programmes, action plans and financial perspectives.

Yet the impact of the argument is somewhat weakened by its omnipresence and all-inclusiveness. Can there really be European added value almost everywhere? If all statements to this effect are accepted as reliable and compelling, there do not seem to be many things that the European Union should avoid undertaking.

When tough choices are to be made, we have little use for the all-purpose mantra. A good criterion should be *critical or discriminatory,* separating the wheat from the chaff. If the concept is to serve as a sharp tool for prioritisation, we have to scrutinise and compare the projected contributions of various competing proposals. All interventions presented as yielding added European value cannot be equally cost-effective. Confronted with a plethora of proposals we cannot avoid a process of grading and rating. The following sections present five issues that are pertinent in this context:

- what is the evidence for genuine value increments?

- how are benefits distributed between private and collective actors?
- how are benefits divided between levels of government, and what are the positive and negative effects of the cost-sharing arrangements?
- what is the evidence for aggregate added value, rather than zero-sum redistribution?
- what is the relative position of the relevant objective within the hierarchy of European Union priorities?

In many cases there will not be clear and unambiguous answers to these questions, but that is no reason for not raising them. The check-list serves as a reminder of aspects that are pertinent and important in our considerations and deliberations on European priorities, even if precision and certainty are in short supply. It may also be an agenda for further methodological work, preparing for future exercises in policy review.

4.1 Value added, or value reduced?

When economic activities are regarded as a value chain, the underlying assumption is often that any participation in the work process brings about a value increment. Yet as we know, some inputs are futile or even counter-productive. This goes for individual as well as collective contributions.

Thus a first question to be raised about proposed public interventions is whether they will add any value at all. Most do, but some don't: they lead to the squandering of resources. Many countries have for instance engaged in shipyard subsidies stimulating the conversion of good steel into idle maritime tonnage. Good labour and good asphalt have been used to build unused roads in the wilderness. To cushion economic shocks, good money is sometimes used to keep people off the labour market without giving them any new skills. Here and there we come across hideous monuments that past rulers have erected to their own eternal glory.

The concept of “political investments” is sometimes used to denote initiatives failing to generate an economic surplus. Failed investments are, to be sure, no government monopoly. The market economy is based on a process of trial and error in which many business ideas turn out to be ill-conceived. If public subsidies stimulate such ill-fated ventures they will obviously play a role in the loss. From the tax-payers’ point of view, start-ups going bankrupt clearly create reduced value. That is not to say that everybody will share that view. The construction industry will be happy as long as their order-books are full, their costs covered and their bills paid. Even failed investments create added value in some parts of the economy.

In many instances there is no easy or enduring answer to the question as to whether value has been added or reduced. Much depends on the time perspective. A projected gain at time t_1 may become a loss at t_2 and then again a gain at t_3. Yet normally, the picture looks brighter before than after the event. In the ex-ante analysis, there are seldom any projections of value reduction.

Business plans are based on *das Prinzip Hoffnung.* Once made, though, some investments will not deliver the intended returns and would thus appear in the red column of the evaluation, if one was undertaken. In the public sector, however, negative results are seldom reported, and relatively scarce analytical resources are committed to the autopsy of failed investments. In a positive interpretation, we could perhaps assume that there is full awareness of the risk for failures and that open-eyed policy-makers have included this into their calculus. Taking a gloomier view of their penchants, it would seem that a lot of value reductions are simply swept under the carpet.

Linked to this is the issue of time horizons in decision-making. When public money is used to support investments, the expected returns are normally spread out over a large number of years. This renders early output evaluation difficult if not unfeasible. Hardly any undertaking breaks even within the first few years, so in this time frame it is more likely than not to show negative results. The available alternatives for evaluators are to concentrate either on input variables (disbursement, investment volumes, etc.) or focus on short-range effects such as immediate employment effects. The latter is not a very satisfactory measure, however, since job increases linked to investment activities tend to be transient.

In the private sector, stock market quotations may give indications of prognosticated value changes in the long term. This form of evidence is seldom available in the public sphere, where politicians eager to show results within the current electoral cycle are rarely able to present more than very early results of their policies. Moreover, outcomes often depend on a complex set of intervening variables. All this makes it very tempting for policy-makers to emphasize inputs rather than outputs. Reports on policy interventions tend to be much longer on "money spent" and "investments made" than on "services delivered" and "results achieved".

4.2 Value added, but for whom?

The next question refers to the interface between public and private actors. *Cui bono?* Who stands to gain from a given intervention? How are the returns divided between the many and the few? Is there a genuine collective interest at hand, or merely a set of private interests masquerading as the public good?

This is a tricky matter, because the total use-value of an investment tends to exceed that of its individual parts. Many initiatives result in both greater private affluence and benefits to the public household. Government spending in such fields as education, environmental protection or physical infrastructure will on the one hand be a provision of public services but also, on the other hand, a distribution of benefits to enterprises and private individuals. And many forms of private spending will conversely have an impact on the life quality of other individuals.

A variety of fiscal and other cost-sharing arrangements are employed to take into account such overlaps in returns. These often reflect an assessment of the phenomena that welfare economists call spill-overs and externalities. If an action undertaken by a private individual is exclusively self-serving there should normally be no public stimulus, but if it is deemed to favour other individuals as well or contribute to the public good, there may be a reasonable case for collective subsidies. Many such arguments cover both demand-side benefits and supply-side effects, such as job creation.

Since early classical economists, from Bernard de Mandeville to Adam Smith, popularised the notion of the dual utility of consumption, many inventive advocates have sought to situate the endeavours of particular industries and professional groups in the domain of semi-collective goods and services. The notion of externalities has proved to be very elastic, and the advocacy of public support to private endeavours has in itself become a significant growth industry. Policy-makers are thus confronted with many competing claims and have to devise strategies for discrimination.

A useful thumb-rule is to consider the concentration of benefits. Greater dispersion of impact and greater difficulty in identifying those positively affected strengthens the case for collective funding. If support is benefiting easily identified private interests, there should be very convincing spill-over effects to justify financing out of the public purse.

4.3 Value added or reduced through cost-sharing?

A further aspect of *cui bono* concerns the division of benefits and responsibilities between various public bodies, in particular different levels of government. Since territorial jurisdictions relate to each other as Chinese boxes, the smaller ones included in the larger ones, there is no self-evident and incontestable distribution of the financial burden in multi-level governance. What is good for Augsburg will often be good also for Bavaria, Germany and the European Union; so who should foot the bill?

In answering this question, every nation state has its own mix of cost-sharing arrangements, including a division of tax bases, lump sum transfers, targeted subsidies, conditioned matching grants and equalisation mechanisms between poor and rich jurisdictions. The European Union plays only a limited role in this funding system, with contributions commensurate with its modest budget turnover of around one percent of the union's aggregate GDP and largely concentrated to farming regions and peripheral areas. But when European support is solicited the argument is normally that the returns on a particular action or investment transcend the borders of the smaller jurisdictions. Beyond domestic pay-offs, there is also a common European dimension, or at least benefits spilling over to one or several other countries.

In some fields, such as transport and environment, there are relatively rigorous methods for assessing these effects through various forms of cost-benefit analysis. In others, there is much more room for discretion. Research grants tend to land mainly at major academic centres, but the ultimate distribution of eventual secondary benefits is complex and rarely traceable. A frequently advanced argument is that single institutions monopolising a particular activity in a given jurisdiction should normally be financed through the budget of that jurisdiction, but for a wide range of ventures with some measure of border-transcending impact there is no *a priori* superior method for burden-sharing between central, regional and local authorities. A principle often invoked by lower jurisdictions is that the national government should pick up the tab for any expenditure imposed by national legislation.

Assessing the advantages of specific expenditures for various levels of government is no exact science but rather a matter of social construction and "imagined communities". There are often no natural limits to the collectives drawing benefit from particular public goods or services. Their boundaries can be extended by entrepreneurs in pride, solidarity and political cohesion. This is also why the attribution of the added value of a specific operation to various territorial levels may vary considerably depending on its packaging and presentation. And it is not only the use-value of an operation that may be construed as extending to different groups. Another aspect to be taken into account is the multiple purposes of shared funding.

The obvious main function of burden-sharing is to split up the costs between several partners benefiting from a particular undertaking. As we know from the fiscal scene, from associations in civil society and from the practice of international organisations, several different principles can be invoked to serve as distribution key in this context. One is the capitation method (same charge for everyone), another one the ability-to-pay principle (more from the better endowed participants), and a third one the charging for volume of services rendered (payment according to benefits). The main strategy employed in the European Union is a GDP-based version of the second option, with some well-known modifications.

A side-function of burden-sharing is that of bonding individuals, organisations and institutions. Paying for something together may not be quite as glamorous as engaging together in the action paid for, but the two things go together and even the joint sacrifice may contribute to a sense of partnership and community. The experience of structural policy in the European Union provides some evidence of this effect. While earlier European integration was basically an affair between the European institutions and the central government bureaucracies in the capitals, recent decades have seen a significant strengthening of the direct interaction between Brussels and the regional authorities of the Member States, particularly in connection with the interventions financed by the Structural Funds.

An important purpose of burden-sharing is to encourage initiatives that would otherwise not have been undertaken by introducing discounts into the calculus of various decision-makers. Joint funding increases the volume of transactions by the reduction of costs and risks for both public and private actors. Thus, fiscal federalism in its many forms is not only a technique for cost-splitting but also a mechanism for boosting demand.

This makes burden-sharing arrangements a powerful tool for stimulating investments and job creation, which may generate considerable added value. But the flip side is that sound scruples may be jettisoned in the scramble for tempting subsidies. In the positive scenario, the actor at the receiving end of a subvention scheme will mobilise the resources needed to collect the grant, and the action undertaken will be of mutual benefit. In a gloomier version of the same process, a greedy ambition not to miss windfall money will reduce the inclination for critical scrutiny, distort preferences at the lower level and encourage investments eventually failing to deliver.

The shared responsibility for jointly funded undertakings may lead to a state of *shared irresponsibility*, a condition in which decision-makers become sanguine because they are not held fully accountable for their actions. In the context of the political system, cost-sharing between various levels of government may also render it more difficult for voters to exercise control over their elected representatives.

4.4 Value added, or just shifted around?

A recurrent source of irritation is the alleged use of European subsidies to stimulate the relocation of jobs from one country to another. While poor regions attracting new investments may have good reasons to celebrate such achievements as welcome contributions to their economic development, losing areas are not so easily persuaded that this type of move represents a genuine European added value.

What this quarrel illustrates is the tension between partial and total effects. Increased competitiveness for the tourism industry in *one* poor area may be very useful for that particular area, but if this boost is attained at the expense of other similar areas, in the Union there may not be much of an *aggregate* gain. Every local added value does not translate into a *European* added value.

Unfortunately, this problem is often swept under the carpet in evaluation studies focusing on the positive effects of interventions in the areas where they are undertaken. Analyses of structural policy programmes are notoriously discreet about their impact in other parts of Europe. The only references to effects elsewhere tend to focus on the increased demand generated in rich regions by structural fund expenditures in poor regions. This should indeed be taken into account, but it is only one part of the story. If not off-set by other spending cuts, the levies needed to finance such transfers will generate additional tax wedges slightly lowering the general level of economic activity in the wealthier parts of the Union.

This makes it difficult to qualify any local or national contribution to the grand goals of the Union as an unquestionable value increment to Europe as a whole. The Lisbon strategy is expressed in such terms as

- the promotion of economic growth;
- the promotion of employment;
- the promotion of innovative capacity;
- the promotion of small and medium-size enterprises;
- the promotion of competitiveness.

In measuring progress along these lines, it makes little sense to speak of a European added value unless there is a proven aggregate gain. Changes in the relative position of countries and regions may be desirable for other reasons, e.g. in a cohesion policy perspective, but if we are concerned about the relative position of Europe with regard to other global powers, internal reshuffles are of limited interest. This makes it difficult to apply the European added value tool box to many fields of structural policy, where the key ambition is the promotion of local and regional capacity. Zero-sum games do not lend themselves very well to common funding.

4.5 Value added, but in support of which objectives?

The dense goal texture of the European Union has lately come into the lime-light. In its review of the Lisbon process, the high-level expert group led by former Dutch Prime Minister Wim Kok complained of the strategy's intricate structure and suggested a reduction of its more than a hundred different indicators. "Lisbon is about everything and thus about nothing", said Mr. Kok, echoing Aaron Wildavsky´s classic punch-line, "if planning is everything, perhaps it is nothing". In another frequent comparison, the Lisbon strategy is described as a Christmas tree on which there is something for everyone.

While a simplification may well be undertaken along the lines suggested in the Kok report, the underlying problem is not so easy to deal with. The complexity of European Union objectives reflects the many interests involved and the great diversity of concerns and ambitions that have been packed into the project. In the draft Constitutional Treaty, there is a whole cluster of lodestars already in the preamble, and a more detailed exposition of fundamental values expressed as rights and principles then follows in Part II. Articles I:11 through I:16 enumerate the many areas in which the Union has exclusive, shared or supportive competence, and this definition of tasks is further developed in the third part of the Constitutional Treaty. Part III then goes into considerable detail on the various mandates.

The phenomenon of *goal congestion* is by no means limited to the European Union. The same predicament has been observed in other international bodies, such as the World Bank and the Asian Development Bank, and there is no lack of conflicting objectives in any huge organisation.[45] The same problem is

[45] Naim, Moisés (1994) *World Bank: Its Role, Governance and Organisation Culture.* Washington: World Bank, Bello, Walden (2000) *ADB 2000: Senior Officials and Internal Documents Paint Institution in Confusion.*

found within governments at all levels. Many recent trends in public policy and public administration have conspired to intensify the throng of priorities. Management-by-objectives, result-oriented management, the balanced score-card and a panoply of other evaluation-based techniques of stewardship are all designed to grapple with the multifinality of modern organisations.

Goal congestion seriously complicates the evaluation of various interventions. In a study of the structural policy of the European Union, I found four layers of purposes superimposed on each other. First, there were objectives serving in effect as eligibility criteria (Objective 1, Objective 2, etc.). Second, a whole range of claims for compensation and *juste retour* that had served as motives for modifications in the policy package at various stages of its development. These purposes had rarely left any traces in the official texts, except in the most paraphrastic, euphemistic and circumlocutory form. Third, there were the official goals laid down in the Treaty: strengthening economic and social cohesion, reducing disparities and backwardness, redressing regional imbalances and promoting structural adjustment in regions lagging behind or in the process of industrial conversion. In spite of the ample resources devoted to ex-ante, mid-term and ex-post evaluation, it was quite difficult to measure the attainment of these goals. Accordingly, a fourth category of success indicators was launched, covering institutional and attitudinal side-effects of structural policy. These included the diffusion of new management methods and administrative routines to local and regional government, the widening of horizons for many participants in the policy process and the greater involvement of sub-national authorities and some segments of civil society and the business community in European co-operation.[46]

In many cases, European decision-makers have many different intentions behind a specific policy decision, letting several of

[46] Tarschys, Daniel (2003b) *Reinventing Cohesion: The Future of European Structural Policy,* 2003:17, Stockholm: Sieps, ch. 6.

them slip into its preamble. As a member of the First Convention drafting the Charter of Fundamental Rights, I listened to colleagues offering many different motives for the instrument under preparation. The Charter would, it was claimed by various participants, (i) make fundamental rights more visible, (ii) increase legal certainty, (iii) extend the scope and range of specific fundamental rights, (iv) bend positions in different on-going policy debates, (v) shift priorities within the Union from material to immaterial values, and (vi) prepare the ground for a future European Constitution.[47] Comparing the arguments presently used in various countries to defend and attack the Constitutional Treaty, we find an even broader span of intents and purposes read into the text agreed upon by the governments.

The congestion of goals in various areas of Union policy adds a further set of questions to the process of screening project proposals. All objectives cannot possibly carry the same weight, neither synchronically nor over time. What importance is still given to an objective endorsed five, ten or fifteen years ago? The topical hierarchy of values may not be so well captured in the acquis, even if these are legally binding. It may well be argued that budgetary decisions, reflecting the current "revealed preferences" of the policy-makers, yield more exact information on their prevalent priorities than their own verbal statements.

4.6 Conclusion

There are several optional standards by which the degree of success or failure of programmes and policies can be rated. Various constituencies may take different views of these indicators. Nor is there always any clear consensus as to the

[47] Tarschys, Daniel (2003a) "Goal Congestion: Multi-Purpose Governance in the European Union", in Eriksen, E.O., Fossum, J.E. & Menéndez, A.J. (eds.), *The Chartering of Europe: The European Charter of Fundamental Rights and its Constitutional Implications,* Baden-Baden: Nomos.

borderline between finality and instrumentality. What is primarily a means to one set of actors may well be an end to another set.

But this does not eliminate the need for critical scrutiny and comparison of commitments proposed or already undertaken. European added value does not come about simply through the consonance of an intervention with objectives embraced by the European Union. There are many such objectives, and in far too many cases the linkages between these objectives and the initiatives accepted or proposed for common funding are tenuous, uncertain or unsubstantiated.

The five critical questions outlined in this chapter – whether there is a real gain at hand, a public interest served, a European public interest served, an aggregate gain in sight, and a high-ranking priority served – may not provide ready-made answers, but the mere undertaking of subjecting them to thorough consideration may in itself offer some avenues towards greater discursive rigour.

5 THE FASTIDIOUS APPROACH TO EUROPEAN ADDED VALUE

The scope, sweep and breadth of European political objectives are impressive. That is why, invoked as a mantra, the notion of European added value may often seem capable of justifying almost *anything* as a worthy target of European funding. What object, adorned with a twelve-star plaque, does not entail "more Europe"? Which local, regional, national and international initiatives do not, at least in the long run, contribute to the establishment of a dynamic, knowledge-based society characterised by economic and social cohesion, competitiveness, high employment, security and stability, and the preservation of our common heritage?

Yet the problem with such an *omnivorous* concept, swallowing virtually everything and rejecting virtually nothing, is that it hardly serves as a useful tool for critical discrimination. If we want an operative measuring instrument to guide the enlightened discussion on policy options, we have to inject further restrictions into the formula. We have to choose a *fastidious* approach to the idea of European added value, a strategy that is quality-conscious and exacting.

Many of the previous attempts within various policy areas to establish rigorous interpretations of the concept have indeed been informed by this very ambition. Faced with the seemingly boundless creative imagination of advocates advancing various projects for funding, European policy-makers have long been groping for better selection criteria. In so doing, they have followed various routes in different policy areas. Two high-level groups have sought to define standards for investments in trans-European networks, though without resolving all inherent contradictions. The allocation principles for European research policy have evolved through the various framework programmes, combining several layers of priorities. Cultural policy-makers have defined their criteria in a formal Council resolution and continue their search for ways of translating them into concrete action programmes.

The pursuit of clear guide-lines has been so intense that it has even given rise to some nervousness among actors defending expenditures lacking an entirely convincing European profile. This worry is palpable in some recent normative texts where prudent participants have managed to insert reservations to the requirement of proven added value. Thus, in its Resolution of 19 December 2002 on priorities in the field of culture, the Council performs a careful balancing act between a hard line presenting European added value as an absolute requisite for Community support ("an overall condition for Community cultural action" --- "an important premise for the continuation of the work plan in the field of culture") and a soft line emphasising that "European added value is a dynamic concept and should therefore be implemented in a flexible way".[48]

In the same vein, the European Parliament has voiced its concern over "excessively economistic interpretations" of the concept. While expressing its support for the Lisbon objectives, it does not want the added value formula hijacked by the advocates of maximum growth. "The 'cultural value added' should not be forgotten", says the European Parliament, adding that "the concept of 'European added value' must not be limited to advanced cooperation between Member States but should also contain a 'visionary' aspect".[49]

A common apprehension seems to be that various cherished expenditures may not pass the litmus test of European added value. This was reflected in reservations expressed in the Council's preparatory discussions on the 2007-2013 Financial Perspectives in December, 2004. The report on this Council meeting contains ample references to the notion, but also an important introductory caveat. Whereas examination of the European added value of proposed expenditure is accepted as

[48] C 13/5, OJ 18.1.2003, points 2 and 8.

[49] European Parliament resolution on building our common future: policy challenges and budgetary means of the enlarged Union 2007–2013 (COM(2004) 101 – C5-0089/2004 – 2004/2006(INI)). Ref. P5_TA(2004)0367.

an essential part of the evaluation exercise, it is pointed out "that this concept could not be based on entirely objective criteria; it is also generally recognised that the concept of added value should serve not to call into question Union policies which are based on fundamental agreed principles laid down in the Treaty but simply to evaluate the best means of achieving a given objective".[50]

In the Council's exchanges of views on the various "building blocks" used to further the discussion on the next Financial Perspectives, there are signs of an increasingly discriminate attitude to the concept of added value. Many proposals are still justified on this count, but about other items doubts are expressed on the same ground. Various governmental delegations advise that they are not convinced that this or that expenditure really provides sufficient European added value.

This is a new departure. The argument is no longer advanced solely in favour of incremental propositions, but also to contest putatively excessive spending. This signals an interest in the fastidious approach. But while the exchange of views covered in the Council's progress reveals a clear willingness to use the concept as a rating instrument, there are still no clear indications as to the preferred interpretation of the expression.

To make the concept operational in policy-making practice, we would have to design procedures and methods for assessing how specific programmes and projects rank along the dimensions presented in chapter 4. This would include an appraisal of the value increment in general, the proportion of benefits accruing to private actors and collective entities and the extent to which the public interest transcends the border of one single state. It would furthermore call for attention to the aggregate impact of various interventions and to the relative priority given to different, sometimes conflicting objectives. Clear-cut answers to these questions will probably be rare, since various forms of uncertainty are involved in the judgment. Of the three policy fields surveyed in chapter 3, only

[50]Council doc. 16105/04, p. 4.

transport allows for reasonably precise cost/benefit calculations ex ante, whereas the economic and other effects of research and cultural investments are much trickier to prognosticate, or even evaluate ex post. Precision clearly decreases as one moves from first-order impact to the secondary and tertiary repercussions, and as one leaves the realm of material assets for less tangible forms of value.

Assessing the European character of various undertakings, we are faced with a different type of uncertainty. In many cases the verdict cannot be based on exclusively objective circumstances, but will also be influenced by an intellectually and politically constructed sense of community and solidarity. When do private pains become public concerns? When are local problems converted into matters of a wider common interest? This is connected to our perception of identities and allegiances. Who are "we"? An extensive scholarship in such fields as primary socialisation and nation-building provides many perspectives on the formation of collective personalities. What is accepted as shared challenges and mutual responsibilities is inevitably linked to a whole range of preconditions in the sphere of education, symbolic representation and mass communication.

What further complicates the appraisal of specific projects is that they are advanced not only as legitimate public goods but also as contributions to identity formation and institutional support. Proposals are marketed both on their own economic merits and as building blocks for the process of European construction. In looking at the various policy discourses, we noted frequent shifts in emphasis between these two themes, as the argument moved from one audience to another. Advocates may have many good reasons for bundling motives together in this way, but the task of the analyst is rather to disentangle them.

This would speak in favour of a two-pronged strategy of assessment, separating the desired material aspects from those linked to intended attitudinal impact:

1. On the one hand, there is a need to take a hard look at the *economic elements* involved. The literature on welfare economics and fiscal federalism offers a long list of indications as to where centralisation may pay off, such as the presence of indivisibilities and economies of scale, externalities and spill-overs, prospects for increased bargaining power and avoidance of duplication. To qualify as yielding a high European added value on this count, an investment would have to offer credible promises of sound returns benefiting at least two countries, preferably more, and in many cases the entire Union.

These returns could differ a great deal between various policy areas. In environmental protection the desired outcome might be the reduction of air-borne or water-borne pollution, in transport the provision of better links for road haulage, in research and development the pooling of physical capacity and intellectual resources for industrial innovation in fields requiring heavy investments. But in all these fields, the common denominator would be the size and scope advantage of the European Union, allowing it to defy the tendencies to sub-optimisation endemic in all smaller jurisdictions and increasingly harmful with the continuing advances of production technologies.

2. The second part of the appraisal would aim at estimating the strength of various proposals with regard to their contribution to *European cohesion,* in the widest sense of that word. In many instances, the relevant value increment of a proposed expenditure is its capacity to strengthen the attitudinal and behavioural underpinnings of the European project. What needs to be assessed from this point of view is the extent to which a proposed initiative adds to the sense of solidarity and to the effective interaction between different parts of the Union through such means as participation in joint ventures, the formation of co-operation patterns, the promotion of a common public space, and measures to enhance the awareness of the shared and disparate ingredients in our cultural heritage. While such efforts may also be

undertaken at the national level with domestic funding, Union-wide ambitions of this kind would clearly merit Union-wide support from the common budget.

The reason for qualifying projects as suitable European funding should then be a very high position on either of these two ladders, preferably on both. The concept of European added value should be reserved for (i) investments where *the limited scope of the Member States and the existence of economic externalities* reduce their propensity to take appropriate action, and for (ii) programmes and projects likely to make substantial contributions to promoting the *sense of community and the effective interaction in the European Union.* Methodologies would have to be worked out to gauge the relative merits of various proposals within each category. With this caveat, both categories would seem to fit into a *fastidious* approach to policy selection and prioritisation.

5.1 Conclusion

What costs should we all pay for? What is the best use of the scarce resources of the European Union? How should tasks and expenditures be apportioned between the Union and its Member States?

These are both short-term and long-term questions. Currently they are discussed in the negotiations on the Financial Perspectives for 2007–2013, where most attention is focused on the total scope of the budget and the net positions of the various Member States. In this process, a variety of domestic pressures translate into tough national positions that the Presidency and the Commission must succeed in reconciling through new ingenious combinations. This is a time for packaging and re-packaging.

Budgetary battles are always fought at the margins. But an even greater challenge is to take a deeper look at the stock of expenditures, identifying areas of over-funding and under-funding. In the future there is a great need for ambitious policy reviews, exploring the returns on established programmes and activities.

The European agenda is still in the making. More money is not the only way to more Europe. There are also ample opportunities to increase the impact and efficiency of the Union by redeploying resources already under its control.

To make the concept of European added value useful in this context, we cannot let it mean too much. The check-list outlined in the five section headings of chapter 4 may leave many questions unanswered, but it could at least serve as a starting-point for an intensified discussion on European priorities. This discussion is thus far conducted mainly between the national ministries of finance, but it is far too important to be left to our governments alone. It belongs in the common domain, in the emerging European public space.

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THE ENIGMA OF EUROPEAN ADDED VALUE: SETTING PRIORITIES FOR THE EUROPEAN UNION

What costs should we all pay for? What is the best use of the scarce resources of the European Union? How should tasks and expenditures be apportioned between the Union and its Member States?

European added value is a common formula in discussions on priorities in the EU. What does it mean? Is it merely a mantra, or can it help us make tough policy choices?

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