

Europe in Transition – phase 2: 2013-2017

Academic and thematic basis

Input from the planning group appointed by the Research Council of Norway in connection with the funding announcement to be issued in autumn 2012

1. Background and objectives

1.1 Background

The background for the *Europe in Transition* research initiative (the EUROPA initiative) is the international economic, legal and political integration that has taken place in the past few decades. This development has been influenced by the end of the Cold War, and the wider and deeper liberalisation of global trade in goods and services and international capital markets that has followed in its wake, as well as by new patterns of political cooperation that have emerged. The expansion of the European Union (EU) and an increasingly wide-ranging political agenda, in combination with economic forces, have led to extensive economic, legal and political integration between the European countries – both within and outside the EU.

Concurrent with the high speed and expanding reach of the integration process, economic and political crises have emerged which the EU system thus far has been unable to deal with adequately. Crises are not, however, a new phenomenon within the EU. The EU and its institutions were established and have developed against a backdrop of various types of crises. At the same time, EU cooperation has grown closer in some areas than in others, and there has been greater integration in the legal and economic spheres than in the political and social ones. Member states and regions experience divergent economic, political and social development.

For Norway, the EEA Agreement entails extensive economic and legal integration with the EU. Norway's situation is inextricably linked to developments in Europe through its considerable trade and common economic, political and cultural identity. Norway has adopted a significant proportion of EU legislation and directives, but does not have a commensurate political voice and influence. The European integration processes and the obstacles these currently must surmount have a major impact on Norwegian interests and policies.

This has generated a need for wide-ranging research on European transition processes and Norway's role in Europe. The research questions in this field are deeply intertwined, and should be examined across established subject fields and focus areas. Few of the research questions can be understood within the framework of an individual discipline alone. The EU's present situation and historical and potential future development must be studied in relation to the dichotomy between the union's simultaneous federal and inter-governmental nature and the major differences that exist between the member states. Norway's situation with regard to the EU and the EEA Agreement must be analysed in terms of both political and economic perspectives, and in terms of interpretations of the formal agreements, possibilities for adaptation and actual practice. Norwegian Official Reports 2012: 2 "Inside and Outside – Norway's Agreements with the European Union"¹ identifies important research questions that can be further developed and linked to the development of concepts, theory and the international research debate.

The overall academic approach to understanding the EU's economic, political, legal, social and cultural development and integration will require linking together lines of thinking from the various social sciences and the humanities. Research on European transition processes and Norway's role in these should therefore be multi- and/or interdisciplinary. Discipline-based research in this area must be expanded by achieving more insight into, and greater incorporation of, analyses carried out in other disciplines. Empirically, this research area provides a good point of departure for the development of concepts and theories within and across disciplines.

1.2 Objectives

The *Europe in Transition* research initiative was established as part of the follow-up to the previous government white paper on research policy, Report No. 20 (2004-2005) to the Storting: *Commitment to Research*. Research carried out under the initiative has focused on European transition processes and Norway's role in Europe. On the basis of input from two groups of researchers, the initiative was launched as a 10-year, two-phase initiative and a funding announcement was issued in 2006. Phase 1 began in 2007. Three projects were awarded funding and are scheduled to conclude at the end of 2012 / beginning of 2013. A funding announcement for phase 2 is planned to be issued at the beginning of October 2012, with an application submission deadline at the end of November 2012. The current budget for phase 2 is NOK 45 million for the period 2013-2017.

The *Europe in Transition* research initiative (2007-2017) encompasses the four following thematic priority areas:

- Law and democracy in Europe;
- Economic development and integration;
- Cultural change processes;

¹ A number of comments from the consultative review in connection with the preparation of Norwegian Official Reports 2012: 2 provide additional perspectives. These may be found on the Government's website www.regjeringen.no (in Norwegian only).

- Foreign and security policy in Europe.

The thematic priority areas were reviewed in greater detail in the document *Europe in Transition: academic and thematic basis* published on 12 September 2006. This document and other key Norwegian and English-language documents may be found on the initiative's webpages on the Research Council website.

On 15 June 2012, the Research Council appointed a planning group charged with revising the academic basis from phase 1 of the *Europe in Transition* research initiative, in preparation for a call for proposals for phase 2 of the initiative. The Research Council will consult the planning group's input closely when finalising the substance of the call for phase 2. The planning group received its mandate from the Research Board of the Division for Science, and consists of the following members: Ole Gunnar Austvik, Professor, Lillehammer University College (chair); Nina Græger, Senior Research Fellow, Norwegian Institute of International Affairs (NUPI); Cathrine Holst, Senior Research Fellow, ARENA Centre for European Studies, University of Oslo; Halvor Mehlum, Professor, Department of Economics, University of Oslo; Inger Johanne Sand, Professor, Department of Public and International Law, University of Oslo; Kristian Steinnes, Associate Professor, European Studies, Department of Humanities, Norwegian University of Science and Technology (NTNU).²

The mandate issued by the Research Board of the Division for Science defines the planning group's assignment as follows:

The group has been requested to revise the academic basis for phase 2 (2013-2017):

- *The revision must give special consideration to new knowledge needs resulting from the financial crisis in Europe as well as knowledge needs related to the impact of Norwegian EEA membership on the development of Norwegian society; cf. Norwegian Official Reports 2012: 2 "Inside and Outside – Norway's Agreements with the European Union".*
- *Projects are encouraged to apply economic perspectives.*

The Research Board has approved the following parameters for the projects:

- *The projects are to be multi- and interdisciplinary.*
- *Each project is expected to incorporate broad-based national and international cooperation. This implies projects of substantial size, e.g. NOK 4-5 million per year for up to five years, or a total of NOK 20-24 million per project.*
- *Given the current budget for phase 2, there will be sufficient funding available for two projects. Two main areas must be covered within the scope of these projects:*

² The group held a planning meeting on 22 June 2012, a working meeting on 16 August 2012, and an open presentation meeting on 24 August 2012 (Møteplass Europa i endring ("Meeting place: Europe in transition")). The group also corresponded via email while drawing up the memorandum.

1. *The significance of Norway's agreements with the EU for the development of Norwegian society, cf. Official Norwegian Reports 2012:2 "Inside and Outside – Norway's Agreements with the European Union".*
2. *Transition processes in Europe, including the political and social impact of the financial crisis on Europe.*

The two main areas involve different analytical challenges. As the planning group sees it, each project must address one of the two areas, or both of them.

As in phase 1, the initiative seeks to encourage high-quality research on European developments, generate new insight and enhance the knowledge base on transition processes in Europe and their effects, thereby providing insight into their impact on Norway. The initiative is also intended to be a useful tool for decision-makers in political and government administration circles, as well as in trade and industry, organisations and working life. Research activities are intended to enhance multidisciplinary understanding, through development of concepts and theory from different analytical perspectives, and to promote integration between the agendas and methodologies of various disciplines.

The planning group's review of the four thematic priority areas under the *Europe in Transition* initiative is presented below, along with *examples* of important issues and research questions to be addressed. The memorandum outlines the breadth and depth of the thematic priority areas and identifies links and questions that the group believes are relevant for research on European transition processes and Norway's role in Europe, within the framework of the mandate drawn up by the Research Board. More detailed criteria and guidelines that will serve as the basis for the assessment of grant applications will be set out in the funding announcement to be issued by the Research Council.

2. Thematic priority areas

2.1. Law and democracy in Europe

The situation in Europe as a whole and in the EU and EEA countries is regulated by treaties, legislation and institutions that are continually being expanded. At the same time, there are still major political, economic and cultural differences between and within the member states. The constitutional, political and legal competences are distributed among national, international and supranational authorities and institutions in an asymmetric, complex and at times non-transparent manner. In many areas, the EU has been specifically designed as a multilevel system; in others, however, it is the result of political compromise and its system of governance is still under development. The euro crisis and the EU's handling of it illustrate how an uneven distribution of competences, authority and political legitimacy in all likelihood has complicated efforts to deal with the problems. A key research question is to identify the drivers, mechanisms and contexts at play between integration processes and crises, and to determine whether there is too little or too much integration – or a suitable or unsuitable type of integration – within the various areas.

EU institutions. The EU has developed a set of institutions that support and promote integration, such as the Council of Europe, the Court of Justice of the European Union, the European Parliament, the European Commission and the European Central Bank (ECB). The relationships within and between these institutions, and between the institutions and the EU member states, are diverse, complex and shifting. The International Monetary Fund (IMF) has also played a prominent role in handling the euro crisis. The EU is simultaneously a powerful, ambitious organisation with wide-ranging authority with institutions under development in which many aspects of the governance system are not yet adequately evolved, and in which the process of political integration is complicated by the large number of member states and the differences between them. The current economic and political crises are pressuring EU institutions to take action at the same time as they are facing new political challenges arising from a combination of the expansion of the EU and the growing crisis. A central research question is: Under these conditions, how are relationships developing within and between the EU institutions, between the institutions and the member states' national authorities and parliaments, and between the EU and the IMF and other external entities?

Democratic challenges. The EU has a somewhat different political and constitutional structure than the member states. Although the EU is based on democratic standards and strives to achieve democratic legitimacy, it is criticised for having a deficit of democracy. The current crises may affect democracy and democratic legitimacy. Firstly, the government's legitimacy has become weaker in the countries with the most pressing problems. This may lead to political unrest and support for authoritarian politicians and parties. Secondly, the crises may have an impact on the support for the EU as a democratic governance project, as reduced democratic legitimacy will also reduce the willingness to transfer sovereignty from the nation-states to the union. What are the causes of the divergence of the member states on this issue, and what impact will this divergence have on the management of the crises? To what extent can a common regulatory

framework and policies be effective for countries that are in different situations and take different approaches to European integration? An overall issue is that the majority of Europe's states are no longer only nation-states, but also members of a partially supranational union. The member states have relinquished sovereignty and much of their national legislation is now EU legislation; however, at the same time, the EU is given its legitimacy from the member states. Which constitutional and institutional developments emerge in a multilevel system of governance with local, regional, national and supranational elements?

Asymmetric integration. Measures to promote economic integration through harmonised market liberalisation, an effective court of justice and a common currency have not been followed up in the EU by political action to ensure a corresponding focus on social and labour-related issues and on cultural and political distinctiveness. Economic policy, for example, remains divided between the EU and the member states, even after the introduction of a common currency, as fiscal policy is still established at the national level. The concept of the autonomous power of the democratically-elected legislator over the substance of policy and the law is being challenged and replaced by a more complex system of governance in order to address the challenges of internationalisation. Have the demands for efficiency, control and good-quality decision-making in the EU in particular and modern democracies in general become so comprehensive that forms of technocratic governance are gaining sway in challenging and replacing more democratic forms of organisation? A more general research question to look at in this context is how international integration, agreements and conventions create a need for renewed reflection on the prerequisites for democracy.

Norway and the EEA Agreement. The way in which Norway tackles the challenges inherent in the EEA model on an on-going basis is vital to the country's interests. Norwegian Official Reports 2012: 2 "Inside and Outside – Norway's Agreements with the European Union" points out that of the 600 of the laws currently in force in Norway, approximately 170 come more or less from EEA law. It is estimated that Norway has dynamically adopted about three-quarters of EU law. Under the agreement, Norway is obliged to achieve such extensive legal harmonisation with the EU, while the political-democratic institutions are not correspondingly and adequately developed. The EFTA Surveillance Authority was established to monitor compliance with EEA rules and the EFTA Court was established with supranational authority. The EEA Agreement and the appurtenant monitoring and judicial bodies have a significant impact on Norwegian political and administrative institutions. What are the consequences for democracy and political governance in Norway? Can Norway's lack of political influence be compensated for in any way?

Relationships outside the EEA Agreement. The EEA Agreement is an issue of lesser importance on the EU agenda than it once was, due to the reduction in the number of EFTA states and the substantial expansion of EU member states since the agreement was drawn up. In addition, the nature of the EU itself has changed with the introduction of the monetary union and new competences in foreign, security, defence, legal and domestic policy. With the Lisbon Treaty, the structure of EU treaties has been reshaped and the material competences have been expanded. This makes it more difficult to determine which EU directives are relevant to the EEA Agreement

and which are not – legally, economically or politically. Norway has several other agreements with the EU in addition to the EEA Agreement, such as the Schengen Agreement, among others. Moreover, there are other European institutions of importance to Norway aside from the EU's, such as the Council of Europe and the European Court of Human Rights. An important question in this regard is: How can Norway develop an active and insightful political culture for handling this asymmetrical and increasingly extensive dependency in an autonomous manner, also outside the scope of the EEA Agreement? Regionalised decision-making and the municipalities' relationship to the Norwegian state and the EU's multilevel governance model is another key issue to explore. This includes research questions relating to how and the extent to which the EEA Agreement differs from other forms of association with the EU, such as full EU membership, an agreement like that of Switzerland, and others.

Norway's democratic deficit. For Norway, the EEA Agreement has resulted in strong economic and legal integration and weak political integration with the EU. Power in the legal sphere and impact from markets has increased at the expense of political power. The EU is the policy-maker and Norway is the policy-taker. Important EU legal acts are only problematised and discussed in Norway to a limited extent, despite wide-ranging discussions and contacts with the EU in many areas. The strength of these political contacts varies significantly, and is influenced by the fact that the number of EFTA states is far fewer than when the agreement was originally drawn up. At other times, cases are discussed in Norway long after the process has been initiated, and on some occasions already concluded, in EU bodies. Norway must also address a growing number of political areas within the EU that lie outside the scope of the EEA Agreement. There are important research questions tied to both the handling of legal issues internally in Norway and in relation to the EEA Agreement, the EU and the member states, particularly in cases where Norway seeks a special adjustment or exceptions. EFTA bodies, including the EFTA Secretariat, the EFTA Surveillance Authority and the EFTA Court, also play a major role in the interpretation and application of the EEA Agreement.

Norway's room for political manoeuvring. Despite the obvious power imbalance between the EU and Norway, political outcomes and the room for national political manoeuvring may depend on more than formalities. The capacity to understand and be proactive vis-à-vis the EU and the member states' motives and policies – and not simply and passively to copy EU laws, directives and regulations – is critical. Norway has a strong negotiating hand as a major energy producer and in relation to foreign policy and international engagement, the High North, and bilateral relationships with individual member states, particularly the Nordic countries. A key question is how Norwegian decision-makers in cooperation with influential member states can influence the EU's *de jure* and *de facto* regulatory framework and policies in various specific areas and more generally. This is in turn linked to questions about how the Norwegian authorities are to understand and assess the country's relationship to the EU and EU institutions – as well as the practice that has emerged between and outside formal agreements – in an active, insightful and independent manner.

2.2. Economic development and integration

From the outset, economic development and social equalisation have been key objectives of the integration processes within the EU. The establishment of the European Coal and Steel Community followed by the European Economic Community in the 1950s was both economically and politically motivated, even if the measures were economic. The economic goal was to promote cooperation by exploiting the potential for economies of scale and specialisation in larger markets. The renaming to the European Union and the establishment of the Common Market in the early 1990s was accompanied by a wide range of regulations, directives and decrees to ensure that the Common Market could function adequately. At the same time, the decision was taken to establish an economic and monetary union and a common currency. In addition, the EU has steadily expanded geographically through the inclusion of more member countries. In the Lisbon Strategy and Europe 2020, the EU has set out objectives to become the most dynamic and competitive knowledge-based economy in the world, targeting sustainable economic growth, high employment and social equalisation.

If the EU is to achieve these objectives, the economies must be restructured and “modernised” so that unprofitable companies and industries make way for those that are more profitable. This restructuring will create winners and losers. Countries that cannot carry out the restructuring quickly enough, or do not want to do it, may experience economic downturns and political and social unrest. These problems on top of the present economic stagnation in the wake of the financial crisis may necessitate fundamental changes in the EU and the rest of Europe.

Europe’s economic models. The economic mechanisms affecting the EU stem from both global developments and internal dynamics. The economy affects the room for political manoeuvring, while at the same time political decisions have an impact on economic development. There is a question of whether the speed of EU integration processes is optimal when taking the differences between the member states and how they manage the restructuring processes into consideration. Which variations of a liberal economy will emerge in the years ahead, will the integration processes reduce differences between countries or will it actually reinforce them with major regional differences emerging both within the EU and within individual countries? Pressure from international competition from Asian countries and other fast growing economies is at the same time forcing the EU and European countries to restructure more as the union’s share of the world economy rapidly declines. What are the factors and mechanisms that will determine whether developments in the EU will lead to increased external protectionism and internal differentiation, or to increased internal dynamics with stronger supranational authority, a common fiscal policy and economic transfers? In this context, there are questions relating to how the EU will develop politically in its combination of federalism and confederalism with relatively large potential for variation.

The role of the public sector. The extensive market liberalisation that has taken place over the past decades, which in the EU has been realised in the single market and the comprehensive regulations relating to the “four freedoms”, also affects the relations between the public sector and politics on the one hand, and value creation in the private sector on the other. The privatisation and unbundling of public services, competitive exposure and regulation of the economy have resulted in a variety of new areas of juridification and different dynamics in the

relationship between the legal, administrative and political spheres. What challenges do economic efficiency principles and regulatory regimes in the single market in general, and the euro zone in particular, hold for countries with differing social, political and economic situations and cultures? How do multi- and transnational companies influence the countries' ability to control their national economies?

The causes of the euro crisis. In the euro project, southern European countries in particular have experienced that while a common currency has given them ample access to credit, they can no longer employ national monetary policy to control the economy. Heavy losses in the bank sector place an added burden on countries that are already struggling with major deficits. What role has the international movement of financial capital played in the run-up to the euro crisis? To what extent has inadequate regulation of financial markets contributed to current problems?

When the credit-financed upswing came to a halt in the wake of the financial crisis, it proved difficult to generate new economic growth. Will the political economy of the crisis partially or entirely threaten the existence of the monetary union, or will the EU succeed in developing policies to stimulate the economies? The euro crisis at its core may also be a political crisis that can be linked to characteristics of the EU's institutional structure and the pace and nature of European integration. Is the euro crisis a result of political integration in Europe having gone too far, or has integration not come far enough and is it too imbalanced or unnuanced? Others view the crisis as the result of inadequate structural changes and strategies in Europe in the face of the new knowledge economy. Can a clue to the crisis be found in knowledge and innovation policy?

The social and political impacts of the euro crisis. Austerity measures and public budget cuts affect social distribution and gender equality. An issue to explore is whether the EU can prevent cuts in welfare schemes in public budgets through coordination and common standards, or whether the budget discipline requirements will increase the need for budget cuts. A general research question in this context is when and to what extent do growing trade in goods and services, free movement of capital and increased migration help to equalise economic, political and social disparities within and between countries, and when do they enhance these disparities?

The Norwegian economy and the EU. Norway is affected by all developments in the EU in the economic sphere. The economic downturn in Europe reduces Norway's trade in traditional goods. The Norwegian Government Pension Fund Global's European investments also become more risky. It becomes more attractive for foreign investors to place money in Norwegian banks. High unemployment rates in Europe make the Norwegian labour market increasingly attractive. What changes will the Norwegian economy undergo in the short and the long term, respectively, should the problems in Europe persist?

Norway's governance challenges. The development of the Norwegian economy is influenced by the country's ability to implement industrial and competition policy within the framework of the EEA Agreement and the World Trade Organisation's regulations. How can Norway's room for political manoeuvring be understood in the context of the dichotomy that arises between formalities in competition rules and regulations, and their actual interpretation and

implementation? To what extent is the nation-neutral competition promoted by the EU an obstacle to promoting Norway's economic interests? At the same time, the Norwegian tradition of governance, participation and ownership of public institutions at the municipal, county and national level, the aim of which has been to advance national socio-economic interests and control, is challenged. This is particularly true in the energy sector – which is a sphere of importance to both Norway and the EU. How and to what extent will the different systems for public governance and participation come into conflict with one another, and when can they be unified? To what extent, and, when possible, how, can Norway autonomously interpret and implement EU regulations?

The Norwegian welfare model. The Scandinavian distribution and negotiation model, characterised by generous welfare schemes, a low level of unemployment, gender equality, a compressed income structure and centralised corporate processes and wage negotiations, has been the foundation for the development of Norwegian society since World War II. How will the European and international economic integration, and crises in particular, affect this model? Which factors and mechanisms will be decisive in determining whether models with moderate welfare schemes and little state involvement will become stronger, or whether Northern European models built around the welfare state will gain sway?

2.3. Cultural change processes

Political, economic and other structural processes of change have spawned and intensified social and cultural change in Europe. New contacts, networks and constellations, increased mobility, shifting migration patterns and greater transparency have boosted the exchange of both material and immaterial values that influence networks and people's sense of belonging and identity. Increased labour migration also gives rise to new patterns of social and cultural change. These in turn affect political, economic, social and institutional factors in the same way that cultural and social factors influence the degree and form of integration. The pace, depth and impact of change differs for various groups of Europeans with diverse experiences and historical backgrounds linked to factors such as language, religion and forms of identity.

Social and political inequalities. The redistributive effects of the market economy within and among countries and the changed relationships between the public and private sectors have an impact on social and cultural conditions. Although the harmonisation of regulations and policies at the EU level has been considerable, the degree of actual political convergence (genuinely similar policy) achieved is less, as is the level of change and harmonisation achieved vis-à-vis cultural understanding and identities. In some cases, national cultures and identities and Euro sceptic tendencies have grown stronger. A question to explore is how cultural and other processes constrain one another at one level and in one area, while they can have a synergetic effect in other areas.

Identity, politics and economic development. EU economic and political development cannot be thoroughly understood without applying cultural perspectives. Attitudes towards the welfare state, the labour market and the role of the state in the economy influence policy design both at

the EU level and within the individual member states. This may politicise European development in new ways and the European dimension of the member states' policies. What is the influence of cultural parameters on the shaping of economic policy of the member states and the EU at large? Will this – in the long term and paradoxically – strengthen many citizens' understanding of themselves (also) as Europeans, or will it weaken the European dimension and slow down or reverse the development of European and other cross-border processes? How will this influence party politics, associations and organisations, networks, media coverage and public debate across national borders? Will we see a continued trend towards a pan-European general public and transnationally-oriented media and opinion-making in general, or will there instead be a “renationalisation” of the public debate and political identities?

Norway's knowledge about Europe. Norwegian Official Reports 2012: 2 “Inside and Outside – Norway's Agreements with the European Union” points out that knowledge, focus and debate about European integration and the EU in Norwegian media and the public debate after the EU referendum in 1994 has been and still is inadequate. This not only challenges our understanding of how Norwegian democracy is functioning and evolving, but on a deeper level it highlights the significance of attitudes and cultural conditions for Norwegian society and social development. What are the value-based and cultural prerequisites for relations between Norway and the EU and between Norway and the member states? The European project is described politically, ideologically and culturally in widely varying ways by various countries with differing historical backgrounds. At the same time, these differences are reflected only to a limited extent in the Norwegian public debate, which has its own unique background. The lack of knowledge, focus and debate about the EU and European integration that has been pointed out makes it vital to examine how the various concepts of and attitudes towards the European project are legitimised and exercised in political, economic and social fora. How will, for example, growing labour immigration affect policy, culture and social distribution in Norway?

There is also a need for more research on EU knowledge and research policy, both the impacts of this policy in Norway, viewed in light of Norway's extensive cooperation with the EU in this field, and the role of this policy area in the EU project. Universities, university colleges and independent research institutions have already been exposed to intense competition in the EU's knowledge economy. Mobility among students and researchers and the free flow of knowledge in Europe have become representatives of a fifth freedom. What are the ramifications of this for knowledge institutions as the bearers of culture and for the critical role of research as the basis for public debate and policy development? How does knowledge policy affect the EU's crisis management, and what kind of new framework do the economic cycles create for the way in which the EU approaches knowledge and research?

Europeanisation and cultural influence. Norwegian decision-makers do not participate fully in key fora for EU and European developments, where new social and cultural structures and horizons of understanding are created and institutionalised. New social and cultural constellations are emerging in which Norwegian decision-makers are not included; nor, perhaps, are they “trapped” in them either. How does the creation of new social and cultural horizons of understanding affect Norwegian actors, and how does this in turn affect their latitude for action?

To what extent will polarised identity patterns develop in which the “elite” in Norway, too, become increasingly Europeanised, while the population at large distances itself from Europe or chooses to remain indifferent?

2.4. Foreign and security policy in Europe

European foreign and security policy is shaped and influenced by several factors. For example, while the USA and NATO are still important external actors, informal fora such as the G7, G8 and G20 and regional growth economies such as the BRICS countries are wielding growing influence in setting the international agenda. In the EU, foreign and security policy is closely linked to the issue of economic and political integration. The EU’s internal economic and political development, and the crises in particular, are important to the EU’s strength as a foreign and security policy actor and partner.

The EU as a foreign policy actor. The EU has set out ambitious goals for shaping and influencing international policy, regionally and globally. To achieve these objectives, EU countries have taken important steps since 1999 towards integrating the member states’ foreign, security and defence policies, while allowing the highest political responsibility to remain in the hands of the member states themselves. This may explain the EU’s character as a hybrid international actor. At the same time, a political-administrative level made up of foreign and security policy decision-makers has taken root in Brussels. The Lisbon Treaty has strengthened the EU’s foreign policy apparatus and the common European security and defence policy through a more prominent and coordinating High Representative and a common foreign service.

The integration of countries in Eastern and Southern Europe, regional cooperation (e.g. the European Neighbourhood Policy), civil crisis management and efforts to rebuild conflict-ridden countries have helped to solidify the EU’s image as a “civil superpower”. But at the same time, Europe is struggling to achieve unity on key security policy issues. While countries in Asia are building up their military capacity and the USA continues to have a huge military budget, the EU countries are doing the opposite. The crisis has created a new dynamic in European defence cooperation, which can reduce, but not eliminate, the effect of the EU countries’ inability to provide the relevant capacity or take responsibility for larger-scale, long-term crisis management operations. The crisis in the EU is occurring at the same time as the USA is turning its security and defence policy focus towards Asia and the South Pacific region. How does this affect the EU’s ambitions in security and defence policy matters? What consequences could this have for the transatlantic cooperation in NATO and for the integration of EU security and defence policy?

The developments along Europe’s borders to the south and east as well as globally are also giving rise to new challenges. What role can the EU’s “soft power” play in encouraging continued integration in the east and strengthening democratic governance in these countries? What is the EU’s role in the dialogue between the West and countries such as China and Russia? The results of the Arab Spring also pose a significant challenge, and although Europe showed initiative in Libya, creating stability in the region over time is demanding. Does the EU have the right

instruments at its disposal, or will the tensions in the Middle East lead to more traditional security policy problems in which the EU will be relegated to the sidelines?

The EU's foreign and security policy institutions. The EU has established a set of common institutions, civil and military capacities, an international rapid reaction force and institutionalised cooperation with NATO. In the wake of the Lisbon Treaty, the EU has implemented a comprehensive reform of both institutions and decision-making processes in this area. Which institutional developments can be seen in the future, and what are the implications for a democratic-based foreign and security policy?

Integration in the EU may be viewed as an example of global development in which a more complex international system stipulates legal and political guidelines for state and non-state actors and how they interact. In another concurrent global trend, however, new strong powers are pressuring for an international order in which state sovereignty predominates and material resources are the most important key to distribution of power and cooperation. What are the consequences of the emergence of international cooperation on national autonomy in foreign and security policy and established patterns of cooperation in Europe? What are the driving forces behind European foreign and security policy cooperation and integration, and where will the line be drawn for change in this field?

Security policy and the economy. The current economic and political crisis may affect the EU's ability to manage international crises and capacity to safeguard the member states' foreign and security policy interests. Internal tensions may lead to greater unrest in a number of member states, weakening the fundamental concept of the EU as a peace project. Political and social frictions may also trigger unrest in countries outside or in the border areas of Europe (e.g. radicalisation, illegal immigration, the rise of ethnic and other conflicts) with ensuing implications for security policy.

The present international/global economic regime is simultaneously linked to political and military power. The World Trade Organization (GATT/WTO) and the International Monetary Fund (IMF) were established by the Western victors of World War II. Can an international economic system function over time without military and political hegemony, like the USA has today and the UK had prior to World War I? It is uncertain whether international trade can also be stabilised through agreements in which several countries, such as the BRICS and G20 countries, play a stabilising role, or whether it can become more regionalised with strong regional political (and military) hegemonies. If the present crises in Europe are surmounted, will the euro become one (of several) leading global currencies or will more "hard power" for this be required on the part of the EU over time? Will (economically) influential countries such as Germany increasingly take on the role of political stabiliser in Europe if the EU system does not succeed in unifying the interests of the member states?

Norwegian foreign and security policy. Norway participates in EU foreign policy through acceding to EU declarations, EU sanctions against individual countries and dialogue within the framework of the EEA Agreement. Norway also contributes to EU regional policy through its

contributions to the EEA. In relation to security policy, Norway has entered into agreements to participate in the European Union Satellite Centre, crisis management operations, rapid reaction forces and the European Defence Agency, although the Norwegian authorities and public at large still view participation in NATO as more important. With the entry into force of the Lisbon Treaty, Norway must relate to a larger foreign policy system in the EU, while competition for EU attention is growing increasingly tougher. This challenges Norway's ability and opportunity to influence EU foreign and security policy in matters that affect Norwegian interests. Could an EU weakened by the economic crisis lead to political marginalisation of third countries such as Norway due to a lack of resources? If the EU becomes a weaker security and defence policy actor, will not only NATO, but also bi- and trilateral agreements with individual countries, become more relevant to Norway's security policy?

Norway's significance for the EU. The EU's High North policy is one issue that affects Norway's national economic interests, and potentially also its security policy interests. As a country with abundant resources, Norway is important to Europe. One concern is whether and how the EU is or can be a partner to (or an opponent of) Norway's High North policy within the areas of energy, fisheries, transportation, climate, preparedness, maritime law in relation to remaining border issues and understanding of jurisdiction (cf. Svalbard). Norway's relationship with Russia is of key importance, even after the signing of the delimitation treaty. In this context it may be fruitful to incorporate more general security policy questions involving NATO, the USA and other countries. How can Norway, Russia, the USA, the EU and EU member states cooperate on utilising resources and safeguarding interests that may be both divergent and coincident? Could Norway become a privileged partner with influence in resource management and development in the High North?