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Book Reviews

Fritz Scharpf, *Governing in Europe: Effective and Democratic*? Oxford University Press, 1999, £15.99.

The author has written an elegant and sophisticated analysis of European integration with strong normative conclusions. His theme is that 'negative' integration – the dismantling of trade and other barriers between the member states – has been a success, but that 'positive' integration – the capacity to reconstruct a system of 'market-correcting' regulations at the EU level – has been blocked. He attributes this uneven achievement to institutional causes. It has been possible for the Commission, by using its right of initiative and its power to bring infringement proceedings, to work together with the European Court of Justice in order to drive forward the dismantling of internal market barriers. But the policies for positive integration depend on the Council of Ministers as well as, increasingly the European Parliament, and here there are far more opportunities to hold things up.

According to Scharpf, this uneven development of the problem-solving capacity of the EU challenges its democratic legitimacy. At the same time, he regards the democratic deficit as ineradicable as long as there is no EU-wide political discourse or strong sense of collective identity. Professor Scharpf therefore looks for ways in which the Commission and Court could be put in the driving seat for the 'positive' integration agenda. This agenda includes not just market-correcting measures but also providing the framework for redistribution policies between generations and classes as well as income transfers and also solidarity measures between regions. He finds some new scope for the Commission and Court to act as a result of the provisions of the Amsterdam Treaty, for example, in the employment title. In addition, he suggests they could become more powerful agents of change in driving a social agenda if they were to take forward ideas of limits to regulatory and tax competition, for example harmonising standards around two levels.

What is refreshing about Scharpf's diagnosis is its strong analytic underpinnings in the economic analysis of labour markets, the analysis of competition among regulatory systems and in the application of game theoretic literature. A strong supporter of tax harmonisation, he bases his case on an analysis of those circumstances where competition between regulatory systems can drive up standards and those where it tends to lower standards. Nor is he attempting to defend existing welfare states in Europe and proposing that policies or powers are needed to transpose them to the European level. On the contrary, he accepts the case for welfare reform and is proposing that EU-level action can help drive the reform process.

Despite the strengths of Scharpf's approach, it nevertheless incorporates assumptions that some would question. There is, for example, a heavy emphasis on globalisation as the main factor (apart from the process of

European integration itself) that has weakened political legitimacy in Western Europe. The scapegoating of globalisation as the source of the loss of governmental powers is a common complaint among politicians and academics who do not like the market, but surely the issue is a broader one. For a number of reasons in addition to globalisation, market developments offer individuals more ways of satisfying their preferences and increasingly expose the pretensions of governments. Even in respect of welfare provision, despite his commitment to welfare reform, Scharpf does not seem able to envisage a world where people want to make their own provision against life's uncertainties and where, in weighing the risks of making provision in the market, they may find them less than the risks associated with relying on government promises. Scharpf rejects the integration theories of crude functionalists but at the same time in identifying the legitimacy of the state or a political association such as the EU with the capacity to provide certain outputs he shares some of their key assumptions.

His conclusion also looks highly questionable. The legitimacy of the Commission as an agenda setter and the legitimacy of the Court acting as a court with an integrationist agenda have increasingly been questioned even before the recent crisis in the Commission exposed its long-standing weaknesses as administrator and manager. To imagine that the Commission and the Court would be able to legitimise action in more sensitive areas seems doubtful.

In looking to the future, Scharpf reviews the closer cooperation provisions of the Maastricht Treaty and is inclined, along with many other observers, to doubt the usefulness of the general enabling provisions. In suggesting that there is a need to consider again the merits of closer cooperation *outside* the Treaties – until such time as the cooperation proves its worth and can be brought inside the EU's institutional arrangements – he is pointing to a fruitful line for the EU's future development.

Frank Vibert

European Policy Forum

Janine R. Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989–1998*, London: Macmillan, 1998, xviii + 286 pages.

When governments organise and manage the implementation of any complicated task, they do silly things that have unintended consequences. The conduct of wars is an example. In this book Janine Wedel, an anthropologist who worked on Poland in the 1980s, describes a number of ways in which Western assistance to ex-communist countries has caused collateral damage.

The book is about technical assistance to privatisation, to the development of democratic institutions and to small business developments. Most of the narrative concerns Poland and Russia. Dr Wedel is particularly interested in projects funded by USAID; but also includes material on the EU's PHARE programme, and some references to the UK Know How Fund. She is not concerned with the West–East aid issues that preoccupy economists: the consequences of balance-of-payments and other non-specific aid finance, of project finance and of the lead role given by Western governments to the International Monetary Fund in assisting 'transition'; or the changing ideas

about macro-economic stabilisation, structural adjustment and institutional change that have guided this aid; and the timing and conditionality of IMF-led funding. Indeed, she is not writing directly about most of the $87.4 billion of net official aid flows in 1990 through 1997 to Bulgaria, the Czech Republic, Hungary, Poland, Romania, Russia and Slovakia (EBRD *Transition Report 1998*, p. 78).

Wedel writes above all about consultants, and the links between them and aid recipients. She sees technical assistance passing through successive phases of triumphalism, disillusionment and mutual adjustment – first in Central Europe and then (without much of the adjustment) in Russia and Ukraine. Wedel describes her own approach in the following way: 'I attempt to sample processes that appear to account for aid outcomes and report my analyses of some representative projects' (p. 8). If for 'aid' you read 'technical assistance', that is a fair description. Her theme is that a mixture of ignorance and cupidity on both sides produced a great many boomerang effects.

In particular, she produces lots of testimony on three points: that short visits by Western consultants ignorant of the region often produced no useful advice, wasted officials' time and alienated recipients; that the cultivation of groups of trusted local intermediaries – notably, in Russia, what she calls the Chubais Clan – fostered cronyism and misappropriation of assets; and that programmes of support for small business often failed. Her evidence comes from 1750 interviews with participants (often leading players), press reports and the reports of monitoring agencies, notably the US General Accounting Office (GAO).

For anyone who has been involved in programmes purporting to 'assist' transition, the book contains many entertaining stories, but no surprises and no shafts of light. Even for someone who had simply been monitoring Central and East European developments from the sidelines there would, I think, be little here that would be instructive. As for the non-specialist reader, all he or she really needs to know is that 'I'm from the government and I'm here to help you' is an old joke (and *a fortiori*, 'I'm from a *foreign* government . . .'). Armed with that information, even the non-specialist reader will finish the book entertained, but neither shaken nor stirred.

The author aspires at times to produce a lowbrow exposé, complete with *Newsweek*-style writing-by-numbers: beginning, for example: 'On an evening in February 1991, . . . in an opulent room of the US Department of Treasury building, a chamber orchestra played Rodgers and Hammerstein's "Some Enchanted Evening"' (p. 1). Dr Wedel is too scholarly to keep this up, however, so we get a duly qualified story: yes, some aid programmes do seem to have achieved their aims; yes, mutual comprehension was quite often attained after a while, yes, the GAO did monitor the implementation of programmes and identified many failings. Hence the lame conclusion (p. 185) that things could have been better, and better understanding of the recipient nations would have helped.

Admittedly, it would not be easy to arrive at more substantial conclusions about the effectiveness of Western aid. Aid programmes to the ex-communist countries might, with great difficulty, be subjected to systematic, quantitative tests of their cost-effectiveness. As with economic historians' assessments of Marshal Aid, even that kind of exercise is likely to be controversial decades

later; but it would be worth trying. Apart from such solemn studies, the subject of Western assistance to post-communist change calls for something short, sharp, and unacademic: investigative journalism in the Paul Foot or I. F. Stone tradition, or a novel in the manner of Lodge or Bradbury. Or cartoons. The most memorable ingredients of this book are the excellent cartoons by Chris Suddick. In seven pages, they say it all.

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