



Graduate Students Workshop

Transnational Regulation and Best-Practice Models:

Multi-level Regulatory Games?

Dr Sharon Gilad and Professor David Levi-Faur

Similar regulatory reforms and institutional structures are adopted and diffused around the globe as a result of coercion, strategic take-up, normative commitment and imitation. Yet, once adopted, such reforms and institutions are likely to be negotiated, translated and changed in light of individual countries' regulatory organizations and corporations' local circumstances, concerns and discourses. This workshop will discuss the interrelations between the global and the local in the context of regulatory importation on the one hand and rule-exportation on the other. We invite papers that conceptualize and analyze regulatory politics and policy as processes of (1) local translation and adaptation of transnational regulation and/or internationally accepted institutional models by governments, regulators and individual firms, and (2) actors' strategic export of their rules and expansion of monitoring and enforcement capacities via international organizations and arenas.

**Workshop on Transnational Regulation and Best-Practice Models:
Multi-level Regulatory Games?**

Wednesday, December 15th

Early morning Guided Tour in the Israeli Museum (Optional)

- 14.00 Peter Hall, Seminar Talk (optional)
- 5 pm Introduction to the Workshop (Levi-Faur/Gilad)
- 5:20 pm Discussion of Paper by Ayelet Berman
- 6:10 pm Discussion of Paper by Vlad Gross
- 7:00 pm Discussion of Paper by Ronit Justo-Hanani
- 8:00 pm Adjourn (informal, pay as you go, dinner, optional)

Thursday, December 16th

- 9:45 am Discussion of Paper by Olga Markiewicz
- 10:35 am Discussion of Paper by Robin van Dalen
- 11:25 am Break
- 11:45 am Discussion of Paper by Esther Ademmer
- 12:35 pm Discussion of Paper by Orit Rapaport
- 1:30 pm Lunch
- 2:30 pm Discussion of Paper by Anna Hechinger
- 3:20 pm Discussion of Paper by Shelly Gottfried
- 4:10 pm Break
- 4:30 pm Discussion of Paper by Arie Krampf
- 5: 20 pm Concluding Remarks (Levi-Faur/Gilad)
- 6:00 pm Adjourn for Closing Events of Conference

Friday, December 17th: Dead Sea and Masada Tour (Optional)

Transnational regulation and Best Practice Models

	Type of Policy	Sector/Field	Actors	Major Concept	Orientation	Paper by
1	Risk Regulation	Pharma	An Hybrid Global Network Actors of Knowledge	Accountability	legal	Ayelet
2	Risk Regulation	Nano	International Organizations Actors of Knowledge	Technocratic Governance	Science and Technology	Ronit
3	Security Regulation	Migration	EU / National Politicians and Bureaucrats	Neoliberalism in migration policies	Europeanization IR	Esther
4	Development	EU Neighborhood Policy	EU vs. Small Countries	VOC	CPE	Shelly
5	Financial Regulation	Central Banking	IMF/ FED Actors of Knowledge	Divergent convergence Embedded Liberalism	IPE	Arie
6	Financial Regulation	Central Banking	Actors of Knowledge	Diffusion	CP/IPE	Orit
7	Financial Regulation	Central Banking	Actors of Knowledge	Politicization	IR/IPE	Anna
8	Financial Regulation	Securities Markets	Actors of Knowledge	Good Regulation	Europeanization CPE/	Olga
9	Integrity Regulation	Interest representation	Public officials, Interest groups , companies	Bias of representation	Interest Groups politics	Vlad
10	Integrity Regulation	Food	Certification and accreditation bodies	Civil Regulation	Public policy	Robin

Bios of Workshop Leaders

Sharon Gilad is Lecturer in Public Sector Organisation at the Department of Management of King's College London and a postdoc at the ESRC Centre for the Analysis of Risk and Regulation, London School of Economics. In September 2010 she will be joining the Hebrew University as Senior Lecturer at the Department of Political Science and the School of Public Policy. Her research interests and publications concern the regulation of retail financial services, regulatory management of consumer complaints, and corporations' responses to meta-regulation.

David Levi-Faur was the convenor of the Annual Graduate Conference in Political Science, international relations, for the first five conferences (the three last conferences were co-chaired with Dr Dan Miodownik). David is Associate Professor at the School of Public Policy and the Department of Political Science at the Hebrew University of Jerusalem. He is a co-founding editor of *Regulation & Governance* and a co-chair of the ECPR Standing Group on Regulatory Governance. He has held research positions at the University of Haifa, the University of Oxford, the Australian National University and the University of Manchester, and has held visiting positions in the London School of Economics, University of Amsterdam, University of Utrecht and University of California (Berkeley). He is currently working on a book-length manuscript titled *Regulating Capitalism: Governance and the Global Spread of Regulatory Agencies*, to be published by Princeton University Press. His recent work includes special issues of the *Annals of the American Academy of Political and Social Sciences*, titled *The Global Diffusion of Regulatory Capitalism*, co-edited with Jacint Jordana, and *Governance (Varieties of Regulatory Capitalism)*. He is also currently working on two handbooks: one on regulation (for Edward Elgar) and one on governance (for Oxford University Press).

Bios of Workshop's Participants

Esther Ademmer (Free University Berlin, Germany) is a PhD Candidate at the Berlin Graduate School for Transnational Studies and the Research College 'The Transformative Power of Europe' at the Free University of Berlin. She holds an M.A. in International Relations and a B.A. in European Studies. Her main field of interest is Europeanization beyond the EU, with a special focus on the Eastern European Neighborhood.

Ayelet Berman, Graduate Institute of International and Development Studies (Geneva, Switzerland). Aylet is a PhD student at the Graduate Institute of International and Development Studies (IHEID) in Geneva, and a Research Assistant on the Hague Institute for the Internationalisation of Law (HiiL) funded research project on "Informal International Law Making". Before my PhD studies, I was an associate at Herzog, Fox & Neeman in Tel Aviv, and at Sidley Austin LLP in Geneva. At Sidley, my work focused on WTO litigation. I hold a LLB magna cum laude from the Hebrew University of Jerusalem and a D.E.A. in International Law from the IHEID.

Robin van Dalen (University College Utrecht, The Netherlands) is a student at University College Utrecht, an international honours college in the centre of the Netherlands where he will major in economics & sociology with a minor in Islam. Currently he is on exchange at Exeter University, United Kingdom. He has been a student assistant of prof. dr. Frans van Waarden and have as such become the co-writer of a report for the Dutch Scientific Advisory Council to the government (WRR) on the emerging national and international markets for halal products and its certificates. In cooperation with F. van Waarden he had presented articles on this topic at the ECPR conference in Dublin and its national counterpart in Leuven, Belgium. Shortly, a short Dutch language version will appear in the academic journal 'Beleid en Maatschappij' (Policy and Society)

Shelly Gottfried (City University of London, The United Kingdom) Shelly is a PhD student in Political Economy of the EU, at City University London. Having completed a BA in

Economics and Philosophy and an MA in Philosophy at Tel-Aviv University , Shelly began her MA in European Economics and International Relations at the University of Rome . Prior to her current studies she worked as an energy trader in the financial markets.

Vlad Gross, (Fondation nationale des sciences politiques, Sciences Po, Paris, France).

Vlad Gross holds a Master's degree in Political Science from Central European University (CEU) in Budapest, Hungary, and a Master's degree in European Union Studies from Leiden University in The Netherlands. Currently he is pursuing a PhD in Political Science at Sciences Po in Paris, where I am a Marie Curie Early Stage Researcher at Centre d'etudes europeennes. His work focuses on the influence of interest organizations on the EU decision-making process, with a particular focus on interest representation and policy bias.

Ronit Justo-Hanani, (Tel-Aviv University, Israel). Ronit's doctoral research focuses on the governance of risk and risk regulation of Nanotechnology and Biotechnology with Prof. David Levi-Faur and Prof. Tamar Dayan as advisors. Additional research fields include science & technology policy, comparative regulatory regimes research and biodiversity regulation and governance. Ronit holds both Bachelor of Law degree and Master of Sciences degree in Ecological and Environmental studies. She is currently pursuing Master of Law degree at Tel-Aviv University. In 2007 Ronit spent one year as a visiting scholar in Sheffield's Institute of Biotechnological Law and Ethics (SIBLE), UK, working on agricultural biotechnology risk regulation. Ronit is working with a variety of government ministries and regulatory authorities in Israel to develop risk regulation and policy frameworks and to advance a range of biology and society issues. Her numerous fellowships and awards include the UNESCO Fellowship, IMOS-Eshkol Fellowship, MOARD Chief Scientist Fund, EU 7th Framework Programme (research associate with Prof. Galil in ODEMM project) and PhD Fellowship in the Tel-Aviv Faculty of Life Sciences.

Anna Hechinger (Hertie School of Governance, Germany) is a PhD Candidate at the Berlin Graduate School for Transnational Studies and the Hertie School of Governance in Berlin. She holds a Diploma in Communication Science from the University of Hohenheim, Germany. Her main fields of interest are European economic and monetary union and actor-centred approaches to politicization in multi-level governance systems.

Arie Krampf (Hebrew University of Jerusalem, Israel). Dr. Krampf is a postdoctoral fellow at the Davis Institute for the International Relations at the Hebrew University. Previously (2008-10) he was a postdoctoral fellow at the Max Planck Institute for the History of Science, Berlin. Krampf studies the role of ideas and epistemic communities in institutional change during the twentieth century. He has written about the reception of Keynesian and pro-market economic practices in Israel, the developmental role of the Bank of Israel, and the diffusion of central banks in the postwar period.

Olga Markiewicz, (European University Institute, Italy). Olga is a doctorate candidate at the Social and Political Science Department of the European University Institute (EUI) where she is finalizing her dissertation on the political economy of capital market making in Central Europe. Her research interest concerns regulation of capital markets and market governance in Central Europe.

Orit Rapaport (University of Haifa, Israel). Orit is interested in regulation, global public policy, central bank independence, diffusion and computer simulation. She tries to include all these interests into my dissertation which attempts to provide a framework to analyze swift global policy change processes such as the 1990s puzzle of central banks reforms . Building on garbage can theories on one hand and on diffusion theories on the others she refrain from starting with inflation and other economics malaises, as national or global problems that are looking for a solution, but commence with a solution, in the form of central bank independence that is looking for a window of opportunity to be coupled with a problem. To illustrate the theoretical argument and demonstrate the

usefulness of the framework both macro and micro aspects of the central bank independence puzzle are analyzed. The macro aspect is analyzed via a formal model and a computer simulation, while the micro aspect is studied by comparative analysis and a case study.

WORKSHOP ABSTRACTS

The Accountability of Transnational Regulatory Networks: The Case of the International Conference on Harmonization / Ayelet Berman, Graduate Institute of International and Development Studies, Geneva, Switzerland

The international studies literature tends to be very critical of transgovernmental/transnational regulatory networks (TRNs), accusing them of being unaccountable. The main claims are that TRNs are not transparent, act in a “club like” manner, and do not adequately allow affected stakeholders to participate in the rule-making process. They are also said to be beyond the reach of domestic law. This paper is a case study of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH), and its purpose is to evaluate it from an accountability perspective. The ICH is a network of drug regulatory authorities and industry associations from the U.S., the EU and Japan. It harmonizes regulations for the registration of new drugs in these regions. It issues non-binding guidelines, which are implemented domestically by the members. With the shift of production to developing and emerging countries, the guidelines are increasingly adopted in non-ICH countries, and have, hence, become de facto global standards.

In evaluating the accountability of the TRNs, the paper relies on the framework set out by the INLAW project, which distinguishes between (i) accountability mechanisms, (ii) preconditions for accountability mechanisms, and (iii) “other” responsiveness promoting measures (e.g. transparency, participation). Being composed of domestic regulators, but active at the transnational level, the ICH has both transnational and domestic features. In evaluating accountability, the paper, hence, conducts a two-level analysis. At the domestic level, the focus of the paper is on accountability measures set out in US administrative law.

The paper concludes that the ICH, though far from perfect, is more accountable than what one would have expected on the basis of the TRN literature. At the

transnational level, while the criticism against the ICH may have been true a decade ago, it has gradually but significantly opened up. Non-ICH countries are now significant participants in its activities and rule-making procedures, though they may not vote. While from an accountability perspective voting participation may be desirable, in reality, non-ICH countries are ambiguous about it. Further, nongovernmental actors, such as affected industries and nonprofit NGOs may provide their input too, though the latter's participation is insufficient. This is particularly troubling given the joint industry/regulatory structure of the ICH, which suggests industry capture and unbalanced representation of interests. The rule making procedure, with "notice and comment" processes at the transnational and domestic levels, is highly consultative, allowing anyone, anywhere to comment. That said, the rule-making procedure overall could benefit from improving some of its features, such as transparency, and reasoning. At the domestic level, US administrative law significantly regulates the participation of the FDA in the ICH.

Looking beyond the ICH, this paper takes the view that domestic measures have an important role to play in enhancing the accountability of TRNs, also towards non-member countries. First, they can control the member or observing regulators. Second, if issued by a member, they lead to *de facto* control of the TRN, as the member's participation is dependent on their fulfillment. Third, they provide citizens with access to international processes. This gives them an "accountability advantage" over treaty-based IOs. Finally, they allow non-members to balance their local needs with transnational requirements.

Putting the joint industry/regulatory structure and the particular imperfections aside, the ICH, with its combined transnational and domestic accountability measures, provides a good basic model to demonstrate the importance of accountability measures at both levels in the design of (harmonization) TRNs.

Faithful translation or lost in translation? How capital market governance model was transplanted to Poland and Czech Republic / Olga Markiewicz, European University Institute, Italy

In the late 1980s, the Western World saw the emergence and diffusion of the best practice model in capital market governance. The model was built around the notion of shareholder protection and its implication for stock market growth. It assumed state's responsibility for introduction and enforcement of regulations that protected shareholders. This paper discusses the struggle of Central and Eastern European (CEE) countries with importing and adapting the capital market governance model.

After communism collapse in 1989, the countries from the region engaged in building capital market's institutional set up from the scratch. In the absence of coercive transnational actor imposing the governance model from above, the CEE countries enjoyed relative freedom in interpreting and transplanting this model into domestic environment. This paper shows that adaptation of the model into local conditions differed across the region and seeks to explain variation in deviation from the internationally accepted standard. In doing so, it compares two countries: Poland and the Czech Republic, which represent two extreme cases of translation of global model into the local environment. Whereas Poland can be seen as a faithful translation, the Czech Republic is the case of "lost in translation". This paper discusses the mechanisms which influenced the faithfulness of translation of transnational model. It demonstrates that in the Polish case state actors' shared belief in appropriateness of the capital market governance model resulted in a commitment to its close emulation. In their quest for perfect translation the Polish state actors engaged in the venue shopping across the Western markets to see how the model was localized by others and to chose solutions best fitting into the local environment. Based on this knowledge they constructed market design which deliberately borrowed from various sources: market oversight from the USA, organization of trading system from France and the shape of Securities Act from Spain. With the assistance of transnational securities experts, the Polish state actors constructed an institutional bricolage which was coherent, functional

and close to transnational model. Whereas in Poland the state actors had a decisive voice over the interpretation of best practice model, in the Czech Republic the market making process was shaped by several groups of state and non-state actors. Neoliberal economic policymakers, central bank along with commercial banks as well as business clashed over the “right” interpretation of the best practice model. While some actors questioned its suitability for the current stage of development of the Czech capitalism, others convinced about its appropriateness insisted on its wholesale and faithful importation into the Czech ground. Unable to reach consensus on the one and “right” interpretation of the model, the Czech actors engaged in its chaotic and incoherent adoption. While in the realm of the law on the books most elements were transposed into domestic legislation, the enforcement mechanisms were ignored which soon resulted in institutional dysfunctionality of the Czech capital market.

This paper seeks to contribute to the literature on transnational governance by showing how domestic perception of global standard influences the process of its transposition into domestic settings.

A Solution Looking for a Problem? The Diffusion of Central Bank Reforms and the Global Garbage Can Model / Orit Rapaport, University of Haifa, Israel

The autonomy of central bankers was always a highly valued feature of the global financial policy community. Yet, since the mid 1980s and increasingly at the 1990s, it became a major element of global financial reforms. No less than eighty-four countries revised their laws and increased the formal autonomy of their central banks during this period. Why did they all converge on the same policy solution? This paper explores the swift global policy change building on diffusion theories on the one hand and the garbage can model of organizational choice on the other.

Review of the literature on the politics and economics of central bank independence reveals that the departure point for almost all scholars has been inflation and other economics malaises. However, extensive statistical and empirical research failed to find strong and systematic correlations between central bank independence and monetary

performances . Ideational, institutional and diffusion explanations were recently employed in an effort to offer a more credible answer , specifying the mechanisms and channels that allow institutional change. Although presenting significant advance in the study of central bank independence, the latter tends to look at the processes of institutionalization and diffusion from a problem-solving perspective. Implicit in the 'problem-solving' perspective is the understanding of change as a process where national or global problems are looking for a solution. To develop a better understanding the global policy process while questioning the capacities of the actors and the purposefulness of the process, we contrast two approaches for diffusion and global policy analysis: the Problem Looking for a Solution Diffusion Approach [PLSDA] vs. the Global Garbage Can Diffusion Approach [GGCDA]. Using this latter approach we commence with a solution, in the form of central bank independence that is looking for a window of opportunity to be coupled with a problem. Solutions and problems are being framed and diffused globally and nationally. Adoption decisions are understood as coupling events where solutions and problems are being redefined and packaged while shifting the causes, outcomes, role, interests and preferences of "problem and solution mongers". To illustrate the theoretical arguments and demonstrate the usefulness of our theoretical framework we discuss three cases of successful couplings (France, Britain and Japan) and one case of partial coupling (Israel) . The timing of the reforms varies; The Israeli partial reform was relatively early (1985); France reformed in 1993 followed by Britain and Japan in 1998. While the Israeli vulnerability for inflation was high compared to the other countries, it adopted only a partial reform while the others went all the way.

The Quest for the Halal-Truth: *The Local, the National and the Global in the International Market for Halal and its Certificates*/ Robin van Dalen, University College Utrecht, The Netherlands

The market of Halal food is facing many problems: market failures, fierce and unfair competition, intransparency, fraud and 'Halal laundering' are common practice worldwide. This prevents multinationals from entering this multi-million dollar market

and leaves Muslims unsecure about their food consumption and religious fate. Different actors are active on three levels: 1) the *local*, uncle-and-aunty market; 2) the *national*, supermarket and wholesale market, and; 3) the *global* export market. Actors in all three levels are in search of a solution to the problems, which has led to the emergence of a derived market, the market for halal certificates. However, this market has shown similar problems as the market where it has been derived from, which has led to a search for authority: who has the authority to decide whether a product is Halal? The search to answer this question has fostered cooperation and communication between the actors on the three levels, therewith establishing linkages between the local, the national and the global. The local actors directed towards the higher levels in search of authority and the global and national actors sought for a solution to establish themselves as the central power in the vast, largely unexploited and growing global halal market. The thesis of this paper is that if there will come a solution, e.g. a global halal norm, it is likely to come from an authority on the global level, e.g. an Islamic international institution backed up by Muslim countries. We might even see a reversed California effect: instead of the west imposing standards on the east, the Muslim countries imposing halal standards on the west.

Too Liberal for Europe? The impact of economic liberalism on the Europeanization of migration policies in the European Neighborhood Countries / Esther Ademmer, Free University Berlin, Germany

Ever since the Tampere Council in 1999 and the creation of the borderless Schengen-Area, migration flows from outside the EU and their regulation have figured prominently on the EU's security agenda. Similarly, they have been included into the negotiations of the EU and its new neighbors in the framework of the European Neighborhood Policy (ENP). It comes therefore as no surprise that the bilateral ENP-action plans foresee deep changes of the European Neighborhood Countries' (ENC) migration policies as a condition for a potential visa facilitation agreement with the EU.

Domestically, however, the regulation of migration flows confronts the ENC-governments with a dilemma: on the one hand, the young market economies are trying to reduce state-interference in their politics and economies by engaging in economic and political liberalization and by attracting tourism and inflows of foreign human and financial resources. On the other hand, the increased externalization of EU migration policies requires the ENC to create new regulatory policy regimes, which hamper or restrict the in- and regulate the outflow of migrants and

investors. This is most obvious in the case of Georgia that pursues a neo-liberal political and economic agenda coupled with a very liberal approach to issues of migration in contrast to other ENC, such as Armenia. Theoretically, due to a high misfit between the European and the domestic migration policy agenda, compliance with the European prescriptions and the establishment of visa-facilitation agreements would be rather unlikely to happen in the case of Georgia. Surprisingly, however, the EU-Georgian visa-facilitation and readmission agreements were signed recently, whereas this process is still beyond sight in Armenia.

The paper therefore tries to solve this puzzle by addressing two interconnected questions. The first part of the paper asks if and how the different degrees of liberalism of the domestic agendas shape the Europeanization of the migration sphere arguing that a highly neo-liberal agenda of the Georgian government negatively impacts compliance. The second part of the paper addresses the question why the lack of compliance still resulted in a progress of the overall ENP-framework for Georgia.

Building on an analytical framework that picks up the rationalist and constructivist reasoning of Europeanization approaches, the paper argues that different kinds of economic and political liberalism in the governmental agenda clearly shape the performance of the ENC when it comes to compliance with the EU-pre-conditions for visa-facilitation agreements. In contrast to the general request to start visa-facilitation negotiations, which is predominantly shaped by geopolitical security concerns, the norm of migration policy regulation encounters severe resistance and legitimacy problems on the domestic level in Georgia, where it is framed as being at odds with the hands-off approach of the domestic government. In the Armenian case the migration policy norms are absorbed easily without resulting in a further integration process though. The argument is presented as follows: The first part of the paper outlines the migration policy as outlined in the framework of the ENP and introduces the obligations and offers stemming from the EU side. In a next step, the theoretical expectations building on frameworks of Europeanization research are presented and applied to the country contexts. The following part empirically tests the hypothesis developed in the theoretical part. The paper concludes with empirical implications of the findings with regard to the overall credibility of the EU approach and pinpoints its theoretical implications for Europeanization approaches.

When Brussels Makes the Rules: Interest Representation Bias in the European Union Decision-Making System / Vlad Gross, Fondation nationale des sciences politiques (Sciences Po), Paris, France

This paper presents an exploratory analysis of the bias within the interest representation system of the European Union. With the shift of the decision-making powers from the national level towards Brussels, interest organizations have adapted to the need of also being represented in front of supra-national level policy makers. So far, the lack of reliable and systematized data on interest representation activity at the European Union (EU) level has been somewhat of a drawback for scholars wishing to extend the knowledge on EU interest representation bias. However, recent measures taken by the European Commission have granted access to important and fairly detailed information about organizations and individuals involved in the EU-level decision-making process.

The powers yielded to the EU by national member states are quite substantive in certain policy areas (e.g. financial and economic issues) and have a wide range of consequences that go beyond economic policies and involve a larger number of social actors and interests. Therefore, the important question that is raised in this context is whether there is a proportional representation of these interests before the EU decision-making institutions or can we talk about bias in interest representation at the EU level? Furthermore, what makes certain interests to be present while others are not?

The review of the literature shows, firstly, that interest representation in the EU has developed distinct patterns of interest group – policy-makers interactions. On the one hand, there seem to be pluralist and corporatist traits within these patterns and, on the other hand, the institutional setting with the hierarchy of powers within the EU seems to direct interest group influence towards the EU Commission more than towards other institutions. Secondly, previous studies have indeed found that there is a certain degree of bias towards peak-level industrial and union interests, but also that the EU is actively seeking to include public interests in the policy-making process. Nevertheless, some of these studies have relied on one-shot observations of different sectoral interest groups.

The ability to draw more general conclusions about the diversity of the interest group population was also impeded by different, uncomparable, data sources that oversampled on certain types of interest organizations.

The results of the empirical analysis, based on data collected from the policy consultation procedure, point towards three interesting conclusions. Firstly, the evidence suggests that the EU system of interest intermediation is a hybrid mode between neo-pluralist and corporatist ideal models. Secondly, the analysis of the relationship between the policy agenda and interest organizations seems to support David Truman's pluralist theory of disturbance: as new policy issues emerge, salient interests within that policy issue tend to mobilize as a response to the changes on the agenda. Finally, the higher share of consultation contributions coming from interest groups and private companies point towards a bias in interest representation in favor of these types of interests. These findings encourage further systematic research, with more developed analytical tools, in order to also investigate the bias in decisional outcome.

Explaining variation in the politicization of EMU across euro area countries during the financial crisis – an actor-centred approach/ Anna Hechinger, Hertie School of Governance, Germany

European economic and monetary union (EMU) remained largely depoliticized during the first ten years of EMU – despite its far-reaching consequences for national economies and welfare states. The paper suggests that spill-over effects of EMU to policy fields that are more salient in national publics are only the necessary condition for the politicization of EMU. The sufficient condition is that one or more actors are interested in politicizing these effects, i.e. define these effects as a political issue in the public sphere. Consequently, an actor-centred approach is proposed in order to explain varying patterns of politicization across euro area countries. Drawing on the research on politicization of international organizations, interest-based explanations for monetary

policy preferences, and incentives for actors to pursue long-term social investments, actor characteristics are identified that impact on the propensity that distributive effects of monetary policy within and across euro area countries become politicized in national publics. Against the background of these conditions the question is addressed: when, why and by whom do distributive effects of EMU become politicized across euro area countries?

The case of EMU provides a least likely case for politicization of European Union issues due to its technical nature and the supranational European Central Bank (ECB) as the central actor in the policy field. Then again, EMU's distributive effects have far-reaching implications for sustaining Western European welfare states, thereby providing a huge potential for politicization in domestic arenas. The paper contributes to the debate about politicization of the EU by suggesting that politicization does not automatically contribute or impede democratization of the EU, but is dependent on who politicizes an issue based on which incentives. Regarding EMU, the paper spots light on the political factors on the domestic level that need to be taken into account for assessing the medium to long-term sustainability of the euro.

Revisiting embedded liberalism: Variation of central banking practices within the postwar institutional order / Arie Krampf, Hebrew University of Jerusalem, Israel

The Bretton Woods agreement is known for having balanced economic openness and interdependence on the one hand and domestic discretion on the other among industrial countries. However, there is less agreement as to the 'Southern Side' of the postwar institutional order and its implication on developing countries. In this paper I examine the relationship between the ideas on which the postwar monetary was based and the variations of central banking practices among countries.

A common conception is that the process of global diffusion of central banks led to convergence of state structure. This process is explained on the basis of the dependence and a homogenous international policy discourse. The paper presents evidence that the

diffusion of central banks led to divergence of central banking practices between industrial market-economies and developing countries. This pattern of diffusion, I argue, can best be explained on the basis of the existence of heterogeneous international policy discourse that was comprised of two competing communities of experts in the same policy-issue: one was situated at the IMF and the other in the Federal Reserve System (FRS).

The article comprises of three parts. In the first part I analyze the discourse of experts from the IMF and the FRS in order highlight the differences between their view regarding the best monetary order to central banking practices. In the second part trace the channels through which ideas diffused to developing countries. In the third part I survey primary and secondary literature about central banking in order to map geographically the distribution of particular central banking instruments. The analysis establishes a causal link between ideas distributed by the IMF and FRS and the geographical distribution of central banking practices.

The article provides two key contributions. Theoretically it implies that the assumption of homogenous international policy discourse assumed by constructivism and the assumption of universal rationality assumed by the liberal approach should be abandoned in favor of a heterogeneous conception of the international policy discourse. Second, while in most accounts variability of central banking practices is explained as deviation from “best practices”, this paper explain it on the basis of different economic rationalities.

**A political economy perspective on varieties and models of capitalism;
Understanding the EU's convergence of economic strength into political power
(the Israeli case) / Shelly Gottfried, City University of London, The United Kingdom**

The paper aims to provide a critical reflection of varieties and models of capitalism, in order to conceptualise an internalisation of global power into a national political economy. When conducting any type of inter- relations between institutional

structures, it is crucial to understand the model of capitalism of a nation-state, or the capitalistic organization of any central political-economic actor.

A characterisation of a model of capitalism is also required in order to avoid adoption of old formats and confines of cooperation and deterring measures. Such analysis facilitates negotiation with the central political-economic actors, resulting a convergence of economic power to an actual political influence. The understanding of a national model of capitalism further enables a regulatory regime active economic involvement and productive connection with the central actors and institutions of capital and power, controlling the political-economic sphere.

In relation to the Middle East and particularly Israel, it is assumed that the EU's political influence is not matched by its economic strength. The prevailing viewpoint among politicians, political scientists, the public and the media is that the EU does not play a prominent role in the Israeli political arena, notwithstanding its active involvement in national and regional processes, such as the Action Plan and the ENP. The paper will try to provide a basis to examine how this common viewpoint can be challenged, arguing that it fails to take account of the EU tangible effects on the domestic political economy; this by considering the Israeli model of capitalism and the way the EU addresses it.

When examining the actual and potential influence of a global power such as the EU, we should consider the exportation of its paradigms and work patterns into its relations with states, and the way in which it has to implement its political-economic agenda, while taking into account the ruling national model of capitalism and the capitalistic organisation of the power structures.

The analysis of Varieties of Capitalism and other theories examining models of capitalism is employed to evaluate whether through a connection with key actors or institutions of capital and power there can be a convergence of economic strength into political power, and in what way. This assessment is reached by addressing three issues: The first is the process of shaping modes of capitalistic organisation. This part describes the relations between states and markets and between firms and community, while defining the types and the holders of power, and indicating their contribution to the

institutional changes and to the transformation of the market economy; this process is of great relevance when explaining the political response to economic challenges, such as globalisation, privatisation and the impact of innovation, thus reflecting the role of external power. The second is the actual integration between politics and economy in a model of capitalism, in view of political power as exercised beyond the constraints of the domestic politics. The third part describes the particularity of the national models, embodying the historical, cultural and organisational characteristics of a model.

The paper aims to build an analytical foundation to examine whether the EU, as an external actor, can exercise an actual influencing role in the Israeli political-economic arena; this by translating European paradigms in light of the Israeli model.

Governance by Experts: the Emergence of Technical Approach for Nanotechnology

Global Risk Regulation, Ronit Justo-Hanani, Tel-Aviv University

Nanotechnology risks are among the most pressing issues in contemporary global governance. This paper examines the emergence of technical-scientific approach for the global regulation of nanotechnology risks. While previous risk regulation studies focus on the distinction between 'hard' and 'soft' regulatory mechanisms, the main focus of this paper is the distinction between 'technical' and 'social' types of nanotechnology risk regulation. The paper begins with a theoretical review of potential 'expertise' approaches for risk regulation, identifies their strengths and weaknesses in terms of scientific uncertainty and broader social concerns. The paper then maps the rise of the technical approach within both private and public global regulatory arenas. It argues that current regulatory initiatives at the global sphere subscribe to technical understating, whereas experts' knowledge takes precedence over other resources in the regulatory design. The paper continues with discussing regulatory initiatives currently taken by the leading global reinsurance company, Swiss-Re, as an example for the pursuit of technical regulatory approach. It then concludes with some critical

observations on current technical-scientific governance of nanotechnology risks and the degree to which technical approaches may be employed for nanotechnology global risks.