# **DOES POWERFUL WORDS PRODUCE POWERFUL ACTIONS?**

- A study of the normative framework of the EU in trade relations.

**Bachelor Thesis** 

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# **Abstract**

The EU has a legacy of being both a trading power and a normative power. During the course of its existence the EU has acquired a history of collaborating with developing countries, this cooperation is to be guided by the promotion of normative principles, such as: human rights, democracy and good governance to mention a few. One way found to promote these norms is through exports and imports. The ambition is to investigate the EU's aspiration to promote these norms by using cross-section data and regression analyses, comparing the years 2000 and 2008. Consequently, the study aims to see if the EU is at all governed by their normative aspirations when conducting trade with developing countries. However, the results from the thesis show that the EU does not directly trade in a normative manner. Many times the normative values can also collide with what is economically desirable for a trading partner.

Key words: EU, Normative Power, Public Choice Theory, Developing Countries, Trade

All great things are simple, and many can be expressed in single words: freedom, justice, honour, duty, mercy, hope *Winston Churchill* 

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# **List of Abbreviations**

EU- European Union

SEA- Single European Act

TEU- Treaty of the European Union

TEC- Treaty of the European Community

**CCT- Common Commercial Tariff** 

# 1. Introduction

Since its creation in 1958 the European Community has evolved considerably. It has expanded through a series of enlargements, from six to twenty-seven members. Alongside this continuing expansion of membership, there has also been a considerable increase in the scope of the Union's policies and competences. During its construction, the member states entrusted the external economic relations to the Community since the aspiration was to create a common internal market. This necessitated the formation of a customs union and levying a Common Commercial Tariff (CCT) as well as the foundation of association agreements with third countries. The latter served as a base for development cooperation. This progress was further strengthened by the 1987 Single European Act (SEA), which served as a completion of the internal market and greatly increasing its attractiveness to third parties. The SEA was a significant tool since it strengthened the Union's role as a global actor and gave them a role to play as a global diplomat. It made it possible to establish an identity on the global scene with a scope of general objectives and policy instruments (Bretherton and Vogler, 2006: pp 3-5).

The EU is however a political system under construction with evolving institutions and practices. It is thusly inevitable that its identity shall be relatively fluid when comparing to that of established states. What the EU is in terms of character and values, and what it should do (or not do) in terms of external policies and actions are attained through interaction (Ibid: p 37). Ian Manners is one of the scholars that explores the ideational impact of the EU's international identity. He provides a conceptualization of the EU as a value based community and considers that apart from inhibiting a civilian and military power the EU also has a normative power. The latter provides them with the ability to shape the conception of normal in international relations (Ibid: pp. 42-43).

## 1.2 Problem formulation and aim of study

Francis Fukuyama maintained that it might be advisable to distinguish between the scope of a state's activities and the strength of a state's power. The first one represents different functions and goals taken by the government, while the latter represents the ability of states to plan and execute policies (Fukuyama, 2005: p 9). However this might be, I claim that the only way to investigate if the scope and policies are being uphold and followed by governments and alike is to conduct a more thorough survey. It is one thing to intend to do something, quite another to actually do it. There is for more than one saying stating that actions speak louder than words. The focus of this study is on normative framework of the EU, which is supposed to guide its actions on the global arena. The intention is to more specifically explore the Union's collective identity and its impact through trade relations with developing countries.

In this study I therefore make the conjecture that the identity of the EU is an important aspect of its presence on the international arena, particularly since it in theory provides opportunities for non-members if that they adapt to the Union's declared values. The problem formulation thusly becomes as follows:

When trading with developing countries, is the European Union governed by their stated values and principles?

#### 1.3 Method

This study is based on quantitative measurements but since it concerns itself with normative values, there is also a considerate normative underpinning. There have been many studies conducted concerning the vast normative framework of the EU and its legitimacy on the global arena. However, there has not been quite as many studies conducted on the causal connection between trade and norms. The qualitative body is mainly based on the Treaty of the European Union as well as information taken from their web page concerning their goals and aims for the Union's future development. The study's quantitative body consists of an analysis of the indexes collected mainly from the Quality of Government's web page as well as regression analyses conducted in the year 2000 as well as in the year 2008. The years were selected on that basis of available and relevant data as well as the requirement to have a sufficient number of years passing to make a germane comparison.

# 1.4.Disposition

The study opens with presentation of the theoretical contributions that have the leading significance for the problem formulation. The aim is to provide the reader with an overview of the basic theories and models that can be considered central in this area of research as well as an understanding of the meaning of the norms. This is followed by the section previous studies, which attempts to give the reader an indication of research done in this area. A presentation is thereafter given of the data and the variables used, since this study is mainly based on a quantitative study, where a handful of regression analyses are conducted. This is followed by an attempt to give the reader some insight into the procedure and the theoretical concepts used to analyse and research the results. Thereafter comes a result and analyses part where the results that have been generated during the course of the study are analysed. This followed by the discussion part where the aim is to try and answer the problem formulation. The study is completed with the conclusion where ties are made to the initial problem formulation.

# 2. Theoretical framework

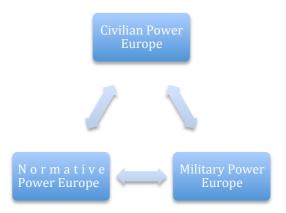
I have here divided the theoretical foundation of the EU's trade into two parts. On one hand, I aim to clarify the possible normative trend, taking place within the EU, an on the other hand there is the necessity to explain the thinkable economic interests that might slow down the normative process.

# 2.1 The theoretical base of EU's normative power

"Simply by existing as different in a world of states and the relations between them, the European Union changes the 'normality' of international relations. In this respect the EU is a normative power: it changes the norms, standards and prescriptions of world politics away from the bounded expectations of state-centricity" (Manners, 2008: p 45)

Ian Manners characterizes the EU as a normative power. He found the traditional English School classification of states, as actors exercising either hard or soft power are insufficient in characterizing this kind of power. Manners therefore differentiates between EU's military-, civilian-, and normative power in terms of its capabilities, culturation and conciliation (Romaniuk, 2010: p 54). The conventional illustration of civilian and military power emphasises physical power, which can be felt through international law and institutions as well as peacekeeping and conflict preventing missions. These practices can differ in their capabilities; they can be based on either military or civilian means of influence or force. Normative Power on the other hand can be differentiated from civilian power by the extent to which Westphalian culturation is changing. Hence the concept of normative power indicates a change in the political culture away from of nations-state sovereignty (Manners, 2004: s 2-4). Manner further argues that normative power can be differentiated from military power by the extent to which altered conflict conciliation processes are at work, whether these are through military actions or through changing the structures of conflict. Empirically, these two can be differentiated on the terms of whether or not a conflict is resolved through long-term conciliation of the conflicting parties or through short-term intervention in the conflict thus changing the conflict in itself.

Figure 1. The connection between civilian, military and normative power



Source: Manners (2001, p 8)

Manners defines these international norms as what passes as "normal" in international relations. Manners furthermore emphasises that it is not just these norms that are important but also the way in which they are being promoted. According to Scott Nicholas Romaniuk, the countries that adopt these norms are considered to do so at the basis of a cost-benefit analysis in which they deem the benefits offered by the EU to be greater then the cost of co-operation. Norms can be spread and reinforced in numerous ways; through the spreading of ideas to other political actors, institutionalization of relationships between the EU and a third party, strategic communications such as new policy initiatives, the mere physical presence of the EU in third states and international organizations or through trade, aid and technical assistance (Manners, 2002: p 244-245). The focus of this paper is the EU's transference of norms through trade. Transference in this area may be the result of the exportation of community norms and standards or the "carrot and stick"-ism of financial rewards and economic sanctions.

# 2.1.2 The historical foundation of EU's normative power

The EU was founded in a post-war period, in time when the continent was deeply affected by nationalism that had led to war and genocide. Because of this, the creation of institutions and policies took place in a context where Europeans were committed to combining their resources to preserve and strengthen peace and liberty (Ibid: 240). The normative base of the EU has been developed over the last 60 years through a series of declarations, treaties, policies, criteria and conditions and is in many ways still evolving. It is possible to identify several core norms within the body of Union laws and policies. Manners starts with identifying 5 core principles. 1) **Peace**, which has its roots in the European Coal and Steel Treaty in 1951 as well as the Treaty of the European Community of 1957. 2) Liberty, which was found in both the Treaty of European Union and the Treaty of the European Community of 1957. Peace and liberty where essential characteristics of the western politics in the post-war period. 3 to 5) **Democracy**, **Rule of Law** and the respect for **Human rights** together with fundamental freedoms, served as the platform for several aspects of the EU policies.

For example, apart from the Treaty of the European Union they facilitated the creation of the development and cooperation policy of the Community, the common foreign and security provisions of the Union, and the membership criteria adopted at the Copenhagen European Council in 1993. Together, these five initial principles became important when distinguishing democratic western rule from communist Eastern Europe. (Manners, 2001; pp. 10-13). Later on, in addition to these five general norms it was added four minor ones. 1) Social solidarity, which became an important counter-measure to the drive for liberalization in the Single European Act and monetary union. 2) Antidiscrimination found in Treaty of the European Community as well as in the protection of minorities in the Copenhagen criteria. Anti-discrimination stemmed from concerns regarding racism and prosecution of minorities in the early 1990s. 3) Sustainable development, found in both in Treaty of the European Community and Treaty of the European Union, which became important after the Rio Earth Summit when it was included in the Treaty of Amsterdam. 4) Good governance, which was found in Romano Prodi's inaugural speech to the European Parliament in 2000 as well as in the Commissions papers ("White paper on European Governance" and "EU election assistance and observation"). Good Governance became vital as a result of the resignation of the Commission in 1999 and the concern for double standards when pursuing the EU's demands for democratic reforms in the central and eastern Europe, as well as the recognition of the role of governance in successful aid programs (Manners, 2002: pp. 242-244).

# 2.1.2.1 Operationalization of the selected norms

Peace, Human Rights, Democracy, Rule of Law, Social Solidarity, Anti-discrimination, Sustainable Development and Good Governance are overlapping or supported by one another. It can, for example, be difficult to fully realize human rights without acknowledging inclusive equality. Liberty is in many ways linked to Social Freedom as well as Consensual Democracy while norms such as Peace and Rule of Law are in many ways connected to Good Governance. Antidiscrimination is here interpreted as inclusive equality and is furthermore separated from human rights. To make as clear distinction as possible between them, I have in this study selected to further research six norms of these norms based on Ian Manners definitions: social freedom, good governance, sustainable development, consensual democracy, inclusive equality and associative human rights

1) Good Governance is defined as the EU's aim to define and pursue common policies and actions, as well a promote a high degree of cooperation in all fields of international relations in order to endorse an international system based on stronger multilateral cooperation and good global governance. The concept, Good Governance is divided in two parts: the strengthening of civil society and one of strengthening multilateral cooperation. This norm underlines the importance of openness as well as the right to good administration (Manners, 2008: pp. 54-55).

- 2) Associative human rights includes both individual human rights (freedom of expression) as well as collective human rights (religious rights or beliefs.), they are thusly interdependent. The associative nature of EU human right has developed since the 1973 Declaration on European Identity through the 1986 Declaration of Foreign Ministers of the Community on Human Rights and the 1991 Resolution of the Council on Human Rights, Democracy and Development (Ibid: pp. 50-51).
- 3) Social Freedom in the EU operates within a socio-legal context, thus being one of several rights. Within the EU social freedom is circumscribed by the need to ensure that other normative principles does not become compromised by unwarranted freedoms such as hate crimes, inflammatory speech or pomography. Freedom is here divided in three components: firstly, freedom of establishments, persons, goods, services and capital, secondly, freedom in the sense of promoting freer trade and market access and thirdly, fundamental freedoms such as freedom of thought or assembly (Ibid: pp. 49-50).
- 4) Sustainable development places an emphasis on the dual problems of balance and integration. The EU principle of sustainable development is intended to provide a balance between inhibited economic growth and biocentric ecological crisis: the Union seeks to promote balance and sustainable development. The principle also involves the integration of sustainable development into the policies and activities of the Union (Ibid: pp. 53-54).
- 5) Inclusive equality aims to emphasise the understanding of the groups that are subjected to discrimination. There should be a prohibition on discrimination based on any ground such as sex, race, colour, belief, political opinion, birth, property, disability, age, sexual orientation or nationality (Ibid: pp. 52-53).
- 6) Consensual democracy includes proportional representation, coalition governments and power sharing among parties. Similarly, the EU itself is a consensual form of political entity with proportional representation and power sharing. The reform treaty suggests three ways to promote democracy: internally through equality, participation, secondly through solidarity and thirdly, through enlargement as well as neighbourhood and development policies (Ibid: p 50).

# 2.2. The EU and the trade

The EU is considered to be a leader in the world trade system, both as a key player in the world trading system (WTO) and as a massive signer of bilateral trade agreements. The sheer size of its market and the more than 50 year experience of negotiating international agreements have made it the most powerful trading bloc in the world (Meunier and Nicolaidis, 2006: p 2). Three of the member states are individually in the top ten trading nations in the world (Germany, Great Britain and France) (Baldwin and Wyplosz, 2009: p 449). However, the trade policy is an exclusive power of the EU, which implies that only the EU and not the individual members states can legislate on trade matters and conclude international trade agreements. The scope of EU's exclusive powers covers not just trade in goods, but also areas such as services, capital movements, commercial aspects of intellectual property and foreign direct investment. The Commission negotiates with trading partners on behalf of the EU and when negotiating a trade agreement they ask permission from the Council, which sets out the general objectives to be achieved. The Council and the European Parliament are the ones who formally agree on the outcome (www.ec.europa.eu).

# 2.2.1 The Public Choice Theory approach to EU and normative trade

Public Choice Theory is a sub discipline that falls halfway between economics and political science. To quote Buchanan, it has been called:

"...the avenue through which romantic and illusory set of notions about the workings of governments and the behaviour of persons who governs has been replaced by a set of notions that embody more scepticism about what governments can do and what governors will do..." (Buchanan-Tollison, 1972: p 11)

These are notions that might be considered more consistent with the political reality that one may observe all around us. It is one thing to "talk the talk", quite another to "walk the walk". Public Choice Theory offers an approach to "government failure" that is comparable to that of "market failure", the latter of which showed that the system of private markets was shown "fail" in certain respects when tested against the idealized criteria for efficiency in resource allocation and distribution. In the same manner

governments or political organizations are shown to "fail" in certain respects when tested for satisfaction of idealized criteria for efficiency and equity. In this paper, the test will be conducted on the EU and its normative aspirations concerning trade with developing countries. The common notion in many ways is that politics, somehow works its way towards some supreme "public good". Even among those who reject this notion, there are those who continuously search for the ideal method that will resolve the dilemma of politics (Ibid, 1972: p 11-13). Thomas Hobbes describes the life of persons in a society without a government, without laws, as solitary, poor, brutish and nasty (Ibid: p 15). The EU attempts to promote norms as to create a better world. Article 3 of the common provisions of The Treaty of the EU it says, amongst other things, that the Union shall:

"...ensure the consistency of its external activities as a whole in the context of its external relations, security, economic and development policies. The Council and the Commission shall be responsible for ensuring such consistency and shall cooperate to this end. They shall ensure the implementation of these policies, each in accordance with its respective powers." (Treaty of the European Union and the Treaty establishing the European Community, 2006: p 11)

However, the process of this political exchange, in which the developing country in question, adopts the normative framework of the EU, can be considered more complex than that of economic exchange. This assumption is made for two reasons. 1) Political exchange is a conceptual contract under which constitutional order is itself established and must therefore precede any meaningful economic interaction. Orderly trade in goods and services can take place only within a defined legal structure where there is control of resources and government control. 2) Political exchange involves all members of the relevant area rather than just two trading individuals (Buchanan-Tollison, 1972: p 15-17). Drawing on game theory and the prisoner's dilemma one might for example imagine that although both the EU and the developing countries would gain more from cooperating and implementing said normative framework, the EU can find it being unlikely that the developing countries will be able to implement the policies promoted, thus finding it being far better to deviate from their stated guidelines thus generating a

fairly mediocre outcome (Bicchieri *et al*, 1997: p 2-3). Furthermore, it might not be unreasonable to assume that considering the developing countries resources, norms such as sustainable development will not be prioritized over say, building a hospital, which would make the elected representatives more favourable in the eyes of their constituency.

The base of Public Choice Theory can consequently be traced back to Economic Theory, as the latter is a body of analysis that offers an explanation of the complex exchange process that one can call "an economy". It is a body of analysis that allows for linking the behaviour of the individual in market activity, as a buyer, -seller, - investor, - producer or as an entrepreneur, to the results that are attainted in the bigger picture for the entire public arena. Public Choice Theory essentially takes the tools and methods of approach that have been developed and applies these tools to political or governmental sectors. As with Economic Theory, the analysis attempts to relate the behaviour of persons, in their various capacities as bureaucrats, elected representatives or leaders for political parties to the composite of outcomes that one might observe. It thusly aims to offer an understanding, an explanation, of the complex institutional interactions that go on within the political sector. The romantic notion of the EU's external actions is thusly in focus in this study. The assumption is that the EU seeks to further their own concept of "common goods" and therefore disregarding their own interests. Applying this within an economic framework one finds that the EU and its normative preferences gives room for a trade-off. The developing countries makes the effort to adopt to the principles promoted by the EU in return for better access to EU's internal market. As an individual can choose between apple and oranges, so can countries choose between peace and war (Ibid: pp. 12-15). Considering that Europe's single most important contact with the world beyond its borders is through trade this paves way for it being a classic instrument for transferring their norms, since the EU has been able to exert power through trade conditionality

# 2.2.2 The EU and power of normative trade

Sophie Meunier and Kalypso Nicolaidis state that the union is not only a formidable power in trade. It is also becoming a power through trade. The former implies that the access to EU's market is simply traded for increased exports of the EU's own goods, capital and services, while the latter implies that the access to EU's market comes at a more exclusive prize, namely exporting the EU's own laws and standards, and ultimately its norms and ideas. It can

for example use market access as a bargaining chip to obtain changes in both the international as well as domestic arena. The first goal of EU trade power is self-evident: the EU is using its power to secure concessions from others about market access. In doing so, it works as a shaper of economic globalization. More originally, the EU is also using its trade power to achieve non-trade objectives (Meunier and Nicolaidis, 2006: pp. 2-3). By working together, the goal is that Europe's member states together have the weight to shape an open global trading system based on fair rules and make sure that these rules are respected. For example, their goal is to maintain an open, predictable and fair trading system through their position within the WTO. The European Union is furthermore committed to pursing a trade policy that "actively helps people around the world trade their way out of poverty". By opening up to developing countries the goal is to help them take advantage of their capacity and to take advantage trough trade. EU uses its trade policy to reinforce other important goals, such as environmental protection, improving working conditions for people around the world, implementing a higher standard of health and safety for imports and exports to mention a few (http://ec.europa.eu).

#### 2.2.2.1 Bilateral Level

The EU and the US are not too different in the way they exercise power in trade. Both at the bilateral level through agreements over market access for their goods and services as well as capital in other markets. The EU agreements typically involve reciprocal concessions over technical barriers tariffs, quotas and trade. But concessions can be asymmetrical, either because the EU makes steeper cuts, or because the value EU's cuts is greater. In theory, the goals that are promoted can be both democratization, rule of law and good governance. Beyond its neighbourhood, the EU has built an unprecedented web of bilateral preferential agreements, and most prominent the special agreements with the ACP countries. This through the successive Yaoundé/Lomé/Cotonou conventions, which was established in 1963. All these interactions rely on both asymmetric rights of market access. For both the EU's use of asymmetry as a bargaining chip to obtain changes in the domestic arena of its trading partners- from labour standards to human rights, from democratic practices to the environment (Meunier and Nicolaidis, 2006: pp. 9, 12-13).

#### 2.2.2.2 Regional Level

The EU's power takes the form of less specific reciprocal concessions on the regional level. As rising number of countries in the world join regional trading blocs, the EU aims to realise economies of scale through bloc-to bloc deals. The first such regional trade agreements has been negotiated in 2000 between the EU and Mercosur and ASEAN. EPAs with Caribbean countries and Gulf Cooperation Council have followed this development. Closer relations

with other regions around the world is a means of enhancing EU's normative power as well as a reflection of it's own power. Together with Mercosur, the EU has negotiated an Association Agreement. Such as EU market opening or the application of the environment, competition of intellectual property standards which then applies to all Mercosur countries, making their integration a pre-condition to EU access (Ibid: p 10, 14-15).

#### 2.2.2.3 Global Level

The multilateral arena has been the locus of choice for the exercise of EU trade power. At the global level, the EU's involvement in multilateral trade is to a large extent formed by its relationship to the US. The two trade powers has been involved in, what for years, has been considered to be a battle of the giants. Each side tries to ensure a continued balance in market access to the other side through trade and regulatory deals or resort dispute settlements. They have also used their trade power to exert a form of western hegemony over the developing world, in particular around the so called issues of intellectual property introduced during Uruguay Round. In a way, they work as globalizers of norms to the rest of the world, exporting norms and standards which in turn may facilitate their integration in the world economy At the same time, some of the EU's policies lessen the full effect of globalization for EU producers or for some of the developing countries whose export would not reach the EU without preferential status (Ibid: p 10, 16-17).

# 3. Previous Research

The regression model has been frequently applied in analysing international trade flows. In addition, the normative values and the normative influences of the EU have been widely investigated from various perspectives, attempting amongst other things to settle its identity. However, as far as I know, there are only a few studies analysing the relationship between trade and the actual increase of normative principles. Most articles in the field analyse to what extent the EU has been using positive or negative trade conditionality, or other practices of foreign policy through trade (Kerremans and Orbie, 2009: pp. 630-631).

The research concerning the EU's external interactions can be divided into two parts: normative - and positive work. The former is considered to be value based and the latter concerns itself with what is or will be. The EU's colonial heritage of imperialism has been considered a significant factor for its evolvement as trading power and its relations with developing countries. Charlotte Bretherton and John Vogler find the Union's role as a patron/mentor as prefigured in the colonial era. This presence takes its form in different ways. An example this is the general system of preferences GSP) that has been prearranged to several developing countries (Bretherton and Vogler, 2006: pp 111-112). Much has been written about EU's free trade and preferential trade agreements and the extents to which they deliver improved market access and so contribute to the EU's foreign policy objectives towards developing countries. However, previous research considering preferential trade schemes have to a large extent focused on whether or not they have been ineffective in delivering improved access to the EU market since only a small proportion of the available preferences have actually been utilised. A lot of research has also been done on the rules of origin that the EU imposes and the costs of proving consistency with these rules. In addition to this, much attention has also been given to different nations that have acquired "special" treatment from the EU, such as the Sub-Saharan African regions and especially South Africa. EU trade policies in themselves are thus very well researched subject and with EU's changing character and evolving nature it will most probably continue to be.

The latter area of research is the normative one. When using the normative approach, many scholars turn to Ian Manners who is considered to have pioneered Europe as a

normative power in the world in 2002. The focus of normative power is useful since it aspires to give a better understanding of what principles the EU promotes, how it acts, and what impact it has. To quote:

"There is a simple temptation to attempt to analyse EU policy and influence in world politics empirically without ever asking why the EU is or is not acting, or how we might best judge what the EU should be doing in world politics. A normative power approach rejects such temptations to unreflective and uncritical analysis" (Manners, 2008: pp 65-66)

The concept has ever since become a pervasive notion in research to the EU's international policies as well as in policy-makers' discourse on Europe's global role. Mainly academics hold two views; it may either be a camouflage for European Imperialism or an empty signifier. Manners defines the concept as ideational, it involves everything from principles, actions and impact as well as having impact in world policies. He found that there were signs indicating that the EU is normatively different and material interests cannot adequately account for Europe's external action. He considered the EU as a normatively constructed polity, which predisposes it to act in a normative way in the world. Another scholar worth mentioning is Tuomas Forsberg who in his work tries to make the distinction between what is considered normal and normative as well as making a distinction between powerful actor and the power to cause change. He has also made contributions in the field of categorizing EU's normative identity and normative behaviour. None of this research shows anything conclusively about the impact of EU's normative power since it mainly concerns itself with its identity and its aspects as a normative power.

Matthew Baldwin combines EU's normative ambition which its character as trading power in his research and finds that the pressure of globalization and the development imperative makes a "toxic mix" for the EU whose policies are under close diplomatic scrutiny. He concludes that there is a need for greater awareness for political complexities concerning the policies for norms such as sustainable development. However, the EU also has to develop strong flanking policies so that citizens won't resist trade opening. There needs to be a political confidence in handling the globalization. Action must also be strengthened to give trust in the legitimacy of the EU (Baldwin, 2006: p 940-941). Sophie Meunier finds that trade and legitimacy are not inextricably linked. The question is thusly if they are antiethical or can

coexist. She finds that legitimacy and efficiency are opposing magnets but still two sides of the same coins. When judging the EU one cannot hold its supranational body to the same standards as sovereign states. Meunier also finds that criticizing the process is not the same as criticizing the outcome because they are two different components of the EU-legitimacy (Meunier, 2003: p 86). However, current research on EU in the world economy can be considered to be quite fragmented. Alexander Dur finds that little empirical research has been conducted to back up the extensive theoretical research that has been done and to the best of my knowledge there is no further substantial work done in this field (Dur, 2007: p 1).

# 4. Data and Variables

This chapter is dedicated to the details regarding the data sampled used in empirical analysis. Since this study is focusing on whether or not the normative base of the EU is influencing its trade patterns, I have here chosen to compare between the years 2000 and 2008, I start by providing selected descriptive information about the norms (Further information concerning the coding can be found in Appendix 2).

# 4.1 Independent variables

#### 4.1.1 Good Governance

I have in this study selected five variables from the world bank to measure Good Governance, which are as follows: regulatory quality, political stability, corruption, rule of law and government effectiveness. The regulatory quality reflects the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Political stability on the other hand displays the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism. Corruption illustrates the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Rule of law demonstrates the extent to which agents have confidence in or abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police and the courts. Government effectiveness reflects the quality of public services, the quality of the civil services and the degree of its independence from political pressure. It also shows the degree of independence from political pressure, the quality of policy formulation and implementation as well as the government's credibility in its commitments (http://info.worldbank.org).

## 4.1.2 Associative Human Rights

To investigate associative human rights I have chosen to work with the Cingranelli-Richards (CIRI) Human Rights Dataset., more specifically with the variables: disappearances, extrajudicial killings, political imprisonment, torture, freedom of assembly and association, freedom of foreign movement, freedom of domestic movement, freedom of speech, freedom of religion and electoral-self-determination. Disappearances are cases in

which people have disappeared, political motivation appears likely, and the victims have not been found. Knowledge of the whereabouts of the disappeared is, by definition, not public knowledge. Extrajudicial killings are killings by government officials without due process of law. They include murders by private groups if instigated by government. These killings may result from the deliberate, illegal, and excessive use of lethal force by the police, security forces, or other agents of the state whether against criminal suspects, detainees, prisoners, or others. Political imprisonment refers to the incarceration of people by government officials because of: their speech; their non-violent opposition to government policies or leaders; their religious beliefs; their non-violent religious practices including proselytizing; or their membership in a group, including an ethnic or racial group. Torture refers to the purposeful inflicting of extreme pain, whether mental or physical, by government officials or by private individuals at the instigation of government officials. Freedom of assembly and association is an internationally recognized right of citizens to assembly freely and to associate with other persons in political parties, trade unions, cultural organizations, or other special interest groups. This variable indicates the extent to which the freedoms of assembly and association are subject to actual governmental limitations or restrictions (as opposed to strictly legal protections). Freedom of Foreign Movement indicates citizens' freedom to leave and return to their country. Freedom of Domestic Movement on the other hand shows citizens' freedom to travel within their own country. Freedom of Speech investigates the extent to which freedoms of speech and press are affected by government censorship, including ownership of media outlets. Censorship is any form of restriction that is placed on freedom of the press, speech or expression. Electoral Self-Determination indicates to what extent citizens enjoy freedom of political choice and the legal right and ability in practice to change the laws and officials that govern them through free and fair elections. This right is sometimes known as the right to self-determination. Lastly, Freedom of Religion specifies the extent to which the freedom of citizens to exercise and practice their religious beliefs is subject to actual government restrictions (http://ciri.binghamton.edu/).

## 4.1.3 Social Freedom

I have in this study chosen to work with **civil liberties** which was developed by freedom house. Civil liberties includes amongst another things freedom from forced labour and freedom from slavery as well as the right to liberty as well as security. Thi variable overlaps with the principles promoted in Associative Human Rights. However, the choice to work with social freedom was however established since this concept is a broader than that of Associative Human Rights and might therefore pickup complementary values (http://www.freedomhouse.org).

## 4.1.4 Inclusive equality

To further examine inclusive equality I have once again chosen to work with the Cingranelli-Richards (CIRI) Human Rights Dataset., more specifically with the variables: worker's rights, women's economic rights and women's political rights. The Worker's Rights measures the extent to which workers have freedom of association at their workplaces, acceptable hours of work, a prohibition on the use of any form of forced or compulsory labour, a minimum age for the employment of children, the right to bargain collectively with their employers to mention a few. Women's economic rights include: equal pay for equal work, free choice of profession or employment without the need to obtain a husband or male relative's consent, the right to gainful employment without the need to obtain a husband or male relative's consent, equality in hiring and promotion practices, job security (maternity leave, unemployment benefits, no arbitrary firing or layoffs), non-discrimination by employers, the right to be free from sexual harassment in the workplace, the right to work at night, the right to work in occupations classified as dangerous and the right to work in the military and the police force. Women's political rights include a number of internationally recognized rights, such as: the right to vote, the right to run for political office, the right to hold elected and appointed government positions, the right to join political parties, the right to petition government officials (http://ciri.binghamton.edu/).

# 4.1.5 Sustainable development

The EU, apart from working to cut their own C02-emissions, promotes and encourages other nations and regions to do likewise. The belief is that although adapting to more environmentally and climate friendly technology carries a cost, doing nothing will be far more expensive for all parts concerned in the long run (http://ec.europa.eu/clima/policies/brief/eu/index\_en.htm). In this study I have used the Carbon dioxide emissions (CO2) per capita put forward by the World Bank (http://data.worldbank.org).

#### **4.1.6 Consensual Democracy**

When measuring democracy I have selected data from the World Bank's index for political institutions. **Multiple** demonstrates if there are restraints on the executive's term, can she/he for example serve an additional term(s) following the current one. **Execlec** shows if there was an executive election this year. **Execrel** displays if there was a religious rule. **Execnat** shows if the party is considered to be nationalist. To do so they have considered how the country is classified in Europe, by banks, political handbooks and <a href="www.agora">www.agora</a>. They have also considered whether or not a primary component of the party's platform s the creation of a national or ethnic identity. **Execurl** surveys rural

issues as a key component of the party's platform, or if farmers are a key party constituency. In 'plurality 'systems one measures if legislators are elected using a winner-takes-it-all, if there is a competition for the seats in a one party state, if there is no competition or if someone is appointed. **PR** refers to proportional representation and more specifically if they are elected based on their percentage of votes received by their party and/or if their sources specifically call the system proportional representation. **Housesys** shows which electoral rule (proportional representation or plurality) governs the election of the majority of House seats. **CL** stands for closed lists and if voters can or cannot express their preferences when voting. **Military** displays if the chief executive is a military officer while the **defensemin** shows if the defence minister is a military officer. The variable Fraud shows if vote fraud or candidate intimidation in a country is serious enough to affect the outcome of elections. This variably thusly captures extra-constitutional irregularities. The last variable is **Tensys** how long the country has been autocratic or democratic (http://www.nsd.uib.no).

# 4.2 Dependent Variable

## 4.2.1 Exports and Imports

The EU trades mainly with itself, three-quarters of EU exports go to Europe and the remaining quarter is split between the rests of the world, the same pattern can be seen for imports. The EU mainly imports and exports manufactured goods, such as machinery, fuel and transport equipment. Since my aim is to examine Europe's normative exportation I have chosen to observe the EU's trade relations with 128 developing countries to see whether or not there has been an increasing normative surge with its increasing exports/imports or vice versa. More explicitly, I have collected data on exports from the EU and imports to the EU during the selected time period. Data on bilateral export and imports are collected from UN COMTRADE (in current US dollars). The samples consist of EU's aggregate merchandise bilateral export and import data between the EU27 and 128 developing countries (http://comtrade.un.org/).

# 4.3 Control Variables

#### 4.3.1 Distance

EU consists of 27 countries and is thusly a vast area within serves as an arena for many different trade interests. However, regional incomes in the EU follow a clear pattern. Rich regions are located close to one another and form the core of the EU economy. Poor regions tend to be geographically peripheral. The economic core is made up by western

Germany, the Benelux nations, northern and eastern France and south eastern England (Baldwin and Wyplosz, 2009: p 382). I have in this study selected Belgium as an area of departure and I have used data from the CEPII database. The idea is to clear if distance is a determinant variable when the EU trades, on might assume that EU furthermore trades more with a country the closer the country is situated to the Union (http://www.cepii.fr).

#### 4.3.2 GDP

The financial strength of nations is an important aspect of trade, it is in this study declared through GDP in constant 2000 US dollars. The GDP data are collected from the World Development Indicators. This measurement displays a bigger-picture of how much one can buy internationally (http://data.worldbank.org).

#### 4.3.3 Economic Globalization

Economic globalization is in this study limited to restrictions, such as hidden import barriers, mean tariff rate, taxes on international trade (percentage of current revenue) and capital account restrictions. When measuring this I have selected the KOF index by Axel Dreher (http://globalization.kof.ethz.ch/).

# 5. Method

To empirically be able to investigate the relationship between the EU's trade pattern and its normative framework, this chapter contains a presentation of choice of method as well as a description of the theoretical conceptions that will be used in relation with the analysis.

# 5.1 Regressions analysis

The aim of a regression analysis is to show the effects of a variable (the independent variable xi) on another variable (the dependent variable yi). When the model only has one explaining variable, xi, one calls it a simple linear regression analysis, however if it has at least two explaining variables, it is called a multiple regression analysis (Westerlund, 2005: p 137) . This study will use multiple regression analyses. The formula for multiple regression analysis has the following characteristics:

$$Y_i = \beta_1 + \beta_2 x_{2i} + \beta_3 x_3 i + ... + \beta_1 n_i n_i + e_i$$

The dependent variable, *yi*, can be written as a linear function of an intercept, *B1*, the explanatory variables, *xi*, *xii*, *xiii*, and a random term, *ei*. The dependent variables variation is thusly explained by both a random and a systematic part (Ibid: pp. 137-138). The aim of the regression analysis is consequently that it should explain as much as possible of the relationship between the dependent and independent variable. However, there are many times uncertainties concerning the characteristics of the economic variables, which may lead to the need to provide complementary information about the norms or EU policy.

## 5.2 The cross-section data

The data that will be researched is cross section data for 128 developing countries from two points in time, 2000 and 2008. I have thusly collected information about the selected norms at the separate time periods for the separate countries. The aim is to

compare the prevalence of the norms between the time periods to make out if there have been any increase or decrease in the normative stance taken by the EU.

# **5.3** Procedure

The aim of the study is to examine whether or not the EU is governed by its normative ambitions when trading with developing countries. Multiple regression analyses are thusly used when researching any possible connections. It is primarily the connection between the norms and trade that will be in focus during the study and therefore researched more thoroughly. In this case, imports and exports from the EU will be the dependent variables and the norms will be the independent variables. When conducting these regression analyses, the program that will be used is SPSS. The program is designed to facilitate for whomever conducting a statistic/econometric survey.

# **5.4 Limitations**

The data was collected based on availability and relevance for the study. This is also what formed the choice of the time period for the comparison. The assumption made when using linear regression model is that there are no exact linear relationships or multicollinearity among the explanatory variables. However, cases of near or exact multicollinearity happens frequently (Gujarati, 2006: p 379). Furthermore, cross section data provides information about 2000 and 2008 respectively and can therefore be used to evaluate the presence of the selected normative principles in trade relations (Ibid: p 484). However, when using cross sectional data researches have found that one has to be on the lookout for heteroscedasticity (unequal variance) since we deal with a given point in time as well as scale effects that both might effect the results. Furthermore, there might be complexity arising when attempting to research the causal relationship between trade and the normative principles (Ibid: pp391-392).

# 6. Empirical Model

In the figures below, one can see that there is an expansion in both the export and the import, which have increased considerably since 2000. In theory, since the EU should both promote and be guided by the normative principles stated in this study, the assumption made in this study, is that the more a developing country abides by the normative laws, the more trade the EU would want to conduct with that country following the discussion drawn by both Manners and Meunier in chapter 2. Assuming that apart from promoting these norms, it might also serve as insurance when trading for the EU.

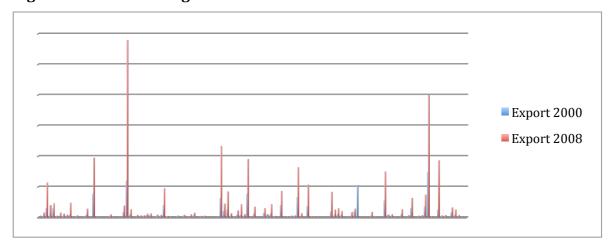
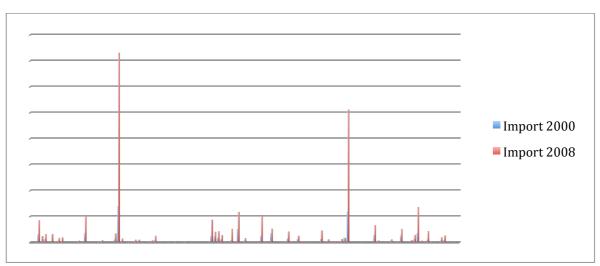


Figure. 2 The increasing trade between 2000 and 2008



Source: The diagrams are founded on statistics collected from Comtrade (The x-axel displays the developing countries and the y-axel displays current US dollars)

# 7. Results

This chapter opens with a brief discussion on the correlation between the variables of relevance in this study and I thereafter present the regression results from the different specifications of the model.

## 7.1 Good Governance

When examining the correlation one finds that although the variables are positively correlated, none of the correlations gets a higher value than 0, 8 and therefore I have chosen not to exclude any of them. However, in the latter time period, one can observe that many of the variables have become more correlated than they were before (see Appendix 3).

# 7.1.1 Export between 2000 and 2008

The adjusted R square is quite high in 2000 in contrast to 2008, when the number is lower. It has decreased to almost a quarter of its previous value. In 2000 the only significant p-value displayed was Distance and GDP. In 2008, there is shift, as distance obtains a very high p-value (0,694), making it difficult to state anything absolutely certain about its impact on export. However, GDP remains significant although having decreased. Furthermore, Economic restrictions also become an affecting variable, however displaying a low beta value. In 2000, none of the variables that characterize Good Governance shows to have any larger impact in view of the fact that their p-values are quite high therefore recreating the same conundrum as was had when examining Distance in the year 2008. Nevertheless, in 2008, two of the variables stands out, corruption and regulatory quality. While corruption shows a large positive effect on exports, regulatory quality shows a large negative effect.

Table 1. Estimation of the results of Good Governance and Exports

Independent variables	1 (2000)	2(2008)
Distance	-,677***	-,151
GDP	,853***	,536***
Ec.Restrictions	,082	,336** (0,051)
Gov. eff.	,019	-,276
Rule of Law	-,030	-,146
Corruption	,132	2,075***
Pol. Stability	-,007	-,473
Reg. Quality	-,035	-1,347*
R2	,820	,317
adjusted R2 square	,802	,250
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0, 01 The level of significance is noted by \*\* if p is equal or less than 0,05 The level of significance is noted by  $^*$  if p is equal or less than 0,1.

## **7.1.1 Imports between 2000 and 2008**

When examining the adjusted R square for imports in 2000 and 2008 one finds that the figures are fairly high in both time periods. The only control variable that has a significant p-value during both time periods is GDP. Neither Distance nor Economic restrictions can be found to govern the EU's actions with any certainty. Additionally, in the year 2000, Government's effectiveness seems to have a large positive connection with imports. Rule of Law on the other hand seems to have a negative effect. In 2008 none of the variables defining Good Governance seems to matter to the quantity of the EU imports.

Table 2. Estimation of the results of Good Governance and Imports

Independent variables	1 (2000)	2(2008)
Distance	,172	-,152
GDP	,873***	1,064***
Ec.Restrictions	-,055	-,006
Gov. eff.	1,083**	,105
Rule of Law	-,621*	,228
Corruption	-,136	-,264
Pol. Stability	,014	,355
Reg. Quality	-,199	-,161
R2	,774	,815
adjusted R2 square	,751	,797
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0,01. The level of significance is noted by \*\* if p is equal or less than 0,05. The level of significance is noted by if p is equal or less than 0,1.

# 7.2 Sustainable Development

Since CO2-emissions is the solely variable used when measuring sustainable development in this case, the need to conduct a correlation has therefore not been established.

#### **7.2.1 Export between 2000 and 2008**

The adjusted R square is quite high during 2000 but decreases in 2008, which implies an explanatory capacity of the independent variables was much higher in the former time period. However, when looking at the results more closely one finds that in 2000 the only noteworthy values are the control variables. The same pattern can be seen for 2008 as well, apart from Distance, which has had an increasing p-value (0,282) hence making it insignificant. During both time periods Economic Restrictions contains significant p-values though keeping in mind that the beta value is fairly low, giving it a modest positive impact. CO2-emissions/capita hold fairly high p-values in both 2000 and 2008 making its effect on exports uncertain.

Table 3. Estimation of the results of Sustainable Development and Exports

Independent variables	1 (2000)	2(2008)
Distance	-,740***	-,087
GDP	,841***	,600***
Ec.Restrictions	,010*	,028*
C02-emissions	-,005	-,047
R2	,811	,23
adjusted R2 square	,803	,194
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0, 01 The level of significance is noted by \*\* if p is equal or less than 0,05 The level of significance is noted by if p is equal or less than 0,1.

# 7.2.2 Import between 2000 and 2008

When looking at the adjusted R square one finds that it fairly high during 2000 and 2008. However, when researching the results more closely one finds that GDP is the only variable that contains a significant p-value in both time periods. Distance can only be shown demonstrating an impact during 2000, in 2008 the p-value increases (0,589) therefore making it difficult to state anything with certainty about its impact. This trend can be seen for the Economic Restrictions as well as the C02-emissions/capita during both time periods.

Table 4. Estimation of the results of Sustainable Development and Imports

Independent variables	1 (2000)	2(2008)
Distance	-,342** (0,057)	-,193
GDP	,880***	1,048***
Ec.Restrictions	-,002	,004
C02-emissions	,000	,006
R2	,732	,805
adjusted R2 square	,720	,796
Number of observations	128	128
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0, 01 The level of significance is noted by \*\* if p is equal or less than 0,05 The level of significance is noted by\* if p is equal or less than 0,1.

# 7.3 Consensual Democracy

The correlation of the selected variables between the time periods shows that in 2000 and in 2008 Housesys (which shows the electoral rule that governs the election of the majority of House seats is largely correlated) to proportional representation. Therefore, the variable housesys has been excluded from the regression analysis and been replaced with plurality in 2000 and 2008. This decision was also based on the fact that Housesys explicitly states that it measures the occurrence of proportional representation and plurality thus making it redundant in the analysis. Continuing the examination of the results, one finds that execurl (which shows if rural issues are a key component of the party's platform) is constant in both 2000 and 2008, consequently I have selected not to use that variable either when conducting the analyses (see Appendix 5).

## 7.3.1 Export between 2000 and 2008

When estimating at the adjusted R square one finds that it is fairly high during both 2000 and 2008 therefore assuming that the independent variables have some explanatory capacity. In 2000 all of the control variables are found containing a significant p-value, although Economic Restrictions have a modest beta value therefore showing a meek but positive connection with exports. Looking at the variables defining Consensual Democracy one finds that in 2000 there was more of an impact on exports than in 2008. Execnat (if farmers are a key component of the constituency) shows having a negative connection as well as plurality (executive power based on winner takes it all) and plurality (executive power based on percentage of votes received by the party). Furthermore, Execlec (if there has been an election that year) also displays a negative impact together with Multiple (if there is a term limit), Fraud and Military. In 2008 Execlec continues to confirm a negative connection and so does Tensys (how long the country been autocratic or democratic). The latter of the two does however display a low beta value thus making the impact of the result open to discussion.

Table 5. Estimation of the results of Consensual Democracy and Exports

Independent variables	1 (2000)	2(2008)
Distance	-1,205**	-,746***
GDP	,926***	,827***
Economic Restrictions	,021* (,104)	,031
execnat	-2,183**	-,598
pluralty	-1,325**	,158
pr	-1,680**	,041
Execlec	-1,990**	-1,351*
Closed lists	-,211	,173
fraud	-1,543**	-,033
tensys	-,036	-,038**
multpl	-1,295**	,451
military	-1,444*	-,311
defmin	-,078	,227
prtyin	,006	,015
R2	,964	,911
adjusted R2 square	,900	,856
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0,01. The level of significance is noted by \*\* if p is equal or less than 0,05. The level of significance is noted by if p is equal or less than 0,1.

## 7.3.2 Import between 2000 and 2008

As for exports, the adjusted R square is fairly high during both 2000 and 2008. However, the only significant p-value during the time periods is the control variable GDP. In 2000 the only result of the variables defining Consensual Democracy that is shown having significant p-value is Execnat. However, one has to keep in mind that the p-value is borderline significant with a value of 0,105. In 2008 Pr and Execlec shows having a negative connection as well as Military. Nevertheless, Prtyin (the years an executive is in power following his/her election) and Multiple is shown having a positive connection on trade. The former of which does however contain a small beta value thus implying that there might be a modest connection between Prtyin and Imports in 2008.

Table 6. Estimation of the results of Consensual Democracy and Imports

Independent	1 (2000)	2/2009)
<b>variables</b> Distance	1 (2000) 500	2(2008) -,286
GDP	,753***	1,004***
Economic Restrictions	,065	,061
execnat	-1,849*(0,105)	-,010
pluralty	-,004	-,005
pr	-1,237	-1,224**
exelec	,518	-1,294**
cl	-,349	,502
fraud	-,492	,323
tensys	-,037	-,027
multpl	,305	,778*(0,105)
military	-,947	-,866**
defmin	-,801	,121
prtyin	,027	,037**
R2	,934	,868
adjusted R2 square	,817	,787
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0,01. The level of significance is noted by \*\* if p is equal or less than 0,05. The level of significance is noted by if p is equal or less than 0,1.

# 7.4 Associative Human Rights, Inclusive Equality and Social

# **Freedom**

When examining the correlations from the year 2000 and 2008, there are some quite unexpected results. For example, when looking at the variable Worker's rights during 2000, it has an inverse correlation to women's economic rights. However, the result for women's economic rights does not seem to be significant at all. The correlations between workers rights and women's economic rights one finds that they correlate negatively with civil liberties. However, since the freedom house index for civil liberties gives lower values the better the country applies the ideals incorporated in this norm, which is on the contrary from the Ciri-index, the negative correlations is to be expected. Furthermore, one can see that in many cases the correlation is close to 0,5, an example of this are the variables; political prisoners, torture and killings, which even though being positive does not meet the requirements for being fused. The same can be said for the variables: electoral self-determination, civil liberties and freedom of assembly, that

has a correlation of 0, 7. The correlations for 2008 show a similar trend. For example, Domestic movement, Freedom of speech, Religious freedom and Electoral self-determination is negatively correlated to civil liberties but not to that extent that they can be merged. Therefore all the variables are used in this regression analysis (see Appendix 6).

### 7.4.1 Export between 2000 and 2008

Examining the results for Associative Human Rights, Inclusive Equality and Social Freedoms one finds that the adjusted R square is high in 2000 and decreases in 2008. Considering the control variables, one finds that the control variable displaying greatest impact for exports is Distance and GDP in 2000 but in 2008 this alters to GDP alone, however the significance of the p-value is somewhat borderline relevant at 0,11. Researching the values of the selected norms, one finds that even though Women's Economic rights can be considered having a significant p-value, the beta value is very low at 0,000. Women's political rights and Foreign Movement also displays significant p-values but the beta values but are negative. The latter of the two continues to display a significant p-value as well as being negative in 2008. The same trend can be perceived for the variable Political Prisoners in the later time period.

Table 7. Estimation of the results of Associative Human Rights, Inclusive Equality, Social Freedoms and Exports

Independent variables	1 (2000)	2(2008)
Distance	-,696***	,313
GDP	,881***	,412* (0,11)
Ec.Restrictions	,006	,031
Worker's rights	,005	-,164
Women's economic rights	,000**	-,142
Women's political rights	-,459**	-,001
Civil Liberties	-,233	-,228
Disapperances	-,162	,489
Killings	,120	-,251
Political Prisoners	-,052	-,984*
Torture	-,191	,199
Freedom of Assembly	-,287* (0,103)	,049
Foreign Movement	-,100	-1,270**
Domestic Movement	,061	,295
Freedom of Speech	,205	,153
Religious Freedom	,048	-,125
Electoral Selfdetermination	-,006	,510
R2	,888	,384
adjusted R2 square	,854	,238
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0, 01 The level of significance is noted by \*\* if p is equal or less than 0,05 The level of significance is noted by\* if p is equal or less than 0,1.

### 7.4.1 Import between 2000 and 2008

The adjusted R square increases in 2008, which is contrary for the results that were displayed for exports. At 0,752 and, 809 the explanatory possibility of the independent variables defining Associative Human Rights, Inclusive Equality and Social Freedom can be supposed to be of some relevance of possible variations of imports. GDP is the most significant control variable and it increases in size in 2008. Distance and Economic Restrictions has quite high p-value, which tempers with their credibility, however looking at the beta values one finds that Distance is negative but displays lower values in 2000 than in 2008, the values for Economic Restrictions are also quite low. In 2000 Disappearances and Foreign Movement effect imports negatively. Foreign movement continues to be negative in 2008, however Disappearances is replaces with Killing which also has a negative beta value.

Table 8. Estimation of the results of Associative Human Rights, Inclusive Equality, Social Freedoms and Exports

Independent variables	1 (2000)	2(2008)
Distance	-,231	-,0023
GDP	,933***	1,094***
Ec.Restrictions	,006	,007
Worker's rights	-,089	,184
Women's economic rights	,001	,196
Women's political rights	,020	,000
Civil Liberties	-,202	-,134
Disapperances	-,398*	-,203
Killings	,117	,445**
Political Prisoners	,220	,064
Torture	,235	-,456*
Freedom of Assembly	-,125	,151
Foreign Movement	-,456**	-,421**
Domestic Movement	,111	-,266
Freedom of Speech	,241	,046
Religious Freedom	-,254	,187
Electoral Selfdetermination	-,232	-,352
R2	,809	,845
adjusted R2 square	,752	,809
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0, 01 The level of significance is noted by \*\* if p is equal or less than 0,05 The level of significance is noted by \* if p is equal or less than 0,1.

# 8. Analysis

Good governance contains many elements that presumably would act as promoters of imports and exports. Logic would have it that increase in a country's stability would make it a better option for investors as well as progress. It is quite surprising that for both 2000 and 2008 political stability plays such a small part for the EU's exports. Considering Exports in 2008 one finds that the Regulatory quality of countries become increasingly important but it effects trade negatively. Corruption also becomes also increasingly important although effecting trade positively. Previously, it was explained that Corruption measures the extent to which public power is exercised for private gain and the "capture" of the state by elites and private interests. In many of the developing countries this is a quite frequent occurrence, even so in big economies like China and India and thus do not have to be economic disadvantage for the EU when exporting even if it should be. When considering the imports the trend is quite reversed. In 2000, both Government effectiveness and Rule of Law seem to be connected with EU imports, which one would expect considering the normative framework of the EU. The latter effecting trade negatively. Rule of law for example is one of the core values of the Union which makes the result quite unexpected. In 2008, none of the variables can be shown significant, even though they are positive it is difficult to conclusively state anything about their connection with imports. When studying the control variables, one finds that GDP plays an important part during both 2000 and 2008; distance seems to play a relative ambiguous role, its only shown having a significant value for exports in 2000. To be assumed it is mostly negative which could be anticipated since the EU in many cases favours trading close to "home". Economic restrictions is found having an connection for exports in 2008, which might not be too surprising since whether or not the EU would want to export is also an economic decision.

Sustainable development is the ambition to lower carbon emissions throughout the world and relaying on more environmentally friendly alternatives. The conundrum about how to implement and maintain a sustainable framework, which works for developing countries, has been a complex and somewhat timeworn difficulty. The normative ambition of the EU put aside, the imports and exports here is of manufactured goods so considering this; the base of the study has been on CO2-emissions/capita (see Appendix

7). The regression analyses shows no significant results considering the EU's ambitions in this field. The only significant values were in many cases the control variables. This did not change between the years.

Consensual Democracy is very particular since it in this case since it mainly concerns itself with the electoral system within the developing countries. Measuring democracy is not an easy task but nevertheless a significant one. Looking at the variables selected in this study, one can observe that they measure different parts of the concept democracy. Considering the importance of a democratic rule in EU's trading partners, it was difficult to create an assumption concerning whether or not it would benefit EU directly if a country were democratic or autocratic, or if the promotion of democracy is merely a stance taken to increase its legitimacy. However, when reflecting on the results for exports one finds that the variables show more of an impact in 2000 than in 2008. Some of the results such as plurality and proportional representation were found contradictory since they were both negative. The terms executives served in charge and their electoral base as well as whether or not it was a military regime showed having a big negative impact on exports. However, while this concurs with the EU's normative ambitions it can also be decisions based on economic values as well. One does not necessarily exclude the other. In 2000 and in 2008, it was shown that whether or not there had been an executive election affected trade negatively. This might be because of several reasons. For example, when a country undergoes an election it might be unsteady for a while or that power was taken in an undemocratic manner, which has unstabilized the country. It might also be because of authorative governments that sit on valuable resources such as oil that makes the EU trade with them even if they are undemocratic. The reason behind this is difficult to narrow in on without further research. For imports during 2000 GDP is shown significant but none of the variables characterizing imports seem to be so except for the nationalistic base of the executive party, however as recalled the p-value was borderline high (0,105) thus making it's impact questionable. In 2008, proportional representation and whether or not there has been an executive election is shown to have a negative impact on imports. Why proportional representation is negative is difficult to say for certain since considering the normative framework of the EU one would consider it desirable. Apart from that whether or not the executive has a military background is shown creating a negative

impact. Drawing on the argument made before, this might be an economic decision as well as a normative one.

The collected results for associative human rights, inclusive equality and social freedom do not provide information of any progress being made between 2000 and 2008. On the contrary many of the results was found puzzling. One would assume that the normative values would be more interdependent than was displayed in the correlations. Considering that many of these values lie in the heart of the EU's constitution it was expected to be shown to some extent in the regression analyses. Observing the results from exports during both 2000 and 2008 less than half of the variables can be found displayed noteworthy results. Furthermore, looking at the year 2000 and exports, one finds that Freedom of Assembly and Women's political rights are displaying a negative beta value, which means that if anything there is a negative relationship between the EU exports and the stated variables. When looking at exports during 2008 from the EU to developing countries, and the variable political prisoners, one finds a similar coding system that gives a lower the more killings that are issued and higher value the fewer killings are issued. However, since the beta value is negative. This gives way for two ways of thinking, one that it is an act of randomness or that the amount of political prisoners is an indication of a powerful country and therefore the EU might want to trade with them either way. Looking at the EU imports and extrajudicial killings in 2008 one finds that it has a positive effect, however, when examining the results more thoroughly, we see that the index gives higher values for when it is practiced occasionally or better yet, have not occurred. Therefore, the positive effect could be the lack of its manifestation in said developing country. Foreign movement is negative for both exports and imports, more so for exports during 2008 than in previous year when the result wasn't significant. For imports the result is rather fixed during both time periods. This is quite surprising since one would expect that foreign movement would be a desirable criterion not only morally but also economically for the countries. These results make it difficult to provide any conclusive assumptions about the normative impact of these three norms.

The results can be interpreted differently. When comparing the results between 2000 and 2008 it is good to keep in mind the financial crises in that latter year. This might

explain some of the results and the difference between the time periods. Furthermore, there is also a question of how to interpret the EU's external actions. Is it actions based on humanitarian objectives or actions based on economic interests? In many cases it is difficult to find a clear pattern in the results that would provide the reader with insight into the EU's main objectives. In many cases the EU does not seem to be governed by their constitutional objectives. There is furthermore, a sensation of vagueness concerning the results since it is difficult to state anything explicitly about the causality. Nevertheless, when analysing all the results, one may also consider that the exports and imports might have experienced an unproportional increase due to the fast globalization. An improvement in infrastructure and an ease of contact might have speeded up the mere shipping and receiving of goods, however the implementation of a new normative framework might take additional time since that is the question of social change which in many ways is more complex since it concerns different cultures and customs.

# 9. Discussion

There is a quote from Paul Collier in which he says, "Most conduct is guided by norms rather than by laws. Norms are voluntary and are effective because they are enforced by peer pressure." Human Rights, Equality, Freedom and Democracy all contain an internal value and are in many ways considered attractive for a country since it comes with a good reputation. This makes the norms desirable in themselves. Sustainable Development and Good Governance becomes more valuable in relation to something else. That is to say that they contain an instrumental value. The EU's normative power is understood as a practice by which the EU seeks to spread these values that has been incorporated into their policies as a guiding framework. The normative base of the EU can be discussed from two sides, deontological (the importance of the duties and the aspirations of the EU) (Naughton, 2010: pp 424-425) and consequential (the consequences generated from those actions) (Jamieson, 2009: p 241). The aim of this study has been the pursuit of the latter by looking at the rhetorical practice of the EU as well as its trade patterns. Consequently, gaining awareness about EU's normative framework and whether or not it oversees their trade patterns would give insight into whether or not EU "walks the walk" or if it is content with "talking the talk". According to Manners, the distinctive feature of the concept normative power is that it refers to a specific form of power: "power over opinion" or "ideological power". Manners thusly provides us with the base to asses whether the EU is acting like a normative power on the global arena, judging it's principles, actions and their impact (Manners, 2002: pp 240-241). Despite its normative ambitions, there seem to be clear limits in what the EU is able and willing to deliver. The EU's capability to impact normatively seems to be limited by its nature as a regulatory state.

When analyzing the economic side of the EU one finds that a customs union, such as the EU, requires consistency amongst its members and involves the granting of exclusive competence to the Commission to negotiate tariff levels with third parties. This continues to provide the basis of the EU actorness on the global arena. European states thusly use the body of the EU to develop and execute joint policies. Through what can be termed 'model power', the EU is contributing to establish a new global consensus and form and role of organizations around them. This may be understood as a response to

globalization pressure. Managed globalization is an expression coined by Wade Jacoby and Sophie Menuier, as an attempt by the public and private actors to ensure that the liberalization of rules about international flows of goods and services, capital and labor goes hand in hand with formal practices to bind market players and its governments together. It thusly describes the efforts to use common European tools to manage regional economic integration and help set the rules of global exchange. It is in many ways a question about legitimacy and global support. However, just because politicians talk about managed globalization does not mean they actually attempt to implement it (Jacoby and Meunier, 2010: pp 300-302). Following the Public Choice Theory one can conclude from the results that when comparing to the idealized criteria, the EU fails. The EU seems more in touch with their role as an importer and exporter than their role as a normative entity. There seems to be a little trade off (if any) between developing countries and the EU between the years 2000 and 2008, the latter of the years being most probably affected by the financial crises. However, the constitutional intentions do not seem to be incorporated in their trade policies to any further extent. The results of the control variables GDP and Economic restriction were in many of the regression analyses displayed with significant outcomes. This showing that the ease with which EU can export to third countries is a constant segment of the EU's external trade policies. In many cases much more so than the aim to combat inequalities.

When comparing the normative side of the EU with the economic side, one finds that on one hand there are the idealist side of the Union, advocating human rights and sustainable development and on the other hand the realist side, advocating the impossibility of the Union to isolate economically fast growing countries like China and India. There is therefore a debate-taking place between importance of the economic field versus the importance of their normative ideals. This conundrum is nothing new. To quote Winston Lord, Assistant Secretary of State for East Asian and Pacific Affairs in 1994:

"When I was working for Henry Kissinger in the 1970's, I tended to meet with think-tankers and academics, purely on political-security issues. Today, I find myself going from a meeting with Amnesty International or Asia Watch in the morning to one with the Chamber of Commerce in the afternoon. That is where the big divide is. I think we can promote the

interests of both. But clearly in the short run there are sometimes tough trade-offs." (www.nytimes.com)

The point of the matter is that while the idealist side to a larger extent seems to be theoretical, the realist side seems to be practical. This does however not make it anyless important. The globalization process and the easement in getting news, travelling and communicating etc., throughout the world has made it easier to keep informed. Being in the eye of the public affects countries and organizations as well as the EU. What singles the EU out from the rest of them is their outspoken aim to promote these values, which also makes them more vulnerable to critique.

The result of the study provides a mixed image of the EU's identity. It is continuously a thin relationship between an increase of the normative principles in developing countries studied and the increase in exports or imports. These small changes in between 2000 and 2008 makes one consider if there are hidden factors not accounted for. So maybe Paul Collier is right, maybe he is not. Only time will tell. The world around us is constantly changing but even though there are new developments popping up here and there, societies does not evolve at the same speed. It takes time to create the sort of change that the EU is aspiring to achieve. The question remains if this change, this normative turnabout that is desired for many the developing countries, can be achieved externally. Power in international relations cannot be easily classified into top-down processes of influence, from more to lesser powerful actors. Rather influence in foreign policy is more complex. It is a multidimensional process of power relations between multiple actors. In order for the EU 's norms to be able to exert its influence over existing norms, the actors are in an initial position of power to decide whether or not to allow such norms to penetrate their own discourse. Furthermore, one should consider to what extent the EU empowers other actors in the market to enable the desired change. If one considers the variety of practices and power resources, such as transfer of knowledge and expertise, the provision of enhanced development chances and trade opportunities. To bring by long lasting change their needs to more than merely altruistic reasons. Schiepers and Sicurelli find that although the EU is a privileged partner, they recognize limits in the effectiveness and the sincere altruism of its empowering mission. This criticism echoes concern of EU's self-interest with respect to other issues of its

involvement on the global arena, such as trade (Schiepers and Sicurelli, 2008: p 609). However, the results in this study reflects a diversified result which could perchance be linked to the ongoing debate between the notions of managing globalization, on one hand, and the need for Europe to fully engage in global competition, on the other.

# 10. Conclusion

The EU is considered to be the most powerful trading bloc in the world and it has a history of cooperating with developing countries. Apart from this, the EU has a strong normative base, providing them with international legitimacy in international relations. Apart from being a trading economy the EU also have the intention to promote internationally recognized norms to third parties. Consequently, a method for the EU to promote these norms is through imports and exports. Although having this normative base, which is supposed to guide their conduct, this is not always the case. The study shows ambiguous results, which implies that although the EU harbours aspirations of extending their normative framework to third parties this might not be the case in practice. At many times the economic interests was shown more clearly in the results, thus implying that even though having the ambition the EU is not living up to its political statements at the moment being.

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## Data:

Associative Human Rights: http://ciri.binghamton.edu/

**Consensual Democracy:** 

http://www.nsd.uib.no/macrodataguide/set.html?id=11&sub=1
Distance: http://www.cepii.fr/anglaisgraph/bdd/distances.htm

**Economic Restrictions**: <a href="http://globalization.kof.ethz.ch/">http://globalization.kof.ethz.ch/</a>

**Exports/Imports**: http://comtrade.un.org/db/

**GDP**: http://data.worldbank.org/indicator/NY.GDP.MKTP.CD

**Good Governance**: http://info.worldbank.org/governance/wgi/index.asp

Inclusive equality: <a href="http://ciri.binghamton.edu/">http://ciri.binghamton.edu/</a>

Social Freedom: http://www.freedomhouse.org/template.cfm?page=15

Sustainable Development: <a href="http://data.worldbank.org/indicator/EN.ATM.CO2E.PC">http://data.worldbank.org/indicator/EN.ATM.CO2E.PC</a>

http://mdgs.un.org/unsd/mdg/SeriesDetail.aspx?srid=749

# Appendix 1.

Afghanistan	Equatorial Guinea	Moldova	Turkmenistan
Albania	Eritrea	Mongolia	Uganda
Algeria	Ethiopia	Morocco	Ukraine
Angola	Fiji	Mozambique	Uruguay
Argentina	Gabon	Myanmar	Uzbekistan
Armenia	Gambia	Namibia	Vanuatu
Azerbaijan	Georgia Rep.	Nepal	Venezuela
Bahrain	Ghana	Nicauragua	Vietnam
Bangladesh	Grenada	Niger	Yemen
Belarus	Guatemala	Nigeria	Zambia
Belize	Guinea	Oman	Zimbabwe
Benin	Guinea-Bissau	Pakistan	
Bhutan	Guyana	Panama	
Bolivia	Haiti	Papua New	
		Guinea	
Bosnien-Herz.	Honduras	Paraguay	
Botswana	India	Peru	
Brazil	Indonesia	Phillipines	
Brunei	Iran	Russian Federation	
Burkina Faso	Iraq	Rwanda	
Burundi	Jamaica	S:t Lucia	
Cambodja	Jordan	Samoa	
Cameroon	Kazakhstan	Senegal	
Cape Verde	Kenya	Sierra Leone	
Central Africa	Korea, North	Solomon Islands	
Chad	Korea, South	Somalia	
Chile	Kuwait	South Africa	
China	Kyrgystan	Sri Lanka	
Colombia	Laos	Sudan	
Comoros	Lebanon	Suriname	
Congo	Liberia	Swaziland	
Congo, Dem. Rep	Libya	Syria	
Costa Rica	Madagascar	Tajikistan	
Cote d'Ivoire	Malawi	Tanzania	
Cuba	Malaysia	Thailand	
Djibouti	Maldives	Timor-Leste	
Dominican Rep	Mali	Togo	
Ecudaor	Mauritania	Trinidad and Tobag	go
Egypt	Mauritius	Tunisia	
El Salvador	Mexico	Turkey	

# Appendix 2.

# **Good Governance coding**

Government Effectiveness

Rule of Law

Control of Corruption

Political Stability and Absence of

Violence/Terrorism

-2.5 (weak) to 2.5 (strong)

-2.5 (weak) to 2.5 (strong)

-2.5 (weak) to 2.5 (strong)

Regulatory Quality -2.5 (weak) to 2.5 (strong)

### **Associative Human Rights coding**

Worker's rights

Women's economic rights

Workers' rights are:

- (0) Severely restricted
- (1) Somewhat restricted
- (2) Fully protected
- (-999) Not mentioned

Regarding the economic equality of women:

(0) There are no economic rights for women under law and systematic discrimination

based on sex may be built into the law. The government tolerates a high level of

discrimination against women.

(1) There are some economic rights for women under law. However, in practice, the

government DOES NOT enforce the laws effectively or enforcement of laws is

weak. The government tolerates a moderate level of discrimination against

women.

(2) There are some economic rights for women under law. In practice, the

government DOES enforce these laws effectively. However, the government still

tolerates a low level of discrimination against women.

(3) All or nearly all of women's economic rights are guaranteed by law. In practice,

the government fully and vigorously enforces these laws. The government

tolerates none or almost no discrimination against women.

(-999) Not mentioned

	(0) None of women's political rights are guaranteed by law. There are laws that completely restrict the participation of women in the political
	process.
	(1) Political equality is guaranteed by law. However, there are significant limitations
	in practice. Women hold less than five percent of seats in the national legislature
Women's political rights	and in other high-ranking government positions.
Women's political rights	(2) Political equality is guaranteed by law. Women hold more than five percent but
	less than thirty percent of seats in the national legislature and/or in other highranking
	government positions.
	(3) Political equality is guaranteed by law and in practice. Women hold more than
	thirty percent of seats in the national legislature and/or in other high-ranking
	government positions.
	(-999) Not mentioned.
Civil Liberties	Scale 1 to 7: 1 is the best and 7 is the worst
	Disappearances:
Disapperances	(0) Have occurred frequently
Disapperances	(1) Have occurred occasionally (2) Have not occurred
	(-999) Not mentioned
	Killings are:
	(0) Practiced frequently
Killings	(1) Practiced occasionally
	(2) Have not occurred
	(-999) Not mentioned
	Are there any people imprisoned because of their political, religious, or other beliefs?
n IV. In:	(0) Yes, and many
Political Prisoners	(1) Yes, but few
	(2) None
	(-999) Not mentioned
	Torture is:
Tantona	(0) Practiced frequently
Torture	(1) Practiced occasionally
	(2) Not practiced (-999) Not mentioned
	[(-333) Not mentioned

Regarding the political equality of women:

Citizens' rights to freedom of assembly and association are: (0) Severely restricted or denied completely to all citizens (1) Limited for all citizens or severely restricted or denied for Freedom of Assembly select groups (2) Virtually unrestricted and freely enjoyed by practically all citizens (-999) Not mentioned Foreign movement and travel is: (0) Severely Restricted Foreign Movement (1) Somewhat Restricted (2) Unrestricted (-999) Not mentioned Domestic travel is: (0) Severely Restricted **Domestic Movement** (1) Somewhat Restricted (2) Unrestricted (-999) Not mentioned Government censorship and/or ownership of the media (including radio, TV, Internet, and/or domestic news agencies) is: Freedom of Speech (0) Complete (1) Some (2) None (-999) Not mentioned Government restrictions on religious practices are: (0) Severe and Widespread Religious Freedom (1) Moderate (2) Practically Absent (-999) Not mentioned The right of citizens to change their government through free and fair elections is: (0) Not respected (neither free nor fair elections) **Electoral Selfdetermination** (1) Limited (moderately free and fair elections)

(-999) Not mentioned

(2) Generally respected (very free and fair elections)

### **Consensual Democracy coding**

execrurl

execnat

pluralty

pr

housesys

cl

fraud

tensys

If our sources list rural issues as a key component of the party's platform, or if farmers are a key party constituency, this variable is coded as "1". Deviating from convention, 0 unless explicitly stated.

"1" if:

- 1) Party is listed as nationalist in Europa, Banks, Political Handbook, or www.agora;
- 2) A primary component of the party's platform is the creation or defense of a national or ethnic identity.

Examples: parties that have fought for independence, either militarily or politically, from a colonial power; advocates persecution of minorities; is listed as "xenophobic" on the Agora website. 0 otherwise (deviating from convention)

In "plurality" systems, legislators are elected using a winner-take-all / first past the post rule. "1" if this system is used, 0 if it isn't.

"1" if candidates are elected based on the percent of votes received by their party and/or if our sources specifically call the system "proportional representation". "0" otherwise.

This is coded 1 if most seats are Plurality, zero if most seats are Proportional.

When PR is "1", closed list gets a "1" if voters cannot express preferences for candidates within a party list, 0 if voters can.

This variable captures extra-constitutional irregularities, which are recorded only if mentioned in sources. 0 reported for countries where, for example, opposition parties are officially and constitutionally banned or where irregularities are not mentioned (although may still exist); "1" when opposition is officially legal but suppressed anyway. If not an election year, or if elected government has been deposed, refers to most recent election.

If is below 6, the country is deemed autocratic or a country in which democratic institutions are not consolidated and leadership is personality-based.

multpl

Deviating from the convention, a 1 is recorded if a term limit is not explicitly stated. Only limits on immediate reelection count. Prime ministers always get "1".

military

"1" if the source (Europa or Banks) includes a rank in their title, 0 otherwise

defmin

Same as in MILITARY.

prtyin

The World Bank use the following: years are counted in which the executive was in power as of January 1 or was elected but hadn't taken office as of January 1. Thus, a "1" is recorded in the year following his/her election.

exelec

"1" if there was an executive election in this year.

# Appendix 4

# **Correlation matrix for Good Governance in 2000**

									-
		Distance	Ec.restr.	Gov. eff.	Rule of Law	Corruption	Pol. Stability	Reg. quality	GDP
D:-4									
Distance		1	,214 <sup>*</sup>	,181 <sup>*</sup>	,267**	,136	,139	,148	,053
	Number of observations	128	92	126	126	126	126	126	124
Ec.	0.000	244*	1	245	22E*	100	220*	110	250*
restrictions		,214*	·	,245 <sup>*</sup>	,235*	,108	,220	,119	,250
	Number of observations	92	92	91	91	91	90	91	91
Gov. eff.		,181*	,245*	1	,610 <sup>**</sup>	,631 <sup>**</sup>	,320**	,651 <sup>**</sup>	,292**
	Number of observations	126	91	126	126	126	125	126	122
Rule of Law		,267**	,235	,610**	1	,702**	,384**	,572**	,212 <sup>*</sup>
	Number of observations	126	91	126	126	126	125	126	122
Corruption		,136	,108	,631**	,702**	1	,235**	,506**	,111
	Number of observations	126	91	126	126	126	125	126	122
Pol. Stability		,139	,220*	,320**	,384**	,235**	1	,308**	-,107
	Number of observations	126	90	125	125	125	126	125	122
Reg. quality		,148	,119	,651 <sup>**</sup>	,572**	,506 <sup>**</sup>	,308**	1	,086
	Number of observations	126	91	126	126	126	125	126	122
GDP		,053	,250 <sup>*</sup>	,292**	,212*	,111	-,107	,086	1
	Number of observations	124	91	122	122	122	122	122	124

<sup>\*</sup>Correlation is significant at the 0,05 level (2-tailed)
\*\*Correlation is significant at the 0,10 level (2-tailed)

# **Correlation matrix for Good Governance in 2000**

				rrelation			r	1	1
		GDP	Ec. restrictions	Distance	Gov. Eff.	Rule of Law	Corruption	Pol.Stability	Reg.quality
GDP		1	,166	-,049	,170	,123	-,031	-,177 <sup>*</sup>	,098
	Number of observations	125	91	125	125	125	125	125	124
Ec.		,166	1	,133	,298**	,258*	,291**	,366**	,363**
restrictions	Number of observations	91	92	92	92	92	92	92	91
Distance		-,049	,133	1	,209	,067	,140	,169	,124
	Number of observations	125	92	128	128	128	128	128	127
Gov. Eff.		,170	,298**	,209	1	,725**	,566**	,447**	,742**
	Number of observations	125	92	128	128	128	128	128	127
Rule of		,123	,258	,067	,725**	1	,604**	,481**	,677**
Law	Number of observations	125	92	128	128	128	128	128	127
Corruption		-,031	,291**	,140	,566**	,604**	1	,402**	,559**
	Number of observations	125	92	128	128	128	128	128	127
Pol.Stability		-,177 <sup>*</sup>	,366**	,169	,447**	,481**	,402**	1	,423**
	Number of observations	125	92	128	128	128	128	128	127
Reg.quality		,098	,363**	,124	,742**	,677**	,559**	,423**	1
3 / 3	Number of observations	124	91	127	127	127	127	127	127

<sup>\*</sup>Correlation is significant at the 0,05 level (2-tailed)
\*\*Correlation is significant at the 0,10 level (2-tailed)

# Appendix 5

		Dista nce	GD P	Ec. Restri ction	exec nat	plur alty	pr	hous esys	cl	fra ud	ten sys	mul tpl	milit ary	def min	prt yin	exe lec	exec rurl
Distan ce	Nicoska	1	,05	,215	,104	,074	,12 3	-,176	,17 5	,19 5 <sup>*</sup>	,07 2	,26 4**	,17 6*	,18 0	,01 1	,01 6	
	Numbe r of observ ations	128	12 4	92	125	107	102	105	59	11	126	101	126	111	10 4	126	126
GDP		,053	1	,241	,040	,132	,17	,098	,13	,23	,09 5	,06	,10	,03	,01 2	,07	a
	Numbe r of observ ations	124	12 4	91	122	104	0 99	102	0 57	3 10 10 8	122	1 99	1 122	7 110	10 1	122	123
Ec. restric		,215 <sup>*</sup>	,24 1 <sup>*</sup>	1	- ,227 <sub>.</sub>	,033	,07 9	-,073	,01 9	- ,07	,16 3	- ,14	,05	,07 2	,11, 3	,04	а
tions	Numbe r of observ ations	92	91	92	91	77	74	75	43	6 82	91	0 72	8 90	78	77	90	92
execn at		-,104	,04 0	-,227	1	,040	,00, 0	-,032	,18 1	,06	,12 0	,01	,00, 3	,02	,13 0	,00	a
	Numbe r of observ ations	125	12 2	91	125	104	99	102	56	1 10 8	123	4 98	123	0 109	10 2	4 123	125
pluralt y		-,074	,13 2	-,033	,040	1	,61 4**	,745**	,21	,02 9	,27 6**	,02 9	,15 2	,02 8	,06	,06	а
	Numbe r of observ ations	107	10 4	77	104	107	102	105	8 55	10 3	106	89	106	94	6 90	9 106	105
pr		,123	- ,17	,079	,000	- ,614,	1	,869**	,39 1 <sup>**</sup>	,07	,18 7	,01	,07	,00 4	,04 5	,03	а
	Numbe r of observ ations	102	0 99	74	99	102	102	100	54	99	101	1 84	0 101	89	85	6 101	100
house sys		-,176	,09 8	-,073	,032	,745	- ,86 9**	1	,23	,06 5	,25 4**	,02 8	,17 7	,01	,06	,03 5	а
	Numbe r of observ ations	105	10 2	75	102	105	100	105	7 54	10 2	4 104	87	104	6 93	8 88	104	103
cl		-,175	- ,13 0	,019	,181	,218	,39 1	-,237	1	,15 1	,02 5	,01 6	,00, 8	,11 9	,24 1	,18 9	а

	Numbe r of observ ations	59	57	43	56	55	54	54	59	59	59	48	58	52	51	58	57
fraud		,195 <sup>*</sup>	,23 3 <sup>*</sup>	-,076	,061	,029	,07 2	,065	,15 1	1	- ,08 9	,09 2	,02 3	,01 0	- ,08 3	,04 7	а
	Numbe r of observ ations	111	10 8	82	108	103	99	102	59	11	111	92	110	98	94	110	109
tensys		,072	,09 5	,163	,120	- ,276	,18 7	,254**	,02	,08	1	- ,21 <sub>.</sub>	,00 2	- ,10	,00	,07	a
	Numbe r of observ ations	126	12 2	91	123	106	101	104	5 59	9 11 1	126	1 100	124	8 109	8 10 3	5 124	124
multpl		,264 <sub>*</sub>	,06	-,140	,014	,029	- ,01	,028	,01 6	,09 2	,21 1*	1	,02 1	,03	,09 8	- ,14	а
	Numbe r of observ ations	101	99	72	98	89	1 84	87	48	92	1 100	103	103	5 93	94	103	99
militar y		,176 <sup>*</sup>	- ,10	-,058	,003	,152	- ,07	,177	,00, 8	,02	,00 2	,02 1	1	,22 0 <sup>*</sup>	,02	,13 1	а
	Numbe r of observ ations	126	1 12 2	90	123	106	101	104	58	3 11 0	124	103	128	113	3 10 6	128	124
defmi n		-,180	,03	,072	,020	,028	,00 4	-,016	,11 9	,01 0	- ,10	,03	,22 0 <sup>*</sup>	1	,28 6**	,22 1 <sup>*</sup>	a
	Numbe r of observ ations	111	7 11 0	78	109	94	89	93	52	98	8 109	5 93	113	113	94	113	110
prtyin		-,011	,01 2	,113	,130	,066	,04 5	-,068	,24 1	,08	,00	,09 8	,02	,28 6 <sup>**</sup>	1	,09 8	а
	Numbe r of observ ations	104	10 1	77	102	90	85	88	51	3 94	8 103	94	3 106	94	10 6	106	102
exelec		-,016	,07	-,044	,004	,069	,03	,035	,18 9	,04	,07	,14	,13 1	,22 1 <sup>*</sup>	,09 8	1	а
	Numbe r of observ ations	126	2 12 2	90	123	106	6 101	104	58	7 11 0	5 124	0 103	128	113	10 6	128	124
execr url	Numbe r of observ ations	.a 126	.a 12 3	.ª 92	125	.a 105	100	.ª 103	. <sup>a</sup> 57	.a 10 9	.a 124	.ª 99	.a 124	110	.a 10 2	.a .124	.a 126

- \*. Correlation is significant at the 0,05 level (2-tailed)

  \*\*. Correlation is significant at the 0,10 level (2-tailed)

  a. cannot be computed because at least one of the variables is constant

		Т	1		ı							1		Г	1		
		Dista nce	G D P	Ecrestri ctions	exe cnat	plur alty	pr	hous esys	cl	fra ud	ten sys	mul tpl	milit ary	def min	prt yin	exe lec	exec rurl
Distan ce	Numne	128	,0 49 12	,133	,108	,02 5 117	,01 8 11	,017	,01 9 69	,20 6 <sup>*</sup> 11	,21 1* 125	,24 9 <sup>**</sup> 11	,17 4 <sup>*</sup> 127	,04 4 115	,05 8 98	,07 1 126	123
	r of observ ations		5				7			6		0					
GDP		-,049	1	,166	- ,035	- ,06 0	,18 1	-,135	,17 7	,04 5	,19 1 <sup>*</sup>	- ,05 3	,01 6	,00 4	- ,11, 2	,04 0	а
	Numne r of observ ations	125	12 5	91	120	116	11 6	115	68	11 5	123	10 9	124	112	97	124	121
Ec. restric		,133	,1 66	1	,239	,06	,06 5	-,068	,14 6	,07	,16 8	,26 6*	,36	,08	,21 2	,02 4	а
tions	Numne r of observ ations	92	91	92	88	4 86	86	85	52	7 87	91	80	0 <sup>**</sup> 91	0 86	71	92	89
execn at		-,108	,0	-,239	1	,13	,02	-,060	,02 6	,04 9	,01 0	,14 3	,15 5	,19 7*	,06 8	,00	а
	Numne r of observ ations	122	35 12 0	88	122	2 112	5 11 2	111	67	11 2	121	10 6	122	110	98	121	122
pluralt y		-,025	,0	-,064	,132	1	,64 1**	,815**	,24	,01 8	- ,18	,08	,05 3	,09 6	,05	,07 3	а
	Numne r of observ ations	117	60 11 6	86	112	117	1 11 7	116	5* 68	11 3	7 <sup>*</sup> 115	3 10 5	116	105	93	116	113
pr		,018	,1 81	,065	,025	,64	1	,798**	,43 6 <sup>**</sup>	,02	,22 3 <sup>*</sup>	- ,11	,00	,14	,09 2	,04 6	а
	Numne r of observ ations	117	11 6	86	112	1 <sup>**</sup> 117	11 7	116	68	9 11 3	115	5 10 5	7 116	9 105	93	116	113
house sys		,017	,1	-,068	,060	,81 5**	- ,79 8 <sup>**</sup>	1	,30	,01 0	- ,17	,04	,05	,05 9	,07	,12	а
	Numne r of observ ations	116	35 11 5	85	111	116	8 11 6	116	7 <sup>*</sup> 67	11 2	3 114	6 10 5	1 115	105	0 92	0 115	112
cl	<del>-</del>	-,019	,1 77	,146	,026	,24 5 <sup>*</sup>	,43 6 <sup>**</sup>	,307*	1	,01 2	,12 9	,24 9 <sup>*</sup>	,03 1	,09 7	,00 1	,08 4	а

	Numne r of observ ations	69	68	52	67	68	68	67	69	67	68	65	69	64	56	68	68
fraud		,206*	,0 45	-,077	,049	,01 8	,02 9	,010	,01 2	1	,14 1	,06 6	,19 9*	,17 9	,06 9	- ,04 8	а
	Numne r of observ ations	116	11 5	87	112	113	11 3	112	67	11 6	114	10 3	115	104	93	115	113
tensy s		,211	,1 91	,168	,010	- ,18 7 <sup>*</sup>	,22 3 <sup>*</sup>	-,173	,12 9	,14 1	1	,25, 5 <sup>**</sup>	,04 3	- ,11	,11 6	,03	а
	Numne r of observ ations	125	12 3	91	121	115	11 5	114	68	11 4	125	10 9	125	4 113	97	6 125	122
multpl		,249 <sub>*</sub>	,0 	-,266	,143	,08	- ,11	-,046	- ,24 9*	,06 6	,25 5**	1	,12 8	,05 0	,02	,13 2	а
	Numne r of observ ations	110	53 10 9	80	106	3 105	5 10 5	105	9 65	10 3	109	11 0	110	103	3 93	109	107
militar y		,174 <sup>*</sup>	,0 16	-,360**	,155	,05 3	,00,	-,051	,03 1	,19 9 <sup>*</sup>	,04 3	,12 8	1	,28 0**	,06 4	,06	а
	Numne r of observ ations	127	12 4	91	122	116	7 11 6	115	69	11 5	125	11 0	127	115	98	9 125	123
defmi n		-,044	,0 04	-,080	,197	,09 6	- ,14	,059	,09 7	,17 9	- ,11	,05 0	,28 0**	1	,12 0	,02 4	а
	Numne r of observ ations	115	11 2	86	110	105	9 10 5	105	64	10 4	4 113	10 3	115	115	90	113	111
prtyin		,058	- ,1	,212	,068	,05	,09 2	-,070	,00	,06 9	,11 6	,02	,06 4	,12 0	1	,05 2	a
	Numne r of observ ations	98	12 97	71	98	4 93	93	92	1 56	93	97	3 93	98	90	98	97	98
exele c		-,071	,0 40	,024	,004	,07 3	,04 6	-,120	,08 4	,04	,03	,13 2	,06	,02 4	,05 2	1	а
	Numne r of observ ations	126	12 4	92	121	116	11 6	115	68	8 11 5	6 125	10 9	9 125	113	97	126	122
execr url	Numne r of observ ations	.a 123	.a 12 1	.a 89	.a 122	.a 113	11 3	.ª 112	. <sup>a</sup> .68	.a 11 3	.a 122	.a 10 7	.a 123	.a 111	. <sup>a</sup> 98	.a 122	.a 123

- \*. Correlation is significant at the 0,05 level (2-tailed)

  \*\*. Correlation is significant at the 0,10 level (2-tailed)

  a. cannot be computed because at least one of the variables is constant

# Appendix 6

			,						iauo				•					
		ъ.		Ec.	TI C	***	***		DI	171	D.O.	T	4.00	FO	DO	CD	NIEW	
		Dis	G D	Rest ricti	WO RK	W EC	W OP	С	S A	KI L	PO LP	O R	ASS EMB	FO RM	DO MM	SP EE	NEW REL	EL EC
		tan ce	P	ons	ER	ON	OL	L	P	L	RIS	T	LY	OV	OV	CH	FRE FRE	SD
Distan		1	,0	,215	-	-	- -					,0	,318*	,186	,335	,18	,310**	
ce			53	,210	,133	,12 2	,14 9	,3 63 **	,0 61	,0 29	,29 7**	36	,510	,100	**	4	,510	,35 2**
	Num ber of obse rvati ons	12 8	12 4	92	102	102	102	12 8	11 1	11	111	11 1	111	123	123	111	123	111
GDP		,05 3	1	,241*	,089	,02 5	,10 5	,0 76	,1 76	,2 93 **	,30 9**	,2 61 **	-,047	,007	,197*	,05 6	-,240**	,01 2
	Num ber of obse rvati ons	12 4	12 4	91	99	99	99	12 4	10 8	10 8	108	10 8	108	120	120	108	120	108
Ec. Restri		,21 5*	,2 41	1	,065	,16	,31	- ,1	,1 25	,2 61	,13 0	,0	,197	,383	,072	,08 4	,055	,02 2
ctions	Num ber of obse rvati ons	92	91	92	77	9 77	6** 77	62 92	89	89	89	40 89	89	89	89	89	89	89
WOR KER		,13 3	,0 89	,065	1	,12 8	,38 6**	,3 63 **	,1 26	,0 53	,12 6	,0 36	,416*	,252*	,224	,19 2	,162	,31 4**
	Num ber of obse rvati ons	10 2	99	77	102	102	102	10 2	98	98	98	98	98	101	101	97	101	98
WEC ON 2000	Num ber of obse rvati ons	,12 2 10 2	,0 25 99	- ,169 77	,128 102	1 102	,04 3 102	,2 14 * 10 2	,0 71 98	- ,1 44 98	,14 0 98	,0 96 98	-,135 98	,095 101	,101 101	,01 4 97	-,102 101	,12 3 98
WOP OL	_	,14	,1 05	,316	,386	,04	1	,1	,0	,0	,12	,0	,281*	,069	,134	,10 1	-,016	,24 8*

		9		**		3		48	35	33		56						[
	Num ber of	10 2	99	77	102	102	102	10 2	98	98	98	98	98	101	101	97	101	98
	obse rvati ons																	
CL	OHS	-	,0	-	-	,21	-	1	-	-	-	-	-*	-	-	-	-,470**	-
		,36 3**	76	,162	,363	4*	,14 8		,2 58 **	,2 20 *	,57 3**	,1 82	,619*	,436	,579	,51 7**		,72 9**
	Num ber of obse rvati ons	12 8	12 4	92	102	102	102	12 8	11 1	11	111	11	111	123	123	111	123	111
DISA	OHS	-	1	,125	,126	-	-	-	1	,5	,35 7**	,3	,130	,236	,166	,18	,202*	,05
P		,06 1	,1 76			,07 1	,03 5	,2 58 **		49	7**	03				3		2
	Num ber of obse rvati ons	11	10 8	89	98	98	98	11	11 1	11	111	11	111	110	110	110	110	111
KILL	OHS	-	1	,261	,053	-	-	-	,5	1	,43 8**	,4	,190*	,388	,177	,18	,275**	,05
		,02 9	,2 93 **			,14 4	,03	,2 20 *	49		8	97				6		1
	Num ber of obse rvati ons	11	10 8	89	98	98	98	11	11	11	111	11	111	110	110	110	110	111
POLP RIS		,29 7**	,3 09 **	,130	,126	,14 0	,12	,5 73 **	,3 57 **	,4 38 **	1	,3 11 **	,496*	,339	,500	,42 1**	,431**	,43 9**
	Num ber of obse rvati ons	11 1	10 8	89	98	98	98	11 1	11 1	11	111	11	111	110	110	110	110	111
TORT		,03 6	,2 61 **	,040	,036	,09 6	,05 6	,1 82	,3 03 **	,4 97 **	,31 1**	1	,076	,288	,120	,21 3*	,260**	,02 5
	Num ber of obse rvati ons	11 1	10 8	89	98	98	98	11 1	11 1	11	111	11	111	110	110	110	110	111
ASSE MBL Y	_	,31 8**	,0 47	,197	,416	,13 5	,28 1**	,6 19	,1 30	,1 90 *	,49 6**	,0 76	1	,272	,574	,48 0**	,442**	,70 0**

I		l						**										
	Num ber of obse rvati ons	11 1	10 8	89	98	98	98	11 1	11	11 1	111	11	111	110	110	110	110	111
FOR MOV		,18 6*	,0 07	,383	,252	,09 5	,06 9	,4 36 **	,2 36 *	,3 88 **	,33 9**	,2 88 **	,272*	1	,448	,46 1**	,335**	,24 5*
	Num ber of obse rvati ons	12 3	12 0	89	101	101	101	12 3	11 0	11 0	110	11 0	110	123	123	111	123	110
DOM MOV		,33 5**	,1 97 *	,072	,224	,10 1	,13 4	- ,5 79 **	,1 66	,1 77	,50 0**	,1 20	,574*	,448	1	,52 9**	,582**	,51 6**
	Num ber of obse rvati ons	12 3	12 0	89	101	101	101	12 3	11 0	11 0	110	11 0	110	123	123	111	123	110
SPEE CH		,18 4	,0 56	,084	,192	,01 4	,10 1	,5 17 **	,1 83	,1 86	,42 1**	,2 13 *	,480*	,461	,529	1	,401**	,46 6**
	Num ber of obse rvati ons	11	10 8	89	97	97	97	11 1	11 0	11 0	110	11 0	110	111	111	111	111	110
NEW _REL FRE	0.330	,31 0**	,2 40 **	,055	,162	,10 2	,01 6	,4 70 **	,2 02 *	,2 75 **	,43 1**	,2 60 **	,442*	,335	,582	,40 1**	1	,35 0**
	Num ber of obse rvati ons	12 3	12 0	89	101	101	101	12	11 0	11 0	110	11 0	110	123	123	111	123	110
ELEC SD		,35 2**	,0 12	,022	,314	,12	,24 8*	,7 29 **	,0 52	,0 51	,43 9**	,0 25	,700*	,245	,516	,46 6**	,350**	1
	Num ber of obse rvati ons	11 1	10 8	89	98	98	98	11 1	11 1	11 1	111	11	111	110	110	110	110	111

C   D   S   Rest   C   C   A   L   L   L   P   T   L   L   P   T   L   T   T   T   T   T   T   T   T					,				COL		ions zu	00	,				1		
D   C   C   C   C   C   C   C   C   C			_		Ec.					T									
CL   Class   Class																			
GDP																			
Num   12   12   91   12   12   12   12   12	GDP		_				1 -	L _	KIS	1	L/1	- O V		CII	- 297**	3D	LIX	OIN	OL.
Distan ce	ODI		1	,04	,107		48	14	,36 4**	31	,225*	,192	,101	,22, 2*	-,291		,051		,05
Distan ce		ber of obse rvati			91				125		125	125	125	125	125	125	124	124	124
Ce	Distan	0110	-	1	,129	-	-	_	,21	,2	,228*	,314	,119	,21	.275**	,31	_	,16	,05
Dec					, .	04	,0 80		6*	84	*	**	, -	2*	,	1**	,115		1
Restrictions		ber of obse rvati			92				127		127	127		127		127	127	127	127
Num ber of obse rvati ons  CL   11   30   351   33   44   11   20   39   44   11   30   38   39   39   39   39   39   39   39	Restri		,1 67		1	51	33	35	,30 7**	29	,344*	,276	,440	,43 7**	,169		,023		,11 0
Num 12 12 92 12 12 12 12 12 12 12 12 12 12 12 12 12		ber of obse rvati	91	92	92	92	92	92	92	92	92	92	92	92		92	91	91	91
ber of of obse rvati ons  DISA	CL			,30 4**	,351	1	,3 39 **		,61 1**	20	,594*	,584 **	,381	,54 5**	-,450**	,65 3**	,072		,03 9
P		ber of obse rvati								7									127
ber of of obse rvati ons 235 4 1 36 5 261* 146 186 20 120 10 130 12 01			48	,00, 8	,333	,3 39	1	81	,41 4**	03	,354*	,374	,277	,30 1**	,286**		,024	-	,03
VIII 225 4 1 26 5 261* 146 186 20 120 10 120 12 01		ber of obse rvati			92				127		127	127	127	127	127	127	126	126	126
	KILL	0110	.4	,06	,335	- ,1	,4 81	1	,36 5**	,5 00	,261*	,146	,186	,29 4**	,120	,10 6	,130	,12 2	,01

		14	1		44	**			**									
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
POLP RIS	Olis	,3 64 **	,21 6*	,307	,6 11 **	,4 14 **	,3 65 **	1	,4 46 **	,598*	,520	,322	,55 6**	,471**	,57 9**	,078	,12	,01
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
TORT		,3 31 **	,28 4**	,329	,3 20 **	,3 03 **	,5 00 **	,44 6**	1	,411*	,348	,252	,29 1**	,306**	,22 8**	,078	,14 6	,10 2
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
ASSE MBL Y		,2 25 *	,22 8**	,344	,5 94 **	,3 54 **	,2 61 **	,59 8**	,4 11 **	1	,446	,309	,41 3**	,417**	,46 6**	,083	,00 5	,02 6
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
FOR MOV	OHD	,1 92 *	,31 4**	,276	,5 84 **	,3 74 **	,1 46	,52 0**	,3 48 **	,446*	1	,386	,50 3**	,492**	,40 7**	,038	,21 7*	,10 8
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
DOM MOV		,1 01	,11 9	,440	,3 81 **	,2 77 **	,1 86 *	,32 2**	,2 52 **	,309**	,386	1	,44 3**	,228**	,33 7**	,096	,08 4	,02 4
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
SPEE CH	_	,2	,21 2*	,437	- ,5	,3 01	,2 94	,55 6**	,2 91	,413*	,503	,443	1	,491**	,50 3**	,034	,13 5	,02 2

		22			45	**	**		**									
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
NEW _REL FRE		,2 97 **	,27 5**	,169	,4 50 **	,2 86 **	,1 20	,47 1**	,3 06 **	,417**	,492	,228	,49 1**	1	,46 6**	,044	,13 9	,03 5
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
ELEC SD		,1 81 *	,31 1**	,202	,6 53 **	,0 97	,1 06	,57 9**	,2 28 **	,466*	,407	,337	,50 3**	,466**	1	,052	,10 5	,02
	Num ber of obse rvati ons	12 5	12 7	92	12 7	12 7	12 7	127	12 7	127	127	127	127	127	127	126	126	126
WOR KER		,0	- ,11	,023	,0	,0 24	,1 30	,07 8	,0 78	,083	,038	,096	,03 4	,044	,05 2	1	,05	,00 1
	Num ber of obse rvati ons	51 12 4	5 12 7	91	72 12 7	12	12 6	126	12 6	126	126	126	126	126	126	127	5 127	127
WEC ON		,0	,16 0	,068	,1	,1 39	,1 22	,12 8	,1 46	,005	,217	,084	,13 5	,139	,10 5	,055	1	,09 8
	Num ber of obse rvati ons	78 12 4	12 7	91	65 12 7	12 6	12 6	126	12 6	126	126	126	126	126	126	127	127	127
WOP OL		,0	,05 1	,110	,0 39	,0 32	,0 10	,01	,1 02	,026	,108	,024	,02 2	,035	,02	,001	,09 8	1
	Num ber of obse rvati ons	52 12 4	12 7	91	12 7	12 6	12 6	3 126	12 6	126	126	126	126	126	126	127	127	127

# Appendix 7.

Regression between Carbon dioxide emissions (CO2), thousand metric tons of CO2 (CDIAC) put forward by the United Nations Statistics Division and EU trade (http://mdgs.un.org).

# **Exports 2000 and 2008**

Independent variables	1 (2000)	2(2008)
Distance	-,632***	,044
GDP	,676***	,187
Ec.Restrictions	0,006	,019
C02-emissions	0,151*	,335
R2	,817	,232
adjusted R2 square	,809	,197
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0,01 The level of significance is noted by \*\* if p is equal or less than 0,05 The level of significance is noted by\* if p is equal or less than 0,1.

## **Imports 2000 and 2008**

Independent variables	1 (2000)	2(2008)
Distance	-,82	-,160
GDP	,452***	,746***
Ec.Restrictions	-,011	,001
C02-emissions	0,396***	,271**
R2	,768	,815
adjusted R2 square	,758	,807
Number of observations	128	128

The level of significance is noted by \*\*\* if p is equal or less than 0, 01 The level of significance is noted by \*\* if p is equal or less than 0,05 The level of significance is noted by  $^*$  if p is equal or less than 0,1.