

Follow the Money: The Political Economy of EU Border Security

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In the 1990s, international relations theorists equated globalization with the advent of a 'borderless world'. 21st Century changes in the nature and function of advanced industrial state borders has caused a paradigm shift in the geopolitics of debordering (and subsequent rebordering). In contrast to late 20<sup>th</sup> Century predictions, however, territoriality is shifting rather than diminishing.<sup>1</sup> So far, the greatest experiment in border reformulation has occurred in Europe, through the creation of the borderless Schengen Area (1985). European integration has reduced borders between Member States and strengthened external borders. An EU border management regime has developed significantly over the last decades, with the creation of instruments and agencies such as the Schengen Information System (SIS), the Visa Information System (VIS), and the external border agency Frontex. The rebordering of the external borders of Schengen is evident in sharply rising budgets for border control, legislation targeting unauthorized entry and mobility, sophisticated surveillance and information technology, stricter visa controls, and the augmented role of military personnel, methods, and hardware. Integration, however, does not automatically produce governance and capacity, and challenges remain for the coherence of EU migration policy and external borders.<sup>3</sup> In this paper, we investigate the degree to which markets have emerged in association with these borders; whether distributional politics or markets with parochial constituents are consequences of the rebordering of Europe at the supranational level.

What explains the political development of EU border security institutions? On one level, it appears to be a relatively straightforward process, and not a puzzle at all. EU border security institutions are created by EU Member States, when integration is in their interest, or when neofunctional demands require integration. Two explanations are functional: that the internal elimination of EU borders —combined with intensifying migration flows in the EU's

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<sup>1</sup> Peter Andreas, *Border Games: Policing the U.S.-Mexico Divide* (Ithaca, NY: Cornell University Press, 2000), 43.

neighborhood— necessitated the creation of increasing external border security; the second is that the securitization of migration post 9/11 made all borders more salient. Taken together, a double movement of global trade liberalization finance and regional political integration has been accompanied by a new set of political anxieties regarding borders, crime, illegal migration, and terrorism, along with domestic political demands and initiatives to reassert the power of the border.<sup>2</sup> However logical and elegant this explanation, it limits the significance of EU border security to a set of functional processes whereby institutions are the result of direct pressures from the mobility of capital, humans, and security concerns across borders.

While functional explanations are intuitive, they may be insufficient in explaining the content, timing, and resources of contemporary EU border security. First, the political development of border security began well before increasing security concerns and migration flows. The gradual securitization of immigration has unfolded in the US and Europe since the 19<sup>th</sup> Century: the terrorist attacks of 9/11 accelerated and highlighted the immigration-security policy nexus. The last decades mark a turning point, not in the nature, but in the *intensity* of policy, as the response included the accelerated adoption of supportive measures and the strengthening of existing regulations.<sup>3</sup> And while migration flows have increased during the last ten years, this has neither been consistent nor has it predated major border security developments. At best, functional pressures explain critical junctures in EU border security. But their continued development and institutionalization is more complex and endogenous to other phenomenon, including the creation of markets and institutions in border security.

A corollary to the narrative of EU border security is that it has not been a particularly effective area of EU political cooperation or integration. This is true in both the areas of securing the Schengen borders, as well as in addressing its mission of countering ‘illegal’ migration flows.

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<sup>2</sup> Andreas, 2000; Eskelinen et al, 1999; Geddes, 1999; Koslowski, 2001

<sup>3</sup> Ibid.

One policy diagnosis of the migration crisis is that the EU lacked sufficient operational resources and authority to manage its borders, and is hampered by reluctant Member States with sovereignty concerns over further cooperation.<sup>4</sup> Policymakers overwhelmingly prescribed an increase in EU border security funding to address the crisis or risk institutional collapse.<sup>5</sup> European Commission President Jean-Claude Juncker promised in 2015 to “strengthen Frontex significantly and develop it into a fully operational European border and coast guard system.”<sup>6</sup> By December, the EC unveiled the new European Border and Coast Guard Agency (EBCGA), and in July 2016 the EP approved the agency, including a budget doubling from €143 million in 2015 to €322 million in 2020, with a commensurate increase of staff from 402 to 1000.

We argue that explaining EU border security over time may also require the institutional logics of political economy and path dependence. There are two dimensions to this: 1) that the creation of a EU border security regime may have market logic<sup>7</sup>, and 2) that the continuation of a EU border security regime may create markets over time, producing structural changes in interests and institutions. The latter proposition is most plausible, while the former proposition is less likely, and would be a “harder” argument to make. Both, however, involve the role of bottom-up

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<sup>4</sup> [http://europa.eu/rapid/press-release\\_MEMO-15-6332\\_en.htm](http://europa.eu/rapid/press-release_MEMO-15-6332_en.htm)

<sup>5</sup> Council Press Release, IP/732/15. “Remarks by President Donald Tusk after the European Council meeting of 15 October 2015.” <http://www.consilium.europa.eu/en/press/press-releases/2015/10/15-tusk-final-remarks-european-council/>

<sup>6</sup> Jean-Claude Juncker, “State of the Union 2015” (Speech I-107934, Strasbourg, September 9, 2015). [http://ec.europa.eu/priorities/sites/beta-political/files/state\\_of\\_the\\_union\\_2015\\_en.pdf](http://ec.europa.eu/priorities/sites/beta-political/files/state_of_the_union_2015_en.pdf)

<sup>7</sup> See Schilde, Kaija. *Building the European Security State*. Cambridge University Press, 2017. A political economy of institutions framework help explain why EU border security institutions might be sub-optimal for reasons other than a lack of authority, will, or sufficient funding. Political economy frameworks explain non-Pareto outcomes. European border security measures demonstrate a paradox in the failings at both the national and supranational level, as dedicated R&D and increasing operational security funding have not yet supported the implementation of long-term, sustainable policies. We find that the conventional diagnosis of the crisis as one of a lack of centralized authority and resources—with the prescription to increase Frontex authority—profoundly puzzling from an institutional perspective. Since its inception over a decade ago, Frontex’s resources have increased exponentially. It is one of the only fiscal areas of growing expenditures under widespread austerity measures. Its budget has increased tenfold, with a 46% increase from 2014-2015 alone. In the same time period, its agency staff increased fivefold. In terms of flexibility and autonomy, it reports only to the Commission. In 2011, its authority increased significantly, including authority to coordinate with countries outside of Europe and to purchase and maintain its own equipment, separate from Member State coast guard resources. Frontex has major operational and effectiveness issues, but they do not seem to be necessarily a direct result of a lack of operational or executive authority and resources.

parochial interests in either the creation or the further institutionalization of EU border security funding. While the high politics of security are supposed to be public goods not subject to the low politics of political economy influence,<sup>8</sup> a subfield of international relations specifically studies the political economy of security.<sup>9</sup> In the US, security events created border and homeland security institutions and markets, but over time parochial interests have evolved to influence security agendas and funding.<sup>10</sup> The EU is also not immune to dynamics of the political economy of security, as parochial market actors were pivotal in agenda-setting and institutionalizing EU defense policy.<sup>11</sup>

We identify multiple potential mechanisms driving the institutionalization of European border security funding. We evaluate the plausibility of four parochial paths of influence: individuals (the revolving door phenomenon), firms (private economic interests), legislative (national economic interests), and EU organizations (bureaucratic interest). The rest of the paper proceeds as follows. First, we describe the EU market for border security: the institutions, interests, and funding at stake. Next, we outline an institutional framework of a political economy of border security. We evaluate the theoretical foundations of distributional politics and the institutional relationships created and sustained by parochial economic interests. Next, we explore different paths linking bottom up interests to EU border security institutions. Fourth, we describe the data on the economics of the supply and demand for European border security. Fifth, we describe the

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<sup>8</sup> See: Zegart, Amy B. *Flawed by Design: The Evolution of the CIA, JCS, and NSC*. Stanford University Press, 2000. May, Peter J. "Policy design and implementation." *Handbook of public administration* (2003): 223-233.

<sup>9</sup> Kapstein, Ethan B. *The political economy of national security: A global perspective*. McGraw-Hill Humanities, Social Sciences & World Languages, 1992.; Fordham, Benjamin O. *Building the cold war consensus: The political economy of US national security policy, 1949-51*. University of Michigan Press, 1998.; Blanchard, Jean-Marc F., Edward D. Mansfield, and Norrin M. Ripsman. "The political economy of national security: Economic statecraft, interdependence, and international conflict." *Security Studies* 9, no. 1-2 (1999): 1-14.; Gilpin, Robert. *The political economy of international relations*. Princeton University Press, 2016.; Kirshner, Jonathan. "Political economy in security studies after the cold war." *Review of International Political Economy* 5, no. 1 (1998): 64-91.; Mastanduno, Michael. "Economics and security in statecraft and scholarship." *International Organization* 52, no. 04 (1998): 825-854.

<sup>10</sup> LaPira, Timothy M. "Lobbying after 9/11: Policy Regime Emergence and Interest Group Mobilization." *Policy Studies Journal* 42, no. 2 (May 1, 2014): 226-51.

<sup>11</sup> Schilde 2017.

empirical results of this plausibility probe. Finally, we conclude and offer suggestions for future research.

### **Interests, Institutions, and Markets in European Border Security**

During the late 20<sup>th</sup> century, the European continent experienced a rapid reversal, as its historical outward flow of emigrants became an inward flow of immigrants, beginning with the movements of people from poorer southern European and former imperial colonies toward potential economic opportunities in the wealthier Northern Europe. In the mid-1980s, five states signed an agreement proposing the gradual abolition of border checks and the establishment of a common visa policy. The 1999 Amsterdam Treaty incorporated the Schengen system into EU law.

Schengen eliminated internal EU borders and created a common external border. The Tampere Agreement (1999-2004), the Hague Programme (2005-09), and the Stockholm Programme (2010-15) have all deepened EU immigration policy.<sup>12</sup> Entry-point states bear unilateral responsibility for migrants under the Dublin Regulation. Revised in 2013, this EU law stipulates that asylum seekers must remain in the first European country they enter and that country is solely responsible for examining migrants' asylum applications.<sup>13</sup> Under the current system, the burden of responsibility falls disproportionately on entry-point states the periphery of the EU.<sup>14</sup>

On October 26, 2004 the Council of the EU established Frontex as a common border agency, with a mandate to “promote[s], coordinate[s], and develop[s] European border management...to reinforce and streamline cooperation between national border authorities”<sup>15</sup> of

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<sup>12</sup> Christina Boswell and Andrew Geddes, *Migration and Mobility in the European Union* (Hampshire: Palgrave Macmillan, 2011), 51-52.

<sup>13</sup> Regulation (EU) No 604/2013 of the European Parliament and of the Council of 26 June 2013 establishing the criteria and mechanisms for determining the Member State responsible for examining an application for international protection lodged in one of the Member States by a third-country national or a stateless person.

<sup>14</sup> Jeanne Park, “Europe’s Migration Crisis,” Council on Foreign Relations, last updated September 23, 2015. <http://www.cfr.org/refugees-and-the-displaced/europes-migration-crisis/p32874>.

<sup>15</sup> Council regulation (EC) No 2007/2004 establishing a European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union. Brussels, 26 October, Official Journal of the European Communities L349.

5,000 miles of land borders (from the Finland-Russia border to the Black Sea) and 50,000 miles of maritime borders (including over 3,000 Greek Islands). With both Commission officials and Member State border control directors, Frontex has a fairly hybridized authority structure.<sup>16</sup> Frontex does not receive direct financial contributions from Member States; the majority of its non-material resources come directly from the Commission budget.

The market for EU border security has grown exponentially over the last decade.<sup>17</sup> The EU security market centers around the European Commission's funding of security research, via its "Framework Programmes" (FP). Specifically, the seventh FP from 2007-13 focused on security under the European Security Research Programme (ESRP). Due to restrictions on Commission involvement in defense procurement due to Article 296, these funds could be used for homeland security (or civilian) but not defense research. Dual-use technologies were also initially excluded from the research program. The first security research program was the €65 million 2004 Preparatory Action in the field of Security Research (PASR) which had consultations with the academic and scientific communities.<sup>18</sup> A FP 7 public-private partnership of a 'Group of Personalities' was comprised of executives from the European defense, aerospace, and electronics industries. The group released a report in 2004 called "Research for a Secure Europe," echoing defense industry concerns that the EU was falling behind the US in technology, constraining its ability to fulfill its security strategy. Their report proposed an additional €1 billion funding for the 2007 ESRP (in addition to the existing €3.5 billion<sup>19</sup>) to achieve parity with US Homeland Security

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<sup>16</sup> Article 21, Council regulation (EC) No 2007/2004.

<sup>17</sup> Schilde, Kaija. Building the European Security State. Cambridge University Press, 2017.

<sup>18</sup> Initial PASR project funds were awarded to eleven consortia of industry and research institutions in various research subjects including space technology, 3D simulation technology for crisis management, geospatial data analysis, and network security. Although civilian dual-use technologies, they form the building blocks of network-centric warfare and system of systems architecture that are the center of defense system integrator programs.

<sup>19</sup> "EU research - Building Knowledge Europe: The EU's new Research Framework Programme 2007-2013", memo 05/114, Brussels, 7 April 2005.

funding<sup>20</sup> towards dual civilian-military technologies, including: crisis management, public and private infrastructure protection, border and coastal surveillance, satellite intelligence capabilities, protection against incidents involving bio-chemical and other substances, and non-lethal means to counteract terrorist actions.<sup>21</sup> The group also proposed a permanent ‘Security Research Advisory Board’ (2005) consisting of 50 government and industry stakeholders to advise the ESRP research agenda,<sup>22</sup> as well as a 2007 European Security Research Industry Forum (ESRIF) to govern the allocation of €1.4 billion distributed “to technology development projects aimed at protecting Europe’s citizenry, critical infrastructures and borders against attack.”<sup>23</sup> In 2007 the European Organisation for Security (EOS) was also formed by industry stakeholders to “provide support to the study, development and implementation of security solutions to the challenges faced by the EU”<sup>16</sup> and create “comprehensive and state-of-the-art civil security solutions for citizens, governments and the whole European economy...[and] further enhance the strong momentum in the European security sector.”<sup>24</sup> Under FP7 (2007-13), EU funded projects related to border security totaled 1.4€ billion.<sup>25</sup> From 2014-20 funding comes from the Horizon 2020 (H2020) “Secure Societies” program.<sup>26</sup> The projects organized within the FP7 and H2020 frameworks offer both public and private actors access to EC funded contracts. Project awardees include private firms, national agencies, universities, and other public-private partners.

In addition to the Commission’s security research programs, multiple EU institutions are involved in EU border security. In addition to Frontex, the Justice and Home Affairs (JHA)

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<sup>20</sup> Research for a Secure Europe: Report of the Group of Personalities in the field of Security Research”, p. 27.

<sup>21</sup> Press Release, “European industry leaders and EU policymakers call for budget boost for Security Research,” Brussels, March 15, 2004.

“EU research - Building Knowledge Europe: The EU’s new Research Framework Programme 2007-2013”, memo 05/114, Brussels, 7 April 2005.

the European Security Research Agenda.” A report from the European Security Research Advisory Board September 2006.

<sup>23</sup> Shaping EU homeland security Author: Brooks Tigner Source: ISN Security Watch Date: Thursday, March 29, 2007

<sup>24</sup> ERTICO News: New European Organization for Security (EOS). 24 July 2007

<sup>25</sup> [http://cordis.europa.eu/programme/rcn/861\\_en.html](http://cordis.europa.eu/programme/rcn/861_en.html)

<sup>26</sup> <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/secure-societies-%E2%80%93-protecting-freedom-and-security-europe-and-its-citizens>



Council outlined Treaty V of the Treaty of Lisbon with four freedom, security, and justice (AFSJ) domains: policies related to border control, asylum and immigration; judicial cooperation in civil matters; judicial cooperation in criminal matters; and police cooperation. Commission DGs involved in border security are DG Justice and DG Home Affairs, while other agencies include Eurojust and Europol, which develop judicial and police cooperation respectively.<sup>27</sup> In the European Parliament, the Civil Liberties, Justice, and Home Affairs (LIBE) Committee determines the allocation of security funds and the oversight of border surveillance operations.<sup>28</sup>

### **Framework: A Political Economy of Border Security**

A political economy of security framework identifies economic gains and losses that vary independently of state power, winners and losers of domestic and international economic statecraft, and the interests and institutions that may influence foreign and security policies. It also takes seriously the possibility that states take economic gains and losses into consideration, alongside or in competition with strategic gains or losses and that, in fact, they view economic gains or losses as having security effects. And finally, it elevates the low politics of markets as intertwined with the high politics of security and foreign policy. Within the political economy of security literature, the bottom up market of organizational actors who benefit from, and attempt to influence the 'high politics' of security are parochial interests: any actors who are primarily concerned with their own organizational survival or private interest, not the public or national interest.

Government policies that create markets are distributive policies: government-funded activity that widely distributes costs and both widely or narrowly distributes *new* benefits (goods, services, money).<sup>29</sup> The trademark of distributive policy is that it can be disaggregated, allocated to

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<sup>27</sup> [http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU\\_5.12.1.html](http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU_5.12.1.html)

<sup>28</sup> The LIBE Committee is responsible for the protection of civil rights within the territory of the EU, and “deals with migration and asylum rules, the integrated management of common borders, as well as police and judicial cooperation in criminal matters.” See <http://www.eppgroup.eu/libe>

<sup>29</sup> Lowi 1964; Lowi 1972

constituencies—particular geographic locations with geographically based interests—by those who hold the power of the purse.<sup>30</sup> Classic examples of distributive policy are transportation projects, public educational funds, waterway development projects, and other pork barrel-type policies.<sup>31</sup> Distributive policy can be influenced by parochial interests, often via legislative representatives seeking reelection support from constituents.

While defense and security policies are ‘high politics’—based on the national interest as derived from pressures and opportunities of the international system— they can also be distributive and subject to this parochial imperative.<sup>32</sup> Parochial defense spending via legislative influence is the basis of the Military Industrial Complex (MIC) theory.<sup>33</sup> While MIC theory is well-known<sup>34</sup>, scholars have not consistently found empirical evidence linking parochial interests to legislative votes over defense contracts and military spending.<sup>35</sup> However, Thorpe (2014) linked the relative economic reliance of political entities to security spending outcomes. Specifically, economic reliance encourages “political representatives to prioritize defense interests and seek more military spending” while “contractors and defense bureaucracies also work to distribute weapons contracts with these economic and political imperatives in mind.”<sup>36</sup> Parochial interests over time turn into a broader defense constituency with an interest in maintaining predictable and steady defense inflows to political districts. While defense constituencies rarely create security markets, over time they

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<sup>30</sup> Fiorina 1987; Fiorina 1989; Lowi 1964; Lowi 1972, Rundquist and Ferejohn 1975

<sup>31</sup> Arnold 1979; Bickers and Stein 1995; Ferejohn 1974; Lowi 1964; Lowi 1972; Rich 1989; Weingast, Shepsle, and Johnsen 1981; Wilson 1986

<sup>32</sup> Term coined by Fitzgerald and Lipson 1984 according to Lindsay 1990

<sup>33</sup> Adams 1982 (but originally coined by President Eisenhower in his Farewell Address); Ledbetter 2011

<sup>34</sup> The theory of parochialism, at its core, is derived from the nature of the US Congress as based on geographical representation. Members are individuals who act as policymaking proxies for citizens divided into physically bounded areas—Congressional Districts for the House of Representatives or states for the Senate. Given pressures on members to please their constituency—political pressures like re-election or rational pressures like public choice and effective representation—Congress can act as an incredibly effective channel for securing geographically-based benefits. See Fenno 1978; Fiorina 1987; Fiorina 1989; Mayhew 1974; Rundquist and Ferejohn 1975; Thorpe 2014: 95-96.

<sup>35</sup> Adler and Lapinski 1997; Arnold 1979; Carsey and Rundquist 1999a; Carsey and Rundquist 1999b; Fiorina 1987; Fiorina 1989; Goss 1972; Ray 1980; Ray 1981a, Rundquist and Griffith 1976; Ray 1981; Lindsay 1991a and b; Abdolali and Ward 1998.

<sup>36</sup> Thorpe 2014: 92;

directly or indirectly influence security spending, distribution, and agendas.<sup>37</sup> Parochialism occurs via multiple paths: legislative committees,<sup>19</sup> bureaucracies,<sup>38</sup> or individuals.<sup>39</sup> Bureaucratic parochialism when organizations compete over scarce resources or capabilities to ensure their survival.<sup>40</sup> In states, this organizational competition over national security and high politics occurs within executive branches of government, amongst executive agencies. For example, military leaders occupying key positions (e.g. Chairman of the US Joint Chiefs of Staff) often successfully influence defense-spending priorities in favor of their respective branches.<sup>41</sup>

A combination of parochial mechanisms—from economic reliance on security spending to bureaucratic survival strategies—have been used to explain the US institutionalization of a ‘permanent war economy’ (Melman 1974) independent of security concerns and the national interest: “If economic reliance on defense spending shapes legislative preferences, then congressional support for weapons programs will not be driven only by broader national security goals. Rather the shared goal of economic security will also cultivate support for such politics, regardless of partisanship or ideology.”<sup>42</sup> When economic reliance drives security spending, markets become increasingly entrenched and difficult to alter. Thus, “spreading substantial defense benefits across multiple districts increases political demand [for defense spending] among congress members and contributes to local economies that are more reliant on the defense industry” as “these overlapping interests encourage defense expenditures in excess of strategic requirements.”<sup>43</sup> Economic dependence on defense contracting also incentivizes inefficiencies, such as the incentive to distribute defense contracts across different political districts or as economic stimulus. The over-

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<sup>37</sup> Bobrow and Hill 1991; Fordham 2008; Hewitt 1992; Jacobs and Page 2005; Lieberman 1973; Mintz and Ward 1989; Rundquist et al 1996; 1978; Thorpe 2014.

<sup>38</sup> Bartels 1991

<sup>39</sup> Gupta et al 2001

<sup>40</sup> Allison and Halpirn 1972, 48.

<sup>41</sup> Flynn 2014, 104. See also Bove and Nistico 2014. Rhodes 1994 finds little support for this model, See also Kanter 1975 (p. 62-68) and his discussion of cuts during the Eisenhower Administration.

<sup>42</sup> Thorpe 2014: 96

<sup>43</sup> Thorpe 2014: 124

time consequences of distributional security markets are “likely to be both excessive weapons spending and an inability to prioritize defense expenditures in pursuit of strategic national goals.”<sup>44</sup>

Parochialism in security markets is linked to institutional path dependence, or increasing structural resistance to negative change of course. The over-time embeddedness of geography, markets, and legislators can produce self-perpetuating incentive structures<sup>45</sup> particularly in defense and security markets. First, defense markets are a capital-intensive monopsonies, where government are the single buyer amongst an increasingly smaller pool of sellers with limited competition.<sup>46</sup> When parochialism is represented via geographic political interests, the path dependence of interests and institutions creates a particularly rigid market structure,<sup>47</sup> producing spending increases and inertia that are more politically tractable than decreases, cuts, or reforms.<sup>48</sup> Political representatives benefiting from security markets can become reluctant to relinquish distributional goods; they get accustomed to “stability in defense production, employment, and revenue” that benefit the local economy despite strategic or partisan calculations.<sup>49</sup>

### Research Design

We use US-based theories of defense parochialism to explore the development of EU security markets. Evidence of parochialism could help explain levels of funding over time, recipients of funding, and the nature of the emerging EU border security regime. We engage in a series of plausibility probes via illustrative cases<sup>50</sup> guided by a diverse research design.<sup>51</sup> A plausibility probe is effectively an “easy case” research design, akin to a pilot study in scientific

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<sup>44</sup> Thorpe 2014:

<sup>45</sup> Adams 1982; Arnold 1979; Pierson 2000; Pierson 2004; Thorpe 2014: 48-59

<sup>46</sup> Adams and Adams 1972; Burnett and Scherer 1990; Gholz and Sapolsky 1999; Kurth 1972; Kurth 1973; Sapolsky, Gholz, and Talmadge 2014; Thorpe 2014: 48-50

<sup>47</sup> Adams and Adams 1972; Kurth 1972; Kurth 1973; Thorpe 2014: 48-50

<sup>48</sup> Cappella Zielinski and Schilde 2017

<sup>49</sup> Thorpe 2014: 49, 107

<sup>50</sup> Jack S. Levy, "Case Studies: Types, Designs, and Logics of Inference," *Conflict Management and Peace Science*, Vol. 25 (2008), pp. 1-18; Bennett, Andrew, and Alexander L. George. *Process tracing in case study research*. MacArthur Program on Case Studies, 1997.

<sup>51</sup> John Gerring and Lee Cojocaru, “Selecting Cases for Intensive Analysis: A Diversity of Goals and Methods,” *Sociological Methods & Research*, (2016): pp. 1-32.

research, that allows researchers to explore the suitability of a case for the purposes of theory testing and concept expansion. When a theoretical proposition has never been applied to a given set of empirical cases, plausibility probes establish possible linkages and mechanisms of a theoretical proposition by identifying possible illustrative cases.<sup>52</sup> It is particularly important in theory development in multi-stage research involving academic agenda setting.

This plausibility probe will address the degree to which markets are being created associated with EU border security. If markets are being created that interact with political representation and relative economic reliance, there is the possibility for the emergence of parochial influence dynamics. The first factor we address is a ‘functional explanation’, focusing on the degree to which the level and scope of EU border security funding is commensurate with the border security needs of Europe. Evidence for a functional explanation would mean that shifting flows of migrants (and security concerns) precede key changes in EU border security funding. We explore this explanation first, and find that while it accounts for critical junctures in EU border security funding, it may be unsatisfactory for explaining the path dependent effects over time in EU border security markets.

In addition to the functional explanation, we identified four parochial aspects of the political economy of EU border security. The first are EU member state economic interests in EU border security institutions and funding. The second are industry actors, such as security firms, attempting to obtain EU border security research contracts. The third is EU bureaucracies positioning for expanded authority in the area of border management. The fourth is the individual level of analysis, querying whether there are any individual incentive structures developing between the public and private sectors—in the form of a ‘revolving door’ phenomenon—related to border security.<sup>53</sup> These four paths are all parochial in nature, in that they reflect bottom-up particularistic

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<sup>52</sup> Eckstein, 1975: 109.

<sup>53</sup> Due to data limitations, we propose but do not empirically evaluate the individual level of analysis in this paper. The term “revolving door” is commonly used to describe the potentially corrupt relationship resulting from individuals

interests (in the form of member state, industry, bureaucratic, and individual parochialism) and not border security in the European public interest.

*Functional explanation: Security and Migration drive EU border security funding*

A functional explanation of EU border security is that it was created, funded, and expanded commensurate with the migration or security stresses placed on the external boundaries of the EU. In April 2015, the EC adopted the European Agenda on Security,<sup>54</sup> which explicitly linked together migration, cross-border trafficking, and terror risks from radicalization.<sup>55</sup> Issues of terrorism, humanitarian needs, and migratory patterns have all led to the political creation of EU border security infrastructures. Shifting migratory patterns over the past decade have placed high intensity demands on European external borders.<sup>56</sup> One of the key functions of Frontex is in the area of short and long-term risk assessments: its Risk Analysis Network (FRAN)<sup>57</sup> measures trans-boundary flows (both capital and human) to coordinate cross-border crime prevention, EU external border security, and future trend and risk assessment.<sup>58</sup>

We use migrant flow data (e.g. the routes and number of migrants attempting to cross into the EU), as one way to understand the functional demand for EU border security governance,

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moving between the private sector and public service. There are three distinct revolving door methods: government-to-lobbyist, government-to-industry, and the industry-to-government “reverse” door. In EU affairs, there are increasing reports that former EU officials have been advancing the parochial interests of their industry clients.

<sup>54</sup> Commission Press Release, MEMO/15/6115 (Nov. 17, 2015).

<sup>55</sup> Ibid

<sup>56</sup> Evaluating the functional explanation for border security funding requires first clarifying the concepts of measurement. Distinguishing the difference between an asylum seeker and a refugee is crucial, as different levels of assistance and protection under international law are available to migrants and asylum seekers. An asylum seeker is defined as a person fleeing persecution or conflict, and therefore seeking international protection under the 1951 Refugee Convention on the Status of Refugees.<sup>56</sup> The UN considers asylum seekers whose claims have been approved or who are fleeing war or persecution refugees. Alternatively, economic migrants are persons whose primary motivation for immigrating is economic opportunity. The umbrella term for these three groups is “migrant”.<sup>56</sup> Currently, Europe is witnessing a mixed-migration phenomenon, in which economic migrants and asylum seekers travel together. Inconsistent methods of asylum application processing across the EU’s twenty-eight member states have resulted in the generalized identification of the individuals attempting entry to the EU as broadly defined “migrants”.

<sup>57</sup> “Strategic Analysis,” Frontex, accessed March 3, 2016. <http://frontex.europa.eu/intelligence/strategic-analysis/>.

<sup>58</sup> Strategic Analysis,” Frontex 2016.

specifically in the context of Frontex's budget.<sup>59</sup> Frontex's Annual Risk Assessments provide consistent migration trend data collected over a decade. Frontex uses these figures as risk assessment baselines for allocating resources<sup>60</sup>: where threat is "a force or pressure acting upon the external borders that is characterised by both its magnitude and likelihood; 'vulnerability' as the capacity of a system to mitigate the threat and 'impact' as the potential consequences of the threat."<sup>67</sup> Frontex data on migratory routes identifies trends over the past decade. As Figure 1 (see appendix) demonstrates, migratory patterns have been shifting eastward. In earlier years (2006) Frontex identified the Canary Islands as the primary location for migrants seeking entry to the EU, but by 2011 the majority of migrants seeking entry to Europe were crossing the Mediterranean and landing on islands off the coast of Italy (Lampedusa) and Greece. While the number of migrants attempting entry via the Central Mediterranean route spiked dramatically in 2011, they had been steadily decreasing in the preceding years in all routes. Frontex data identifies the years of 2008, 2011, 2014, and 2015 as having the largest overall migratory pressures on the EU borders.

Comparing the Frontex data regarding migratory movements to the Frontex budget indicates to what degree external pressures explain border security budgets. An initial interpretation suggests a functional explanation for European border security funding. Figure 2 suggests overall

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<sup>59</sup> While the statistical system recording the number of asylum-seekers and migrant entries is increasingly accurate, significant gaps remain between data availability and estimates necessary for specific policy implementations. Frontex provides monthly data on the number of people detected at the external borders of the European Union, their method often counts persons attempting multiple irregular border crossings in different locations at the external border, resulting in a miscalculated estimation of the total number illegal border crossings. The authority and legitimacy of policy decisions are reinforced (or challenged) by use of these statistics. However, a major concern is the cost-benefit of collecting up-to-date figures at the expense of accuracy. Frequently, administrative data and estimates are used interchangeably to describe migration, refugee arrivals, and flows. Border-crossing data has also been used to represent the numbers of migrants, inaccurately interchanging the terms 'irregular' and 'illegal'. Many actors in the European field of migration and asylum data are working with Frontex to establish a network of data that reflects migratory flows over time. Official asylum statistics are supplied by member states to Eurostat, the responsible body for European Union statistics, while various bureaucratic institutions and EU agencies take responsibility for the management and dissemination of the operational and related data.

<sup>60</sup> European Commission Budget 2016, available at: [http://ec.europa.eu/budget/annual/index\\_en.cfm?year=2016](http://ec.europa.eu/budget/annual/index_en.cfm?year=2016)

budgetary increases-- from € 6,280,202 in 2005 to € 254,035,000 in 2016.<sup>61</sup> The only negative budgetary reversal (24%) of 2012 was preceded by a decrease of migrants from 145,299 in 2011 to 76,322 in 2012. These tendencies suggest a direct relationship between migration patterns and the Frontex budget, supporting the functional explanation of border security financing. However, there are exceptions producing puzzles. Frontex reported a significant drop in number of attempted border crossings from 2006-7 (32,600 to 12,500) and similarly from 2008-9 (149,800 to 103,797), yet the budget did not reflect this decreased pressure at the EU's external borders. The budget increased by 119% from 2006-7, and by 25% from 2008-9.<sup>62</sup>

There have been critical security and migration junctures over the last decade. For example, the number of illegal border-crossing detections in the EU surged in 2011, as thousands of Tunisians arrived at the Italian island of Lampedusa following the onset of the Arab Spring and Sub-Saharan Africans began fleeing Libyan unrest in the post-Qaddafi era. The most recent surge in detections along the EU's maritime borders has been attributed to the growing numbers of Syrian, Afghan, and Eritrean migrants and refugees.<sup>63</sup> As Frontex collects monthly data, it continuously adjusts its projections and estimations for the remainder of the year to reflect the varying movements of people across the borders, resulting in budgetary adaptations. There are also seasonal trends in migratory patterns, as people attempt to cross borders during more mild months. Recognizing these circumstances, one must assume Frontex officials make educated decisions when drafting budget amendments with updated data reflecting current migratory trends. However, Frontex budgetary increases are not linked to migration detection increases, particularly in the earlier years of 2007 and 2009. While broader trends in the figures suggest a relationship between

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<sup>61</sup> Frontex Budget 2016 (December 24, 2015), available at: <http://frontex.europa.eu/about-frontex/governance-documents/2016>

<sup>62</sup> Frontex Governance Documents 2014, available at: <http://frontex.europa.eu/about-frontex/governance-documents/2014>.

<sup>63</sup> Park, "Europe's Migration Crisis."



an increasing number of migrants and increasing Frontex budgets, cross-border flows by themselves are an insufficient explanation for annualized border security funding. For this reason, we investigate additional mechanisms influencing border security funding.

#### *Bureaucratic Parochialism*

One constituency for EU border security is EU agencies themselves. Theories of bureaucracy assume that they engage in self-interested activities to increase their power *vis-a-vis* other institutions, exploiting available budgets, expanding tasks, and maximizing their status and quality of work. These expectations produce two central interrelated phenomena. The first phenomenon is bureaucratic competition for power, in which bureaucratic actors seek to increase their influence upon various bodies on policy-making processes and outcomes.<sup>64</sup> The second phenomenon, bureaucratic expansion,<sup>65</sup> explains how bureaucracies expand their structure, organization, tasks, and budget.<sup>66</sup>

#### *Legislative Parochialism*

European border security funding may also be producing parochial political constituencies, as Member States maintain sovereign political and economic interests independent of one another. Given the programs established by the EC through the FP7 and Horizon 2020 frameworks in the past decade, Member States have had the opportunity to receive contracts for border security projects. Economic beneficiaries, ranging from national institutions, universities, and consortia involving a combination of public and private firms have received direct EC awards and contracts for EU security research since the 2004 Group of Personalities Report.

We evaluate the degree to which the Thorpe (2014) hypothesis regarding political representation and economic interests applies to the EU, specifically in the legislative setting of the

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<sup>64</sup> Allison 1971

<sup>65</sup> Niskanen 1971; Tullock 1976, 1967

<sup>66</sup> Henrik Enderlein and Amy Verdun, "EMU and Political Science: What Have We Learned?" *Journal of European Public Policy* 16, no. 4 (2009): 138.

EP and the committees determining the allocation of security budget funds. We track the individual MEPs responsible for external border security decision-making on the EP LIBE Committee, and compare this to the distribution of security contracts and grants. MEPs might (even inadvertently) prioritize their own national interests by negotiating EC funding provisions via legislative actions, adoption of reports, proposal of amendments, and direct negotiations through representatives on a specialized standing committee.<sup>67</sup> While most studies have found that MEPs have party over national loyalty in their voting behavior,<sup>68</sup> it remains relatively unexamined how MEPs behave when it comes to distributive policies such as the awarding of security research contracting.

#### *Market Parochialism*

Border security might be producing institutionalized relationships with market actors, such as firms and industries benefitting from EU security funds. Security research has been funded by the Commission since 2003. The EC Directorate-General Research & Innovation funds the development of both software and hardware, with firms often acting as direct beneficiaries. Firms have direct economic interests in the development of interoperable security systems, including securing and maintaining direct funding from security research programs for continued R&D. Within FP7 alone (2007-13), there were 39 projects dedicated to the protection of European borders, with the largest beneficiaries being traditional defense contractors such as Airbus (UK), Finmeccanica (Italy), and Thales (France). Additionally, these firms may now (2011-) secure direct acquisition contracts from Frontex to procure security technology and equipment. Cooperation and coordination under the framework programs of DG Research or from EU agencies has allowed emerging security markets to deepen the relationships between the EU institutions and European security industries specializing in enhanced border security capabilities.

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<sup>67</sup> European Parliament, "About Committees," accessed March 6, 2016.  
<http://www.europarl.europa.eu/committees/en/about-committees.html>

<sup>68</sup> EP literature citations

## Empirical exploration of the Political Economy of Border Security

### Parochial Bureaucratic Interests: Frontex

Frontex is the EU bureaucracy most directly connected to border security funding. In the past few years, Frontex has experienced a remarkable growth and development in terms of its mandate, activities, and financial and human resources.<sup>69</sup> The legal personality of Frontex is governed by specific financial rules, with budgetary planning dictated by risk and forecasting analysis.<sup>70</sup> Council Regulation EC No. 2007/2004 established that the Frontex budget be set by the Commission.<sup>71</sup> Frontex is governed by a Management Board (MB) composed of representatives of border authorities of the EU Member State signatories of Schengen, in addition to the UK and Ireland. Responsibilities of the board include controlling the functions of the agency, establishing the budget, verifying its execution and ensuring transparent policy-making procedures.<sup>72</sup> The MB sets the allocations for each fiscal year, establishing the Preliminary Draft Budget (PDB), and then proposing any Draft Amendment Budgets to the Commission Draft Amendment Budgets (DAB) if additional funding is deemed necessary. Frontex budgetary data documents the PDB and any budget amendments as approved by the European Council and Parliament. Figure 3 represents the PDB and the Final Budget (i.e. the total money available by fiscal year end, including budgetary amendments).<sup>73</sup> Amendments generated by Frontex personnel resulted in significant within-year budget variations that produce increased final budgets.

Critical junctures increasing the Frontex budget are consistent with budget maximization and the expansion of operational capacity for the agency. Where operational coordination had been the primary focus in 2006, the agency developed its other main tasks during 2007, adapting its

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<sup>69</sup> Frontex Final Report: External Evaluation Of The Agency Under Art. 33 Of The Frontex Regulation, July 28, 2015.

<sup>70</sup> Management Board Decision No 1/2014: Frontex Financial Regulation.

<sup>71</sup> Council Regulation (EC) No 2007/2004.

<sup>72</sup> Frontex Final Report: External Evaluation, July 2015.

<sup>73</sup> All data relating to Frontex budgets: Frontex Governance Documents: Frontex Budgets 2005-2016, available at: <http://frontex.europa.eu/about-frontex/governance-documents/>

organizational structure to cope with expanding responsibilities. Operations at the external borders began to grow through this time period and became progressively more effective, demanding increased financial support and complementary border security functions.<sup>74</sup> The data reflects trends in the strengthening capacity of the agency as from 2005-8, as Frontex's budget exploded from € 6,157,000 to € 70,432,000, and the number of employees grew from under 50 to 181. In 2007, the Frontex budget increased by 77% to allow it to better fulfill its responsibilities, without any corresponding changes to the establishment plan.<sup>75</sup> After two initial years of significant budgetary and staff expansion, 2008 marked an entry into a path of consolidated and stabilized growth, with focus on the operational, organizational, and policy levels of the agency.<sup>76</sup> The data reflects both the primary expansion of financial resources in the establishment and legitimization of the agency in its early years, and the stabilization in the budget until the fluctuating migratory flows resulting from the Arab Spring in 2011, which produced functional pressures further increasing the budget.

The increased operational capacities of Frontex through mandate amendments suggest a relationship between bureaucratic authority expansions and budgetary augmentations. Since the establishment of the agency under the EC No. 2007/2004, there have been three significant modifications to the Frontex Regulation. While some modifications can be linked to Member State preferences and reforms, other modifications align with a bureaucratic expansion logic. Passed in July of 2007, Regulation (EC) No. 863/2007 of the EP and of the Council established a mechanism to create Rapid Border Intervention Teams (RABITs) and implemented regulation of the

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<sup>74</sup> Frontex General Report 2007, available at:

[http://frontex.europa.eu/assets/About\\_Frontex/Governance\\_documents/Annual\\_report/2007/frontex\\_general\\_report\\_2007\\_final.pdf](http://frontex.europa.eu/assets/About_Frontex/Governance_documents/Annual_report/2007/frontex_general_report_2007_final.pdf)

<sup>75</sup> Amending budget 4/2007: financing of the Executive Agency for Competitiveness and Innovation in 2007; modifications to the budget of the Executive Agency for Education, Audiovisual and Culture; modification of the establishment plans of Eurojust, the European Agency for Fundamental Rights and Frontex, available at:

<http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A6-2007-0268&language=EN>

<sup>76</sup> Frontex General Report 2008, available at:

[http://frontex.europa.eu/assets/About\\_Frontex/Governance\\_documents/Annual\\_report/2008/frontex\\_general\\_report\\_2008.pdf](http://frontex.europa.eu/assets/About_Frontex/Governance_documents/Annual_report/2008/frontex_general_report_2008.pdf)

responsibilities and power of guest officers. The amendment provided for the extension of Frontex authority, allowing organized officers to bear arms and use force without the consent of Member States. The regulation stipulates that given the possible insufficiency of financial means in the Frontex budget, in a situation of urgent and exceptional pressure at external borders requiring the intervention of a RABIT all possibilities to ensure funding should be explored. In addition, EC No. 863/2007 determined that the two arms of the budgetary authority would commit to act as quickly as possible to determine a decision on the means of providing additional funding for the agency depending on the urgency of the circumstances.<sup>77</sup> The budget data reported by Frontex reflects the expansion of bureaucratic power, as the agency's budget grew by 98% in the same year that RABITs were established.

The greatest change in Frontex's mandate occurred in 2011, with the passing of Regulation (EU) No 1168/2011. The 2011 Frontex Amendment marked a critical juncture in the authority of the agency, provisioning a reinforced role in preparing, coordinating, and implementing operations with specific regard to the sharing of tasks with EU Member States, namely in terms of deployment of human resources and technical equipment. Frontex was enabled to co-lead border patrol operations with EU Member States, deploy liaison officers in third countries, coordinate joint return operations, and launch and finance pilot projects.<sup>78</sup> A third amendment, Regulation EU No. 1052/2013, established the European Border Surveillance System (Eurosur). The objective of this system was detecting, preventing and combating illegal immigration and cross-border crime.<sup>79</sup>

Frontex, as a European agency with distinct legal personality, has bypassed accountability for failed operations because Regulation 2007/2004 states “the responsibility for the control and

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<sup>77</sup> Regulation (EC) No 863/2007 of the European Parliament and of the Council of 11 July 2007 establishing a mechanism for the creation of Rapid Border Intervention Teams and amending Council Regulation (EC) No 2007/2004 as regards that mechanism and regulating the tasks and powers of guest officers.

<sup>78</sup> Regulation (EU) No 1168/2011 of the European Parliament and of the Council of 25 October 2011 amending Council Regulation (EC) No 2007/2004 establishing a European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union.

<sup>79</sup> “About Frontex: Legal Basis,” available at: <http://frontex.europa.eu/about-frontex/legal-basis/>.

surveillance of external borders lies with the Member States.”<sup>80</sup> Managing to circumvent accountability for the negative outcomes in its border management operations, Frontex has consistently cited the existing limitations within its mandate and a lack of budgetary power and access to resources as the source of its failures. In response to human rights crises in the Mediterranean in 2007, the Executive Director of Frontex, Ilkka Laitinen, stated “Frontex is not and never will be a panacea to problems of illegal migration. The agency with personnel of 82 people and a budget of €35m cannot take over the duty of hundreds of thousands of border guards in the EU. Maybe our activities in the Mediterranean do not seem sufficient for some people but we have to act in accordance with the legal mandate we have, and in the fixed financial frames we have, not to mention the human resources and the willingness of the Member States to act together.”<sup>81</sup> The Italian Navy launched the *Mare Nostrum* search and rescue (SAR) operation in response to massive tragedies off the island of Lampedusa, without informing EU level actors, provoking an authority struggle between the EU and an individual Member State over the division of competences. By mid-2014, *Mare Nostrum* became too expensive, and Italian officials attempted to find European operational support for an ‘exit strategy’ while several Member States began lobbying for increased resources for Frontex, pushing for the creation of a ‘Frontex Plus’ Operation in the Mediterranean. The immediate response by the EU was a demand for an institutionalized approach, resulting in the proposal (and eventual implementation in November 2014) of the Frontex *Triton* joint operation (JO). Former Home Affairs Commissioner Malmström repeatedly distinguished the prerogatives of the Frontex mission from the existing Italian operation: “Frontex does not have the capacity to do *Mare Nostrum*, not the amount of people, mandate, money or the resources. *Mare Nostrum* is a very expensive operation and Frontex cannot do this and the Commission has been very clear – we cannot replace *Mare Nostrum*...The mandate of Frontex is

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<sup>80</sup> Cite Reg 2007/2004

<sup>81</sup> <http://frontex.europa.eu/news/frontex-facts-and-myths-BYxkX5>

a border guard agency. Now there will be still people coming in the Mediterranean and there will be more people coming and this is something we don't have the solution for." The *Triton* operation both covered a smaller nautical area and was provided a third of the budget provided by the Italians.<sup>82</sup> While there were many human casualties—including a single disaster with over 900 casualties alone—that occurred during this time period, Frontex denied responsibility for any migrant casualties outside of their jurisdiction, deflecting blame for limited SAR operations on limited Member State contributions and restrictions in the capacity of Frontex's mandate.<sup>83</sup> In late 2016, the Commission announced the transformation of Frontex into the EBCGA, which stipulates a two-fold increase in staff and funding worth 322 million euros by 2020, marking a critical juncture for the agency as "more border guards and more equipment available for crisis management would give the agency more operational autonomy."<sup>84</sup> Frontex became a representation of European solidarity in the field of external border security and, as a bureaucratic entity, was enabled by the Commission to expand its authority and budget by adapting to the needs of EU institutions and Member States.

### **Parochial Member State Interests: EP LIBE Committee**

Theories of defense parochialism explain security policy outcomes as driven by the relative economic dependence of political entities on local security spending. In the US, this link between local districts, political representatives, and security policy occurs in the legislative branch of government. While US defense goods are distributed via Congressional Districts and states, EU border security allocations are given to Member States. Since the EU Parliament gained budgetary

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<sup>82</sup> [https://www.ceps.eu/system/files/LSE\\_79.pdf](https://www.ceps.eu/system/files/LSE_79.pdf)

<sup>83</sup> <http://time.com/3827557/migrant-boat-capsizing-mediterranean-europe/>

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<http://af.reuters.com/article/libyaNews/idAFL8N14636220151217?pageNumber=2&virtualBrandChannel=0&sp=true>

oversight authority in 2009, it has a role in the distribution of EU spending. It also has both supranational and intergovernmental characteristics: MEPs are assigned based on Member State population, but MEPs are organized in Parliament along party and ideological lines. Party groups have become increasingly European in Parliament, but national interests have created historical cleavage within the assembly.<sup>85</sup> National political parties select MEPs for European elections,<sup>86</sup> and Member State governments maintain close contact with all national MEPs, regardless of party group.<sup>87</sup>

EP Committees are where legislative activity and budgetary oversight occurs. The power and influence of EP Committees has increased since the signing of the Lisbon Treaty.<sup>88</sup> Lobbyists also interact with EP Committees, particularly Committee Rapporteurs,<sup>89</sup> and not the Plenary as a whole.<sup>90</sup> National political parties have historically sought higher levels of representation—with more national MEPs—on EP committees with more legislative power.<sup>91</sup> As the EP's influence and scope grows, national political parties have paid greater attention to MEPs committee selection, and behave more like 'normal' parties that use party assignment to reward and punish politicians to incentivize party cohesion.<sup>92</sup> Analyses of EP committees have established that there is some form of logrolling going on—either in terms of expertise, partisan, or distributional benefit to national

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<sup>85</sup> Kreppel and Tsebelis, 1999

<sup>86</sup> Bouwen 2004.

<sup>87</sup> Corbett et al., 2003: 280

<sup>88</sup> Winzen, Thomas. "Technical or political? An exploration of the work of officials in the committees of the European Parliament." *The Journal of Legislative Studies* 17, no. 1 (2011): 27-44.

<sup>89</sup> Marshall, David. "Who to lobby and when: Institutional determinants of interest group strategies in European Parliament committees." *European Union Politics* 11, no. 4 (2010): 553-575.

<sup>90</sup> Bouwen 2004.

<sup>91</sup> Whitaker, Richard. "National parties in the European Parliament: an influence in the committee system?." *European Union Politics* 6, no. 1 (2005): 5-28.

<sup>92</sup> Kiewiet and McCubbins, 1991; Cox and McCubbins, 1993



constituencies<sup>93</sup>—and MEP committee membership is not representative of EP preferences overall.<sup>94</sup>

The EU Parliament’s Committee on Civil Liberties, Justice and Home Affairs (LIBE) is the legislative body with oversight over EU security research funding.<sup>95</sup> It is responsible for protecting civil rights within the territory of the EU, and “deals with migration and asylum rules, the integrated management of common borders, as well as police and judicial cooperation in criminal matters.”<sup>96</sup>

We evaluated the relationship between LIBE Committee representation and border security budgets from data of 39 R&D projects financed by the Commission under the FP7 Programme, all contributing to the protection of Europe’s borders.<sup>97</sup> Specifically, we evaluated the relationship between MEP LIBE membership and distribution of EU security contracts from 2006-14.<sup>98</sup>

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<sup>93</sup> McElroy, Gail. "Committee representation in the European Parliament." *European Union Politics* 7, no. 1 (2006): 5-29;

<sup>94</sup> Yordanova, Nikoleta. "The rationale behind committee assignment in the European Parliament: Distributive, informational and partisan perspectives." *European Union Politics* 10, no. 2 (2009): 253-280.

<sup>95</sup> The Parliament includes 20 committees and two subcommittees, each handling a particular policy area. The committees examine proposals for legislation, as well as debate issues within political groups in regard to potential amendments or rejection proposals to bills.

<sup>96</sup> “Committee On Civil Liberties, Justice And Home Affairs,” European People’s Party, last updated May 5, 2016. <http://www.eppgroup.eu/libe>.

<sup>97</sup> The dataset generated by the collaborative investigative journalism project The Migrant Files provided the systematized identification of the national institutions, organizations, and firms profiting from contracts related to border security projects. Using the Commission financial transparency system and the Cordis database, the group organized the available information to match the beneficiary of EU funds to a project. Focusing on the amount disbursed by the Commission, rather than the total cost of the projects, was a deliberate decision because the amounts invested by private companies in European projects are frequently accounting tricks. Nicolas Kayser-Bril, “TMF Money Trails: Methodology,” *The Migrant Files*, August 14, 2015.

<https://github.com/jplusplus/themigrantsfiles.com/wiki/TMF-Money-Trails:-Methodology>.

<sup>98</sup> The time period was selected to optimize data availability, since the database from the 39 border security projects under the FP7 Programme overlaps with this timeframe. Additionally, this period coincides (generally) with the existence of Frontex (2005) and spans three separate Parliamentary sessions, providing additional data regarding committee membership from 2004, 2009, and 2014. The aggregation of the data for the LIBE Committee membership and the number of national beneficiaries required the use of Parliamentary election archives and the EU Cordis database. Organizing the figures regarding which MEPs belonged to the LIBE Committee required identifying the nationality of the representatives in each election cycle. Accessing the information drawn from the Cordis database regarding the R&D beneficiaries required straightforward reorganization of the worksheet by Member States and the calculation of the total number of beneficiaries for each country. Due to the varying nature of the beneficiaries, and for simplification of the analysis, subsidiaries were calculated as independent actors and, in the case of joint ventures, ownership was designated to the senior partner (relevant for Alenia Space and Telespazio, JV’s between the private defense contractors Thales and Finmeccanica). The explanatory variable of economic benefit was measured by the total amount of monetary contributions made available by the Commission to each member state through the select border security projects under investigation. Manipulation of the information retrieved from the EU transparency system and Cordis database allowed the analysis of the amount of funding each beneficiary received through the Fp7 Framework

Systematic analysis revealed significant patterns in the relationships between LIBE Committee MEP state constituencies, the number of economic beneficiaries in each member state, and the total amount of money allocated by Commission security contracts. Figure 4 depicts the shifting number of representatives from each Member State on the LIBE Committee over the past three Parliamentary cycles, the total number of economic beneficiaries for each country, and the collective contributed funds from the Commission to the various national recipients.<sup>99</sup> It illustrates the varying number of representatives from each state, and varying Member States representation on the LIBE Committee. The data reflects that, each year, Italy has had the largest number of representatives on the committee, averaging 13-17 representatives in each election cycle since 2004. Other states with the highest average representation (5 or more MEPs) in the LIBE Committee include: Germany, UK, France, Spain, Romania, and Netherlands.

Addressing the second metric of analysis – the number of beneficiaries – Italy had the largest number of actors (64) receiving money from the Commission, with France (54), Spain (39), UK (39), and Germany (38) rounding out the top five. States with a large number of beneficiaries, but only 1-4 representatives on the LIBE Committee, are Belgium (21), Greece (18), and Finland (12). Looking at the amount of EU contributions to these beneficiaries through security defense projects reflects a range of available funding. The Member States with the greatest portion of the Commission’s budget for security defense projects were: Spain, Italy, France, UK, and Germany.<sup>100</sup>

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security project contracts. “The Money Trails,” The Migrant Files, last modified June 18, 2015. <http://www.themigrantsfiles.com/>.

<sup>99</sup> “Members of the Civil Liberties, Justice and Home Affairs Committee,” European Parliament (Archives) of the 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> Parliamentary Term of the LIBE Committee. Available at: <http://www.europarl.europa.eu/parlArchives/comArch/comConfPres7.do> and <http://www.europarl.europa.eu/committees/en/libe/members.html>.

<sup>100</sup> It is difficult to determine which states received the most funding and the least, given that the public information available on the Cordis database is incomplete. Some of the projects list the total contributions from the Commission and the institutions contracted for the project, but omit the specific allocation of funds. For example, many of the operations reported several Italian beneficiaries such as Selex (and its various subsidiaries) as contractors on security projects, but the public database was missing the exact allowances provided to these Italian defense agencies by the EU.

Our comparison of the MEPs, state beneficiaries, and Commission funding illustrates a striking pattern. The five states with the greatest average number of MEPs on the LIBE Committee also have the most economic beneficiaries, and in turn received the largest portion of the FP7 Programme's budget for security projects. These five states – Italy, France, Germany, Spain, and the UK – support the inference that the relative importance of security funds to economic beneficiaries influence border security. There are several major defense contractors based in these states (either headquarters or through subsidiary divisions abroad) who garnered most of the EU security R&D budget. Of the 39 publicly funded projects, Airbus (France) participated in ten, via 14 subsidiaries; Finmeccanica (Italy) worked on 16 projects via 13 subsidiaries; and Thales (France) tallied 18 projects, also through 13 subsidiaries.<sup>101</sup>

Alternate explanations for the distribution of FP7 border security funding are lacking. For example, given the previous study of the functional explanation for border security funding, the pattern of migratory routes suggest that states on the external frontiers of Europe face the greatest challenges and pressures from migratory flows. However, the border security effects of migratory flows have not historically (prior to 2015) strained France, Germany, and the UK; instead they are the ultimate destination for many migrants. Additionally, while Belgium may seem like a statistical outlier (only 2-4 MEPs on the LIBE Committee each cycle, 21 beneficiaries, but under € 4 million in EC contribution), the lower than expected financial profit can be explained by the underreported statistics in the Cordis database. A similar explanation can justify the outlier Poland, since the reported EC contribution to its 16 beneficiaries of € 1,771,012.00 is a significant underestimation of the total amount received by the Member States; only seven of twenty projects in which Polish

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Recognizing this, many of the figures pertaining to total EU contributions in [Figure 6](#) are significant underestimations of the finances awarded to each Member State. “The Money Trails.”

<sup>101</sup> “The Money Trails.”

beneficiaries participated have the awarded EC contribution listed.<sup>102</sup> Considering these limitations in the available data, the general trends suggest a relationship between legislative representation and national economic beneficiaries.

The results of this analysis suggest a relationship between state economic interests and policy-makers' participation on relevant committees relating to border security. The number of beneficiaries and the amount of financial awards to Member States from the EC through security contracts suggests that LIBE Committee membership maximizes distributional economic benefits. This influence may well be structural and unintentional, and requires additional evaluation and research.

### **Market Parochialism: Firm Dependence on EU security funds**

Defense and security markets are unique. One factor defining uniqueness is the interdependence between business and government actors, due to the relatively uncompetitive market structure and long timelines in research, development, and procurement cycles. Arms manufacturers have traditionally accepted certain economic tradeoffs: firms usually accept government price structure, restrictions on exports, and regulations in exchange for guaranteed future sales (Lindblom 1977). This interdependence often leads to a collaborative exchange between business and government in defense. One aspect of this is in the amount defense and security firms invest into their own "internal" technology research and development. The costs of developing new technology are high in any industry, but are high in defense goods, particularly in comparison to the profit margins on the small production runs of weapons systems.<sup>103</sup> For this reason, the defense industry is structurally dependent upon understanding the future strategic preferences of its domestic government customer, so that it can either invest in the correct

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<sup>102</sup> "The Money Trails."

<sup>103</sup> Sandler, Todd. 1995. *The Economics of Defense*. Cambridge University Press, p. 194.

technology, or so that it can position itself to best benefit from government spending in R&D, spun off through technology transfers from government development laboratories.<sup>104</sup>

Internal R&D comes out of the profit margins of firms themselves, not from government research funds. Contemporary firms invest in technology to remain competitive, but they also increasingly invest in technology in a pattern counter-cyclical to public R&D investments. A phenomenon increasing over the last 50 years in the US and the last 20 years in Europe is that when governments cut R&D funding, firms respond by increasing internal R&D funding.<sup>105</sup> And when governments increase R&D funding, firms usually decrease their internal funding. The degree to which this is structural and unintended or strategic and intentional is unclear, but there is a great deal of evidence that there is some degree of coordination. One example is the recent US DoD “Better Buying Power” initiative aimed at increasing the use of technology in industry prototypes, without direct government funding.<sup>106</sup> The DoD directly lobbied defense contractor CEOs over it,<sup>107</sup> and within a month of launching many firms increased their internal R&D to over 20 percent of their profits.<sup>108</sup>

Over the last decade, as markets have been created in EU security affairs, there has been an increasingly Europeanized security industry.<sup>109</sup> Tasked with providing high technology solutions to the EU’s border enforcement and controls, the security industry develops and implements solutions to monitor and data mine information, uses biometrics and other technologies for identification, and develops methods for monitoring borders and territory. They include the

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<sup>104</sup> Weiss, Linda. *America Inc.?: Innovation and Enterprise in the National Security State*. Cornell Studies in Political Economy. Ithaca, NY: Cornell University Press, 2014.

<sup>105</sup> Gholz 200, Schilde 2017, Schilde and Bodamer 2017.

<sup>106</sup> Weisgerber, Marcus. September 24, 2014. Hagel’s Right-Hand Man on Acquisition Reform [online]. Defense One. Available from: <http://www.defenseone.com/management/2014/09/hagels-right-hand-man-acquisition-reform/95048/> [Accessed 25 Sep 2014].

<sup>107</sup> Ibid.

<sup>108</sup> Fryer-Biggs, Z., 2013. US Private Firms Boost Internal R&D Spending. *Defense News*, 13 Nov.

<sup>109</sup> Schilde 2017

manufacturers and systems integrators of coastal radar stations, surface ships, manned aircraft, satellites, and UAVs, with many industry crossovers to traditional European defense industries.<sup>110</sup>

For the purposes of this paper, we investigate the degree to which EU security research funds have been significant enough to 1) displace or make up for changes (lately reductions) in Member State security or defense research spending, and 2) create dependencies on EU institutions and programs as a source of security funding. In 2015, the economic research company Ecorys calculated that the European security sector has an annual revenue of €200 billion and that the EU security industry employs 4.7 million people.<sup>111</sup> Advanced security research has many crossovers to military technology, and many of the firms involved in the European security market are traditional defense industries. Since the 2003 Group of Personalities meeting and subsequent decision to fund research programs focused on the development of dual-use technologies, the majority of EU subsidies have been awarded to defense companies (€706 million), followed by research institutes (€406 million), universities (€366 million), and end-user governments (€110 million). Overall, eleven of the twelve private parties in the original Group of Personalities have received funding from EU security subsidies.<sup>112</sup>

While one assumption may be that EU security research funds might not be significant enough to displace national defense spending or internal firm R&D spending, it also may be significant enough to firms to alter their incentive structures. Indirect evidence of the importance of EU funds is defense firm commitment to lobbying and influencing the EU directly over security spending. Firm beneficiaries of EU security funds have seen a significant supplemental increase to their internal security research, at a time when their national funds have been depleting. In the past

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<sup>110</sup> List generated from FRONTEX / Events. Available at: <http://www.frontex.europa.eu/events/art15.html>

<sup>111</sup> [https://ec.europa.eu/home-affairs/sites/homeaffairs/files/e-library/documents/policies/security/reference-documents/docs/security\\_statistics\\_-\\_final\\_report\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/e-library/documents/policies/security/reference-documents/docs/security_statistics_-_final_report_en.pdf)

<sup>112</sup> <https://thecorrespondent.com/10221/security-for-sale-the-price-we-pay-to-protect-europeans/497732037-a3c8cc9e>

ten years, the Commission has funneled nearly €2 billion into security-related contracts through the ESFP. Principal beneficiaries of EU security research funding include: Fraunhofer Society (€68,592,768); Swedish Defence Research Agency (€34,222,996); TNO (€33,156,219); Thales (€31,566,257); Finmeccanica (€28,655,290); Airbus (€25,964,865); CEA (€20,629,631); Austrian Institute of Technology (€16,244,128); ATOS (€13,022,674); INDRA (€12,266,331).<sup>113</sup> During this time many defense firms also increased their internal R&D spending, such as Safran in France from €470 million in 2005 to €1.5 billion in 2016.<sup>114</sup> The firms receiving the highest security funding from the EU, however, slightly decreased their internal R&D funds, such as Finmeccanica, from €1.95 billion in 2005 to €1.45 billion in 2015.

### Discussion/implications

Draft concluding points:

- EU border security has becoming increasingly institutionalized based upon the logics of political economy and path dependence
- While the functional explanation can help explain the contemporary crisis pressuring European external border security, it is insufficient in regards to the overall emerging and growing security market in the EU
- The bureaucratic explanation demonstrates how Frontex has been enabled (by both the Commission and Member States) to augment its authority, by decreasing individual state pressure of managing external borders and blurring the lines of accountability. In turn, the capacities/budget of the agency have grown

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<sup>113</sup> <https://thecorrespondent.com/6229/how-billions-vanish-into-the-black-hole-that-is-the-security-industry/303333613-52f43e22>

<sup>114</sup> Data from The EU Industrial R&D Investment Scoreboard, 2016. European Commission, Joint Research Centre <http://iri.jrc.ec.europa.eu/scoreboard.html>

exponentially, as Frontex has transformed itself into the EBCGA which brings into question the idea of European solidarity & the perennially controversial “EU Army” conversation

- The Parochial Member State interests are a field where further research is necessary. As lobbyists and domestic national parties realize the significance of the EP in terms of budgetary decision making post-Lisbon. Our investigation suggests there may be an emerging relationship between state economic interests and policy-makers’ participation on relevant committees relating to border security
- European defense firms have increasingly relied upon the blurring of security & defense requirements as border security has been transformed in the past two decades into a field demanding civ/mil technological capabilities (in a time when defense spending by individual MS has dropped).
- Overall: the process is beginning again, with the evolution of the GoP leading to the 2016 decision to fund a EDRP, which will increase the role of budgetary decisions (EP), bolster the EBCGA’s available capabilities (Frontex), and directly benefit defense firms seeking EU subsidies for R&D
- Frontex and EU border security institutions may be organizationally ineffective because they are driven by parochial as well as strategic and functional logics. In order to explain border security budgets and institutions, a political economy of security logic is necessary, or even if originally driven by a functional or security logic, there is a risk of waste/inefficiency because of increasing parochialism.
- Human security implications of political economy of border security:
  - While the Frontex mandate never included search and rescue of migrants as core to the EU border security agenda, it could have had an alternative institutional path in



terms of the content of its border security agenda. Because it was a particularly weak and under resourced agency at its institutional beginning—bureaucratic choices were made to do more with less, resulting in a very security product-driven border security agenda. In other words, the border security agenda was securitized (as others have also observed), but not by functional design or intent, but because of bureaucratic solutions to initial resource and budgetary constraints, as well as parochial interests in product-driven solutions and security markets. For example, a focus on satellite surveillance through a direct industry contract was easier for a weak, fledgling agency to procure than a wider attempt to train, harness, and coordinate member state coast guards and border security resources. One agenda solution has the possibility of search and rescue of migrants; the other does not. Over time, although the budget and authority has grown, these industry linkages remain, as do the agendas set in a previous era. And the human toll is unimaginable, as we have seen so starkly in the last few years.

### Figures

*Figure 1: Frontex Migratory Routes and Flows (2006-2015)*

Year	W. African route	W. Med route	Central Med Route	Apulia/Calabria Route	Circular route	W. Balkan route	E. Med route	E. Border route	Total Frontex #
2006	31,600								31,600
2007	12,500								12,500
2008	9,200	6,500	39,800		42,000		52,300		149,800
2009	2,250	6,650	11,000	807	40,000	3,090	40,000		103,797
2012	200	5,000	4,500	2,799	35,300	2,370	55,700		105,869
2011	340	8,450	64,300	5,259	5,300	4,650	57,000		145,299
2012	170	6,400	15,900	4,772	5,500	6,390	37,200		76,332
2013	250	6,800	40,000	5,000	8,700	19,950	24,800		105,500

2014	275	7,840	170,760		8,840	43,360	50,830		281,905
2015	874	7,164	153,946		8,932	764,038	885,386		1,820,340

Note: the Eastern Border Route is included, as in the 2016 Frontex Risk Analysis, the agency identified this route as the newest entry point for migrants in 2016, however no final statistical data is available for this year.

*Figure 2: Percent Change in Frontex Final Budget Compare to Total Annual Migratory Flow*

Year	Final Frontex Budget	Total # Migrants	% Budget Change
2005	€ 6,280,202	-	-
2006	€ 19,166,300	31,600	205%
2007	€ 41,980,000	12,500	119%
2008	€ 70,432,000	149,800	68%
2009	€ 88,250,000	103,797	25%
2010	€ 92,846,928	105,869	5%
2011	€ 118,187,000	145,299	27%
2012	€ 89,578,000	76,332	-24%
2013	€ 93,950,000	105,500	5%
2014	€ 97,945,077	281,905	4%
2015	€ 143,300,000	1,820,340	46%
2016	€ 254,035,000 *	282,063*	77%

Note: The data for 2016 is based on the PDB (Preliminary Draft Budget) as proposed by the Management Board of Frontex, and the number of migrants is the number of migrants attempting entry to the EU as reported by Frontex in the first quarter of 2016.

*Figure 3: Percentage Change in Frontex Funding Resulting from Budgetary Amendments to the PDB*

Year	PDB Budget	Final Budget	% Change in Budget Amends	Total # Migrants (Frontex)
2005	€ 6,157,000	€ 6,280,202	2%	-
2006	€ 12,835,174	€ 19,166,300	49%	31,600
2007	€ 21,200,000	€ 41,980,000	98%	12,500
2008	€ 39,721,000	€ 70,432,000	77%	149,800
2009	€ 83,250,000	€ 88,250,000	6%	103,797
2010	€ 87,917,000	€ 92,846,928	6%	105,869
2011	€ 86,384,000	€ 118,187,000	37%	145,299
2012	€ 84,960,000	€ 89,578,000	5%	76,332
2013	€ 85,707,100	€ 93,950,000	10%	105,500
2014	€ 87,197,000	€ 97,945,077	12%	281,905
2015	€ 114,053,000	€ 143,300,000	26%	1,820,340

*Figure 4: LIBE Committee Membership in 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> Parliamentary Terms and the Number of Beneficiaries and Total EC Contributed Funding to Fp7 Security Projects*

Country	2004	2009	2014	# Beneficiaries	\$ EU Contribution
Austria	3	3	5	9	€ 4,098,211.80
Belgium	3	2	4	21	€ 3,849,647.61
Bulgaria	3	4	4	0	
Croatia	0	1	0	0	
Cyprus	2	2	0	1	€ 573,700.00
Czech Rep	1	2	3	3	€ 153,792.00
Denmark	1	1	2	1	
Estonia	2	1	1	3	€ 464,984.60
Finland	2	1	2	12	€ 5,851,344.40
France	9	6	11	54	€ 25,431,805.43
Germany	9	13	11	38	€ 18,102,204.85
Greece	4	1	4	18	€ 6,473,846.83
Hungary	5	5	3	1	
Ireland	1	0	0	9	€ 2,774,969.37
Italy	17	17	13	64	€ 26,558,582.79
Latvia	1	2	2	1	€ 99,450.00
Lithuania	1	3	2	0	
Luxembourg	0	1	1	0	
Malta	1	1	2	3	
Netherlands	7	7	6	14	€ 5,343,595.12
Poland	6	6	5	16	€ 1,771,012.00
Portugal	3	4	3	13	€ 7,405,921.07
Romania	8	8	6	3	€ 184,414.80
Slovakia	2	2	4	0	
Slovenia	1	1	1	2	
Spain	8	9	7	39	€ 30,321,860.31
Sweden	3	4	7	5	€ 6,294,447.93
UK	8	11	11	39	€ 13,530,776.24

Note: Missing data in the number of beneficiaries/EC contr

Note: Missing data in the number of beneficiaries/EC contributions is due to missing information on the Cordis Database.

