CHAPTER-5
ENVIRONMENTAL GROUPS AND THE EU: OPPORTUNITIES AND CHALLENGES

"They are wrong who think that politics is like an ocean voyager or a military campaign, something to be done with some end in view, something which levels off as soon as that end is reached. It is not a public chore to be got over with; it is a way of life."

-Plutarch

The politics of pressure groups hinges on the psychological foundation of self-interest. It is the cardinal feature of the self-interest that forces men to be in unison with other 'like-minded' ones in order to enhance their position and power to the point of gaining recognition, legitimisation and realisation of their specific interest. EU's climate change agenda can be also seen as that specific interest which has brought all the political parties, business groups and industrialists together in the formation of its policy. The emergence of Green party during 60s and 70s is also an important event in the politics of environment as it has brought all the environmental problems into the limelight instead of keeping them in the dark. This chapter will focus on the active environmental groups within the EU and the Western and Eastern European countries.

The two different parts of Europe have been chosen to check their strength as well as participation on the environmental issues. We have chosen two countries for our case study from the west European region Germany and Hungary from the Eastern Europe. Germany has been the forerunner in all the European countries on environmental issues, problems and solutions. It is also the first country where the Green Party has been formed and it came into power in coalition with some national parties. It took a huge leap for representing its voice in the Parliament against the strong lobby of Industrial groups as their interests were getting hampered. It was so because the new environmental policy were making enough restraints on the items which were against the environmental laws. Germany has also established the environmental norms for the international communities and joined hands with multilateral organization to save the mother Earth. On the other hand, Hungary was a part of Soviet bloc due to which it gained the political as well as economical stability much later. Thus Hungary was not
well equipped to exhaust its natural resources. It is lagging behind in establishing the eco-friendly industries and would not be able to make people aware of the ill-consequences of the traditional uses of energy. Irrespective of these lackings, the Hungary was witnessing some of the effects of “New Environmental Movements” which had raised their voice in rest of the Western European countries.

A variety of plausible explanations have been offered to account for the emerging salience of environmentalism in advanced industrial states. At least three such explanations—cognitive mobilization, post-materialists value change, and ideological change—are commonly associated with the transition from industrialism to late industrialism, and the rise of new politics. According to Dalton (1984, 1988), such structural transformations as the education explosion, and the technological and information revolutions, have combined to produce a new brand of citizen—one that is cognitively mobile (see also Dalton et al. 1984, Inglehart 1977, 1990, Nevitte 1996). Cognitive mobilization, according to Dalton, 'means that citizens (increasingly) possess the level of political skills and resources necessary to become self-sufficient in politics' (1988: 18). From this standpoint, citizens express more concern about the environment, and are more likely to take action on its behalf, because they are more interested, informed, and educated about the relevant issues.

The second 'new politics' explanation attributes the rising salience of environmental orientations to a shift in public values. The most widely documented variant of this argument is provided by Inglehart (1971, 1977, 1988, 1990a, 1990) who marshals a massive body of evidence to show that 'the values of Western public have been shifting from an overwhelming emphasis on material well-being and physical security (i.e. materialism) toward a greater emphasis on the quality of life (i.e. post-materialism)' (1990a: 5). One particular aspect of the quality of life that post-materialists place a great deal of emphasis upon is the state of the environment. With impressive cross national consistency, Inglehart's data show that post-materialists are far more likely than materialists to be concerned about the environment and to support the environmental movement (1988:1224).

A third 'new politics' explanation is supplied by Kitschelt (1989, 1990, 1993); it links emerging environmental sensitivities to a new set of ideological beliefs. A new left libertarian ideology, Kitschelt contends, has begun to displace the traditional Left, and
New Left Libertarians differ from traditional Left-wingers in important respects. New Left Libertarians are highly mobilized citizens who accept 'important issues on the socialist agenda, but reject traditional socialism's paternalist-bureaucratic solutions (centralized state planning) as well as the primacy of economic growth over 'intangible' social gratifications (1990:180 sec also Inglehart 1990a, 1990b). One such 'intangible' social gratification that preoccupies New Left Libertarians is the quality of the environment. New Left Libertarians are both concerned about and willing to protect the environment.

Other plausible explanations for rising levels of environmental concern and action, are further removed from the 'new politics' line of reasoning due to the threat to economy of the nations. Therefore, it was mainly focusing more narrowly on the role of economic considerations (Bakvis and Nevitte 1992, Nevitte and Kanji, 1995, Schnaiburg and Gould 1994). For example, although Bakvis and Nevitte (1992) acknowledge the importance of post-materialist value shifts, they go on to suggest that support for the environmental movement may be contingent upon, and be sensitive to, prevailing economic conditions (1992: 162). Like Downs (1972), they argue that a downturn in the economy could easily result in the displacement of environmental priorities by economic ones. At the individual level, the implication is that those publics in higher income brackets, are more likely than those in lower ones to be both concerned about and willing to preserve the environment.

Others draw attention to the importance of organizational factors. For instance, Milbrath (1984, 1989) contends that certain segments of the public are, by definition, more likely than others to support the environmental cause, and he notes especially the prominent role played by the environmental 'vanguard' (i.e. environmental activists). Members of the environmental 'rear guard' (i.e. the rest of the general public), although they may also be sympathetic toward the cause, are less likely to be willing to protect the environment.

Each of these explanations provides a plausible account for rising levels of environmental concern and for the growing willingness of people to undertake some form of action on behalf of the environment. But when these explanations are 'pitted' against each other, which emerges as the best predictor of levels of environmental concern? And which provides the best explanation for why publics are prepared to
undertake personal sacrifices in order to improve environmental conditions. The following analysis explores these questions.

The environmental sector exhibits some special characteristics - not least of which is the currently very high political salience of environmental and green issues and the almost unique cross-sectoral nature of the environmental issue-groups lobbying in this sector face the same range of opportunity structures as other groups in the EC. Indeed, we argue elsewhere (Mazey and Richardson, 1993a, 1993b, 1992c) that the fundamental rules for the game for lobbyists at the European level are much the same as national level. Thus, the successful groups are those that exhibit the usual professional characteristics - namely resources, advance intelligence, good contacts with bureaucrats and politicians, and above all an ability to provide policy-makers with sound information and advice. Reputations for expertise, reliability and trust are key resources in lobbying in Brussels as elsewhere. A respondent from DG XI, for ex., stressed the need for groups to be 'responsible' - by which was meant a willingness to be involved in the policy-making process without publicity. This means that lobbying styles may be as important as the content and objective of the lobbying itself. The way that the business is conducted may affect policy outcomes, as it plays a significant part in shipping the perception of participants and therefore their willingness to listen to each other, and to make concession during the process of issues. As another respondent remarked on it that there was a marked difference in the degree of professionalism of groups that approached the Commission and hence, in the weight that was attached to their views. Therefore, the perception may be especially relevant to a consideration of the politics of the environment in the EC, as the three main groups of interests - bureaucrats, environmentalists and industrialists have particular perception of each other which may affect their effectiveness in the policy-making process.

Even though the 'basic rule of the game' may be familiar, however the EC policy process is in many ways unique. Its multinational, neo-federal nature, the openness of decision making to lobbying, and the considerable weight of national-politico administrative elites within the process create a rather unstable and multi-dimensional environment to which all pressure groups must adapt if they are to achieve their objectives.
A major problem for all groups in the EC policy process is the comparative instability and unpredictability of the agenda-process. Once the policy process is under way, it is unusual for there to be abrupt changes once basic agreement within the "policy community" has been achieved (Richardson and Jordan 1987). The existence of these well defined policy communities at the national level is possibly one of the greatest contrast between national and EC policy making at present. The European Commission is not yet sufficiently mature as an organization for it to have developed widespread "standard-operating procedures" for processing policy issues. On particular relevance to the lobbying strategies of group trying to influence the EC is the fact that the Commission is still in the process of developing its consultation and co-ordination procedures (Mazey 1992).

As two DG XI officers described the process of EC policy making, it seems to be "adolescent bureaucracy". Thus a mixed style of consultation appear to exist. In contrasts to most national policy making systems, policy-making power in the EC is dispersed and there are several informal policy initiators. Though the Commission announces its own legislative programme at the beginning of each year, other more pressing items may be added as a result of European summit decisions. In addition, every national government uses its six-month presidency of the Council of Ministers (during which period it also chairs and sets the agenda of all Council working groups) to push favoured projects to the front of the agenda (for ex., the promotion of the "social dimension" of the internal market by the French government) while MEP's individual Commissioners, ambitious ministers and interest groups all seek to push the Commission in certain directions. The multiplicity of "opportunity structures" for groups is often perceived to be an advantage by all groups, but particulars by those denied access to national policy makers. Yet this permeability of the system is also a disadvantage to groups. With few exceptions (agriculture may be the only one) no one set of groups - and certainly on individual group - can rely on exclusive access.

Thus, the process is best described as policy making through loose, open and extended issue networks, rather than through well defined, stable, and exclusive political communities. Participation in the political process is unpredictable and the policy ideas may appear sudden and little known sources. In practice, therefore, keeping track of EC policy initiatives is a major undertaking for an environmental groups, many of which
lack sufficient resources to perform this task on their own. The research till date suggests that the need to monitor EC policy development is widely acknowledged by national lobbies and is often cited as an important factor in their decision to form and join Euro-groups, however, ineffective these groups might be.

Another reason for the uncertain agenda is the existence of different national political agendas, which in turn leads to degree of competitive agenda setting within the EC itself. Again, the industrial contacts have suggested that this is their main weakness—an ability to influence, let alone control, the agenda setting process within Brussels and Strasbourg. This produces a reactive style of lobbying. More often than not, firms and industries are conducting rearguard or fire-brigade campaigns in response to agendas setting by others—often by the environmentalists. While many communities issues like industrial tax, emission reduction and car-engines capacity etc. are common across national boundaries, others are country specific; in other cases there are cross-national variations in the position of common issues or differing ideological stances, or both. Environmental policy is an example of the differing emphases found in EC states and of the EC's own agenda being pushed along by certain enthusiastic actors. For example, domestic 'green' pressure in West Germany played a part in encouraging its government to take the initiative in pressing for limits on car exhaust emissions, as did the interest of the German car industry. In the event, the issue soon became more complicated than a simple conflict between environmentalist and polluters. (Jordan and McLaughlin, 1993). The controversy in 1991-92 over possible EC controls on packaging is also a case of national agenda. The German 'Packaging Decree', implemented in January 1992, placed responsibility upon manufacturers and distributors to the German market for the collection and disposal of all packaging materials, with further restrictions coming into force in April 1992 and January 1993. The German interest in the issue had a knock on effect at the EC level caused consternation in the European packaging industry.

This particular example is illustrative of another general phenomenon of relevance to any discussion of environmental politics in the EC, namely, that national action in the environmental field can soon be caught up in broader questions relating to the Single Market. There is an increasing fear that environmental action at the national level can be used as back door trade restrictions or to give special market advantages to firms that
are launching new products or that have perfected a particular innovation (Sargent, 1993). The environmental field may be specially rich in cases of a close link between innovation and regulation and we must, therefore, be cautious in portraying the politics of the environment as a straightforward conflict between two blocks of interest groups—polluters and environmentalists. We suspect that as this sector becomes more stable (in the sense that competing interests and interested bureaucrats, may all tend to seek stability of processes and structures), we may see the emergence of rather unusual and complex coalitions of interests around particular policy problems.

As suggested above, stability and predictability have certainly not arrived—if only because the basic formal processes of EC policy making (and implementation mechanisms) are still in a state of flux. Also in the environmental sector, the legal competence of the Commission is relatively new. In that sense, all players are involved in a game in which the goal posts are bound to move. Yet Majone suggests, in the 20 years from 1967 to 1987, almost 200 directives, regulations and decisions were introduced by the Commission. This is despite the fact that the environmental protection is not even mentioned in the Treaty of Rome and that the Commission’s authority in this area was not recognized until the passage of the Single European Act (SEA). Moreover as he notes, the rate of growth of environmental regulation appear to have been largely unaffected by ‘the political vicissitudes, political crises, and recurrent waves of Euro pessimism of the 1970s and early 1980s’ (Majone, 1989, p. 165). Thus, environmental policy making is now relatively well developed and in some cases the appropriate ‘constituencies’ of interests have been organized and mobilized and to some degree integrated into the policy process. More recently, the possibility of a ‘partnership’ between the interested parties has been emerging as an important concept presenting the opportunity to produce a greater degree of stability and predictability than described by the officers cited above.

The very little detailed research has been done on the subject of how groups generally responded to the shift of policy making power away from national capital to Brussels, although much research is now underway. It is very clear, however, that the nature of interface between the EC and interests groups generally is in a state of flux and is recognized by the Commission and the Parliament as a problem to be addressed. It is also clear that the constant shift in power to Brussels had resulted in increasing
pressures upon national groups to co-ordinate their lobbying activities through the European Federations. This trend has been encouraged by the European Commission officials who are currently trying to rationalize the growing problem of group consultation and who have an official preference for dealing with Euro-groups. Preliminary finding suggests, however, that many European Federations (especially industrial, sectoral federations) are beset by internal cleavages along national, ideological organizational and policy lines (Collie, 1993).

Moreover, the European Community, despite its growing importance, is not a sovereign entity. Legislative power is shared between national member states and the Community. In consequence, groups must maintain existing national lobbying strategies while developing new strategies in response to the growing legislative competence of the EC. They must do this in a way that does not undermine the existing relationships at the national level. Thus, ‘Playing the Brussels card’ against a national administration may work on any given issue, but it may have serious long-term consequences in undermining the relationships at the national level which have taken a very long time to build. This is, especially, relevant to environmental groups, many of which worked hard over many years to achieve the respectability and consultative status at the national level which industrial associations have traditionally enjoyed.

Further, there is a problem for groups is that they have to contend with the fact that within the European Commission, policy-making is highly compartmentalized with little horizontal co-ordination between different Directorates- General. Despite the fact that the Commission is a collegiate body, there is nevertheless a risk that once a legislative proposal has become the property of a particular DG and the particular constellation of interests surrounding it, other groups may find it difficult to be consulted effectively. Conflicting policy proposals relating to the same issue can emerge from different parts of the Commission. In order to avoid being taken by surprise, groups must be able to monitor and respond to policy developments in more than one DG. For environmental groups for ex., this task is rendered more difficult by the high turnover of people employed by the Commission on temporary contracts and the considerable variation in the internal organization, culture and working methods (including consultation procedures) of different DGs, and different divisions within the same DG.
Another important feature of the Commission is its small size. Despite the popular image (especially in Britain) of the Commission as a bloated bureaucracy, it is very small when compared with national administrations. The small size of the Commission has two consequences for lobbying - it leaves the Commission very weak in terms of the oversight of EC directives once they have been incorporated into national legislation (The European Court, is of course, also involved in the oversight of implementation and the Commission is involved in cases which come before the Court). The Commission's aspiration is to be able to deal with Euro-groups which are at the same time representative and expert.

In practice, Commission officials regularly depart from this procedural ambition and consult not only national groups but individual firms. There is also a tendency to bypass representative structures altogether as, for ex., in the establishment of industrial Round table in 1983. This horizontal Euro-grouping brings together the heads of the leading European companies and multinationals. Significantly, membership of the ERT is by invitation only. It currently consists of approximately 44 members drawn from individual companies and is chaired by Wisse Dekker from Philips. Some other groupings include the European information Technology Round Table created in the late 1970s at the initiative of the Commission and the association for the Monetary Union of Europe, established in 1987. Those companies denied access to these grouping are under further pressure to join forces with their EC counterparts in the various Euro-Groupings. Commission attempts to rationalize the process of interests intermediation may mean that the EC policy making process becomes corporatist in nature in those areas which have hitherto been more pluralist. The corporatist ambitions of the Commission are widely acknowledged. The key issue, however, is the extent to which the deregulatory thrust of the Single Market Programme, the internal characteristics of key interests groupings and the EC decision-making structures will permit such a development (Gorges, 1991; Rhodes 1990). In case of environment, there are very specific problems with the SEA. As Huelshoff and Pfeiffer (1997:145) argue, the ambiguity of the SEA and the opposition of some Members States to higher environmental standards have led to market goals being put before environmental goals in the EC.
Since all legislative Proposals are drafted by the Commission, it tends to be the focus of EC lobbying. Of particular importance in this respect are the 1000 or so advisory groups and consultative committees some of which can play an importance role in the initial drafting of EC proposals as well as being involved in the implementation of policy. Not surprisingly, membership of these groups is highly valued by groups. Since the adoption of the SEA, the European Parliament has also become focus of lobbying activities and if the Maastricht Treaty is adopted, it looks set to increase further its role in environmental policy. However, within the EC final decision on all policies is taken by national officials and politicians in the Council of Ministers. Groups at this stage must rely principally upon the negotiating skills and support of national civil servants and government ministers. Thus, somewhat paradoxically, the growing importance of EC legislation may sometimes reinforce the dependency which exists at the national level and between groups and 'their' ministers. The degree of co-operation between groups and national administrations in this respect varies considerably, both between countries and between groups - not all of which enjoy the same degree of political legitimacy. In the environmental sector, groups at the national level are often in conflict with their own national administrations and, hence, see the EC as an alternative arena in which to exercise influence.

Finally, any assessment of the techniques of Euro-lobbying must examine the use of the courts by groups. The European Court of Justice, which is responsible for interpreting and enforcing EC law, is of crucial and increasing importance for EC lobbyists concerned with implementation of EC law. Since the 1970s, environmental organisations and women's group especially, have used the court (whose appellate powers resemble those of the US Supreme EC legislation concerning, for ex., the quality of drinking water and equal treatment between working men and women (Mazey, 1988). Under article 169 and 170 of the EEC Treaty of the Court rules says that whether Member States have failed to uphold their Treaty obligations or not. Actions may be brought by the European Commission or by other Member States. More generally, the principle of direct effect means that individuals and groups can rely upon EC law in national courts.
Environmental Groups in the EC: An Introductory Analysis

To set the ambitions and activities of environmental groups in the context of the characteristics of EC policy-making, as described in the first section, how might the groups be rated in terms of their likely efficacy as lobbyists? What are their strengths and weaknesses?

It appears that environmental groups have at least three fundamental strengths in the context of the EC at present (although these advantages may be eroded over time). They are in no particular order of priority:

• A capacity to build European level coalitions in the form of Euro-groups, umbrella, or through the creation of cross-national Euro-level networks;

• Through these coalitions, an ability to contribute to European integration in the manner predicted by neo-functionalist theory and hence, in a manner likely to be attractive to the Commission;

• An ability to set the political agenda in the environmental sector and to structure the content of issues in ways which place other interests at a disadvantage. In contrast, environmental groups may have certain fundamental weaknesses;

• These groups may be too dependent upon good relations with one part of the Commission namely DGXI and upon the European Parliament;

• They may lack the resources or will to participate within the policy process intensively from the initiation phase right through to policy decision and beyond, up to implementation;

• Other interests are becoming more effective in their mobilization around the environmental issue, presenting much more competition for the attention and consideration of policy-makers;

• Notwithstanding the first point, above, the environmentalists may be subjected to some of the competitive and entrepreneurial tendencies to which all pressure groups are subject, and this may ultimately limit the effectiveness of their coalition-building capacities;
• Their lobbying style may limit their capacity to influence policy-making, yet if it changes, they may face problems in maintaining support within their own constituencies.

It needs to be emphasized that these weaknesses and strengths are interrelated.

Mainly, the researchers have emphasized the weakness of Euro-Groups, essentially because these groups are usually composed of very diverse interests, often in fierce competition with each other in the market. The Euro-Federation representing the chemical manufacturers is usually cited as one of the few successful Euro-federations. This alleged success has much to do with the fact that CEFIC is dominated by a few large manufacturers within European and worldwide interests and that the structure of the European Chemical industry does not vary as much as, say, the financial service sector in Europe (Knight et al., 1993). One of the most common criticisms of Euro-federations representing industry is that they are understaffed (Collie, 1993) and that in so far as they have anything to say, it is characterized by the label 'lowest common denominator'-that is, the internal divisions are such their policy statements are more likely peace treaties designed to keep the federations together, than well argued technical proposals on which EC officials can act. Thus, many, if not most, peak and sectoral associations representing industry are not highly regarded, are under resourced with small (but increasing) staffing, and subject to unwitting undermining by the actions under the commission itself—namely, by the Commission regularly consulting individual firms and national organizations. Moreover, it is often the case that these federations not very often are staffed by people who have a long-term future in their own industries. In that it is relatively common for them to be staffed by personnel who are nearing retirement. Thus, it appears that few companies see sending their young or middle managers to Euro-federations as part of a programme of long-term career development.

Following the EC's increasing involvement in the international affairs (the EC is currently in the negotiation of over 20 international treaties), environmental groups and other non-governmental organizations (NGOs) are present in large number and whenever and wherever international negotiations take place and are of increasing influence in these negotiations, albeit that they are not directly involved in them. There is also, a widespread and genuine recognition within the environmental movement that
problems are cross-national and world-wide and that there is little point in trying to redistribute environmental costs between one country and another through the lobbying process. The big conflicts of interests which arise within European industry (and between European industry and the Americans and Japanese) generally do not arise between environmental groups. They have different interests and emphasize different issues, but they are essentially on the same side fighting the same cause and have a common interests in better environmental regulations. There is not the kind of competition to use regulatory regimes to gain comparative advantage in which industrial and commercial interests are engaged.

This relative clash enables environmental groups and other NGOs (Harvey, 1993) to construct large networks of interests which link Euro-level organizations and national level organisations. These are potentially powerful if they can be managed successfully. The European Environmental Bureau (EEB) is one example of such network, consisting of over 120 NGOs in the environmental field. It was founded 16 years ago, in part because the commission (particularly DGXI) needed an NGO movement as a counter weight to the industrial lobby. Consequently, the EEB receives significant amount of the EC funding to hold seminars (for example On eco-labeling) and round tables on specific issues, although opinion on the EEB’s actual policy impact differ considerably. The mobilization and management of these networks (there is a proliferation of them) is a problematic task, but they represent a considerable resource - both in political and expertise terms - if they can be made to work, and there are few if any permanent equivalents on the industrial and commercial side.

The networks do also possess the potential predicted for groups by the neo-functional theorists such as Haas (1958), who suggested that groups would play a central role in European integration. They would turn to supranational means when this course appears profitable to their members. He argued that this process of group formation would be purely tactical as organized employer interests in a pluralistic setting outgrew the nation state (Haas, p. 354). This lack of 'ideological cohesion' which he saw in industrial and commercial interests is not however, as we have argued, really a problem within the environmental movement, which is much able to express a genuinely European view. This is, of course, attractive to the commission which is particularly anxious to see all lobbying present in European terms. (All commercial lobbying firms
advice their commercial clients to present arguments in European and not national terms, for example). In this sense, the environmentalists have reached a much more advanced stage in the Europeanization of lobbying and have already adopted the ideals of European integration. They are more apprehensive in their behaviour than the groups with whom they normally compete, and do not find the adoption of a European perspective nearly as problematic as industrial and commercial groups (Knight et al, 1993).

The ability of environmental groups to set the political agenda is perceived by the industrialists by the method of lobbying or as contenders from the green party to whom we have called as perhaps one of the greatest current asset of the environmentalists. It saw itself as dealing in the currency of ideas and in creating the conditions under which the level of detail could then be decided. The strategy appeared to be the issues placed on the agenda and to define the issues sufficiently clear so that technical detail could safely be left to others. Therefore, the environmentalists are in fact rather effective in translating scientific findings of a complex kind into more generally comprehensible political issues (for ex. Global warming or heavy metal pollution) to which policy-makers and other interests have to respond. Indeed environmental groups might be said to be one of the key links in modern society between science and politics often being responsible for some kind of ‘megaphone’ effect transmitting scientific ideas from the private world of professional science into the world of public policy. The fact that many of the groups have especially good links with the European Parliament also lend support to thesis that agenda setting is their forte; in so far as the Parliament has influence, it is better in raising issues than in processing them. The downside of this power on the parts of groups is that it may be heavily dependent on what Gregory (1977) termed the ‘halo effect’ of the environmental issues in which it echoed it own voice and comes back. Currently (as in the 1970s) the environment is high on the political agenda all interests are inclined to take it seriously. But if the environment were again to enter the downward section of the Downsian issue attention cycle (Downs, 1972), the environmentalists might find greater difficulty in exercising what Schattschneider (1960) terms the supreme exercise of political power-determining what politics is actually about.
Turning now to the possible weaknesses of environmental movement at the EC level, perhaps the obvious is there relative dependence on DG XI. Indeed, the task force which preceded the formation of DG XI was originally so weak that it sought the support of the NGOs and mobilized and supported them in order to defend itself. Down believed that without NGO support DG XI might have died in its early years. This suggest that the Directorate is possibly an example of a phenomena described by Downs as being common to all bureaucracies -namely that in the early stage of their life, they deliberately cultivate external clients who then come to depend upon them and will defend them in times of crises faced by the agency (Downs, 1967).

It is certainly the case that the environmental NGO movement generally get financial supports from. the Commission (directly or via various contracts) and it can be argued that as a result, there is an unhealthy degree of dependence. Therefore, some of the environmental groups identified as ‘tamed’; however, groups like Greenpeace deliberately avoid Commission funding, and the World Wide Fund for Nature (WWF) has set a limit of between 10 and 15 percent on funding from public agencies. Gradually, the environmentalists are gaining more access to other Directorate Generals-quit successfully on some specific issues- but most environmental respondents represent ‘skewed’ access to the Commission, with much better access to DG XI than elsewhere. Some (rival) interests se this ready access as ‘agency capture by the environmentalists and argue that it is extremely difficult to represent an alternative(industrial) view to most DG XI. They, therefore, seek representation at levels higher than the service level and attempt to mobilize other Directorates -General to fight their concern on environmental issues. Of much more importance to the environmentalists, one is the fact that so many other Directorates General are responsible for policies which have major environmental implications. This mean that the task of lobbying the Commission is that much more difficult (in compared with the interests of the IT field) and demands vast resources if the environmental ‘water front’ (in lobbying terms) is to be covered properly. Even in those areas where the environmentalists have especially good contacts, commission’s officials have the ability to close the issues without much difficulty, unless the group can mobilize pressure in the European Parliament. There is no doubt, however, that there is a degree of ‘greening’ of the Commission as a whole, reflecting Europe-wide pressure on all national governments and parliaments to pay greater attention to environmental issues.
The question of resources and its impact on the efficacy of environmental groups is quite difficult to access. Groups such as WWF, Greenpeace, and Friends of the Earth can also mobilize the resources of their national organizations to lobby individual national administrations (Wapner, 1996). Yet, there still remains a doubt concerning the group’s ability to stay with issues from A to Z of the EC policy process. Two important rules of lobbying in Brussels are that groups need to get in early—when the issue is but a gleam in an official’s eye (Hull, 1992) and to stay with the issue at every stage throughout the whole process. Sargent’s (1993) study of a trade association points out that the firms are often reluctant to commit resources to a trade association at either the national or European level but are more willing to specific, ad hoc, well resourced organisations, on issues that are of special significance to them. It is, therefore, misleading to compare the resourcing of environmental groups with equivalent Euro- and national trade associations. Firms both devote resources to ad hoc, one issue organisations and do a lot of direct lobbying with Commission officials and MEPs. Mainly, in those areas of environmental policy where industry has a really keen and vital interests, the resources mobilized are very considerable indeed and usually far outweigh those of any environmental groups. This is because, although industrial Euro-associations have very small staffs, they are able to call upon both the personnel and the expertise of their member firms.

Infact, key firms are probably the first port of call for some EC officials wanting particular types of data and information. The firms national and Euro-associations will be consulted but often only after prior testing of problems and ideas at the levels of firm. A related weakness for environmental groups, in terms of resources, is that the environmental groups cannot follow every issue of relevance to the environment. As they are too many. So, they choose on which of the many issues can be concentrate their resources. One consequence of this is that there appears to be a degree of ‘product specialization’ (itself an advantage in terms of expertise) by the main Euro-level environmental groups, which may be leaving significant tracts of ‘environmental policy space’ to the lobbying activities of industrial and commercial groups (IT policy and R&D policy may be examples). The Greenpeace has a strategy of concentrating in four areas of campaigning—ocean ecology, toxics, nuclear, and atmosphere and energy, and WWF is especially interested in the EC structural fund’s relationship between trade and the environment, and in the Common Agricultural Policy.
Perhaps, the greatest long-term threat to the influence of environmental groups is that other interests are becoming much more active in the sector. Essentially, industrial interests are now taking the environmental issues much more seriously and are beginning to devote the lobbying resources needed if their voice is to become more effective and if they have become less ‘reactive’ in their lobbying styles. There is increasing pressure on DG XI, for example, for amalgamating industrial interests with the political interests. Also, the industrial interests can be expected to defend their existing relationship with other DGs the environmentalists try to expand their sphere of influence. Moreover, we should not underestimate the capacity of industry to take on board the environmental issue at the company level, partly in response to their perception of public pressure and in part of purely commercial self-interest.

Thus, ‘delay’ rather than ‘stop’ may well be the slogan more appropriate to industrial lobbying in the environmental sector, with the more sophisticated industrial actors being aware that being pro-active (pre-emptive strikes) may be the best lobbying strategy of all. Though this is true that the industrial interests are becoming much more active in presenting technical and well researched arguments when faced with challenges, and in actually anticipating possible challenges. Nor should it be assumed that industrial interests necessarily seek to obstruct the introduction of EC environmental legislation. Within the internal market, competitive advantage accrues to environmentally progressive companies. This may gradually improve the bad public image of industrialists and enable them to engage in political dialogue more effectively. Also, they may be more willing to enter into a direct dialogue with the environmental interests, forcing the latter to rethink their own lobbying strategies, too.

Finally, the environmental sector in practice is not as quite as ‘uncompetitive’ as it has been analysed there is a broad ideological agreement and generally absence of conflicts over policy-yet in one sense there is degree of competition within the environmental sector. True, there is much collaboration and co-ordination at the European level- for example the main Euro-level organizations have regular meetings every four to six weeks in order to exchange information and ideas. Similarly, there is a degree of ‘product specialization’ or ‘niche marketing’- to use two commercial analogies. Yet, it is also possible to characterize the leaders of environmental groups and of other NGOs- simply as essential entrepreneurs who wish to expand their
markets- and whose own success to some degree depends on their organization’s achieving some special attention in the policy process. They may also be in competition for members and financial support and need to demonstrate ‘action’ and ‘success’ (not always synonymous) to their members as well as to the broader policy network as a whole. This is especially true at the national level, where the organizational representation of the environmental issue may well be beyond saturation point in some of the Northern democracies. However, it is not at all certain that there is total absence of competition at the European level or that some organizations might not be squeezed by a degree of over-representation of interests at the European level.

In the short-term, national groups are gaining considerable benefit from this type of activity and the Commission seems anxious to maintain this unofficial monitoring function by groups, as it is increasingly conscious of the ‘implementation gap’. Yet, it does, risk playing the groups in what at the national level would be regarded as the outsider groups in what the national level would be regarded as the ‘outsider group’ category and this process may be counter-productive in terms of their developing a more co-operative dialogue with national governments (still of central importance in the implementation of environmental policy, despite the growth of EC influence). It may also affect the perception that Commission officials have of the Euro-Level environmental groups. The temptation of demonstrable success now- of considerable importance in maintaining membership support and media coverage- may be at the price of a more fundamental influence in the policy process in the long run. The trade-off may be between maintaining a high public profile through an action oriented approach to lobbying, and sacrificing a chance of long-term influence in the processing of issues.

As the research is divided into western European studies (Germany) and Eastern European studies (Hungary), it is needed to take an elaborate view of environmental groups in both the countries. For the most part, Hungary’s natural environment is in a better state than in neighbouring Central and Eastern European countries and is even healthier than in most countries of the West (Jeremy 1990:20). Several factors are responsible for present conditions: Hungary has not seen the second wave of heavy industrial development (the growth of petrochemical industry), the scarcity of fossil fuels requires the importation of large amounts of crude oil and natural gas (less
polluting than coal) and, in areas unaffected by co-operative and state farming the ecosystem has been left undisturbed or had a chance to undergo natural regeneration, while fertilizers had been applied through relatively advanced and controlled technology. The early appearance of elements of market economy encouraged economic efficiency, resulting in higher environmental efficiency as well. As a result of the contraction of the economy and favourable restructuring (sometimes referred to by environmentalists as the 'windfall effect'), in the decade after the systemic changes the country's environmental health has actually improved (MERP; Hungary: 1997).

Countries wishing to join the EU must adopt its environmental acquis, a body of legislative material comprising some 300 directives and regulators. Compliance, however, requires considerable environmental investments. In addition, action based on the requirements of environmental legislation and regulations must be guaranteed, i.e., an efficient system of implementation and enforcement must be put in place. The first comprehensive document of the EU about the pre-accession strategy for the associated countries of Central and Eastern Europe was adopted by the Essen European Council in December 1994. Its purpose was ‘to provide a guide to assist the associated countries in preparing themselves for operating under the requirements of the European Union’s internal market.’ (White Paper; EC: 1995) Alignment with the internal market was to be distinguished from accession to the Union which involved acceptance of the acquis communitarian as a whole. Consequently, the White Book of Essen only treated issues relevant to the single market: it outlined product-related and technology-related requirements, but ignored the questions of stationary sources and the environmental media. Likewise, it did not treat tasks related to horizontal aspects. A 1997 publication (Guide to the Approximation of European Union Environmental Legislation) (WP; CEC: 1997) treated always environmental requirements in full detail. Again, it put great emphasis on the institutional prerequisites of implementation and enforcement.

Along with the agricultural sector, the protection of the environment is one of the critical milestones on the road to Hungary's accession to the European Union. All experts agree that compliance with EU's environmental requirements can be achieved only through stepped up infrastructural development. The scale and estimated cost of such a gigantic undertaking vary widely, however. To characterize the ongoing debate, we can talk about ‘billions being tossed around’. A more astute observer may notice,
however, that experts directly involved in wastewater management or waste disposal usually quote higher figures, while other 'experts' (not regarded as such by the former) take different factors into account and would opt for significantly cheaper solutions. Then come politicians, journalists and other public opinion makers who, depending on their political commitments, refer to higher or lower figures, according to whether they wish to assuage or rouse public sentiment. Whenever EU environmental requirements refer to specific waste emission or BATs (Best Available Techniques) or the network of the sewage systems, the methods and extent of wastewater treatment and waste management, Hungary is found to lag behind desired standards. Moreover, the treatment of hazardous waste is often inadequate and frequently the traffic in urban areas account for unacceptably high levels of air-borne pollutants. environmental requirements for E.U. accession.

Though there were many research on environmental conditions and the consequences of Hungary's accession to the E.U. has been done, but the present study attempts to make a critical assessment of the continuing 'war of numbers'. The obligations necessary for accession to the European Union can be financed and carried out, provided research should be actually concentrate on issues essential to meeting membership requirements. The fundamental question remains whether or not public support can be marshalled behind such an undertaking. Based on the experience of the past ten years, the prospects are none too bright. The utilization of built public sewage and gas systems is actually on the decline; a growing percentage of the population finds it harder and harder to pay utility bills. The economic and environmental efficiency of government financed public service projects has become highly questionable.

**Accession and the Special Features of Environmental Policy**

Over the last few years the environment has entered the center stage of EU policy. Nevertheless, it is clearly understood that for the EU the functioning of the single market and the introduction of the common currency enjoy a priority. In comparison, the environment has become a secondary concern, although the EU documents call for a high level of protection in social, environmental and customers policies (WP;ESSEN:1995). Together with supporting public welfare and consumer protection,
the major thrust of environmental policy points in the direction of ensuring the health of the single market. (Market disruptions occur when regulations on environmental and consumer protection and social welfare show wide disparities among member countries, when companies in countries with lax controls gain relative competitive advantage in the single market.) This allows one to draw the conclusion (perhaps confirmed by the Commission evaluation of EU questionnaires) (AVIS; EC: 1997) that in the course of the accession process the environment is likely to become the arena for intense political and tactical manoeuvring. It is of major concern for Hungary that the environmental and public health standards of its products not pose technical obstacles to trade as it can have a major impact on a company's competitive edge, on export sales, as well as on demand for certain products, and indirectly, on employment. Presently, in Hungary the environmental infrastructure i.e., wastewater collection and purification, waste management, etc. is woefully inadequate and full development would require enormous resources. In the meantime, in developed countries the integration of environmental and economic policies, the widespread implementation of the principles of cleaner production and laying the foundations of environmental management systems at the company level are already on the agenda.

There is an overwhelming disparity between Western Europe and Scandinavia and those East-European countries who have joined the Union. While generally, per capita consumption of energy and natural resources is higher in the developed countries of the West and lower in the East, the same resources are used with much greater efficiency in the former countries. In may instances, the populations in the East produce less pollution and waste per capita in absolute numbers but, when looking at the ratio of pollution to GDP, performance is quit disappointing. (UNEP, 1996, 1997, 2000) Of these two components, Western countries are only concerned with efficiency and are highly critical of East European practices. Nonetheless, at unification talks it must be emphasized that the question of per capita consumption of natural resources and waste production are at least as essential as environmental efficiency. Efforts are made for the better utilization of resources, and as a result, the reduction of environmental load per unit of national product (which is bound to follow from economic restructuring and modernization).
Above all, one must not forget that the generally lower per capita consumption of natural resources and waste production in Eastern Europe places a smaller burden on the environment. On the whole, EU directives sometimes ignore each country's unique environmental status and the load capacity of its various environmental media. As a result, in a number of cases, Hungary is expected to carry out expensive environmental projects even though its environment might be in a better state than its Western equivalent. (Despite the relatively good condition of soil in Hungary, the huge cost of wastewater collection and purification is a typical example.) It is clear that these practices are often economically motivated; purification equipment and waste incinerator manufacturers, as well as others in the environmental industry have vested interests in capturing a share of the market. The development of environmental infrastructure is an expensive proposition, placing enormous pressure on the central government, while offering only deferred and indirect benefits: healthier natural surroundings leading to a general improvement in the health of the population. In comparison, environmental protection practiced at the company level in the developed countries of the West, the introduction of eco-taxes and other elements of environmental policy – while placing some burden on the firm – eventually increase the company's competitive edge. Namely, better resource management and the development of environmentally friendly products bring traditional economic advantages as well. (Portar1990:23)

When it comes to the development and implementation of environmental policies, diverse and varying geographic, social and economic conditions make the consistent application of the principles of regionalism a common phenomenon. Regional inequality in the quality of the natural world is closely linked to other socio-economic differences suggesting that a well-conceived regional and municipal development strategy can play a crucial role in preventing the degradation of the environment. Some existing environmental problems can be explained by the country's undeveloped infrastructure while, at the same time, the potential negative environmental effects of inevitable economic growth can be offset by integrating environmental concerns in our regional development plans and projects. As a result, each area can reinforce the position of the other reaping the benefits and ensuring the efficient utilization of financial resources, as well as improving the chances of applying successfully for EU environmental requirements for EU accession development funds. (Namely, for the
acceding countries. applications for the development of small regions offer the best financing possibilities.) Protection of the environment and nature conservation are also interdependent and complementary professional areas where there is an urgent need to harmonize responsibilities. The sustainable utilization of resources and the preservation of the natural heritage are not only a moral obligation but are also in the best interest of the country's long-term economic and social future as well. In recognition of this fact, along with the NEP's (National Environmental Program) General Implementation Plan, the National Nature Conservation Plan was approved by the Hungarian Parliament.

Environmental investments related to accession, and paid for primarily by the central government, will be spent on air-purity and protection, safe waste disposal, wastewater treatment and the overall improvement of monitoring infrastructure. The country's economic performance and competitiveness are affected primarily by obligations formulated in the IPCC directive. Additional cost analysis must extend to implementation and costs related to the development of an enforcement regime (including educational and training requirements). To the knowledge of the scholars both in the environmental and other fields, research has so far ignored the effect that outlays for environmental investment projects will have on the redistribution of income. The issue of income distribution can be analyzed on several levels. Here a brief overview of two aspects is presented. The first involves the consequences of redistribution among various sectors of the economy. While some sectors directly carry the financial burden of more efficient environmental performance, others are net beneficiaries whenever environmental requirements are met.33

33The benefits in the case of tourism, as well as segments of the environmental and construction industries, is obvious. As concerns bank and insurance services: in an improved environment risks are lower and that intensifies their business activity. The health insurance industry will face fewer claims. In an atmosphere where the environment is cared for, human values are ranked higher and education is also given more attention. Local governments and public administration will reap the political benefits of a better environment.
Environmental policy tied to EU accession places obvious demands on players on one side of the economic playing field while creating new business opportunities on the other. (e.g., growing markets for the construction and environmental industries, increasing demand, measured in days spent in Hungary for tourism, improvement measured in health of the population favours the health insurance industry, even if in the latter two cases the benefits become evident only over the long run). When financing environmental projects, these factors must be taken into account as well. In other words, the cost of environmental development cannot be shouldered by polluting industries alone. This also means that in the preparatory phase polluting industries may not necessarily have to be charged ever increasing environmental taxes; encouraging them to take voluntary measures through special agreements may be a more effective way to go. This approach would better serve the need to meet the requirements of economic efficiency and would correspond to objectives set out in the IPPC directive. In fact, the overall objective would be best served if sectors benefiting from a cleaner environment were gradually involved in financing future environmental projects.

As a result of accelerated development such sectors will enjoy certain benefits, whether in the form of increased income or reduced costs, in the short term (i.e., construction and environmental industries) or in the long run (i.e., tourism, health insurance).

<table>
<thead>
<tr>
<th>Sectors carrying the burden of ever increasing requirements</th>
<th>Sectors enjoying the benefits of higher requirements and improved environment</th>
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<tbody>
<tr>
<td>Energy industry</td>
<td>Tourism</td>
</tr>
<tr>
<td>Chemical industry</td>
<td>Various sectors of the environmental and construction industry</td>
</tr>
<tr>
<td>Metallurgy</td>
<td>Bank and insurance services</td>
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<tr>
<td>Transportation</td>
<td>Education</td>
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<tr>
<td>Light industry (textiles, leather, Health insurance paper, etc.)</td>
<td>Local governments</td>
</tr>
<tr>
<td>Mining</td>
<td>Public administration</td>
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*Table 5.1: Sectors Showing the Financial Burden on Environmental Performance*
Another dimension not to be forgotten is the effect environmental measures may have on family income structures. Meeting environmental requirements will lead, first and foremost, to increasing energy prices, higher water and sewer charges, as well as rising waste disposal costs, all having a significant although, depending on family income, differentiated effect on household finances. While the anticipated rise in utility costs will have a marginal effect on families' household budgets in the upper income bracket (in fact they are the ones who will take advantage of energy saving investments), the growing cost of utility services will become an unbearable burden (in some cases claiming as much as 20–25% of family income) for families in lower income categories. Instead of moderating, the geographic distribution of families in various income brackets actually aggravates existing problems. Better-off families usually live in already well serviced areas, while families in underdeveloped areas are hardly in a position to raise resources required to receive central-government matching funds. If we take into account the income gap between the country's Eastern and Western regions, three- to four-fold per capita, it is evident that, many municipalities in the East lack so-called 'absorption capacity', the portion of development financing made up by contributions from residents. When it comes to environmental protection, there are no significant obstacles on the road to Union membership, given the country's overall economic potential and solvency. But, business and regional pressure groups may lobby for excessive investment funds for the development of local environmental infrastructure, hindering the efficient allocation of resources and solution for the most acute environmental problems nationwide. Clearly, these problems need special attention and central funds should be redistributed to tackle them. However, this move, which could lead to a marked drop in 'efficiency', would require rare political will. Furthermore, making serious efforts in these areas is the only realistic chance of receiving EU support aimed at diminishing regional disparities.

This chapter argues that compliance with EU environmental requirements before accession would bring major economic benefits. A series of some international studies show that the rate of return on investment in environmental projects regularly exceeds that of investment in other areas (Air Act, EPA; 3May, 1996). Often, no monetary value can be attributed to resulting benefits; they come in the form of improved environment (appreciation of natural capital) and public health, in forms that have a stimulating effect on other business sectors with a trickle-down effect throughout the economy as a whole. environmental requirements for EU accession.
Macroeconomic Preconditions and Financial Requirements

In 1996, the year the National Environmental Program was prepared, Hungary spent 1% of its GDP on the environment. 1997 development outlays grew according to plan but, due to higher than anticipated GDP growth (i.e., 4.6%), they came to 1.1% of national output, close to Euro 420 mn. The objectives of the 1998 budget and supplementary calculations indicated a steady and substantial growth in funds for environmental projects; at current prices 30% more (approx. Euro 526 mn) was made available for the environment. As environmental-load fees, cannot not be introduced in the near future, at this point, we cannot count on potential revenues coming from that source. NEP was originally part of a three-year modernization plan, in which the budget for environmental projects was adjusted according to its projected macroeconomic target figures. Considering that actual data indicate slightly accelerated economic expansion and, according to forecasts, GDP growth is expected to level off at 4–5%, there is reason to believe that more funds will be available for environmental projects as well.

It was expected that, following the introduction of environmental-load fees, funds for development objectives defined in the NEP would come close to the planned 1.4% of GDP in 1999, compared to 1% in 1996 and, in the period between 2000 and 2002, could reach as much as 1.7%. These figures refer to direct development costs. If just a certain portion of indirect environmental projects is taken into account, this growth could gradually reach 1.7% earlier and, by 2000–2002, may even come to 2.2%. Nevertheless, when it comes to direct development costs, it would seem that a rise from 1–1.7% of GDP is the upper limit within the framework of the NEP. The following three areas require an urgent attention: air purity and protection (where power plants and urban transportation are primary polluters), waste-water collection and treatment, and waste disposal and management. These three areas represent 85–90% of all development budgets, i.e., these are the cornerstones of the six-year (1997, 2002) National Environmental Program. In these areas, Hungary is far behind EU

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34 The figures of this paper originally were given in HUF of 1997. They have been corrected by a 110.7% and a 110.5% (estimated) rate of inflation in the construction sector in 1998 and 1999 respectively, then converted into Euro at HUF 255.75 Euro exchange rate of 18 November 1999.
requirements and practices as confirmed by the European Committee's country evaluation report. Extrapolating from current trends, the process of reaching European standards will require substantial financial resources and a minimum of 10–15 years. At sustained annual growth of 4–5%, however, these targets can be achieved if Hungary will get derogation and substantial financial support.

In all cases where compliance with accession terms require large, long-term investments, the economic rational for estimated development costs becomes highly tenuous. They can only be interpreted as if the project was to be implemented in the immediate future or in the next few years, at the most. But, as this is far from being the case, it must be borne in mind that in the longer term, over 10–15 years of derogation, most items in our present cost calculations will likely to change. These changes will be effected by improved technologies, cleaner production, improved efficiency, shifts in environmental policy (i.e. movement from end-of-pipe solutions in the direction of prevention), growing awareness of environmental issues and changing consumer habits, as well as changes in price structures. The latter will move likely render non-renewable natural resources and fossil fuels more expensive, resulting in lower demand, placing less burden on the environment as a result. Preliminary calculations fail to take into account interrelated phenomena; the fact that improvement in the quality of one natural element, air, for instance, will lead to improved conditions in related elements, like water and soil, as well. In the area of the environment in particular, as in general, accession to the EU must serve Hungary's national interests. To date, social dialogue has not served this purpose, however. Quoting huge sums of money without proper interpretation (and clear understanding) only serves to alienate and confuse the population at large. Therefore, public relations must be guided by more sensitivity and professionalism.

Till 2010, accession will require direct environment-related capital investment to the tune of Euro 8.6–12 bn. Due to the large number of unknown factors and methodological weaknesses, the costs of developing and operating needed institutions are all but somewhat impossible to estimate. As a consequence, the numbers related to this field are of informative character. If the costs of developing and operating

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35 Basic calculations had been done by the staff of the Ministry of Environment based on drafts of branch ministries. These figures have been modified – sometimes quite substantially – as a result of the research.
environmental institutions are put at 15–25% of the total environmental capital investment budget, then, annually once all systems are in place, these may amount to anywhere between Euro 1.400–2.900 mn. While the building of institutional capacities is still under way, cumulated overall (not annualized) costs are even higher. This also means that investment and institutional development/operating costs cannot be taken together. Till 2010, it is estimated annual GDP growth in the range of 3.5–4.5% (taking domestic utilization as a constant, at 1999 prices). For the period between 1997–2002 and at an increasing rate, the National Environmental Project has earmarked 1.3–1.7% of GDP to be expended on direct environment-related capital investment. For the years 2002 through 2010, The EC has forecast a slight proportional increase, due to the increasing importance of environment in the scale of preferences of population and the bigger financial possibilities of the economy. The 2.1–2.2% ratio forecast for 2010 would match that in the developed countries of the West. By 2010 this represents a total of Euro 10.4–11.9 bn in national product. This means that projected environmental investment costs at Euro 8.6–12 bn fall within that range and institutional development/operating costs, as yet undefined, could be financed as well.

Lobby Interests and Accession Requirements

Empirical evidence shows that specific sectors and interest groups attempt to turn the accession process to their advantage and increase their influence, and at the same time, in the hope of future government assistance, exaggerate projected costs of compliance. Under the banner of EU unification, pressure groups follow their own narrowly-defined objectives, placing themselves in opposition to overall public interests and the socially efficient allocation of resources for their demands. Environmental requirements for EU accession water-purity protection The above cited phenomenon is clearly demonstrated in the area of waste-water management. The cost of EU compliance is estimated at anywhere between Euro 1.9 and 4.3 bn by various sources (see Table 5.2). (WB:04/20/99) (They put the total cost of water protection at between Euro 2.9 and 7.2 bn.).

36The original calculation was made in Hungarian Forints at 1997 prices. These two figures have been converted into Euro by the average HUF 210.93:ECU exchange rate of 1997.
The nationwide project of sewage disposal and treatment would require huge capital outlays and stretches over a considerable period of time, and it draws powerful lobbies representing the interests of local government, local employment policies, and the construction material and construction industries. For the most part, local councils receive funds after a process of bidding for these projects, and due to the inadequate control of over matching funds, their demands are often highly inflated. Costs are calculated based on project financing by the general government. Although 'unit costing' was restricted in 1995, they hide considerable reserves to this day. Experience shows that calculations based on budgeted normative prices regularly point to inflated prices at 40–45%. The utilization 'efficiency' of general government assistance provides useful lessons even at the level of aggregate statistics. For instance, during the past eight years, the length of sewage pipes laid exceeded national averages in those countries where connections of households have lagged far behind. As a result, despite a dramatic increase in infrastructure, there is no appreciable improvement in services. The surprising development is that, the sewage lines followed population movement from Budapest to the larger metropolitan area (suburbia) almost immediately doubling average sewage pipe length/household.37 In general, countries showing rapid economic growth and those that are left behind can 'boast' of impressive results. Average sewage pipe length/household has grown most spectacularly in the western cities of Győr-Moson and Zala, and the eastern city of Szabolcs. From among the others, only in Tolna and Jász-Nagykun cities does the percentage of household connections exceed that of pipe-length laid. In economic terms, this also means a drop in efficiency, but at least leaving some room for ecological improvement, especially, in Tolna country. In the light of aggregate statistical figures the situation in Budapest is most noteworthy. Here, instead of an expansion of the network and regardless of accession to the EU, reconstruction of the system is called for, which, however, does not appear to hold much appeal for politicians or the business community. Although in the majority of settlements, considerable public utility investments have been carried out, unfortunately this not really advanced the objectives of accession to the EU. Relevant EU requirements both extend to 'coverage' related to settlement type and issues of environmental sensitivity.

37 Because of the high income of this social layer and its ability to realize its interests.
Table 5.2 Some investment budget estimates to comply with sewage requirements (in billion Euro, at 1999 prices)

The original Hungarian development concept was worked out along these lines: it assigned various levels of services for different types of settlement, setting a 68% target for nationwide sewage disposal. With the explosion of pipage fever these considerations faded from view and every mayor and every municipal government is concentrating only on increasing the length of the network, regardless of local circumstances including the sensitivity of the environment. Subsequently, the nationwide target has been raised to 80%. As the laying of sewage pipes and acquiring potential financial resources available are seen as ‘great business’ by a number of interest groups, in a number of cases, development is carried out even in places where it is not justified by local environmental conditions (i.e., soil characteristics/sensitivity) or where local sewage disposal through infiltration should be retained but regulation made more strict and compliance enforced.
The tasks could be further refined by taking the quality of surface water sources into consideration. This level of concentration on the quality of underground water does not bode well for that of surface waters (sucking away financial resources from the latter). Moreover, often EU directives do not distinguish between various environmental conditions and vulnerabilities. But, it is clear that Hungary’s environmental–natural characteristics, soil conditions and environmental risks are quite distinct from those of Denmark or Holland, for instance. As mentioned above, although water protection regulations take the sensitivity of the environment into consideration, it appears that in the case of potential new members from Eastern Europe, EU officials tend to overlook these issues. These discrepancies must be brought to the surface and acknowledged at future unification talks. Boosterism (motivated by forces discussed above) results in the construction of wastewater treatment facilities with access capacity that cannot be operated efficiently. Currently, the utilization of some of these facilities sometimes stands at 25%. (Győr is a good example: the city does not produce enough wastewater for the efficient operation of its activated-sludge treatment system.) As yet, the investment and operational cost of such a facility is considerable and the under-utilization of a planned network would result in huge losses on a nationwide scale. The rising trend in water and sewage service charges also points to the risks of under-utilization. The situation is further exacerbated by new, otherwise ‘reasonable’ regulations that tie sewage-line development assistance to wastewater treatment capacity.

The EU directive mandating the canalization of all settlements with over 2000 inhabitants by 2005 offers strong incentives as well as convincing arguments that serve special interest groups, and accelerates current trends. The EU has an important condition for the EU accession and that is environmental requirements. Due to the predilection of Hungarian regional administrations for merging smaller settlements and incorporating others into larger towns, often in the hope of being granted city status, the directive referred to above greatly increases the number of settlements reaching the mandated limit. The modification of regulations has become crucial – a distinction must be made between a settlement’s geographic and administrative boundary. It must also be noted that there are considerable Western business interests behind efforts to transplant EU’s undifferentiated directives, for instance to open up the East European market for the technology and equipment used in the treatment of wastewater. To
utilize its access capacity, the Austrian construction industry is eager to jump on the bandwagon as well.

The upper limit in the determination of cost-calculations is dictated by the country's economic capacity and reasonable performance and request-for-postponement considerations. Taking current conditions into account, earmarking environmental investment of over 1.6% or 1.8% of GDP before the year 2010 is as unrealistic as trying to extend compliance with EU requirements beyond 2010. Society's bearing capacity is a function of the financing capacity of the state and individual households. Under current global economic conditions, some states have entered a 'budget reduction spiral', which means that any additional resources will have to come through improved economic performance and household income, in turn, can only grow in proportion to economic expansion. (Of course, a radical environmental policy can set more ambitious objectives, but then the political consequences of a major redistribution of income would have to be considered).

The 1999 state budget allocated Euro 330 mn for water management and sewage disposal projects. This comes close to around half the entire environmental budget established at approximately 1.4% of GDP. (By comparison, in 1998 Euro 290 mn was spent for the same purpose). At this level water-management related expenditures would total Euro 3.8 bn over the 12 years to 2010. The attempt to almost double this amount (as has recently been proposed by the Ministry of the Transport and Water Management) appears to be an unrealistic target. In consideration of all the above, the rationality of a budget calculated at Euro 4.3–6.2 (by some estimates as high as 9.6) for sewage disposal and water treatment in order to conform to EU membership requirements, even when stretched out over 15–20 years, is highly questionable.

The budget of around Euro 2.4–2.9 bn is all that can be justified with the grace period allowed for the project not extending beyond 10 years. (We must not forget that taxes on wage costs and social contributions represent substantial revenues for the state treasury). Current concepts have not only left original ideas far behind (when planning sewage lines and wastewater treatment requirements, capacity was still a function of settlement size and Environmental sensitivity), but also neglect the important criteria of efficiency. Under present conditions, this means that development would be the most profitable in densely populated cities or parts thereof, because there both the marginal
rate of return on investment and environmental benefits are maximized. In contrast to this, sewerage lines that follow the spread of suburban development (primarily around Budapest) do so with ever diminishing effectiveness of invested capital.

The wider dimensions of efficiency must also be examined: specifically, does the forced development of sewage disposal and wastewater treatment facilities actually serve the best interests of improving the environment and environmental efficiency? Supported by empirical data, it is proved that the improvement of air quality in large urban centers should enjoy priority over wastewater treatment (EAPCEE; Annex 6:1993). This would lead to a more efficient rate of return on public funds invested in mass transit systems, measured in terms of the improved health of the urban population and slower deterioration of the built environment. Based on the above arguments, it is clear that Hungary’s wastewater policy should give priority to the following objectives:

(a) the solution of sewage disposal and wastewater treatment in large urban areas;
(b) mandatory implementation of full-scale sewage disposal projects should not be extended to small settlements that have been incorporated or merged;
(c) ground water protection should be achieved in small settlements by developing and enforcing standard sewage disposal through infiltration technology;
(d) alternative, environment-friendly solutions should be encouraged in areas with single family homes (i.e., the construction of environment-friendly waste-water systems by 3–4 neighbouring families, based on the Swedish model, etc.);
(e) instead of building expensive purification plants, western experience (e.g., Austrian, American) should be followed and alternative (root-level) purification technologies introduced; and
(f) thorough inspection of the fulfilment of responsibilities should be undertaken by local government under the terms of the conditions attached to grant agreements.

Air-Quality Protection

Calculations and estimates for the cost of air-quality protection show an even wider range of variations than was the case with the sewage problem presented in the table above. The Government’s draft bill of September 1998, presented by the Ministry of
the Environment, contains four large budget items to finance the improvement of air quality by 2006:

Euro 380 mn for power plants,
Euro 1,000 mn for the reduction of industrial air pollution,
Euro 240 mn for toxic-waste incinerators, and
Euro 960 mn for the reduction of transport related air pollution.

In fact, researchers at the Budapest University of Technology arrived at the conclusion that power plants could be equipped with scrubbers to meet EU requirements as early as 2002 with an investment of only Euro 130 mn.(Judit R'akosi, Imre R’ath and Gy’orgy Zsikla; Green Path No. 61) They have estimated the cost of installing air quality protection devices in toxic-waste incinerators at Euro 50 mn (also by 2002 and offering permanent solution). In their view, the environmental budget for these two sectors, as well as for the oil and natural gas production and processing industries, metallurgy and non-ferrous mineral production, could be met by a total of Euro 340 mn. These considerable differences suggest that further clarification of positions is needed for the environmental requirements of EU accession.

The fact that anticipated costs of air-quality protection requirements demanded of Hungary by international treaties and estimates cited above do not match, poses additional problems; costs in the first case are usually estimated to be much higher by professionals (example; in The Ministry of Finance) than in the second. The discrepancy is explained by the fact that international treaties take emission quotas for each country as a basis, while the Union directives calculate using technology-based emission standards.

Moreover, in the case of certain thermal power plants with state of the art technology and in other polluting factories, there is no need to install additional cleaning equipment adding to the difficulties of cost estimation. Yet, by international practices, environmental development is calculated even in such cases – claiming up to 15% of total investment budget. As a result, when calculating the cost of adaptation-compliance, budgets include sums that do not actually show up in the course of the investment project. The Ministry of Finance follows this logic when making cost estimates for power plants in the Euro 1.2 bn range, although the results appear highly
inflated. In the area of the third most expensive environmental adjustment in waste management, the industry’s vested interests are also clearly apparent. In this case, it comes down to arguing for the construction of the highest number and most expensive waste-disposal sites. (Judit R’akosi, Imre R’ath and György Zsikla; Green Path No. 61)

The Ministry of the Environment has proposed the following investments: Euro 150 mn for waste dumps, Euro 110 mn for recultivation, Euro 50 mn each for waste yards and collection/transhipment stations and Euro 120 mn for waste incinerators, a total of Euro 480 mn. However, "OKO Ltd. estimates the cost of building waste dumps at anywhere between Euro 130 and 690 mn. The noticeable discrepancy is caused by the large degree of uncertainty in determining-

(1) future household-consumption levels, and the amount and composition of resulting waste;
(2) what role recycling will play in Hungary in the future; and
(3) how widespread incineration will become.

According to some experts, in the future, waste production will not increase at a rate that cannot be ‘neutralized’ by recycling, incineration and other reclaiming technologies. In this case, existing waste dumps will have to be upgraded without the need to construct new ones. The EU’s relevant directive No. COM/97/105 (still in draft form) sets the upper limit of organic-matter-content for household waste at 25% (compared to current 40%). If the directive is adopted, it will significantly increase the cost of waste management.

The scholars are inclined to suspect the working of vested interests in the push for the construction of more and more regional waste disposal sites, 6 in each county (incidentally, an idea supported by the National Environmental Program as well). (Judit R’akosi, Imre R’ath and György Zsikla; Green Path No. 61) It is unlikely that in any one county more than 3 to 4 could operate efficiently, and the high cost of transportation would make the operation of regional dumpsites even less cost-effective.

Hungary’s environmental policy, as relating to the forthcoming accession to the European Union, is largely defined by the country’s income-generating capacity as the largest environmental deficits lie precisely in areas of infrastructure requiring the most expensive capital investments (i.e., sewage lines and waste management). As the
development of sewage lines and treatment plants alone comes to nearly Euro 480 mn, it is easy to accept arguments that consider financing the most urgent issue in connection with the environment and the country's planned accession to the European Union.

Therefore, social, sectoral and regional conflicts about the kinds of environmental infrastructural developments or the cleaning up of polluted areas hinder decisions needed to find an optimal balance between environmental and economic concerns. Proper management of these conflicts is even more crucial than the issue of financing. Experience shows that central government assistance in favor of both economic development and the protection of the environment, compared to business sector activity, leads to declining efficiency. While this drop in efficiency is partly a natural phenomenon, it may be argued that it is chiefly eaten away by pressure coming from powerful regional and business lobby groups who, in effect, may risk Hungary's chances of meeting Union membership requirements for remaining as an environment concerned member. All these aspects leave us to think that taking these timid problems into consideration it has shown the other side of the coin which identifies that how developed and developing countries are trying hard to bring the post-Kyoto commitments. Developing countries are moving forward with their growing economy but have been chained into the problems such as: climate change, global warming, unpredictable weather phenomena, etc.

Thus in the end after studying the comparative activity of pressure groups we can easily predict that Western European countries are more active participants than these from the Eastern Europe. There are several reasons behind this--; first, the political parties of two different blocks have marked the environmental issue as an important problem in their respective limitation. Secondly, the role of conventional industrialists and business groups is much influential in the Eastern Europe than in the Western Europe. Thirdly, the emerging Green economy has yet not taken that pace which can replace the traditional method energy extraction. Though all the member states of Eastern Europe have fulfilled the environmental requirements quite smartly on paper, their larger impact on the international arena can be understood with the help of comparative study of the performance of these two regions.