

This volume aims to contribute to the analysis of the EU in general and the background and consequences of its 2004 enlargement in particular. This enlargement is by far one of the greatest tests for the European Union and its institutions because the process of Europeanization is taking place in a variety of countries with diverse political cultures and dissimilar perceptions about the meaning and commitment to European integration. Given their differences in political and economic power, incumbent and new members are inevitably altering the functioning and character of the EU, a unique polity in the international system. Derived from this theoretical challenge, the chapters of this book suggest some explanations on six areas related to the 2004 enlargement: analytical approaches, citizens and identities, debates and regional transformations, external impacts, and the potential Turkey's membership. The articles included in this publication are the result of the academic initiative of the Miami European Union Center, partnership formed by the University of Miami and Florida International University since 2000, which was also selected by the European Commission as one of the ten European Union Centers of Excellence in the United States for the period 2005|2008.

David Abraham | Yusaf H. Akbar | Monika Böhm |
Beverly Crawford | Roberto Domínguez | Atila Eralp |
Francesc Granell | Gaye Gungor | Nuray Ibryamova |
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Christiane Lemke | Willem Maas | Neill Nugent |
Joaquín Roy | Sebastián Royo | Frank Schimmelfennig |
Markus Thiel | Ramunas Vilpisauskas



Towards the Completion of Europe

Joaquín Roy and Roberto Domínguez (Editors)

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**Analysis and Perspectives
of the New European Union Enlargement**

**Joaquín Roy and Roberto Domínguez
(Editors)**

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(editors)

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Miami-Florida European Union Center

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Introduction

Bridges to the East: A Collective Effort for the Enlargement

Joaquín Roy and Roberto Domínguez

This volume intends to contribute to the analysis of the EU in general and the recent enlargement in particular, its background and consequences. From a variety of angles, theoretical approaches, and a balanced national and regional perspective, the chapters included are an updated result of papers presented at a conference held at the University of Miami on April 8, 2005, under the sponsorship of the Miami European Union Center, the partnership formed by the University of Miami and Florida International University in 2000. This cooperative adventure has now received the high honor of being selected as one of the ten European Union Centers of Excellence for the three-year cycle of 2005-2008.

The first section of the book reviews analytical frameworks to study the enlargement process. Joaquín Roy evaluates the challenges and obstacles that the EU has overcome to make possible the enlargement to 10 new members. In his view, the difficulties encountered by the EU are not new and the balance as a whole shows positive accomplishments and benefits. The second and third articles of this section present an overview of theoretical approaches to examine the EU enlargement. In "Enlargement and the Promotion of Liberal Norms in Eastern Europe," Frank Schimmelfennig, professor at the University of Mannheim, Germany, elaborates his analysis based on two prominent models in the literature on international norm promotion (social learning and external incentives models) and uses the Qualitative Comparative Analysis (QCA) to explain the conditions under which the candidates in Eastern Europe have complied with the political demands of the EU and other European regional organizations. In the chapter co-authored by Nuray Ibryamova and Roberto Domínguez, former researchers at the Miami European Union Center and graduates of the Ph. D. program at University of Miami, the existing theoretical debates dealing with the 2004 enlargement are reviewed. Based upon the contributions of both International Relations and Regional Integration theories, the authors identify how competing theories attempt to explain the motivations and consequences of the Enlargement for incumbent and new members.

Taking into account that ultimately the success or the failure of the enlarge-

ment process (and the EU itself) will be decided by the benefits given or perceived by the citizens, the second section is dedicated to the impact of enlargement on Citizens and Identities. The article by Willem Maas, professor at New York University, deals with one of most sensitive issues of the EU process, essential for its nature, but feared in some quarters as a source of competition: free movement of people. In this sense, observers should take into account that the full implementation of the complete mobility of labor from the new members will be a slow process, well in contrast with the almost automatic accessibility to migration and residence for citizens of countries in other previous enlargement processes. Markus Thiel, a recent Ph.D. graduate from University of Miami, examines in "European Identity and the Challenge of Enlargement" to what extent an assumed common cultural European identity can be drawn upon as a connecting link between old and new member states and explore the chances of functional integration as a opportunity to build a common civic identity. On the other hand, Maria Ilcheva, a Ph.D. candidate at Florida International University, presents her views on the situation of Hungarian minorities in Romania and Slovakia, and the dynamics of their relations with the respective majority in the decade after the fall of communism. The last article of the section is written by David Abraham, professor at the School of Law at University of Miami, who offers his analysis of the transformations of the legal concepts of nationality and citizenship in Germany; his argument is that with the new laws in Germany has come the abandonment of the previous Aliens Law and perhaps a serious amelioration of the legal marginalization of German-born foreigners.

The next section is dedicated to the debates implicating regional transformations of the past and future enlargements. Sebastián Royo, scholar from Suffolk University in Boston, explains the experience of the accession of Spain and Portugal into the European Union as an opportunity to reflect on what has happened to both countries since 1986 and to draw some lessons that may be applicable to East European countries as they pursue their own processes of integration into the European Union. Ania Krok-Paszowska, researcher of Cyprus College in Nicosia, in "How Much Diversity Can the European Union Withstand?" describes how the enlargement has resulted in unprecedented import of political, economic and cultural diversity. Despite the intensive process of mutual adaptation there is a fear that the "new" members are not yet truly compatible with "old" members. In the article "The EU Enlargement Policy: Can Widening and Deepening Be Combined?" Finn Laursen, professor at the University of Southern Denmark, presents his analysis revolving around three central questions: Why did the largest ever enlargement of the EU take place in 2004? Can it be explained by rational models or do we need to include more social constructivist models? To what extent can the answer to this question be used to make predictions about future enlargements?

The next section is dedicated to study the impact of enlargement on the external policies of the EU and its institutions. Francesc Granell, of the University

of Barcelona, disserts about the 2004 Enlargement and its effects on the EU Development Cooperation. He argues that enlargement can weaken the EU's development cooperation due to different elements such as the need for new and incumbent members to increase their low levels of present Aid in favor of developing countries (0.4 percent of the EU-15). Beverly Crawford, professor at the University of California, Berkeley, examines the impact of the EU enlargement on the Euro-Med process, raising two main questions: How will the most recent enlargement affect progress in the Euro-Med partnership? Will the net impact be a stabilizing one, enhancing regional security and economic prosperity, or will it be destabilizing? On the other hand, in the article "The Impact of Enlargement on the External Relations of the EU," Roberto Domínguez, of Suffolk University, analyzes whether or not the new members can work together with the EU-15 in the making of the external relations of the EU. Alternatively, he ponders that eventually the new members may act as Trojan horses for the United States in some particular junctures, but the overall trend is to increase the cooperation in order to strengthen the external relations of the EU. On the other hand, Gaye Gungor, graduate student at Florida International University, looks at the situation in the European Parliament following the eastern enlargement examines the partisan activity in the new member states and the European Parliament to highlight the similarities and differences between them. Likewise, she discusses the potential area of conflicts following the enlargement.

The next section is focused on economic and social transformations. "In Search of the Social Europe: The Eastern Enlargement in Political Perspective" is the title of the article by Christiane Lemke, Jean Monnet professor at the University of Hanover. She identifies the distinct patterns and problems of the institutionalization of social citizenship and social institutions in Eastern Europe. A key argument is that there is greater diversity emerging in the enlarged European Union and her hypothesis is built on the assumption that emerging patterns of social support and social security diverge from the typology described in the comparative welfare state literature, inasmuch as the transformation of post-communist societies is distinctly different from the building of welfare states in Europe. In the chapter entitled "The Political Economy of Baltic States' Accession into the EU: The Impact on the Role of the State," Ramūnas Vilpišauskas, researcher at the University of Vilnius, Lithuania, uses the premise that integrating the results of studies from the transition reforms and EU accession policies can provide new insights about the changing role of the state, boundaries between private and public, and potential implications for the success of public policies in the CEECs and growth of their economies. Yusaf H. Akbar, of Southern New Hampshire University, in the chapter entitled "Shifting Competitiveness, Evolving Multinational Enterprise Strategies and EU Enlargement: The Case of Hungary," examines the recent evolution in FDI and relates it to competitiveness of the CEE region and MNE FDI strategies and motives. In "Environmental Consequences of Enlargement," last article of this section, Monika

Böhm of Marburg University, Germany, studies the legal, political and economic consequences on the fragile setting of the environmental scene brought by the new members.

The final section is ironically dedicated to a country that is not, according to many observers, a European state, and neither part of the recent enlargement: Turkey. However, it is the center of controversy and a focus for the whole thematic issue of European identity and future. In fact, fear of effective membership in a distant future is signaled as one of the main reasons for distrust towards the process of integration. Neill Nugent, professor from Manchester Metropolitan University, in "Turkey's Membership Application: Implications for the EU," reminds readers that while Turkey would probably be admitted as having met the Copenhagen criteria, it is also perceived as "carrying" characteristics which potentially threaten core features of the EU's nature and identity. This paper identifies the "problematic" characteristics of the Turkish application and ponders whether they really do pose such a "threat." A scholar at Middle East Technical University, Atila Eralp, in "The Process of Europeanization in Turkey," focuses on the decisions of the EU Summit in Helsinki and discusses the developments during the past four years. He shows how the more inclusive approach of the EU in the aftermath of the Helsinki Summit has helped the acceleration of the reform process in Turkey. The text then examines the reform initiatives of the last four years and argues that the incentive of membership has been crucial in shaping the reform process in Turkey. The closing article of this book is about "The Role of Security in Turkey's European Union Membership Bid." Its author, Nuray Ibryamova, professor at University of North Carolina at Wilmington, argues that it is primarily societal security threats that have been securitized in the process of enlargement, contributing to the implementation of internal security policies, whose effects are sometimes conflicting with the overall objective of a prosperous and stable Europe.

In the organization of the conference and the editing of its proceedings, we would like to recognize the contributions made by Eloisa Vladescu and Wendy Grenade of the Miami European Union Center; Maxime Larivé of Suffolk University, and Soren Triff, production manager of the present edition.

April 2006

Analytical Approaches

The Challenge of EU Enlargement

Joaquín Roy

A polemical issue

As it has frequently happened in the history of the European Union, the presidency of the second semester in the rotation system ended in a rush before the end of year holidays. In 2005, the uneventful UK presidency reluctantly managed to get a budget approved for the period of 2007-2013 with the predictable result that no one would be entirely satisfied. The new members of the EU feared to be left behind in a shrinking financial perspective caused by the reluctance of the net contributors to continue subsidizing members that had considerably improved their conditions. Most governments (especially the UK) resisted losing prerogatives gained in the past through deals and compromises.

In any event, it seemed that business as usual in the EU funding process had ended. The reason behind was the new membership profile of the entity after its major enlargement executed in 2004. This historical milestone had impacted all and each of the dimensions of the EU that were maintained in a rather solid state for over half of a century. The failure to ratify the Constitution project was the most dramatic sign of the new times.¹

During all 2005, numerous observers interpreted the constitutional disaster encountered by the negative referendums held in France and the Netherlands as a sort of protest vote for the enlargement of the EU. The double rejection was read as a late regret for the acceptance by the French and Dutch governments of what

¹ For a selection of scholarly texts on the background and development of the EU Constitution: Clive Church and David Phinnemore, *Understanding the European Constitution* (New York: Routledge, 2005); Lynn Dobson and Andreas Follesdal, *Political Theory and the European Constitution* (New York: Routledge, 2004); María Luisa Fernández-Esteban, *The Rule of Law in the European Constitution* (The Hague: Kluwer Law International, 1999); Christian Joerges, Yves Meny, and J. H. H. Weiler, eds. *What Kind of Constitution for What Kind of Policy?* (Florence: European University Institute, 2000); Roberto Miccù and Ingolf Pernice (eds.), *The European Constitution in the Making* (Baden-Baden: Nomos Verlagsgesellschaft, 2004); Brendan P.G. Smith, *Constitution Building in the European Union. The Process of Treaty Reform* (The Hague: Kluwer Law International, 2002); J.H.H. Weiler, *The Constitution of Europe* (Cambridge: Cambridge University Press, 1999); Javier Ruipérez, *La Constitución Europea y la teoría del poder constituyente* (Madrid: Biblioteca Nueva, 2000); Enoch Albertí (ed.), *El proyecto de nueva Constitución Europea* (Barcelona: Fundació Pi i Sunyer, 2004).

was the most spectacular enlargement of the European Union in its history.² From the existing fifteen members mostly located in western and southern Europe, it went to have twenty five partners, with the incorporation of eight former Soviet pact members and two small Mediterranean states. In addition, two more applicants (Romania and Bulgaria) were to wait for 2007 to enter, and a third (Turkey) had been knocking on the doors of Europe for years.³

It is rather ironic to see that while the EU process seems to be under deep questioning while media attention has been caught by the constitutional failure affecting the whole structure and aims of the European integration scheme, encomiastic analysis coming from outside observers and the most euro-skeptic states enjoy stressing in glowing terms the accomplishments and positive future prospects of the EU. Some best sellers⁴ are only a sample of the confirmation that pessimism is absent in the minds of observers who concentrate on a comparative perspective and have come to the conclusion that the EU is not the most accom-

² Among the selective bibliography dedicated to the process of EU enlargement, the following books should be considered: Graham Avery and Fraser Cameron, *The Enlargement of the European Union* (Sheffield: Sheffield Academic Press, 1998); Michael J. Baun, *A Wider Europe: The Process and Politics of European Union Enlargement* (Oxford: Rowman & Littlefield, 2000); Fraser Cameron, ed. *The Future of Europe – Integration and Enlargement* (London: Routledge, 2004); Marise Cremona, ed. *The Enlargement of the European Union* (Oxford: Oxford University Press, 2003); Stuart Croft, et al. *The Enlargement of Europe* (Manchester: Manchester University Press, 1999); Alan Mayhew, *Recreating Europe: The European Union's Policy Towards Central and Eastern Europe*, 2nd ed. (Cambridge: Cambridge University Press, 2002); José I. Torreblanca, *The Reuniting of Europe: Promises, Negotiations, and Compromises* (Aldershot, U.K.: Ashgate, 2001); Esther Barbé and Elizabeth Johanson (eds.) *Beyond enlargement: the new members and the new frontiers of the enlarged European Union* (Barcelona: Institut Universitari d'Estudis Europeus, 2003); Bernard Steunenberg (ed.), *Widening the European Union: the politics of institutional change and reform* (London/NY: Routledge, 2002). Jacques Rupnik and Jan Zielonka, *The road to the European Union*. (Manchester/New York: Manchester University Press, 2003); James Hugues. *Europeanization in the EU's enlargement to Central and Eastern Europe: the myth of conditionality* (Houndmills, Hampshire/New York: Palgrave/Macmillan, 2004); Milada Anna Vachudova. *Europe undivided*. (Oxford/New York: Oxford University Presse, 2005); JoAnn Carmin and Stacy D. VanDeveer (eds.) *EU enlargement and the environment: institutional change and environmental policy in Central and Eastern Europe* (London/NY: Routledge, 2005); Antoaneta L. Dimitrova, *Driven to change: the European Union's enlargement viewed from the East* (Manchester/NY: Manchester Univ. Press, 2004); Geoffrey Pridham, *Designing democracy: EU enlargement and regime change in postcommunist Europe* (Houndmills: Palgrave, 2005); Anatol Lieven and Dmitri Trenin (eds.) *Ambivalent neighbors: the EU, NATO and the price of membership* (Washington, D.C.: Carnegie, 2003); Peter Poole. *Europe unites: the EU's eastern enlargement* (Westport, Conn: Praeger, 2003); Heather Grabbe, *Enlarging the EU eastwards* (London: Royal Institute of International Affairs, 1998).

³ For a basic panoramic view of the enlargement process and regulations, visit the website of the Commission: http://www.europa.eu.int/comm/enlargement/index_en.html

⁴ Jeremy Rifkin, *The European Dream: How Europe's Vision of the Future is Quietly Eclipsing the American Dream* (NY: Tarcher, 2004); Mark Leonard, *Why Europe Will Run the 21st Century* (London: Perseus, 2005); T.R. Reid, *The United States of Europe: the new superpower and the end of American supremacy*. (NY: Penguin, 2005).

plished of the regional integration frameworks existing, but it has still much to offer to its citizens.⁵

However, the record shows an impressive amount of reasons to explain the fiasco and deal with the impasse. While there is no clear consensus on focusing on the most salient dimensions for blaming the failure to obtain the needed ratification, some were frequently mentioned as most relevant and still are on the drawing table when dealing with potential solutions. Some are rather philosophical and very difficult to define in concrete terms, such as the old polemic over the need to deepen the European process before widening it. In this sense, the electorates rejecting the referendum feared a loss of identity and were not prepared for an “indigestion” before settling the original house in order. Some other explanations point out to the perception that economic problems would worsen with enlargement. Problems in racial and ethnic tolerance added to these fears. In historical terms, the new electorates showed to have lost the original aims of the EU to stop the European wars.⁶ In foreign policy, the prospects of electing (as some politicians seem to propose) between a stronger EU and a distance from the United States have contributed to confusion and ambivalence. In essence, the culprits were the combination of enlargement by itself and the lack of effective leadership in explaining it.⁷ National interests took over and darkened the sun needed to see what was really at stake.⁸ French voters felt that the Constitution did not sufficiently reflect a more encompassing social Europe, rather a too neo-liberal project.

Contrary to a myth that apparently was widely accepted (and abused by interested parties), the enlargement the EU was not executed too fast. In fact, the citizens of the new members have their freedom of migration and establishment extremely curtailed and delayed, in some cases until 2011 and 2014. The claim that enlargement has been costly is corrected by the evidence that trade figures are still positive for the original 15 and the moving of certain industries to better locations in the new members will only lead to an expanded market for all consumers. Regarding the bill for the enlargement expenses, the fact is that cohesion policies have cost only about 0.18% of the EU GDP, something that experts consider a reasonable figure for the closing of the division of Europe.⁹ Moreover,

⁵ John Thornhill, “Europe’s dirty secret: it is doing rather well,” *Financial Times*, September 1, 2005; Katrin Benhold, “Old Europe, new ideas: a look at what works,” *The International Herald Tribune*, August 10, 2005.

⁶ See Daniel Dombey, “Europe’s growing pains,” *Financial Times*, September 3, 2005.

⁷ *Financial Times*, “How Europe has lost its way,” March 21, 2005.

⁸ George Parker and John Thornhill, “Fighting for their slice of Europe,” *Financial Times*, October 5, 2005.

⁹ For the cost of enlargement: Alan Mayhew, *The financial and budgetary impact of enlargement and accession* (Brighton: Sussex European Institute, 2003); Bernard Funck, *Expenditure policies towards EU accession*. (Washington, D.C.: World Bank, 2002).

blaming enlargement for the rejection of the Constitution does not match with scientific evidence provided by surveys showing that only 6 percent of the French voters declared acting this way as a protest for the prospects of a wider EU. Careful studies have revealed that as high as 82 percent of the voters rejecting the text did so for domestic economic and social reasons.¹⁰

Separate from this polemic, the failure of the constitutional process, or at least the impasse produced, has served to generate a considerable volume of proposals to get the EU moving ahead. It is interesting to note, as proof of its relative comparative success, that propositions and rational commentaries have not only come from Europeans who have much invested in the operation, but also from observers in other parts of the world. The EU has become an asset for all to care. Significantly, the crisis and its background have not been seen solely in negative terms, but also a positive event that will generate solutions not only for the EU but for other cooperative arrangements in other regions where the EU is a point of reference if not a model.¹¹ Correcting the notion that fear of a loss of identity played a major role, some observers insisted on the need to proceed ahead and focus on issues that are identified as crucial for the citizens, much in the tradition of the effectiveness of the “civic nation” that has to deliver benefits so the electorate executes a “daily plebiscite” every night, as Ernest Renan said.¹² In this direction, seven European presidents drafted a collective letter stressing the accomplishments of the EU and the need to deepen it with the conviction placed on the common values combining well functioning markets and social justice.¹³ This contrasts with a rather suicidal and self-serving proposal made by the Czech president for the formation of an Organization of European States (supposedly following the model of the UN and the OAS, in an intergovernmental manner) to replace the EU.

Far from simply leaving the problem unsolved for the Austrian or Finnish presidencies in 2006, or even more expectantly in the hands of Germany in 2007, some analysts, EU practitioners, and institutions,¹⁴ have rushed to elaborate succinct but precise formulas to get the EU process on track. The sane and well-intentioned proposals oscillate between the individual rescuing of some of the most innovative institutional reforms included in the EU constitutional project and the

¹⁰ José Ignacio Torreblanca, “La ampliación no tiene la culpa,” *El País*, 21 julio 2005.

¹¹ William Pfaff, “A good crisis for the EU,” *International Herald Tribune*, June 4, 2005; Mario Vargas Llosa, “Europa: ¿Una bella idea?” *El País*, 12 diciembre 2004.

¹² *Financial Times*, “Pointing Europe in a new direction,” June 18, 2005; Manuel Castells, “¿Reconstruir Europa?” *La Vanguardia*, junio 25 2005.

¹³ “Getting the ship back on course,” *The International Herald Tribune*, July 15, 2005.

¹⁴ See, for example, Plan “D” offered by the Commission. For an evaluation, see comment in Euroactive: <http://www.euractiv.com/Article?tcaturi=tcm:29-144593-16&type=News>

amendment of the text made by another convention.¹⁵ EU scholars with keen legal analytical tools have shifted through the options and proposals and have come to some conclusions, worth taking into account at any time.¹⁶ First, the notion of the solution of enhanced cooperation to reform the treaties is illegal. This procedure is feasible to carry out existing legislation, but not for approving new ventures (Minister of Foreign Affairs, voting system). Other options are then divided into unfeasible (among them the withdrawal of France and the Netherlands from the EU) and very unlikely and cumbersome (implementation for the Treaty only for the countries approving it). An alternative is to let time pass and then proceed to another ratification process, of dubious outcome in the French and Dutch cases. That leaves the options of reforming the constitutional treaty or continuing with the existing treaties always open for modifications regarding some of the items that seem to be acceptable in the failed project. Meanwhile, the EU is left with its existing framework.

In any event, all these well-intentioned contributions and explanations about the constitutional disaster have come too late regarding the reality of enlargement. First, there is no other way out and the path taken cannot be redrawn, unless the unthinkable is contemplated by proceeding to dismantle the European Union. In fact, complaints about the supposedly bad timing are inaccurate. In fact, steps taken in implementing the recent enlargement have arrived with more than half a century of delay. Instead of wrongly equating (according to some) the referendum as a vote of confidence on enlargement, the French and the Dutch electorates should have blamed the founders of Europe, who initiated the unstoppable script for what is wrongly called “enlargement”. In essence, it was the “completion” of Europe.

It is true, anyway, that EU enlargement is the root for the drastic institutional development that the EU decided to face with the rolling on of the constitutional project. Once the decision was made to embark on the last stages of the incorporation of the ten new members, the EU train left the station with no intention of returning to the old depot, but to arrive at a new, larger, modern mansion. The consensus was that the resulting structure could not any longer be governed the same way as it was when the old European Community had only six, nine, or twelve members. Then more ambitious European Union seemed to be comfortable with just fifteen states with a considerable level of development and political consolidation. The new members in the EU of 25 states were much poorer and they came not simply from old-fashion authoritarian regimes but from the long dark era of communism.

¹⁵ Peter Sain ley Berry, “Let’s pick up the constitutional bill,” *Euobserver*, November 11, 2005; Inigo Méndez Vigo and Alexander Stubb, “A five-step plan to get Europe’s constitution on track”, *Financial Times*, September 30, 2005; Centre for European Reform/Institut Montaigne, “A manifesto for Europe,” October 25, 2005.

¹⁶ Araceli Mangas, “La compleja tela de araña de la UE,” *Cinco Dias*, junio 15, 2005.

The series of treaties developed by a never-ending process of redrafting chapters and making cross-references to articles and clauses was a system that showed its exhaustion. Legally, experts could still justify them as serving as a “Constitution” for Europe, but the old texts revealed themselves to be insufficient to rule a more complex structure in more complicated times full of world insecurity beyond the prospects of the end of the Cold War. Moreover, the EU had decided much earlier to adopt a common currency (the euro, ironically taken as an additional culprit for the European malaise) as a penultimate step of pooling of sovereignty pointing out towards the fifth stage of integration, a political union. Hence, the need was seen to call for the formation of a supreme “convention” to study, draft and approve a new text, a “treaty to establish a European Constitution”.

The murky and confusing world scene created by the September 11 attacks, in addition to the erratic behavior of the United States as the sole superpower led by President George W. Bush, was an added setting to what was the post Cold War context that earlier advised the European leadership of the need to tackle a new mission. This task had to focus on the strengthening of the perception and capability of the only counterpart or loyal partner for the United States that the world could offer. EU enlargement was then mirrored by a similar process experienced by NATO, through a new expanding under the pressure of the United States for providing circles of security over the new centers of instability. Consequently, the long historical European integration chapter that was opened by the Single European Act of 1986, followed by the Maastricht Treaty of 1992 that transformed the old European Community into the European Union, confirmed by the Treaty of Amsterdam, had come to a close.

The legacy of history

The well-deserved reputation of the EU in following a summit-based procedure where many businesses are approved in late hours under the threat of vetoes does not render justice to the process composed of enlargement and constitutional development. In the time development of the EU, while the music may sound sometimes as fast as a modern rock-and-roll tune, the lyrics are well entrenched in history, written with care, calm, and tenacity. The enlargement of the EU has been blamed by many for inviting for more uncontrolled migration towards the EU countries, it has been victimized as the cause for the rise of nationalism and racism, and it has been identified as the source of inflation, erosion of quality of life, and loss of prestige and cohesion.

The reality is that enlargement has been performed following a mandate that is not only framed in the Nice Treaty of 2003. It is well founded in the offer of Robert Schuman’s Declaration,¹⁷ drafted by his associate Jean Monnet. It is not

¹⁷ See original text in French: <http://www.robert-schuman.org/robert-schuman/declaration2>.

by capricious reasons that some observers call this speech with much affection the “Declaration of Inter-Dependency”, the rather venerable document issued on May 9, 1950, at the “Salon de l’Horloge” of the Ministry of Foreign Affairs of France located at the emblematic Quai d’Orsay.¹⁸ While it was obviously an offer that Germany was in no position to reject, it was also automatically and explicitly an open invitation given for the rest of Europe to ponder. In addition, in a magnificent way it was suitable for the cooperation and benefit of the rest of the world.

First, the script written by Monnet and read by Schuman, made the initial overture to the perennial enemy, Germany: “It proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority.” But, immediately following, it adds that this entity be placed “within the framework of an organization”, and finally, and most important, “*open to the participation of the other countries of Europe.*” That is the original “contract”: the EU at its birth is the *property of all European countries*-that only comply with the minimum and irreplaceable conditions of “membership.”

Moreover, the universal reach of the original offer is permanently enshrined in the same crucial paragraph where the ultimate objective of the European Union is stated: “The solidarity in production thus established will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible.” And then it adds: “The setting up of this powerful productive unit, *open to all countries* willing to take part and bound ultimately to provide all the member countries with the basic elements of industrial production on the same terms, will lay a true foundation for their economic unification.”

All this means that even outside members can be associated with the project in a special manner distinguishable from full membership that is reserved by the foundational statements made to European countries. Having met the geographical-historical condition, prospective members only have to abide by the implicit democratic and economic requirements already present in the original foundational document, which were consequently and explicitly spelled out by the so-called Copenhagen criteria. The Schuman Declaration reads that the “production of coal and steel as a whole be placed under a common High Authority, within the framework of an organization”, implying that the means considered to be the causes of wars (“coal and steel”) are available in an open market economy and that the common administration exercised by an entity (High Authority, predecessor of the Commission) is in the hands of an organization (the former ECCS

htm. Text in English: <http://www.cec.org.uk/whatsnew/schuman.htm> for a collection of related documents: http://www.diplomatie.gouv.fr/archives.gb/dossiers/schuman/module03_5.html

¹⁸ For a review of the current relevancy of Schuman’s message, see: Santiago.Gómez Reino, “La actualidad del pensamiento de Robert Schuman en el contexto de la Convención sobre el futuro de Europa,” European Union Center/Jean Monnet Chair, University of Miami. Working Paper: August, 2002. <http://www.miami.edu/EUCenter/Papeles%20de%20Coral%20Gables.pdf>.

and the current EU) managed by democratic, legal and voluntary decisions. In other words, that the original membership requirements were and still are to have a market economy and a democratic political system.

Any doubts about the validity of these original conditions should be dispelled on two grounds. First, the terminology used in the subsequent treaties is impeccably market-oriented and it is based on the customs of liberal democracy. Conditions for “free trade”, establishing a “customs union”, and following a path to guarantee the “freedom of movement of goods, capital, services and people” are only the signs of an open economy, without any of the constraints or ambiguities of the centralized (“Marxist”) economies, or the ones where the state has unbearable advantage.

Second, the record of accession procedure of the EC is very clear. No European country aiming at membership has managed to get admitted while having a dubious political system. As an illustration of this, a review of the customary requirements presented by NATO would suffice.

This organization is often credited by the United States as contributing not only to the security and defense of Europe, but also to “democracy and liberty”. Historical rigor advises prudence in this sense when compared with the initial aim of the EU (“to make war unthinkable”). NATO was founded unofficially but accurately “to keep the Germans down, the Americans in, and the Russians out.” During the Cold War it fulfilled its mission. With Germany reformed, it stopped Soviet expansion without firing a missile. Truman’s interpretation of Kennan’s containment worked.

But NATO also consolidated the dictatorship of Oliveira Salazar in Portugal (a founding member of the Alliance in 1949). It never raised an eyebrow when Turkey (a member along with Greece in 1952) was under the influence of its military. And it never moved a finger when Athens fell under “the dictatorship of the Colonels”. The oddity of the status of Cyprus (one of the pending businesses of the current enlargement) is still the apparently perennial collateral damage of the Greek military policy at that time, replicated by the Turkish reaction. This is only one of the many pending issues facing Turkey for an eventual membership in the EU.

In stark contrast to the “flexible” membership requirements in NATO (a sort of a “coalition of the willing”), Greece, Portugal and Spain had to wait to enjoy impeccable democratic credentials to enter the European Union. This shows the clear difference in membership conditions, reflecting a deeper philosophical aim. Double standards do not work in Brussels.

Remodeling the House

The history of the EU shows that it has suffered periods of stagnation. However, shared sovereignty and geographical size have never been reduced. When compared, politically and economically, with other regional integration experiments,

the EU is by far the most ambitious experiment in state cooperation. Nonetheless, European integration still has a long way to go to complete its architectural structure. This was the most dramatic task to face behind the mission to enlarge.

Architectural similes have been constant in the history of the EU. When it was resolved to convert the Community into a Union in the Maastricht Treaty, the text explicitly inserted the description of the new framework with the metaphor of the Greek-Roman temple sustained by three pillars. The result has been the expansion of the first pillar, while the other two are being pressured to shift competences to the first, under the resistance of the governments. The EU has also been compared with a cathedral for its symbolism in European culture and the long time it has taken to be built. The problem is that the cathedral was designed in 1950 for two faithful members (France and Germany), accompanied by another four committed to ending European wars. A European Union reaching the borders of Russia and Turkey is a different entity.

With this daunting backdrop, it is not surprising that members of the European Convention¹⁹ commissioned by the EU Council to draft a constitution justified the need for a thorough legal and institutional reform in view that the esthetically balanced image of the Greek-Roman temple did not reflect the reality. The EU might be comparable to a cathedral in construction, but it was more like a baroque conglomerate, the result of the accumulation of elements according to the timely circumstances, with no apparent effort to eliminate decorations or useful pieces of the past. In the opinion of Giuliano Amato, Vice President of the Convention, cathedrals of other eras are beautiful to see, but Europe demands to be able to function through a complete simplification of its structure.²⁰

In consequence, the unstoppable enlargement required fundamental reforms. The first is the need to strengthen the external role of the EU. To this end, the draft Constitution recommended that the rotating presidency be replaced by a more stable term of two and half years with the naming of a personality among former heads of government.

The Convention also advocated for a stronger power for the Commission, to which all competences still inserted in the third pillar (interior, justice, borders) should be transferred, as well as some functions of the second pillar (foreign relations and security). In addition, it recommended the fusion of the positions of the High Representative (held by Javier Solana, doubling also as Secretary Gen-

¹⁹ For selection of inside accounts on the proceedings of the Conventions, see: Josep Borrell, Carlos Carnero and Diego López Garrido, *Construyendo la Constitución Europea* (Madrid: Real Instituto Elcano, 2003); Peter Norman, *The Accidental Constitution* (Brussels: Eurocomment, 2003); Alain Lamassoure, *Histoire secrète de la Convention Européenne* (Paris: Fondation Shuman, 2004). Among the texts of the Constitution with comments attached, see: Etienne de Poncins, *Vers une Constitution européenne* (Paris: Editions 10/18, 2003).

²⁰ For an elaborate review of these aspects and details, see: Joaquín Roy, "The Nature of the European Union" in *Public Administration and Public Policy in the European Union*, ed. Peter Van Der Hoek, 77-111 (N.Y.: Taylor and Francis, 2005).

eral of the Council of the European Union) and the Commissioner for External Relations (Chris Patten then and now Benita Ferrero-Waldner), and the subsequent inclusion of this new position in the Commission, as Vice President of this institution.

Until a solution is found and a necessary period of reflection has passed, the EU institutional structure is set to remain solidly anchored in a legal framework, democratically agreed upon.²¹ It is a series of treaties that includes the Schuman Declaration “of interdependence” (equivalent to the original foundation of the ECSC in 1952), the Treaties of Rome, the Single European Act,²² Maastricht,²³ and Amsterdam,²⁴ the Treaty of Nice of 2000,²⁵ in addition to the Charter of Fundamental Rights,²⁶ and the decisive Laeken Declaration.²⁷ They form, in the absence of another text that reforms, frames or replaces them, the existing European “Constitution”, in a “community of law.”²⁸ This long road towards “an ever

²¹ Joaquín Roy, “La Unión Europea: De la arquitectura a la alquimia” in *Retos e Interrelaciones de la Integración Regional: Europa y América*, eds. Joaquín Roy, Roberto Domínguez and Rafael Velásquez, 53-77 (México: Plaza y Valdés, 2003).

²² For a sample of the scholarship on this legislation, see J. De Ruyt, *L'Acte Unique Européen* (Brussels: Editions de l'Université de Bruxelles, 1987).

²³ Michael J. Baun, *An Imperfect Union. The Maastricht Treaty and the New Policies of European Integration* (Boulder, Colo.: Westview Press, 1996); Finn Laursen and Sophie Vanhoonacker, eds. *The Ratification of the Maastricht Treaty: Issues, Debates and Future Implications*. (Maastricht: EIPA, 1994); Andrew Duff, John Pinder and Roy Pryce, eds. *Maastricht and Beyond: Building the European Union*. (London: Routledge, 1994).

²⁴ For examples of scholarship on this treaty, see Finn Laursen and Sophie Vanhoonacker, eds. *The Ratification of the Maastricht Treaty: Issues, Debates and Future Implications* (Maastricht: EIPA, 1994); Karlheinz Neunreither and Antje Wiener, eds. *European Integration After Amsterdam: Institutional Dynamics and Prospects for Democracy* (Oxford: Oxford University Press, 2000); Andreu Olesti Rayo, *Las incertidumbres de la Unión Europea después del Tratado de Amsterdam* (Barcelona: J. M. Bosch Editor, 2000); M. Telo, and Paul Magnette eds. *De Maastricht a Amsterdam: L'Europe et son nouveau traité* (Brussels: Université de Bruxelles, 2002).

²⁵ Martin Bond and Kim Feus, eds. *The Treaty of Nice Explained* (London: Federal Trust, 2001); Koji Fukuda and Hiroyi Akiba, eds. *European Governance After Nice*. (New York: Routledge, 2003); David Galloway, *The Treaty of Nice and Beyond. Realities and Illusions of Power in the EU*. (Sheffield, U.K.: Sheffield Academic Press, 2001); Alexander Stubb, *Negotiating Flexibility in the European Union. Amsterdam, Nice and Beyond*. (Basingstoke, U.K.: Palgrave, 2002); Blanca Vilà Costa (coord.). *El horizonte institucional de la UE tras la conferencia intergubernamental (de Biarritz a Niza)* (Barcelona: Universitat Autònoma de Barcelona/Institut Universitari d'Estudis Europeus, 2001); Miguel Martínez Cuadrado, *Estructura Política de la Unión Europea: El Tratado de Niza y sus efectos en los fundamentos constitucionales de la Unión* (Madrid: Universidad Complutense, 2001).

²⁶ Teresa Freixas and José Carlos Remonti, *El futuro de Europa: Constitución y derechos fundamentales* (Valencia: Minim/Universitat de València, 2002).

²⁷ Peter Ludlow, *The Laeken Council* (Brussels: Eurocomment, 2002).

²⁸ Albert Galinsoga Jordà, “El ‘modelo europeo’ en un mundo globalizado: un caracterización

closer union” reveals one of the crucial innate characteristics of the EU. The problem is that the EU that is contemplated in this “constitutional” framework is the one ruled by the Treaty of Nice and this is meant for a Union of not more than 27 members. This number included the current 25, plus Bulgaria and Romania, the two countries scheduled to be admitted in 2007. They have seats allocated in the EU Parliament and a number of votes for the mechanisms of the Council. This is not the case of Turkey or any other Balkan state still outside the EU. Any rearrangement of the Nice framework would have to be put through an elaborate ratification process.

Membership Criteria

Just in case the historical philosophical conditions set in the Schuman Declaration, the economic practice of the European Union in its development, and the political custom in the admission process were not enough, the EU crafted a precise “code” for membership. This is what the European Union decided to set when it issued the so-called “Copenhagen criteria”, approved during the European Council of June 21-22, 1993, during the Danish presidency.²⁹ These conditions were political, economic and legal in essence. Democracy and respect for human rights, an effective market economy, and the incorporation of the *acquis* are the cornerstones.³⁰

In practicality, the 2004 enlargement began as soon as Berlin Wall collapsed in 1989, with the European Community establishing diplomatic relations with the countries of Central and Eastern Europe. Preparations for a new economic relation began with the dismantling of import quotas on certain products, the extension of the Generalised System of Preferences (GSP) and finally proceeded to sign Trade and Co-operation Agreements with Bulgaria, the former Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovenia. Simultaneously, the EC’s Phare Program began to funnel financial support to rebuild the economies. Through the 1990s, the EC and ten Central and Eastern European countries signed Association Agreements, similar to the ones existing with Turkey (1963, with a Customs Union effective in 1995), Malta (1970) and Cyprus (1972).

In the Copenhagen European Council of 1993, the EU made major decisions regarding not only the conditions of admission but its timing: “Accession will take place as soon as an associated country is able to assume the obligations of

de la Unión Europea en el nuevo siglo” in *Las Relaciones Exteriores de la Unión Europea*, ed. Joaquín Roy and Roberto Domínguez Rivera 45-66 (México: Universidad Nacional Autónoma de México, UNAM, 2001).

²⁹ See chapter by María Ilcheva in this volume.

³⁰ For details, see the web: http://europa.eu.int/scadplus/glossary/accession_criteria_copenhague_en.htm

membership by satisfying the economic and political conditions required.” However, the Union reserves the right to decide when it will be ready to accept new members.

The criteria are spelled out:

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

However, the EU reserved some options regarding final acceptance when the Council added the process would have to take into account “the Union’s capacity to absorb new members while maintaining the momentum of European integration”. Subsequently, the Madrid 1995 European Council additionally required that the candidate countries make the necessary adjustments in their administrative structures and that the EU legislation be implemented.

Analysts have observed that, at the end of the day, once a country shows that it has fulfilled the conditions, it is virtually impossible to stop or derail its candidacy. The most the EU system can do is to slow down the process to the limits that only experience can determine, such is the obvious case of Turkey.

At this point, it is worth considering that the balance of requirements prime the political and economic conditions to be met, over the geographical and cultural that seem to be vague, taken for granted, or understood between the lines. On the one hand, cultural and ethnic factors in resisting the approval of the Constitution in France and the Netherlands, latent in other countries, are not the monopoly of right wing circles. On the other hand, it is significant to note that conservative parties and governments have expressed an inclination to advocate for adhering to “European values” (religion, culture, languages) and the location in strictly European territory. This specification has been obviously targeting Turkey. Leftist or liberal parties tend to prime the fulfillment of the economic and, above all, political and human rights requirements.

Positive Experiences

One of the peculiarities of the current enlargement is that it is considered as something “special” for reasons that are never fully explained but suspected (traces of Cold War divisions, disdain for Eastern European countries, underdevelopment and cultural differences). The first enlargement, for example, was judged to be “normal” once the veto posed by De Gaulle for the incorporation of the United Kingdom disappeared with the loss of power of the French leader. The

addition of Ireland and Denmark was seen as a good and practical complement and a signal of the fading away of the European Free Trade Area (EFTA) alternative. The third enlargement, with the admission of Greece, was a first step for the addition of the less developed countries of the south and act of historical justice for including as a member a country that represented the cradle of European civilization.

The fourth addition was seen as a triumph of the power of “injunction” that was going to start with the incorporation of the former Communist states. Although Spain and Portugal had to go through a lengthy period of negotiations, a decade after dismissing their respective dictatorships was seen as a sign that the admission requirements of the EC got tougher but with a prize that was within reach. Only unorthodox commentators consider the incorporation of the former German Democratic Republic into the overall Federal Republic of Germany as another enlargement, but in practical terms could be considered as a dress rehearsal of what happened in 2004. The admission of the formerly neutrals Austria, Sweden and Finland was seen as an unstoppable way for the “normalization” of Europe. That only left the 2004 big bold act that has been branded more than anything else as a act of political justice to get rid of the remains of what historically has been an artificial division of Europe as a result not only of World War II, but also of the parceling out of zones of influences between the Western powers (principally the United States) and the Soviet Union as executed in Yalta and Postdam.³¹

Domestic experiences of the previous enlargements could only be collectively evaluated as very positive. Although there has been some concrete signs of resistance from some member states in endorsing some of the treaties (Maastricht, Nice), the fact is that the insertion of special clauses and the use of opt-outs have accommodated most of the peculiarities of the problematic members. With the exception of Norway rejecting in a referendum to join the EU and the perennial cases of Switzerland and Iceland, no other European country questions in depth either membership or will of candidacy.³²

There is no doubt that the present panorama of the European process of integration can be judged by the popular question: Is the glass half full or half empty? According to the optimists, the balance of the EU, after half a century, is impressive. From a chronological perspective, it is certain that the EU has never taken a dangerous step backwards. Qualitatively, in terms of competences transferred from the states to the Community pillar, the volume of the common legacy has always expanded. The number of members continues to increase. Even in the

³¹ The notion that Europe was an artificially divided entity until 1998 is present in an impressive number of works. See, for example, one recent example: William Hitchcock, *The Struggle for Europe: The Turbulent History of a Divided Continent, 1945 to the Present* (NY: Anchor, 2004).

³² Siglende Gstöhl, *Reluctant Europeans: Norway, Sweden, and Switzerland in the Process of Integration* (Boulder, Colo.: Lynne Rienner, 2002).

persistent stage of uncertainty while the enlargement proceeds on schedule, it does not seem this will change. Its attractiveness is irresistible. As the late Minister of Foreign Affairs of Spain, Francisco Fernández Ordóñez ingeniously detected: "Outside of the EU it's very cold."

Success stories outrank claims of negative results. Ireland went from isolation, dependency and migration producing to a magnet for investment. The United Kingdom resists the termination of the rebate (the "check"). Spain and Portugal rediscovered themselves with mutual benefits. Germany owes much of its international respectability to its fusion with the essence of the EU. Neutrals that had little autonomy in the past (Austria, Finland) can now enjoy international influence. Even the United States finds that further EU enlargements benefit the zone and its own economy, when expressing pressure for the incorporation of Turkey and Ukraine.

While it still is too early to evaluate the benefits and negative effects of the 2004 enlargement, the balance shows that membership in the EU is by large a good business. The new members experienced a growth in GDP of 5 percent in 2004, compared with 3.7 percent in 2003. Some countries excelled most especially. For example, Latvia increased 8.5 percent when the median of the EU was only 2.4 percent. Lithuania 6.7 percent, Estonia 6.2 percent, Slovakia 5.5 percent and Poland 5.3 percent. For 2005 the early estimates were, for example, 5.6 percent for Estonia, 6.0 percent for Latvia, 5.8 percent for Lithuania, and 5 percent for Slovakia. The new members median increase was calculated as 4.5 percent, while the EU original 15 members grew only 2 percent, and the overall EU of 25 2.2 percent. For 2006 the growth in the new members is expected to be over 4 percent, double the figure (2.2 percent) of the collective EU of 25 countries, a prediction that is considered as a sign of economic recovery accompanied by a decrease in unemployment and the stability of euro exchange rate.³³ Naturally, not all the old members are happy either. While most voters in the Netherlands resent being the most generous payers of the EU common budget, other countries such as Spain have mixed feelings of leaving the group of the less affluent countries and losing the benefits of the structural funds.

In conclusion, the difficulties encountered by the EU are not new in the history of this successful enterprise. The balance as a whole shows positive accomplishments and benefits not only for all members but for citizens in general that will have to rely on historical records to compare with standard of living and security in times past. Experience shows that crises are, at times, actually beneficial, as pressure brings new ideas and solutions. The initiative taken by the Austrian presidency at the beginning of 2006 shows a new direction. By facing the reinvigoration of the constitutional process, it marks a new path worth exploring. Leaving the situation to deteriorate is not a wise move. However, it remains to be

³³ Source: United Nations Economic Commission (UNECE), Eurostat, and OECD. http://www.unece.org/press/pr2005/05gen_p04e_table1.pdf

seen how the institutional proposal will match the need for economic and social improvements that the citizens need in order to follow the leaders.³⁴

³⁴ George Parker, "Austria aims to bring EU constitution in from the cold," and editorial "A new mood is what Europe needs most," *Financial Times*, January 9, 2006.

Enlargement and the Promotion of Liberal Norms in Eastern Europe

Frank Schimmelfennig

Introduction

After the end of the Cold War, the regional organizations of Europe proclaimed human rights and liberal democracy the normative foundations of the New Europe. Moreover, they defined support for political change as a new core task for themselves. They provided expertise and training to the transformation countries, gave financial support to the emerging civil societies and parties, and mediated in cases of conflict. They monitored the establishment and functioning of democratic institutions and the rule of law; they made financial assistance and the integration of the transformation countries into the Western organizations dependent upon compliance with their political norms and, in a few instances, intervened militarily to stop civil war and massive human rights violations (such as in Bosnia-Herzegovina, Kosovo, or Macedonia).

Fifteen years later, ten consolidated East European democracies are or are about to become EU and NATO members. By contrast, other countries of the region (most of them in the Balkans) have not yet achieved democratic stability. Others still, mainly successor states of the Soviet Union, are consolidating autocracies rather than democracies. These divergent developments raise the question under which conditions European organizations have had an effective impact on compliance with liberal norms.

In answering this question, the chapter starts from two basic models of international rule promotion: external incentives and social learning.¹ In this chapter, I will briefly report results of a research project that tested the causal relevance of the explanatory factors suggested by both models in a comparative analysis.² The

¹ For an explication of these models as explanations of the influence of European regional organizations on the transformation of Central and Eastern, see Frank Schimmelfennig and Ulrich Sedelmeier, "Introduction: Conceptualizing the Europeanization of Central and Eastern Europe" in *The Europeanization of Central and Eastern Europe*, ed. Frank Schimmelfennig and Ulrich Sedelmeier, 1-28 (Ithaca: Cornell University Press, 2005).

² For an extended version reporting the comparative analysis, see Frank Schimmelfennig, *The International Promotion of Political Norms in Central and Eastern Europe: a Qualitative Comparative Analysis*, Central and Eastern Europe Working Paper 61 (Cambridge: Harvard University,

results largely corroborate the external incentives model. In general, credible EU (and, for some countries, NATO) membership incentives and low domestic adaptation costs are individually necessary and jointly sufficient conditions of compliance.

The External Incentives Model

According to the external incentives model, the relevant strategy of the European international organizations is political conditionality: these organizations set their liberal democratic norms as conditions that the Eastern European countries have to fulfill in order to receive rewards specified in advance. These rewards consist of assistance and institutional ties ranging from trade and cooperation agreements via association agreements to full membership. Regional organizations pay the reward if the target government complies with the conditions and withhold the reward otherwise. With a few exceptions only, the political conditionality of the European regional organizations has been strictly rewards-based. That is, if the target government did not comply with international conditions, the regional organization simply withheld the reward. It did not coerce target states to introduce political reforms, nor did it offer special assistance or support. Rather, non-compliant states have been shunned by the Western international community, excluded from external resources, and left behind in the “regatta” to membership – with, however, the promise of being welcome once the political conditions are in place. The only major exceptions to this rewards-based strategy were the international interventions and protectorates in Bosnia-Herzegovina and Kosovo. In these two cases, the Western international community felt compelled to move beyond a rewards-based strategy in order to stop “ethnic cleansing,” the most massive violations of basic human rights in post-Cold War Europe.

The most general proposition of the external incentives model is that *a state complies with the norms of the organization if the benefits of the rewards exceed the domestic adoption costs*. More specifically, this cost-benefit balance depends on the size and credibility of international rewards, on the one hand, and the size of domestic adoption costs, on the other.

The size of the international reward depends on its quality and its quantity. With regard to quality, tangible, material incentives – those which enhance the welfare, security or power of the target government – are most likely to have a sufficiently strong impact to bring about compliance. The underlying logic of this proposition is that, to the extent that compliance with liberal democratic norms is perceived to threaten the security and the power of the state and the government of the day, these disincentives need to be balanced by positive incentives of the same kind. By extension, international organizations that are able to offer such

incentives are more likely to have an impact than those that do not. Specifically, the EU and NATO, which both provide the highest economic and security benefits available from European international organizations – such as access to the most important European market, the subsidies of the EU’s agricultural and regional policies, military protection by the most powerful international alliance and, most generally, full participation in the decision-making of the most powerful organizations of the region – will potentially be most effective in inducing compliance. By contrast, the OSCE and the Council of Europe (CE) offer mainly social rewards – such as international legitimacy – and soft security. With regard to quantity, the higher the welfare, security, and power benefits offered by the international organizations are, the more likely the target states will comply. For example, the offer of EU membership will be more effective than that of mere association, and NATO membership with full security guarantees will have a stronger impact than NATO’s Partnership for Peace.

In addition, the international incentives need to be credible – both with regard to the regional organization’s threat to withhold rewards in case of non-compliance and, conversely, its promise to deliver the reward in case of rule adoption. In other words, effective political conditionality requires, first, the superior bargaining power of the external agency (otherwise threats would not be credible). Second, on the part of the target states, it requires certainty about the conditional payments (otherwise promises would not be credible).

The credibility of the *threat of exclusion* is generally high in the relationship between European regional organizations and the target countries of democratic conditionality in Eastern Europe. Due to the highly asymmetrical interdependence that characterizes this relationship, the organizations possess superior bargaining power. Eastern Europe is only of marginal importance to the economy and security of the EU and NATO member states. In contrast, the region is heavily dependent on the EU market and will benefit much more strongly from accession than the EU member states.³ Likewise, it has faced higher insecurity in the post-Cold War era than Western Europe due to uncertainty about the course of foreign policy of neighboring Russia and ethno-nationalistic conflict. Thus, the region also benefits more strongly from NATO membership than the old member states benefit from NATO enlargement. Both asymmetries enhance the bargaining power of the main Western organizations.

The main issue, therefore, has been the credibility of the *promises*. To be credible, the regional organizations must be *capable* of paying the rewards (at a low cost to themselves). First, promises are not credible if they go beyond capabilities. Second, the higher the costs of the rewards are to the organization, the

³ Richard Baldwin, Joseph Francois and Richard Portes, “The Costs and Benefits of Eastern Enlargement: the Impact on the EU and Central Europe” *Economic Policy* 24 (1997): 125-176; Andrew Moravcsik and Milada Vachudova, “National Interests, State Power, EU Enlargement” *East European Politics and Societies* 17, no. 1 (2003): 42-57.

more doubtful their eventual payment to the target countries will be. On the basis of this reasoning, intangible, social rewards have been more credible than tangible material rewards, and assistance and association have been more credible rewards than accession. Eastern enlargement involves substantial costs to the EU and NATO, which – although far from being prohibitive – are likely to exceed the marginal benefits of the member states.⁴ It took several years, indeed, to overcome the reticence and opposition of a majority of member governments in both the EU and NATO and to commit both organizations firmly to enlargement. It was not before 1993 and 1994 respectively, that both organizations had made a general decision to accept CEECs and it took them until 1997 to open accession negotiations with the democratically most consolidated states among them.

In addition, political conditionality must be clear and consistent to be credible. First, the conditions under which the reward will be paid must be sufficiently determinate for the target government to know what it has to do and for the regional organization to be bound to its promise. Second, if international organizations were perceived to subordinate conditionality to other political, strategic, or economic considerations, the target state might either hope to receive the benefits without fulfilling the conditions or conclude that it will not receive the rewards at any rate. Moreover, the effectiveness of conditionality would suffer if organizations used different conditions or different criteria for measuring fulfillment.

Clarity and consistency have been high in general. First, although many of the democratic conditions demanded by the EU and NATO were stated in general and vague terms, the continuous stream of communications and reports from the Western organizations during the pre-accession process made sure that the candidate countries received sufficient information on their shortcomings and achievements. Second, the accession process has been by and large a meritocratic one. For all countries of the region, political criteria of compliance with liberal-democratic norms have been the core and sine qua non conditions for opening accession negotiations. Geographic, economic, or military criteria have not played a significant role in the selection process, and target countries have, on the whole, been evaluated impartially on the basis of the organizations' political membership criteria. Of course, the political conditions of membership varied. The membership criteria of the CE were stricter than those of the OSCE, and less strict than those of the EU and NATO. This has not been problematic, however, because conditions complemented rather than contradicted each other, and organizations with stricter conditions also offered higher rewards. EU political conditions have been in line with recommendations and demands of the OSCE and the CE, that is, those European organizations most directly concerned with the human and minority rights situation in the CEECs. Moreover, they were reinforced by the fact that NATO had made accession subject to the same conditions

⁴ Frank Schimmelfennig, *The EU, NATO and the Integration of Europe. Rules and Rhetoric* (Cambridge: Cambridge University Press, 2003), 37-62.

as the EU, evaluated the performance of the target countries similarly, and admitted roughly the same countries during the same time period between 1997 and 2004. Thus, target countries could not play one organization off against another and reap high benefits in spite of non-compliance.

If target states are confronted with credible conditionality, and if they are offered equally beneficial rewards, the external incentives model postulates that the size of domestic adoption costs determines whether they will accept or reject the conditions. The most important domestic costs in the context of political conditionality are the *power costs of governments*.

First, the liberal democratic norms, which are the subject of political conditionality, usually limit the autonomy and power of governments. They prohibit certain undemocratic and illiberal practices on which a government may rely to preserve its power – such as suppressing opposition parties or civic associations, curbing the freedom of the press, or rigging elections. Moreover, they may change power relations between governmental actors – such as increasing the independence of courts or limiting the political influence of the military. Finally, above all in the case of minority rights, they affect the composition of the citizenship and empower certain social and ethnic groups. This may erode the social power base of governments and, in their opinion, threaten the security, integrity, and identity of the state.

Second, in the Eastern European countries, the number of societal veto players is generally considered to be small.⁵ Political parties have been organized top-down, are weakly rooted in society and social organizations, and depend on the state for their resources. Industrial relations are generally characterized by a state-dominated corporatism (in many cases even patrimonial networks), and an active civil society has failed to emerge despite promising beginnings in the revolutions of 1989. Rather, levels of political participation have declined.⁶ This characteristic of societal weakness also holds for other target countries of political conditionality such as Turkey. In sum, I propose the following hypothesis based on the external incentives model: *The likelihood of compliance increases,*

⁵ Antoaneta Dimitrova, “Enlargement, Institution-Building and the EU’s Administrative Capacity Requirement” *West European Politics* 25, no. 4 (2002): 171-190; Frank Schimmelfennig, Stefan Engert, and Heiko Knobel, “Cost, Commitment and Compliance: The Impact of EU Democratic Conditionality on Latvia, Slovakia and Turkey” *Journal of Common Market Studies* 41, no. 3 (2003): 495-518.

⁶ For general assessments along this line, see, e.g., Attila Ágh, *Emerging Democracies in East Central Europe and the Balkans* (Cheltenham: Edward Elgar, 1998), 52 and 106; Sarah Birch, “Elections and Representation in Post-Communist Eastern Europe” in *Elections in Central and Eastern Europe: The First Wave*, ed. H.-D. Klingemann, E. Mochmann and K. Newton, 15-16 (Berlin: Edition Sigma, 2000); Mary Kaldor and Ivan Vejvoda, “Democratization in Central and Eastern European Countries: An Overview” in *Democratization in Central and Eastern Europe*, ed. Mary Kaldor and Ivan Vejvoda, 11 and 19-22 (London: Pinter, 1999); Nick Sitter, “Beyond Class vs. Nation? Cleavage Structures and Party Competition in Central Europe” *Central European Political Science Review* 2, no. 3 (2001): 75-76 and 87.

as the size and credibility of international rewards increase and the power costs of compliance for the target government decrease.

The Social Learning Model

The social learning model follows core tenets of social constructivism. In this perspective, European regional organizations represent a European international community defined by a specific collective identity and a specific set of common values and norms. Whether a non-member state adopts the community's rules depends on the degree to which it regards them as appropriate in light of this collective identity, values, and norms. The most general proposition of the social learning model therefore is: a state complies with the norms of the organization if it is persuaded of their appropriateness.

The constructivist literature has identified a fairly consistent catalogue of favorable conditions for social learning:⁷ novelty, legitimacy, identity, authority, and resonance.

First, social learning is most likely to be effective, if the target actor is in a novel and uncertain environment. Because all post-communist governments in Eastern Europe were novices in a changing international environment, this condition has generally been present. That also means, however, that it cannot explain variation in compliance.

Legitimacy refers to the normative quality of the regional organizations' norms. According to Thomas Franck, compliance will depend on "the clarity with which the rules communicate, the integrity of the process by which they were made and are applied, their venerable pedigree and conceptual coherence."⁸ If the democratic and human rights rules disseminated by the regional organizations are clearly defined, consensually shared, and consistently applied among their member states, their compliance pull will be high. The general rules of liberal democracy and human rights meet the prerequisites of high legitimacy in the Western organizations. The major exception are minority rights, which – in contrast with individual non-discrimination rules – do not belong to the traditional liberal human rights catalogue of Western democracies, are not part of the EU's *acquis communautaire*, and are not shared and accepted by all Western countries.⁹ Whereas this lack of legitimacy should result in non-compliance according

⁷ Jeffrey T. Checkel, "Why Comply? Social Learning and European Identity Change" *International Organization* 55, no. 3 (2001): 562-563; Alistair Iain Johnston, "Treating International Institutions as Social Environments" *International Studies Quarterly* 45, no. 4 (2001): 498-499; Thomas Risse, "'Let's Argue!'" *International Organization* 54, no. 1 (2000): 19.

⁸ Thomas M. Franck, *The Power of Legitimacy among Nations* (New York: Oxford University Press, 1990), 38 and 49.

⁹ Bruno de Witte, *Politics Versus Law in the EU's Approach to Ethnic Minorities* (EUI Working Paper, San Domenico: European University Institute, 2000): 3.

to the social learning model, it should not matter according to the external incentives model.

Identity refers to the international community that the target government regards as its relevant “in-group” and that it aspires to belong to. Non-member states are more likely to be persuaded by international organizations if they identify themselves with the community of states represented by these organizations. Whereas most post-communist governments of Eastern Europe have strongly identified themselves with the West and made the “return to Europe” their overarching foreign policy goal, others have developed a predominantly nationalist orientation or, in the case of Belarus, even a variety of pan-Slavism.

In addition, social learning is more likely to be effective if the agency of norm promotion is an authoritative member of the international group to which the target state wants to belong. Generally, authority is enhanced if regional organizations rather than individual states engage in norm promotion and if these regional organizations have or aspire to have universal membership in the region rather than representing just a narrow selection of regional states. However, there is no variation in authority in this study because the agencies of norm promotion consist in the same set of regional organizations for all the cases.

Finally, resonance refers to the cultural or institutional match of a specific external rule with the already existing domestic values, norms, practices, and discourses in a specific issue-area. The higher the “degree of normative fit” of an international rule, the more likely the target government will conceive the norm as being legitimate, accept it as an obligation, and subsequently translate it into institutional political practice.¹⁰ Despite high general identification with an international community, the resonance of a specific rule propagated by this community may be low.

In sum, and excluding the two constant conditions, I propose the following alternative hypothesis based on the social learning model: *The likelihood of compliance increases with the legitimacy and resonance of the norms and the identification of the target state with the international community.*

Empirical Findings

How have the conditions of the external incentives and the social learning model played out in the democracy and human rights promotion of European regional organizations? There is widespread agreement in the literature that the external incentives model has greater explanatory power than the social learning model.

¹⁰ Andrew P. Cortell and James W. Davis, Jr., “Understanding the Domestic Impact of International Norms: A Research Agenda” *International Studies Review* 2, no. 1 (2000): 69.

As for the size of rewards, nothing short of the high material benefits of NATO and EU membership has led to compliance in those transformation countries that violated liberal human rights and basic democratic norms systematically. Such regional organizations as the OSCE or the Council of Europe that do not have major tangible material or political benefits to offer and rely mainly on their expertise, persuasion, and social incentives, have not been able to produce democratic change – unless their criticisms and demands were taken up by the EU and NATO. This is best illustrated in the cases of minority rights in Estonia and Latvia. For many years, the OSCE's High Commissioner on National Minorities (HCNM) had tried in vain to persuade the governments and parliaments of these two countries to liberalize their citizenship laws and grant minority rights in favor of the large Russian-speaking minorities. These efforts bore fruit only when the EU and NATO subscribed to the recommendations of the HCNM and made their fulfillment a precondition of accession in the second half of the 1990s.

The 1997 decisions of the EU and NATO to open accession negotiations with a small group of CEECs that had advanced the most on the path towards democratic consolidation greatly strengthened the credibility of both the promise to enlarge and the threat to exclude reform laggards. The impact was most visible in countries such as Romania and Slovakia that had displayed a strong interest in membership and a rhetorical identification with the Western international community but failed to implement liberal-democratic reforms. In 1997, it became clear that membership was not to be had on the cheap. However, the effect of a credible membership perspective is best demonstrated by the case of Turkey. When the European Council in Helsinki granted Turkey the status of a candidate for membership in 1999 and decided to judge the Turkish candidacy by the same criteria as that of the Central and Eastern European countries, it triggered more serious and thorough democratic reforms than ever before in more than 30 years of Turkish association to the EU.

Yet the empirical record shows that even sizeable and credible EU and NATO membership incentives did not work under any circumstances. Power costs increase the more that the liberal community rules affect the security and integrity of the state, the government's power base, and its core political practices of power preservation. At the end of the day, governments value the security of their state, regime, and power higher than membership in even the most attractive regional organizations. This is most obvious in the case of authoritarian or autocratic regimes for which compliance with the liberal norms of the Western community is tantamount to regime change and a permanent loss of political power for the ruling elite. For these reasons, the EU and NATO have not had a major impact on either Belarus or Serbia under Milosevic. The most telling case, however, is Slovakia under Vladimir Meciar. This central European country had been named together with the Czech Republic, Hungary, and Poland as a strong candidate for the first round of NATO and EU enlargement. Therefore, external incen-

tives were high and credible. Nevertheless, and although Prime Minister Meciar had expressed a strong interest in Slovakia's membership in both organizations, he failed to comply with Western political demands to preserve his coalition with his partners from the extreme right and the extreme left and to keep his authoritarian grip on the Slovak state institutions. But even in the more democratic countries of the region, in which parties stand a good chance of being reelected to government within a short time-span, governments have usually been reluctant to comply if compliance threatened to lead to their collapse – for instance, if coalition partners announced to leave the government.

Democratically elected target governments have only accepted such consequences of compliance in the “endgame” of accession negotiations, that is, when the decision of the EU or NATO to open or conclude accession negotiations was imminent. For instance, the government of the Turkish Republic of Northern Cyprus complied with the UN Peace Plan immediately before the referendum in 2004 that would decide the inclusion of the Republic in the EU. Estonia and Latvia complied with demands for more generous rules for naturalization and the public use of minority languages just in time for accession negotiations to be opened or completed, although in each case, compliance caused coalition crises. In these situations, the (moderate) power costs of compliance were discounted against the imminent (and thus extremely credible) high benefits of membership.

In contrast, the conditions of the social learning model are not corroborated by this analysis. First, even in the presence of positive identity, high legitimacy, and at least neutral resonance, compliance did not follow (see several of the Baltic minority rights cases). Second, target governments complied with norms of comparatively low international legitimacy (minority rights) or low domestic resonance when they were linked to credible EU and NATO membership incentives. The analysis thus suggests that the size and credibility of external incentives is the most relevant factor for the effectiveness of international norm promotion – at least in the short term. The promotion efforts of European regional organizations have not failed when the international legitimacy or domestic resonance of international norms was low, or because of a lack of “ownership,” but when external incentives were purely social rather than material, too small compared to the domestic costs of adaptation, or not based on credible promises.

Conclusions

The historical record of democracy and human rights promotion by European regional organizations clearly supports the external incentives model and demonstrates the relevance of sizable and credible incentives as well as domestic political power costs. Which conclusions does it offer for policy? On the one hand, European regional organizations cannot create and stabilize democratic systems alone. As long as target countries are governed by authoritarian governments, even the highest external incentives will not suffice to offset domestic power

costs. What is more, regional organizations could not rely on the electorates of Central and Eastern countries to vote overwhelmingly for reform-oriented and integration-friendly parties approved by the West. Most often, changes in government have been caused by societal dissatisfaction with the hardships of economic shock therapy, economic mismanagement by the incumbent government, and corruption scandals, and this dissatisfaction has turned against reform-friendly and reform-adverse governments alike. However, the EU and NATO have been able to make a difference when domestic opportunities presented themselves, that is, when authoritarian governments were voted out of office or overthrown by popular uprisings such as in Serbia or Ukraine. The core prerequisite is a credible conditional perspective of admission to the most attractive organizations. An open invitation to all European countries to become EU and NATO members once human rights and democratic institutions are firmly established has the strong potential to lock in democratic reforms and “civilize” authoritarian, nationalist and populist political leaders and parties.

This policy has its limits and most of its positive effects might have been consumed already. The “easier cases” have become members already and in the remaining countries, conditions are less favorable. Target countries need to be located in Europe, at least in part, to have a membership perspective in both organizations and they need democratic movements and parties that are able to produce and sustain an opening for reform and integration. Within these limits, however, the EU and NATO should, first, act quickly to negotiate first steps of integration and establish a conditional membership perspective with countries such as Ukraine and Georgia in which democratic movements have been able to remove authoritarian regimes. This will give a boost to further reforms and make authoritarian reversals more unlikely. Second, they need to maintain a credible membership promise for a long time. In most of the remaining countries, the forces of democratization and democratic consolidation will take long to unfold and entrench themselves. In this respect, the recent ambivalence and wavering about negotiating full EU membership for Turkey is detrimental to the goal of democratic consolidation in this country.

EU Enlargement in Theoretical Perspective: Puzzles and Explanations

Nuray Ibryamova and Roberto Domínguez

Introduction

The process of European integration has been the subject of much scholarly discussion and explanation in the field of international relations theory. Explaining enlargement is complex as it involves addressing questions on the nature of the European Union as an entity, the phenomena of European integration, and ultimately, the changing nature of the state in the age of globalization.

Most of the initial literature on enlargement was overwhelmingly descriptive and empirical in nature.¹ These empirical analyses were valuable for accumulating detailed information on the process and politics of enlargement. As the questions about enlargement proliferated, a body of literature placing these facts within a theoretical framework, or within the broader theoretical exercises on integration,² began to emerge. As Lykke Friis and Anna Murphy have argued, even though there is a broad literature on enlargement, “due to its largely atheoretical character, it tends to be disconnected from that on the development of the union. Enlargement is generally treated as an appendix to the overall development in the Union or as a ‘ghetto’ within European Studies.”³ In the recent years,

¹ These include, among others, Michael J. Baun, *A Wider Europe: The Process and Politics of European Union Enlargement* (Lanham, MD: Rowman & Littlefield Publishers, 2000); Karen E. Smith, *European Union Foreign Policy in a Changing World* (UK: Polity Press, 2003); José I. Torreblanca, *The Reuniting of Europe: Promises, Negotiations and Compromises* (Burlington: Ashgate, 2001); and Alan Mayhew, *The Recreating of Europe: the European Union's Policy Towards Central and Eastern Europe* (Cambridge: Cambridge University Press, 1998).

² Frank Schimmelfennig and Ulrich Sedelmeier, “Theorizing EU Enlargement: Research Focus, Hypothesis and the State of Research” *Journal of European Public Policy* 9, no. 4 (2002): 500-528; Frank Schimmelfennig, “Liberal Identity and Post-Nationalist Inclusion: The Eastern Enlargement of the European Union” in *Constructing Europe's Identity. The External Dimension*, ed. Lars-Erik Cederman (Boulder: Lynne Rienner, 2001), and Helene Sjursen, “The Common Foreign and Security Policy: Limits of Intergovernmentalism and the Search for a Global Role” in *Making Policy in Europe*, eds. S. Andersen and K.A. Eliassen, 187-205 (London: Sage Publications, 2001).

³ Lykke Friis and Anna Murphy, *An Ever Larger Union? Conceptualizing Enlargement* (Paper

nonetheless, the space for theoretical interpretations of enlargement has grown both in an attempt to place these processes within the larger process of integration as well as to engage in a dialogue with other schools of thought. This paper reviews some of the main theories on European integration and their contributions to the explanation of the enlargement of the European Union.

Integration Theories and Enlargement: From Rationalism to Constructivism

Integration processes have stimulated a rich “menu” or “mosaic” of concepts and theories in the field of International Relations.⁴ From the outset of European reconciliation in the aftermath of World War II to the 2004 enlargement, a diversity of scholars have debated their theoretical assumptions in an attempt to explain the integration process. Antje Wiener and Thomas Diez suggest that the development of integration theory can be divided into three broad phases. The first started with the signing of the Treaty of Rome and was based on rational assumptions with two theoretical approaches dominating the debate, namely, neo-functionalism and intergovernmentalism. In the 1980s, the second phase brought comparative and institutionalist approaches to the foreground of integration theory, developing concepts such as multi-level or network governance, as well as Europeanization of governance rules, institutions and practices across the EU. The third phase, which began in the 1990s, was inspired by the influence of social constructivism and other alternative approaches in International Relations Theory.⁵

This chronological classification does not necessarily mean that one phase replaced the previous one. In fact, integration theories are constantly competing to provide the most convincing explanation of the dynamic of the integration process. As a result of the debates in IR theory, the most influential contemporary integration theories can be grouped in two main groups which represent the ends of a continuum. On the one hand, rationalist theories help us understand the exogenous constraints on the integration process and EU governance; on the other, relativist and reflectivist approaches, such as constructivism, show promise in analyzing integration beyond the traditional systemic level of analysis.

According to rationalist logic, decisions on membership in international organizations are based upon criteria derived from exogenously given and stable egoistic preferences of both existing members and candidates for membership,

Prepared for the Workshop “Governance by Enlargement” Darmstadt University of Technology, 23-25 June 2000): 3.

⁴ Antje Wiener and Thomas Diez, *European Integration Theory* (Oxford: Oxford University Press, 2004), 6-9.

⁵ *Idem.*

and which reflect the material conditions of the international system. International organizations are seen as voluntary “clubs” where members derive mutual benefit from sharing restricted and divisible goods. Thus, international organizations expand only in those cases where the losses can be compensated through cost reduction resulting from the contributions of the new members. In other words, in order to agree to expansion each current member as well as a candidate expects a clear net benefit from that enlargement.⁶

The “middle ground” in IR theory is occupied by social constructivism. Emmanuel Adler defines social constructivism as “the view that *the manner in which the material world shapes and is shaped by human action and interaction depends on dynamic normative and epistemic interpretations of the material world.*”⁷ Constructivism does not give primacy to structure or agency; instead it argues that they co-constitute each other within the process of social interaction. Norms, values, identity, and rules are all variables that can play the role of determining factors, rather than only secondary ones. As Steve Smith points out, “constructivist accounts offer a way of studying European integration that is different from that of rationalist theories, in that they see ideas and norms as in part constituting the political realm, rather than being essentially intervening variables as in rationalist accounts.”⁸ The following sections will take a brief look at the strengths and weaknesses these different approaches encounter in explaining the eastern enlargement of the EU.

Neorealism

From a neorealist perspective, international institutions reflect the interests of the most powerful states in the organization. Hence, the EU would expand only if it served the interests of its member states. Enlargement, in other words, would be necessary if the EU was not able to balance by itself against superior or rival economic powers, such as the United States, or against perceived threats. However, as we have seen both the internal market program and the monetary union have been successful, and even if the European Union needed external help in order to balance against the United States – or other emerging superpowers – economically, it would have hardly chosen the eastern enlargement, considering that at least in the short term, Central and Eastern Europe will not be a substantial

⁶ Joe Jupille et. al., “Integrating Institutions: Rationalism, Constructivism, and the Study of the European Union” *Comparative Political Studies* 36, nos. 1-2 (2003): 7-40.

⁷ Emmanuel Adler, “Seizing the Middle Ground: Constructivism in World Politics” *European Journal of International Relations* 3, no. 3 (1997): 322, emphasis in original.

⁸ Steve Smith, “International Theory and European Integration” in *International Relations Theory and the Politics of European Integration: Power, Security, and Community*, ed. Morten Kelstrup and Michael C. Williams, 49 (London and New York: Routledge, 2000).

contributor to the European Union in financial terms. Furthermore, in the absence of an external threat in the present day world, increasing EU membership is even harder to explain with neorealist accounts. Hence, from a neorealist point of view, the eastern enlargement is neither necessary nor useful for balancing purposes.

Another realist explanation for enlargement suggests that member states might seek enlargement in order to balance against another member state that appears to have become dominant. In the context of the European integration, France and Germany have been the two largest and most important actors, having an equal number of votes in the Council of the European Union. French military might – especially its possession of nuclear weapons – gave France advantage in strategic terms, while Germany was considered to be Europe’s economic “powerhouse.” In the aftermath of the Cold War, when nuclear weapons lost some of their significance and Germany reunified, becoming the largest state in the Union, it could be hypothesized that enlargement was a way for the rest of the member states to balance against growing German power. However, in view of the fact that Germany was the keenest of all members to see enlargement happen and stood to benefit the most from it, this option does not appear to stand empirical scrutiny.

Neo-Liberal Institutionalism

Neorealism and neoliberalism have many things in common, such as rationalism, the pursuit of self-interest, the assumptions of anarchy, and the primacy of the state, among others. In contrast to neorealists, however, neoliberals argue that anarchy and relative gains are challenged by cooperation, particularly in Western Europe. The neoliberal view of institutions can be roughly described in the colloquial of Dag Hammerskjold that institutions exist “not in order to bring us to heaven but in order to save us from hell.”⁹ While international institutions cannot eliminate anarchy completely, they do provide opportunities and incentives for their members to pursue common interests through cooperation. States are still rational interest maximizers, but institutions may help change what they perceive to be their interests.¹⁰

The distinction between relative and absolute gains is perhaps the most salient difference between neoliberalism and neorealism. Absolute gains are thus a defining component of liberalism, and as such, key in the neoliberal accounts of the world. In addition to the possibility of increased benefits from cooperation, the success of cooperation within an international institution is directly related to

⁹ Quoted in Stuart Croft, John Redmond, G. Wynn Rees, and Mark Webber, *The Enlargement of Europe* (New York: St. Martin’s Press, 1999) 13.

¹⁰ Robert Keohane and Lisa Martin, “The Promise of Institutional Theory” *International Security* 20, no. 1 (1995): 45-6.

the number of member states in it – the smaller the number, the higher the chances of success. Institutionalists argue – and neorealists agree – that since the shared good from which members benefit is divisible, more members means less benefits; hence, enlargement leads to a reduction in the benefits received by the current members. Expanding the membership reduces the voting power and marginal policy contributions of members, increases the administrative costs and the likelihood of free riding, as well as the costs for reaching an agreement. This is the argument that is directly relevant to the enlargement of the European Union as well. An increased number of member states suggests more possibilities for clashes of interests, and more problems of coordination, administration, and communication. Stuart Croft notes that the issue of enlargement may lead to opening of divisions among the existing members of an institution. “All of this is not to say that enlargement is treated suspiciously by institutionalists – in fact quite the reverse, as the process also entails rewards as well as losses. However, a basic dilemma is apparent: enlargement versus cohesion.”¹¹ These dilemmas were present in the case of EU enlargement as well, and contributed to a slow and protracted process, often blamed for its lack of vision and policy coherence.

According to the neoliberal logic, then, the European Union would expand only if its members expect absolute gains from enlargement. However, the relatively small overall effects of increased trade with the CEECs, at least in the short term, the uneven distribution of the effects of trade integration, the fact that the EU members were already able to gain most of the benefits of trade integration without giving the CEECs the benefit of full membership, and the relatively low opportunity costs of non-enlargement,¹² suggest that the EU would expect to receive benefits only marginally higher than what it was receiving without having to bear the burden of admitting a large number of poor and transitioning states. These were all factors that in the neoliberal perspective would dictate that the European Union not enlarge. From the point of view of the current member states, the association with the CEECs was an efficient institutional solution that enabled the EU to benefit from the economic integration of markets without paying the price of full membership for the CEECs. Since the costs and benefits of enlargement would be disproportionately distributed among the existing member states, support for enlargement would be uneven. Hence, the higher the costs and the more asymmetrically distributed they are, the more controversial the decision to enlarge would be, with accession criteria oriented toward transferring the costs on the candidates, and a slower accession process.

¹¹ Stuart Croft et al., *The enlargement of Europe*, 14.

¹² David Dyker, “The Dynamic Impact on Central-East European Economies of Accession to the European Union.” *ESRC “One Europe or Several?” Working Papers* (2000); Christian Keuschnig, et al., *Enlargement of the European Union: Costs and Benefits for Present Member States* (Brussels: DG Budget of the European Commission. 2000).

Liberal Intergovernmentalism

Liberal intergovernmentalism enters liberal ground in its analysis of preference formation and the importance of institutions, while its realist roots are evident in the stress on relative national power capabilities and national interests. The most influential contribution to integration theory came from Andrew Moravcsik, who argued that the primary source of integration is the interests of the states and their relative power. Moravcsik's key theoretical contribution is the combination of two general international relations theories: a liberal theory of national preference formation and an intergovernmentalist analysis of interstate bargaining and institutional creation.¹³

The main argument that Moravcsik puts forward is that European integration is where it is because of the very rational decisions of the national leaders of the member states and their economic interests, particularly commercial ones. The combination of economic interests, relative power of the member states, and credible commitments accounts for the form, substance, and timing of major steps toward European integration.¹⁴

Moravcsik and Vachudova explain the interstate bargaining process as follows: "Those countries that gain the most through more intense interstate cooperation – more precisely, those for whom cooperation is most attractive relative to unilateral (or mini-lateral) policy-making – have the most intense preferences for agreement and thus are willing to compromise the most on the margins to further it."¹⁵ This assumption would suggest that it is the applicant countries – particularly those for which accession is an important goal – that would be more willing to make concessions, because of the expectation of future, long-term gains.

This pattern of bargaining predominated in the negotiations between EU member states and candidate countries: specific interstate concessions and compromises usually reflect the priorities of the largest and most powerful states, whereas the candidates have little or no room for negotiation. Hence, it was the internal negotiations that determined whether and the European Union would be ready to accept new member states,¹⁶ while the accession negotiations were the least important. Moravcsik and Vachudova point out that in all previous enlargements, "bargaining demands by applicant countries for recognition of

¹³ Steve Smith, 46.

¹⁴ Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca: Cornell University Press, 1998), 3.

¹⁵ Andrew Moravcsik and Milada Anna Vachudova, "National Interests, State Power, and EU Enlargement" *East European Politics and Society* 17, no. 1 (2003): 42-57.

¹⁶ Frank Schimmelfennig, *The EU, NATO and the Integration of Europe: Rules and Rhetoric* (Cambridge: Cambridge University Press, 2003), 61.

their particular circumstances were stripped away one by one until a deal was struck that disproportionately reflected the priorities of existing member states.”¹⁷ On the other hand, given the context of the EU’s internal bargaining process, liberal intergovernmentalism would lead us to expect that those member states that are least supportive of enlargement will make the most of their negotiating goals, because of the realistic possibility that they may bloc the project, lest they are able to get their demands. Hence, while the candidate countries would by and large have to accept the terms proposed by the EU with very little room to maneuver, those member states that did not have an interest in seeing the Union enlarge – such as Spain - would make the most gains in internal negotiations. An illustration of the importance of the internal or inside negotiations was the establishment of the Union’s preparedness to accept new members as a precondition for enlargement. Thus, the real negotiations that determined the timing and conditions of enlargement were not those between the EU and the candidates, but those among the EU member states. As a result, the EU’s readiness was the most fundamental hurdle that had to be overcome, and a condition for accession that was entirely independent of the preparedness of the candidates.

Neofunctionalism

Neofunctionalism is a theory of regional integration that places a major emphasis on the role of non-state actors, as well as the interest associations and social movements that form at the regional level.¹⁸ The relationship between states and regional actors remains very important due to the fact that regional bureaucrats seek to exploit the inevitable “spill-over” and “unintended consequences” that take place when states agree to assign supranational responsibility to the completion of certain tasks.¹⁹ This idea becomes important to regional integration when evaluating the effects that states have on the often autonomous activities of regional organizations.

Philippe Schmitter states that national governments find themselves increasingly entangled in regional pressures and end up resolving their conflicts by conceding to a wider scope and devolving more authority to the regional organizations which they initially created. Ultimately, this shifts more power to the regional level as civilians increasingly come to depend on regions to build-up domestic economic and social development, which neofunctionalists believe will eventually ‘spill-over’ into political development and growth.

According to Schmitter, the contribution of neo-functionalism to the explanation of enlargement remains limited because its theoretical premise is based

¹⁷ Moravcsik and Vachudova, 45.

¹⁸ Philippe Schmitter, “Neo-neofunctionalism” in *European Integration Theory*, 46.

¹⁹ *Ibid.*, 46.

upon new functional tasks, not more territorial units.²⁰ Increased membership brings greater diversity as a pressure on transnational group formation, hence, enlargement “attenuates and delays the probability of spill-over—unless such spill-over in authority is built into the negotiations surrounding the accession process...” (71). He adds that the issue of enlargement is not resolved when a candidate country is admitted. Unlike the prior enlargements, the Eastern enlargement may shake the functioning of the EU because the conditions demanded were more onerous and the willingness to pay compensations much less forthcoming.²¹

Governance and Institutional Development

The concept of governance is increasingly used in domestic and international politics based on the ideas that a governance perspective is able to link policy-making and institution-building, re-introduces the competition for political power into the analysis, and allows for discussion of normative issues of a good political order for the EU.²² This becomes especially relevant when analyzing the increasing role of Eastern European countries within the EU. The governance perspective focuses on the foreseeable consequences of enlargement in terms of EU governance, EU institutional development, and governance within applicant countries.²³ Also as a result of enlargement, the increased diversity among member states will result in their divergent preferences and the decisions made by the EU Council will become more difficult to reach. Enlargement will also make strict and uniform rules harder to adopt, leaving possible room for flexibility in decision-making to avoid institutional deadlock.²⁴

The enlargement of the EU will increase the intensity of communications amongst member states, where new members will most likely be under heavy surveillance by old members, as well as the Commission. This could cause potential conflicts within the policy-making process because further expansion may cause the EU to lean more towards the principle of autonomy than its current principle of community, which could eventually lead to competition within the decision-making realm. Jachtenfuchs and Kohler-Koch believe that this potential emphasis on autonomy stems from the basic principle that European constitutionalism is the relative increase of transgovernmentalism as compared to supra-

²⁰ *Ibid*, 71

²¹ *Ibid*, 72.

²² Markus Jachtenfuchs and Beate Kohler-Koch, “Governance and Institutional Development” in *European Integration Theory*, 97.

²³ *Ibid*, 112.

²⁴ *Ibid*, 112.

nationalism.²⁵ This inevitably poses more problems for the parliament as the executive would then possess the majority of power, which would only place even more strain on negotiations and the decision-making process.

Social Constructivism

Constructivism assumes that the structures of international politics are outcomes of social interactions.²⁶ This interpretation argues that international organizations are in effect “community representatives,”²⁷ “their goals and procedures are shaped by the values and norms of the international community they represent. Correspondingly, enlargement is value- and norm-driven.”²⁸

According to the constructivist logic, the process of enlargement would be more consensual if the shared identity, constitutive norms of the EU, and intense social interactions led to convergence of member states’ preferences. The decision to enlarge, then, would be reached with eagerness, the accession criteria imposed on the candidates would be principle- rather than cost-oriented and non-discriminatory, and the existing member states would gladly accept the costs of enlargement.²⁹

Constructivist accounts would suggest that community representatives (the supranational bodies of the EU) would play a decisive role in the decision-making process. The costs of enlargement, instead of being transferred to the candidates, would be borne by the existing members. The accession criteria would be the “transmission belts” of the liberal values that the EU represents and those candidates that are better able to absorb the values of the community would be the first ones to accede.

One of the most important accounts of the European Union’s eastern enlargement put forward by Frank Schimmelfennig³⁰ suggests precisely such a constructivist reading. Schimmelfennig argues that the enlargement was value-driven, i.e., the Union chose to admit those countries that had come closest to

²⁵ *Ibid.*, 113.

²⁶ Ben Rosamond, *Theories of European Integration* (New York: St. Martin’s Press, 2000), 172-3.

²⁷ Frank Schimmelfennig, “Liberal Community and Enlargement: An Event History Analysis” *Journal of European Public Policy* 9, no. 4 (2002): 599.

²⁸ *Ibid.*

²⁹ See José I. Torreblanca, “Accommodating Interests and Principles in the European Union: The Case of the Eastern Enlargement” in *Beyond Enlargement: The New Members and New Frontiers of the Enlarged European Union*, eds. Esther Barbé and Elisabeth Johansson Nogués (Barcelona: Institut Universitari D’Estudis Europeus, 2003), 22.

³⁰ See, most importantly, Schimmelfennig, *The EU, NATO and the Integration of Europe: Rules and Rhetoric*.

internalizing its liberal identity values. The mechanism through which this happened, he submits, was “rhetorical entrapment,” where the EU’s leaders were caught up in their own promises of support for enlargement, which they were relentlessly reminded of by the leadership of the CEECs. In other words, rather than looking at the balance sheet of material costs and benefits, the European Union appears to grant membership to those countries that come to share the values that lie at the core of its liberal collective identity, namely, liberal human rights as expressed in individual freedoms, civil liberties, and political rights.³¹ By insisting on the internalization of these values, the project of enlargement also serves to fulfill the EU’s foundational myth of ensuring peace and prosperity, thereby enhancing the Union’s legitimacy.³²

Language- Oriented Constructivism

This more radical form of constructivism focuses on the role of language in the construction of the European Union. In its essence, this approach adds discourse analysis to the array of theoretical tools in the study of the EU. Language not only informs us about the European Union, but also it is through language, and speech acts specifically, that much of European integration is constructed, or as J. L. Austin points out it is “*in saying something that we do something.*”³³ Informed by the speech act theory, this type of constructivism emphasizes the embeddedness of any type of governance, including the European one, into a time-specific and contextual discourse, broadly defined as a set of articulations. Reality, its proponents argue, cannot exist outside of the language with which it is described. The very nature of European governance with its treaties, directives, and regulations, to name just a few of the instruments through which the EU makes itself present, is through language, and within a specific politically-informed discourse. Academics and scholars, along with politicians, play part in the construction of contested concepts, such as “Europe,” and the terms and theories we employ to analyze European integration privilege one reading of it over another. A few examples of that include, among others, the justification of the Maastricht and Constitutional Treaties, the eastern enlargement, the calls for European unity in their opposition to the Iraq war, and the debate on Turkish membership. The discourse on all of these events has been framed around the perils, security, sovereignty, and indeed the very existence of “Europe,” an entity whose definition is more

³¹ *Ibid.*, 172 and 182-3.

³² Lykke Friis and Anna Murphy, “And Never the Twain Shall Meet?’ The EU’s Quest for Legitimacy and Enlargement” in *International Relations Theory and the Politics of European Integration: Power, Security, and Community*, ed. Morten Kelstrup and Michael C. Williams, 235-6 (New York: Routledge, 2000).

³³ J. L. Austin, *How to do Things with Words* (Cambridge: Harvard University Press, 1975), 94.

nebulous than ever, but which is evoked in defense of projects from opposite ends of the political spectrum.

The use of constructivism in European Union studies in general is indeed widespread. Even though the value and norm-based type is more prevalent, analyses based upon speech-act and other communicative theories have gained considerable ground in European IR in recent years. As Thomas Diez points out, “the various attempts to capture the Union’s nature are not mere descriptions of an unknown polity, but take part in the construction of the polity itself. To that extent, they are not politically innocent, and may themselves become the subject of analysis, along with articulations from other actors.”³⁴ The choices that scholars make in their efforts to capture the nature of the EU contribute to the Euro-speak, and the politics of discourse that go along with it. Thus, the language, ideas, and values that are used to describe, defend, or discuss the process of enlargement may indeed have an effect on how this process is viewed, as “within the language in which we operate lies a set of choices about the political decisions of the day.”³⁵

Markus Jachtenfuchs succinctly summarizes the opportunities and problems presented by this more radical constructivist approach: “It rejects causal explanations, the need or even the possibility of formulating testable hypotheses and often claims that social reality is accessible to research only in the form of discourse. Science, in this view, can have no direct grip on reality.”³⁶ Based largely on post-structuralist assumptions, the claims made by this theoretical approach are difficult to test against empirical findings, which a rigorous scientific analysis requires. Despite this significant shortcoming, however, these findings are complementary to the more testable propositions of rationalism and provide insights into the study of European governance, including the politics of enlargement discourse.

Conclusions: The “Double Puzzle” of Enlargement

This brief overview of the theoretical approaches suggests diverging expectations for the process of enlargement and its outcome. It appears that albeit neither of these theories can fully account for the eastern enlargement, a synthesis of these can illuminate the extending of the Western liberal democratic order to the east of the continent as consistent with the EU political, security and economic interests, as well as with the sense of moral and historic responsibility.

³⁴ Thomas Diez, “Speaking ‘Europe’: The Politics of Integration Discourse” *Journal of European Public Policy* 6, no. 4 Special Issue (1999): 599.

³⁵ *Ibid.*, 611.

³⁶ Markus Jachtenfuchs, “Deepening and Widening Integration Theory” *Journal of European Public Policy* 9, no. 4 (2002): 652-3.

Even if the decision to enlarge was largely underpinned by normative concerns, as argued by constructivism, the initial decision-making process that led to the opening of negotiations was marked by rationalist, self-maximizing tendencies in the behavior of the current member states.³⁷ The bargaining process showcased a divide among existing members toward enlargement and only the reluctant acceptance of the demands of Central and Eastern European countries for full membership, especially by those countries that were least likely to gain from enlargement, such as Spain, Portugal, and Ireland. Progress in the accession negotiations was incremental, with the EU members conducting very self-interested bargaining during the internal decision-making on the opportunity-cost distribution of the effects of enlargement.³⁸ Even after the accession process began, national and sectoral interests within the Union undermined its ability to deliver on its promises, making it a slow, difficult, and frustrating exercise. Rather than acting upon the principles the EU purportedly stood for, the primary goal of its member states was to minimize their losses. The evidence suggests that this pattern continued throughout the accession process. The normative outcome of this very rationalist process came to be known as the “double puzzle” of the Eastern enlargement.³⁹

As José I. Torreblanca⁴⁰ points out, national preferences, transnational coalitions, and overlapping policy games, as well as the interaction between constitutional decisions and day-to-day politics in the EU, resulted in this policy gap between the normatively-driven decision to enlarge and the highly rationalist approach toward the accession process. Ultimately, the diverging preferences were slowly and costly accommodated within the “template provided by norms, shared beliefs, and collective identity.”⁴¹

In another landmark study of the eastern enlargement as a foreign policy of the European Union, Karen E. Smith argues that the making of the policy toward Eastern Europe can be explained by a combination of neofunctionalism and constructivism. Neofunctionalism can help explain phenomena such as spillover, the Commission’s role, and the supranational (problem-solving) style of decision-making. The emphasis on the process of interaction and its explication of the transformation of identities and interests in constructivism, on the other hand, can

³⁷ Frank Schimmelfennig, *The Double Puzzle of EU Enlargement: Liberal Norms, Rhetorical Action, and the Decision to Expand to the East*, ARENA Working Papers WP 99/15 (http://www.arena.uio.no/publications/wp99_15.htm)

³⁸ Torreblanca, *The Reuniting of Europe: Promises, Negotiations, and Compromises*; Baun, *A Wider Europe*.

³⁹ Schimmelfennig, *The Double Puzzle of EU Enlargement: Liberal Norms.....*,

⁴⁰ Torreblanca, *The Reuniting of Europe: Promises, Negotiations, and Compromises*, 2.

⁴¹ *Ibid.*, 7, 15.

illuminate the development of the problem-solving style of decision-making and also helps explain why the self-styled logic can partly apply in this case.⁴²

Constructivist explanations are invaluable to the extent that they can illuminate the degree to which norms and values are integral to a process of transformation in what is arguably the most thickly institutionalized political body in the world. While constructivism can explain the presence and role of normative factors in the enlargement process and the mechanisms of socializing new members into the workings of norms and principles-based body as well as the internalization of liberal democratic values, it cannot account for the clearly interest-based conduct of the negotiations, both internal and external, the prolonged and incremental nature of the process, the limited role of the Commission at the expense of the member states, as well as the transference of the costs on the candidate countries. Hence, a variety of approaches that focus both on the processes as well as the outcome of enlargement contribute to our understanding of the “why” and “how” of the eastern expansion. As in much of social science, however, there are no general explanations of the “meta-reality,” rather theoretical approaches that help us to understand one or several aspects of the complex and multifaceted reality.

⁴² Karen E. Smith, *The Making of EU Foreign Policy: The Case of Eastern Europe* (New York: Palgrave Macmillan, 2004), 181.

Citizens and Identities

Free Movement and EU Enlargement

Willem Maas

Introduction

For individual citizens in the postcommunist states that joined the Union in 2004, freedom of movement symbolized the “return to Europe” of EU accession.¹ By contrast to the restricted movement that citizens of many of these states had experienced under Communism, EU citizenship promised a right to reside and work anywhere within the territory of the Union. Experience with the Spanish and Portuguese accessions in 1986—and German reunification—quashed the objection in the discussions leading to Maastricht that extending mobility rights to all categories of member state nationals would lead to chaos. Yet the enlargement negotiations with the central and eastern European states witnessed a renewal of similar objections. There was a significant disjuncture between the existence of EU citizenship and the reality of the accession negotiations, in particular the transition arrangements passed to render enlargement more politically palatable in the existing member states. The negotiations disappointed those who hoped that European integration heralded a gradual move away from a focus on economic integration towards an increasing emphasis on individual rights. Because of largely unfounded fears of mass migration from accession countries to existing member states, full freedom of movement will be introduced only gradually. The addition of new member states with traditions of citizenship that differ from those of the existing member states alters the political dynamics affecting the future development of EU citizenship.

Consequences of Free Movement for Enlargement

All three Copenhagen criteria—the criteria formulated by the member states at the Copenhagen summit in June 1993 by which the membership applications of

¹ Earlier versions of this chapter were presented at the University of Miami, European Community Studies Association-Canada, Society for Comparative Research, and University of Toronto, and I am grateful to participants for helpful comments. This version draws heavily on chapter seven of Willem Maas, “Creating European Citizens” (Ph.D. thesis in Political Science, Yale University, 2004).

candidate states are judged—affect freedom of movement. The first criterion—that EU member states must have stable institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities—affects free movement most notably in the area of human rights and protection of minorities. The second criterion—the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the EU—means examining an accession state’s ability to deal with immigrant workers from other EU member states. The third criterion—the ability of a candidate state to take on the obligations of membership, most notably by transposing and applying the entire corpus of EU legislation known as the *acquis communautaire*—affects the entire legal framework, and thus the existing provisions for free movement.

As a consequence of their gradual development, European free movement rights categorize individuals by personal attributes and economic activity. Thus, for example, students, retirees, and professionals are covered by different pieces of legislation, which obfuscates the similarities in their rights. Even within the category of free movement of employed persons, an individual can be covered by one of five different regulatory frameworks. Self-employed workers exercise freedom of establishment when they move to another country to work; they are covered under cross-border provision of services when they continue to reside in their home country while providing services abroad. Employees are frontier workers if they work for a company that is not located in the same country as their residence; they are migrant workers if they move to another country to work for a foreign company; and they are posted workers if their home-country company sends them to work abroad. This separation of rights into different categories has struck some as odd and in need of change, particularly since the introduction of EU citizenship. Thus the 1998 High Level Panel argued that the “piecemeal development of EU rights on free movement of people [is] no longer consistent with the all-embracing status of European citizen created by the Treaty of Maastricht.”²

A significant difference between free movement and other issues is that the former is a central component of EU citizenship while the latter are not. EU citizenship confers the right of entry and residence to all citizens of member states. As an individual right, if EU citizenship is to be taken seriously, it must be respected by all member state governments. In theory, then, all citizens of new member states should have gained residency rights throughout the EU and all citizens of existing member states should have gained the right to move into the territory of the new member states when these states acceded to the EU. But this was not the case. Official documents relating to European enlargement scrupu-

² Simone Veil and Commission of the European Communities, *Report of the High Level Panel on the Free Movement of Persons* (Luxembourg: Office for Official Publication of the European Communities, 1998).

lously avoided mention of EU citizenship. Instead, the accession and enlargement debates focused on the four freedoms: free movement of goods, capital, services, and persons.

Negotiations concerning free movement of goods proceeded very smoothly compared with the politically sensitive discussions regarding free movement of persons. In much the same way, free movement of goods had been guaranteed in the Treaty of Rome, while free movement of persons (rather than simply of workers) was fully achieved only after years of debate, with its recent implementation as a right of EU citizenship. The free movement of capital was more politically contested than free movement of goods, particularly on the question of the acquisition of secondary residences. Recognizing the “high political sensitivity” of this issue, the Commission proposed granting certain candidate countries a seven-year transitional period for the purchase by citizens of other EU member states of agricultural and forestry land, and a five-year transitional period for the purchase of secondary residences.³ Certain individuals, such as self-employed farmers who wished to establish themselves and reside in the future new member states, were not covered by the proposal. But rather than declaring that the right of establishment and the freedom to provide services are fundamental freedoms for EU citizens, the Commission simply asserted that the exemptions would protect “integrity of the single market.”⁴ Under the right of establishment, any self-employed individual, along with his or her family, can move anywhere in the Union to establish a business. Thus, for example, a Polish citizen can move to Berlin or London as an independent contractor. Unlike free movement of workers, the right of establishment and the freedom to provide services have always been effective immediately upon accession.

Of the four freedoms, the free movement of persons was the most hotly contested. This is evident from the timeline for the negotiations on the various chapters of the *acquis*: free movement of persons was left until the end. The negotiators relied on economic reasoning, and offered transitional arrangements to assuage those worried about workers from the candidate accession countries migrating to the existing EU member states. In April 2001, the Commission proposed phasing in full rights for the free movement of workers for all new member states other than Cyprus and Malta, acknowledging that the “aim of this proposal is to meet concerns where they arise and where they are justified, while allowing for mobility of workers,” and that instituting a transition period rather than immediately recognizing free movement rights would “ensure the widest possible

³ The proposed transitional period on agricultural and forestry land applies to Hungary, the Czech Republic, Poland, Slovakia, and Bulgaria; for secondary residences to Hungary, the Czech Republic and Poland. Cyprus was granted a transitional period of 5 years for the acquisition of secondary residences, while Estonia, Slovenia, and Lithuania did not request transitional periods.

⁴ Commission of the European Communities, “Commission Proposes Transition Periods for Purchase of Real Estate in Candidate Countries,” in *IP/01/645* (Brussels: 2001).

public acceptance of enlargement.”⁵ During a general transition period of five years, member states would continue to operate their own national measures on accepting workers from the new member states. After no more than two years, the Commission would conduct a review on the basis of which the Council, following consultation with the Parliament, could unanimously decide to shorten or lift the transition period. Another review could be requested by any member state, existing or new, with a view to further relaxation of controls. If any member state experienced serious disturbances in its labor market, it could maintain its national provisions for a further two years, meaning that full free movement rights for workers could take as long as seven years to take effect.

The perceived necessity of these transition periods was curious. Before the 2004 enlargement, approximately 300,000 nationals of candidate countries were legally employed in the EU. They accounted for just 0.2 percent of the total EU workforce, and roughly 6 percent of the 5.3 million EU workers who were not EU citizens. In Austria, which had the highest share of workers from candidate countries, they accounted for 1.2 percent of the workforce; in Germany, 0.4 percent. Seven out of every ten accession state workers lived in Germany and Austria, but even in these two countries they represented only about 10 percent of all workers from outside the Union. There were also an estimated 600,000 undocumented workers and migrants from the candidate countries living in the EU.⁶ Most studies predicted that few people would move from the new member states to the existing ones after enlargement, and the bilateral migration arrangements between candidate and existing member states were often not fully utilized: there were already more spaces for workers from candidate states to move to existing member states than there were workers willing to move.⁷ Yet, despite the existence of EU citizenship, domestic political concerns trumped European rights. In the months preceding accession in May 2004, every member state except Ireland and the UK had decided to restrict access to its labor market, while Ireland and the UK restricted access to social benefits for citizens from the new member states. Proponents of transitional arrangements—primarily the governments of Germany and Austria—pointed to precedent for support. The accessions of Greece in 1981 and of Spain and Portugal in 1986 had indeed featured transitional arrangements, but the 1995 accessions of Austria, Sweden, and Finland had not. Citizens of those states became EU citizens upon accession and immedi-

⁵ Commission of the European Communities, “Enlargement: Commission Proposes Flexible Transitional Arrangements for the Free Movement of Workers,” in *IP/01/561* (Brussels: 2001).

⁶ Commission of the European Communities, *The Free Movement of Workers in the Context of Enlargement* (2001), 29.

⁷ Commission of the European Communities, “The Free Movement of Workers in the Context of Enlargement,” in *Information Note* (2001). Caroline De la Porte, “De Inzet Van De Sociale Dimensie Van De Uitbreiding En De Toekomstverwachtingen,” *Belgisch Tijdschrift voor Sociale Zekerheid* 43 (2001): 11.

ately enjoyed the full range of rights of EU citizenship. In fact, they had previously enjoyed free movement rights under EEA agreements.

The focus on transitional arrangements was oddly incomplete: the transition covered only workers seeking employment with a company from an existing member state. Workers posted abroad by their companies, independent contractors seeking to relocate to the existing member states, and independent contractors wishing to provide services in the existing member states were not covered. Indeed, anyone not seeking employment from an existing member state company gained rights of residence immediately upon accession. This fit with precedent. Even in the accession of Spain and Portugal, the provision of services and the right of establishment of self-employed persons was not subject to transition periods.

Nevertheless, the European Parliament urged the introduction of transition periods in “regions where workers are likely to commute across borders,” in order to “secure an urgently needed socially sustainable integration process.”⁸ By contrast, Internal Market Commissioner Frits Bolkestein argued that “in a healthy economy it is better to prepare for competition than to erect new barriers. After all, the freedom of people to move is a central pillar of the single market.”⁹ Rather than justifying freedom of movement in terms of European citizenship, Bolkestein, like most opponents of transitional arrangements, reverted to an economic logic.

Domestic politics explains the opposition to granting full free movement rights immediately upon accession. In Austria, anti-immigration rhetoric had recently increased and was invoked by Euroskeptics and others to argue against EU enlargement. Fears of waves of economically disadvantaged easterners flooding over the borders once they were lowered—aqueous metaphors are common in immigration fears—were present in other member states as well. For example, the Dansk Folkeparti (Danish People’s Party), a populist party with an anti-immigration platform, regularly campaigns against free movement. It won twelve percent of the vote in 2001, becoming the third largest party in Denmark. Several years earlier, a poster for the “No” campaign against the Amsterdam Treaty warned about the coming enlargement: “Welcome to 40 million Poles in the EU.”¹⁰ In Germany, some businesses and unions opposed admitting workers from candidate accession states because they feared competition from lower wage laborers. Yet it would seem more logical for German firms to demand tran-

⁸ European Parliament, *Resolution on the Enlargement of the European Union B5-0538/2001* (2001), point 35.

⁹ Frits Bolkestein, “De Uitbreiding En Het Effect Ervan Op De Vrijheden Van De Interne Markt,” in *Beraad voor de bouw* (The Hague: http://europa.eu.int/comm/internal_market/en/speeches/spch363nl.pdf, 2000).

¹⁰ Stephen Bates, “Sceptical Danes eye EU exit door. Immigration fears are dominating Denmark’s poll on Amsterdam,” *The Guardian*, 23 May 1998, 20.

sition periods for Polish firms (right of establishment) which might compete with them rather than workers (freedom of movement) that they could hire for lower wages than their current workforce.

The key exception to freedom of movement for individuals applied to people needing public assistance. The fact that social welfare arrangements differ in the candidate accession states as well as in the existing member states led some to revive the worry that freedom of movement between the existing member states and the accession states would lead to “social dumping,” whereby companies move to the countries with the lowest wages and least regulated labor standards. But an erosion of standards of welfare provision in the more established EU member states appears unlikely. Indeed the Europe Agreements signed with the candidate accession states appeared to lead to a race to the top rather than a race to the bottom in terms of the benefits provided under national social services regimes.¹¹

Minority Rights

Migrations are problematic for prevailing theories of citizenship, which generally assume a fixed political community whose members reside within one state’s territory and possess ties of citizenship to one and only one sovereign. This “territorial assumption” leads many to regard migrations as one-time events in which immigrants move to a new country to remain there for the rest of their lives.¹² The assumption that citizenship refers to a bounded, stable, and exclusive form of political community continues to inform political philosophy, and thus issues of justice and community membership. In this context, the extent of assimilation or acculturation which can be requested or required of new citizens is a key concern.¹³ But the assumption of bounded political communities is empirically unsound, particularly in central and eastern Europe.

The existence of many overlapping ethnic groups defines central and eastern Europe. Anyone studying the region’s history is struck immediately by the wealth of literature on minorities. There are countless detailed ethnographic studies of the history of various minorities, including studies of the situation of minorities under Communism. A glance at a historical atlas containing maps of ethnicity shows a patchwork quilt in central and eastern Europe. This pattern has been simplified somewhat, particularly following the Second World War, but

¹¹ De la Porte, “De Inzet Van De Sociale Dimensie Van De Uitbreiding En De Toekomstverwachtingen,” 10.

¹² David J. Elkins, *Beyond Sovereignty: Territory and Political Economy in the Twenty-First Century* (Toronto: University of Toronto Press, 1995).

¹³ Jürgen Habermas, “Immigration, Citizenship and National Identity” in *Multiculturalism: Examining the Politics of Recognition*, ed. Amy Gutmann (Princeton: Princeton University Press, 1994).

important minority populations still exist both within and beyond the new member states.

One reason for the insistence that candidate states protect minority rights *before* accession was to diminish the chance of an exodus of minority populations. A pertinent example of what worried existing member states is attempts by Roma residing across the region to emigrate west. Following Czech commercial television station TV Nova's 1997 broadcast of a misleading documentary about how Roma could easily emigrate to Canada, there was a dramatic increase in the number of Roma launching immigration and refugee claims, and the Canadian government reintroduced a visa requirement for Czech citizens. Shortly thereafter, when a similar TV Nova documentary promoting the UK as an immigrant's paradise for Roma led to a spike in immigration claims, the UK imposed a visa requirement on Slovak citizens.¹⁴ Various EU member states subsequently reimposed or refused to lift visa requirements on citizens of the Czech Republic, Slovakia, Hungary, Romania, and Bulgaria. This affected not only immigration visas but also travel visas. The reimposition of visa requirements for citizens wishing to travel in the EU increased tension between the majority populations, who generally perceived Roma emigration as economically motivated, and the Roma, who pointed to discrimination as a key factor for their desire to emigrate.¹⁵ As the risk of high levels of Roma immigration seemed less likely, EU member states gradually lifted the visa requirements, but the emphasis on promoting minority rights in candidate states as a means to discourage emigration persisted throughout the accession negotiations.¹⁶

Most of the studies of freedom of movement focus on the potential for migration from the accession states to the existing EU member states, but freedom of movement is not necessarily a one-way flow from the new member states to the existing ones. Some member states were apprehensive about immigration from the existing member states. For example, Malta was concerned that large numbers of nationals of existing EU member states will move into its territory following enlargement. Given Malta's small population, the existing member states were not worried about immigration from Malta. But Malta pushed for and obtained a "safeguard mechanism to be adopted on the freedom of movement of workers taking into consideration the disruption of the labour market in Malta in the event of a high inflow of workers following accession."¹⁷ Similarly, it is con-

¹⁴ Jan Čulík, "Race Relations," *Central Europe Review* 1, no. 18 (1999).

¹⁵ Michal Vašečka, *Country Report on Minority Rights in Pre-EU Accession Slovakia* (Bratislava: Institute for Public Affairs, 2001), 21.

¹⁶ Council Regulation (EC) No. 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement.

¹⁷ European Parliament, *Resolution on Malta's Application for Membership of the European Union, and the State of Negotiations A5-0262/2001* (2001), point 19.

ceivable that, for example, municipalities in the Czech Republic might worry about German citizens moving to border areas and gaining control of the municipal councils.¹⁸ A final type of free movement is possible: movement between the new member states. Consider, for example, the potential impact of granting Slovak citizens the right to live and work in Hungary—and vice versa.

Consequences of Enlargement for Free Movement

How will enlargement affect the future development of freedom of movement and, more generally, of EU citizenship? On the one hand, enlargement might not change the nature of integration. New states periodically joining the Union complicates the ways in which decisions about how best to further integrate are made, but this does not change the speed or scope of integration. On the other, enlargement might require slowing down integration. The meaning and development of citizenship in central and eastern Europe raises special problems. With the exception of Malta, all of the new member states developed out of the decay and fall of three empires: the Russian empire, the Austro-Hungarian empire, and the Ottoman empire. Demographic movements and developments within these imperial realms were complex, and the relationship of the individual to political authority equally so. Recalling the distinction between state formation and empire building, some question the extent to which “western” notions of citizenship apply within the new member states.¹⁹

Again with the exception of Malta, this time expanded to include Cyprus and Turkey, all of the accession countries were until 1989 part of the Soviet bloc. Communist rule has certainly affected central and eastern European law, but the effects on citizenship policy are unclear. It is true that there is no single model of central and east European citizenship, just as there is no single model of west European citizenship. In terms of policy convergence, however, existing member states may have to start grappling with the legacies of Communist-inspired or pre-existing collectivist notions of the relationship of the individual to political authority. Some authors argue that the “Central-Eastern European countries have preserved (frozen, as it were, through the socialist period) a pre-World War Two version of the state and citizenship, in which the former is clearly the leading actor.”²⁰ Taking this seriously, the new accession states may have even more

¹⁸ I thank Jean Laponce for a discussion on this matter.

¹⁹ For one work distinguishing state formation and empire building, see Alexander J. Motyl, *Revolutions, Nations, Empires: Conceptual Limits and Theoretical Possibilities* (New York: Columbia University Press, 1999).

²⁰ Mita Castle-Kanerova and Bill Jordan, “The Social Citizen?” in *Citizenship and Governance in the European Union*, ed. Richard Bellamy and Alex Warleigh (London and New York: Continuum, 2001), 132.

difficulty applying the *acquis communautaire* regarding individual rights than the existing member states.

Another key issue is border security. There is a perceived tension between the demands of upholding the safety and confidence of the existing EU citizens and the desire to maintain current levels of cross-border interactions in the regions that will come to constitute the new frontiers of the EU. As the Commission notes, on “the one hand, enlargement should not cause any new division of Europe, especially in regions where close links exist. On the other hand, the future external border of the Union must meet the security needs of today’s EU citizens.”²¹ In other words, the eastern borders of the new member states will take on new significance upon accession.

States that currently participate in the Schengen system—removing internal border controls while coordinating external border controls—are likely to resist the admission of the new member states until these can demonstrate that they are able to fully apply Schengen standards.²² In order to speed the process and ease the fears of existing Schengen members concerning the candidate accession states’ ability to control their borders, the Commission has spent considerable resources to support the central European candidate countries in adopting and implementing the body of EU law in the field of migration, visa and external border control management.²³ The Schengen system will eventually apply to all new member states, but full participation in it will be based on a two-step process. “The new Member States will first need to achieve a high level of external border control upon accession whereas the lifting of internal border controls with current Member States will take place only at a later stage, subject to a separate decision by the Council.”²⁴

Borders which were established and have been enforced since the decline of the three empires—those between the new member states—will once again fade in importance. After a century of very restrictive border controls, those areas of central and eastern Europe which have joined the Union will once again become a space in which migrations can occur with little hindrance from political authority. The demographic and political consequences of this development remain to be seen.

²¹ Commission of the European Communities, “Commission Welcomes Progress of Accession Negotiations since Adoption of the ‘Road Map’,” in *IP/01/1356* (Brussels: 2001).

²² Willem Maas, “Freedom of Movement inside ‘Fortress Europe’” in *Global Surveillance: Borders, Security, Identity*, ed. Elia Zureik and Mark B. Salter (Devon UK: Willan Publishing, 2005).

²³ Commission of the European Communities, “Enlargement: Commission Proposes Flexible Transitional Arrangements for the Free Movement of Workers.”

²⁴ Commission of the European Communities, “Making a Success of Enlargement: Strategy Paper and Report of the European Commission on the Progress Towards Accession by Each of the Candidate Countries,” in *COM(2001) 700* (Brussels: 2001), 5.

Enlargement and Citizenship

Historical parallels can illuminate the proper relationship between enlargement and citizenship. Take, for example, US President Thomas Jefferson's 1803 purchase of territory from the French government of Napoleon Bonaparte, doubling the size of the US. Although the Louisiana Purchase treaty stipulated that the inhabitants of the territories would "be incorporated in the Union of the United States, and admitted as soon as possible, according to the principles of the Federal constitution, to the enjoyment of all the rights, advantages, and immunities of citizens of the United States," there was a lengthy debate in Congress about whether the treaty could grant US citizenship.²⁵ As one Senator noted, bestowing citizenship by treaty was unconstitutional: "We can hold territory; but to admit the inhabitants into the Union, to make citizens of them, and States, by treaty, we cannot constitutionally do."²⁶ In response, newly elected Senator John Quincy Adams proposed a constitutional amendment giving Congress the authority to incorporate new territories into the Union and bestow citizenship on the inhabitants of those territories.²⁷ His proposal was rejected, and there followed lengthy debates before the issue was finally settled. The question of whether the EU can simply bestow citizenship with the enlargement treaties was not raised, although the underlying dynamic is the same as it was with the Louisiana Purchase: the extension of the polity to new territory, and the granting of rights to the inhabitants of those territories.

The accession of new member states is not a one-time event but rather a gradual process, as the protracted negotiations on implementing the *acquis communautaire* indicate. Though it is difficult to conceive of citizenship in terms of a gradual process, the extension of EU citizenship rights to citizens of new member states *is* proceeding in stages, as this paper's discussion of the free movement of workers demonstrates. Yet citizenship is usually seen as a unitary status: either one is a citizen or one is not. That is not the way to think of citizenship in this case, because the current enlargement involves step-by-step extension of rights to individuals.

Most analyses of EU enlargement focus on economics. This chapter's focus on citizenship opens up a wide range of social and political factors. Analyzing citizenship means going well beyond describing the "technical, depoliticized process of exporting the Union's *acquis communautaire*."²⁸ Enlargement forces a

²⁵ Sarah H. Cleveland, "Powers Inherent in Sovereignty: Indians, Aliens, Territories, and the Nineteenth Century Origins of Plenary Power over Foreign Affairs," *Texas Law Review* 81, no. 1 (2002): 171-81.

²⁶ Senator Uriah Tracy of Connecticut, cited in *Ibid.*: note 1177.

²⁷ *Ibid.*: note 1178.

²⁸ Elena Jileva, "Larger Than the European Union: The Emerging EU Migration Regime and

new examination of the content and meaning of EU citizenship. The question of whether there are some core rights and some auxiliary ones is raised when the key right of EU citizenship—the right to move and take up residence—is denied to at least one important category of individuals: migrant workers from accession countries. EU citizenship is not a fixed category. Its meaning is contested by the various EU institutions, national governments, groups, and individuals, and this contestation is a key to understanding European integration. By highlighting the contestation, the enlargement process illuminates the nature of European integration.

European Identity and the Challenge of Enlargement

Markus Thiel

Introduction

Previously exclusive national identities in the established member states of the European Union (EU) have been transformed through economic as well as political measures and developed a common transnational European identity rooted in culture and history but now further developed by civic measures initiated by the Union. The new member states and some of the ones accessing in the future can only rely on a common cultural European identity and have few experiences with the adaptation pressures effected through Europeanization. This essay will look at the extent an assumed common cultural European identity can be drawn upon as a connecting link between old and new member states and explore the impact of continued enlargement for the definition of a European identity, arguing that ongoing enlargement will dilute state-centric ideas of commonalities and pressure the EU to adapt to a looser configuration of European integration and identity.

As a citizen of Germany, I have seen the transformation initiated through German unification first-hand and am well aware of the multifaceted challenges facing political systems that gain additional entities. After more than 15 years, Germany is still deeply affected by disparities that mark not only the economic and political realities of Western and Eastern Germans, but also (maybe most importantly), their differences concerning a common national identity. A new *gesamtdeutsche* identity is only very slowly evolving and has to overcome issues of historical differences, political representation and social cohesion.

Similarly, the process of EU enlargement - the widening aspect of European integration - has to deal with similar obstacles. Last year's monumental enlargement is still high on the agenda of European policy-makers and their constituents and already, more successive enlargements are planned influencing the course of future integration today, as can be seen in the debate surrounding the ratification of the EU constitution and the role Turkey's accession plays in it.

Therefore, the question to what extent old and new member states in the EU are willing and able to transform their transnational European identity is of utmost importance for the future of the Union. In this paper, I will first lay out

some theoretical aspects of the term and then look at some of the issues surrounding the necessitated change in identification with Europe, arguing that if the Union is to retain their citizen's approval, it will have to decide how 'civic' and diverse it wants to become and communicate these objectives more clearly to its constituents.

European Identity or European Identities?

While research about the existence of a cultural European identity, based on historical, religious and other commonalities exist in abundance, there is no concise definition available that would capture all essential elements. Few scholars focus specifically on the formation of a European identity on a socio-political level. Only recently Michael Bruter investigated attitudes towards the separate civic and cultural components of a European identity, finding that European identity does not automatically translate into support for EU integration but is linked to mainly civic ideas about the EU.¹ In general the literature on post-national citizenship and identity proposes that the transformation of identities in the EU is occurring as a result of various factors: differentiation and ascription from outside, below and above (e.g. how Europeans see themselves as such and how they distinguish other 'non-EU' Europeans as well as non-Europeans), internal homogenization (e.g. the convergence of standard of living, of law or of culture) and inclusion (e.g. of the societal peripheries to the center).² It also highlights the changes in identity through the media and the perceived value gained from possessing a European identity. An 'identity' growth is postulated that enables people to maintain their identity as nationals as well as Europeans. In this respect, the EU has actually achieved a identity hegemony in the sense that the EU has occupied, over the period of only 50 years, the political and social space which was previously regarded as solely European.³

Juergen Habermas strongly proposes a transformation of (Western) European societies from national to transnational communities, moving from 'ethnos to demos.' This approach is linked with his ideal of a constitutional patriotism, according to which citizens should not identify with a cultural or ethnic identity but rather with constitutional principles that guarantees their rights and duties.⁴ The

¹ Michael Bruter, "Civic and Cultural Components of a European Identity: A Pilot Model of Measurement of Citizens' Levels of European Identity" in *Transnational identities*, eds. Thomas Risse, Richard Herrmann and Marilyn Brewer, 186-213 (Rowman & Littlefield: New York, 2004).

² Reinhard Muench, *Nation and Citizenship in the Global Age* (Palgrave: New York, 2001), 136-185; David Dunkerley eds, *Changing Europe: Identities, Nations and Citizens* (Routledge: New York, 2002).

³ Risse, 2004.

⁴ Juergen Habermas, *Post-National Constellation*, (Polity Press/MIT: Cambridge, 2001).

step to create a common constitution for the EU revived Habermas' theory. Coincidentally, it clashes with some of the real existing problems such as the exclusion of third-country nationals and minorities living in EU member states. Does the EU's Constitution apply to these collectives as well? And how can a common constitution, as an instrument of nation-building, be reconciled with a call for a civic patriotism? These are just a few questions that are left open to discussion. The idea of liberal contractualism as a way to bind European citizens closer to the EU has been explored by other scholars who maintain that citizens accept institutions as legitimate if they can be justified by some kind of social contract.⁵ So far, this principle has been mainly applied in the national arena, since there are few instances in which the EU established a social contract with its citizens; treaties are not recognized as such. While this theory is helpful in dealing with a diversified Union, unfortunately it remains an academic approach without significance for the day-to-day politics of the Union or its citizens.

The inclusive principle of identity transformation is essential for theorists who maintain that a new European identity is emerging that encompasses national sub-identities and at the same time allows for cultural and ethnic differences embedded in a broader societal context. This multi-cultural, inclusive conception clashes with the argument that the way the EU is promoting European identity is that of an official 'Euronationalism,' the promotion of an exclusive political block. Analysts generally agree in doubting the suitability of the nation-model for a just and plural system of transnational governance.⁶ Even though common characteristics are certainly helpful in fostering an identity, past examples have usually been exclusive and oppressive and thus cannot provide a model for an acceptable transnational identity structure.

Many scholars agree that in current EU member states the Europeanization of domestic collective identities occurs according to nation-specific characteristics of their nation and Europe.⁷ "Specific concepts of the nation and collective identities that emerged in each country are associated with specific modes of integrating immigrants and integrating Europe as well as integrating the country into Europe."⁸ That is why France has pursued a more ambitious but also more transnational concept of Europe and the EU than for example, Britain. But while

⁵ John Rawls, *Political Liberalism* (New York: Columbia University Press, 1993).

⁶ Juan Delgado-Moreira, "Cultural Citizenship and the Creation of European Identity" *Electronic Journal of Sociology*; available from www.sociology.org/content/vol002.003/delgado.html, March 29, 2003; John Schwarzmantel, *Citizenship and Identity* (Routledge: New York, 2003), 86-98.

⁷ Maria G. Cowles. James Caporaso and Thomas Risse, eds., *Transforming Europe. Europeanization and Domestic Change*, (Cornell University Press: Ithaca, 2001); Reinhard Muench, *Nation and Citizenship in the Global Age*, (Palgrave: New York, 2001).

⁸ *Ibid*, 3.

this has been true for the last 50 years of integration, I want to make the point that in recent years, this process also started to work in a reverse mode. It is not exclusively the states' conception of their view of Europe anymore that has a monopoly on domestic identity discourses, but the EU as an active player informs collective identity formation as well. Firstly, the EU has developed a tight network of competencies and policies that tangibly influence domestic political spheres in an unprecedented way. Secondly, there now are too many member states cooperating in the Union as that a nationalized notion of Europe or the EU could prevail in one state. The Franco-German dominance in EU policy making, for example, is increasingly clashing with differing views of other member states seeking equal power. The recent enlargement negotiations made this process already apparent, in which Europeanization informed national identity in the candidate countries to quite a large extent, e.g. with the debate about how much new member states should compromise their national interests during integration into the EU.

As a political integration project planned by European elites, the European identity propagated by the EU lacks the 'natural' foci of identity as maintained by the essentialists. Most citizens of the EU aspire in some way or another to profit from the Union's policies, showing more instrumental support and less affective identification. Even so, it cannot be generalized that purely material interests determine public support for the EU.⁹ A stable 'permissive consensus' among the majority of the EU public existed, thereby constraining or facilitating but not determining the future direction and/or pace of European integration.¹⁰ However, this is not the case anymore since the approval of European integration has suffered significantly in the last 10-15 years, marked by the electoral gains of nationalistic parties in member states as well as low popular support for European elections and treaties. Skeptics also call attention to the absence of popular approval for the EU, the democratic deficit and constitutional problems.¹¹ Others state that the functional logic, which postulates a spillover of economic integration into the politico-institutional level, doesn't apply to the identitive layer of integration. For once, because it is too complex of a task and secondly, EU politicians have failed in achieving this goal.¹²

The identity of Europeans, which for the sake of a working definition should be regarded here as a cultural-political European collective identity, is obviously

⁹ Augusti Bosch and Kenneth Newton, "Economic Calculus or Familiarity Breeds Content?" in *Public Opinion and Internationalized Governance*, ed. Oscar Niedermayer and Richard Sinnott, from the series: Beliefs in Government 2, (Oxford University Press: New York, 1995), 73-103.

¹⁰ Oscar Niedermayer and Richard Sinnott, *Public Opinion and Internationalized Governance*, from the series: Beliefs in Government 2 (Oxford University Press: New York, 1995), 31.

¹¹ Gian Enrico Rusconi, "The Difficulty in Building a European Identity," *The International Spectator* 23, no.1, (1998).

¹² Klaus Armingeon, *Nation and National Identity* (Ruegger: Bern, 1999).

a very complex and abstract phenomenon. It is remarkable to find in this context on the one hand a particularistic call for common identity factors such as history, politics and economics and other socio-cultural aspects and on the other hand, a pluralist-minimalist definition of Europe that wants to create an inclusive, civic conception of European values. The reality lies in a combination of both tendencies: so far, EU citizens possess a capacity to tolerate intra-European cultural diversity but still want to maintain their own national culture, which is consistent with the socio-psychological group-identity model. At the same time, the necessity of more common policy actions under conditions of enlargement conflicts with the ideal of European unity as well as with the reality of the own culture and national interest under integration pressure.

A conceptualization of the idea, identity and reality of Europe differentiates between those three aforementioned approaches to Europe with regard to their ideological content. Nonetheless, one has to be wary about the chances to create such a transnational identity in current societies of the Union. Critics contend that the post-war European project was born as a model of economic, not explicitly political, integration resulting from the wish to overcome the disastrous European hegemonic history in the first half of the 20th century, an argument that is still hotly debated in EU studies because it goes to the core of what European integration is about. That is why some call for an 'alternative' collective identity built on multi-culturalism and linked to a post-national citizenship in the Union.¹³ Delanty's work demarcates well the notions and ideologies behind the goal of a united Europe but does not reflect on the current re-nationalizing conditions in the EU's public spheres.

Other researchers depict identity formation and integration as a rather divisive and excluding process, either within countries of the European Union or between them. With regards to the processes inside the affected states, European integration is theorized as a catalyst for disparities between socioeconomic different constituencies of the population. "European integration is going to open up a new gap between the mobile elite of people moving toward a European identity and the less mobile people sticking to national solidarity."¹⁴ While this view is generally true, it presupposes that mobility – which is not further specified here either in literally or metaphorical sense – is the decisive factor. This dichotomy is oversimplified and should also include other influential factors such as knowledge, political involvement etc.

Especially in view of European countries that are not (yet) part of the Union, the exclusionary idea is preeminent for researchers of collective identities. They raise questions about the future self-understandings of Europeans with regard to

¹³ Gerard Delanty, *Inventing Europe: idea, identity, reality*, (St. Martin's Press: New York, 1995).

¹⁴ Reinhard Muench, *Nation and Citizenship in the Global Age*, (Palgrave: New York, 2001), 1.

the impetus of widening.¹⁵ Enlargement makes changes in identifications necessary, in the existing member states as well as in the accessing ones. The last enlargement could be seen as an EU-internal test for cultural plurality still under conditions of a homogeneous attachment to Europe - something that is bound to change with successive enlargements.

European Identity and Enlargement

The ongoing enlargement process of the EU forces policy makers and citizens in both, the acceding and the established member states of the Union, to reflect upon their existing identity. On first sight, enlargement seems to be a relatively unproblematic feature of European integration since in theory the EU receives more power with the addition of new markets and states, and the accession countries have much to gain from joining an economically and politically well-developed entity such as the EU. In practice, however, there are many factors that need to be considered in the process of enlargement, in particular with regards to questions surrounding national and European identity. Most problems with the accessing countries so far have tended to focus on rather practical issues related to the disparity in wealth and problems arising from intra-European competition of these new members.¹⁶ There was no real discussion about the compatibility of the newcomer's cultural identity with the existing ideas of (Western) European identity, nor a much needed debate about the finality objective of the Union. For once, the added member states so far are securely located within the geographical and cultural boundaries of the continent and particularly the last enlargement to the East was seen as a political necessity justified by detrimental post World-War II developments. In addition, the Central and Eastern European countries even display a higher (self-professed) level of cultural European identity than their Western counterparts.¹⁷

In view of further enlargements to the South-Eastern edge of Europe, a social science perspective on the enlargement process started asking where the geographical and ideational borders of Europe are and how far the integrating potential of the EU with regards to common identification really is.¹⁸ Particularly now that the EU's external borders reach neighboring countries such as the Ukraine or Georgia that are setting their goals on possible EU accession, in addition to the

¹⁵ Bo Strath, *Europe and the Other and Europe as the Other*, (Presses Europeennes: Brussels, 2000); Iver B. Neumann, *Uses of the Other. The East in European Identity Formation*, (University of Minnesota Press: Minneapolis, 1998).

¹⁶ Jan Zielonka, "Challenges of Enlargement" *Journal of Democracy* 15, no.1 (2004): 22-35.

¹⁷ Samuel Huntington, *The clash of civilizations*, (Council of Foreign Relations: NY, 1996); Alina Mungiu-Pippidi, Alina, "Beyond the new borders" *Journal of Democracy* 15, no.1, (January 2004): 48

¹⁸ *Ibid.*

'big' question of Turkey's membership in the Union, the debates setting conditions for belonging to Europe and having a common identity have intensified. Others added that rather than developing a popularized distinct European identity, Europe is simply taking over the globally spread Americanized (pop-) culture, and the real identity of concern should be the EU's institutional one.¹⁹ The role of the United States is also notable when looked at the EU's differentiation with North America. Despite the infiltration of U.S. cultural elements, Europe has distanced itself to the markedly different cultural and political identity that the States represent, particularly under the administration of George W. Bush. Most new member states in Central and Eastern Europe have a more pro-American attitude and therefore altered previously existing identity-dynamics within the EU.

The shared-heritage argument citing common cultural and historical roots, proposed by conventional wisdom and used by many EU politicians as a means to construct European identity, is of limited use in a political Union trying to cope with 25 or more member states that might be considered remotely European. Often enough, this argument has been discounted by opponents stating that Europe was more often than not torn apart by rivalries and split between competing powers, churches and governments.²⁰ A single demos for the EU as in the development of the collective national identities in Europe in the 19th century is not a viable option for the development of a transnational community. And if the recently admitted countries' 'return to Europe' was a sign of reconciliation with Europe's often unjust past, how can the same principle be applied to countries such as Turkey that were historically Europe's 'other' and are still perceived as such in the EU in spite of Turkey's changes?²¹ Cultural convergence with Europe is impossible in the case of Turkey, and is doubted by some in the case of the Balkan countries. This is not to deny that fact that there are already some linkages between these countries and the existing EU members, be it in the form of association agreements or the existence of immigrants from these countries in the EU member states. In fact, the inclusion of culturally different states such as Turkey or civil-war torn states like the Balkan countries into the EU could serve as a more peaceful and successful counter-model to the prevailing US model of democracy promotion and nation-building.

¹⁹ Edward Moxon-Browne, "Eastern and Western Europe: Towards a new European identity?" in *Who are the Europeans now?*, ed. Edward Moxon-Browne, 193-202 (Ashgate: Burlington, VT, 2004).

²⁰ Ellen Comisso and Brad Gutierrez, "Eastern Europe or Central Europe? Exploring a distinct regional identity" *The Politics of Knowledge: Area Studies and the Disciplines* 3, Article 7 (UCIAS: San Diego 2002), 3.

²¹ "Looking to Europe: A survey of Turkey," *The Economist*, March 19, 2005.

In addition, the increase in membership and population of the EU will result in greater heterogeneity with respect to national interests and national identities.²² Inevitably, the conflict potential for decision-making at the institutional Union level will increase, even with the augmented qualified-majority voting as spelled out in the Constitution. While Europeanization processes will over time lead to a convergence of diverging national interests, the simple fact remains that it will become more difficult to reach agreement if more member states are involved, in addition to the need for continuous institutional reform necessitated by future enlargements, as there are at present no provisions for future candidates beyond Bulgaria and Romania to be included in the EU institutions.

The diversity in national interests, as a result of the widening of the Union, will inevitably lead to a weakening of federalist and supranational approaches of European integration. It has even been argued that “those in favor of looser forms of European co-operation may advocate a speedy and wide-reaching enlargement as a means of undermining the federalist ambitions of other member states, and this in turn leads to fears that the latter will be tempted to pursue more advanced forms of integration within a smaller and more convergent European core.”²³ Obviously, the calls for enhanced cooperation and more generally, the development of variable geometry integration for some core European states attest to the validity of this thinking, leading in the long run to a less supranational federation of member states but a rather loose model of cooperation. As noted above, this approach to integration will find more support in intergovernmentally oriented old and new member states, and will also be positive for the economic performance of the Union: “a loose, diversified and flexible European polity will be better than a rigorously homogenized and centralized one at coping with the challenges posed by cascading interdependence in a world of rapid change.”²⁴

In order to retain and augment public support for an increasingly diverse Union, traditional models of European identification built upon cultural commonalities will not suffice anymore. The EU’s identity as a model of regional integration will have to focus on delivering effective and democratic political and economic governance, deserving of the allegiance of EU citizens, instead of relying on the cultivation of state-centric models of loyalty to a political entity. A ‘thick’ cultural identity as evident in many of Europe’s nation-states has never been achieved by the EU and further widening will only enable a ‘thin’ version of common identification based on common civic values, democratic practices, respect for diversity and for human rights. Interestingly, in the debate about Tur-

²² Dieter Fuchs and Hans-Dieter Klingemann, “Eastward Enlargement of the European Union and the Identity of Europe” *West European Politics* 25, no. 2 (April 2002): 19-43.

²³ Jan Zielonka & Peter Mair, “Introduction: Diversity and Adaptation in the Enlarged European Union” *West European Politics* 25, no. 2 (April 2002): 1-18.

²⁴ Jan Zielonka, “Challenges of Enlargement” *Journal of Democracy* 15, no.1 (2004): 5

key's accession, many Turks, in view of the some of the opposing arguments citing cultural differences, reply that if the EU stands for the civic values mentioned above, a narrow definition of its own identity based on religion, ethnicity or culture would negate those fundamental principles.²⁵

The creation of a European citizenship as a promoter of European identity has been introduced with the Maastricht Treaty.²⁶ However, this measure has had no significant impact on the ability of the EU to gain popular allegiance since, aside from the freedom of movement, it did not add significantly to the rights of EU citizens. Rather, the complementarity of the EU's citizenship to the national one needs to be stressed because people tend to see the overarching transnational citizenship as a threat to their national one. While EU citizenship in theory has become generally more open and flexible through the enlargement's inclusion of additional nationalities, it remains insignificant for the EU's identity to cope with the centrifugal implications of future enlargements as long as it is contingent on a priori citizenship of a member state. The member states' hesitancy in creating a common regulatory framework for immigration and asylum policy shows that European citizenship is still too strongly attached to national citizenship to be an effective transporter of the civic ideas of pan-European unity. While the former is a problem dealing with the basic idea behind European citizenship, another unresolved would be how to communicate a real transnational citizenship to the EU public if it already displays xenophobic reactions to its new EU citizens?

Conclusion

The last, fifth enlargement challenges the institutional capacity and economic cohesion of the EU to a dramatic extent. More importantly, the increase in membership will make it more difficult to achieve socio-political cohesion, let alone a common cultural identification. The impetus of widening starkly contrasts with the Union's attempt to construct and preserve a common cultural identification for Europe. It is my conviction that continued enlargement, particularly with countries of different religious and ethnic-cultural backgrounds, will lead to a weakening of common reference points for a European identity, therefore making it less useful as an instrument for European integration. A multi-level governance, based on (neo-)functional integration will continue to internally homogenize the various member states of the EU, but any approach of developing a transnational identity from above, based on cultural commonalities, will be sub-

²⁵ Ahmet Hanh, "Turkey's Entry Bid will oblige the EU to define its own identity" *European Affairs* 4, no. 3, (Fall 2004); available from: http://www.europeanaffairs.org/current_issue/2004_fall/2004_fall_54.php4; 18 April 2005.

²⁶ Roberta Guerrina, *Europe: History, Ideas and Ideologies*, (Oxford University Press: New York, 2002), 180-189.

ordinated to the various interests and diverging national identities of the many member states.

Moreover, these developments make any attempts of European integration along lines of nation (-state) building more difficult and unpopular. That is why, for example, the constitutionalization of the European polity receives only limited popular support: besides other arguments against it, the constitution is seen as an instrument of furthering state-centric integration at a time when the EU is more diverse than ever before. The widening of the EU has reached a critical mass in terms of identity-construction, therefore deepening will have to be redefined as to reflect the changed identity of the Union, which will need to be more intergovernmental and less federalist to (re-)gain and retain popular support.

Preparing for New Minorities: EU Influence on National Minority Protection in Romania and Slovakia

Maria Ilcheva

Introduction

Ten days before the Copenhagen European Council summit in December 2002, the EU Commissioner responsible for enlargement praised the Central and Eastern European candidate countries for their successful transformation:

We see clearly success-stories regarding the system transformation. Human rights were respected and minorities protected. Nothing within this process is self-evident but is a fantastic result of a human driving-force for reform, mainly driven forward by the enlargement perspective.¹

The Commissioner's assertion that progress in minority rights protection is a direct result of the countries' aspirations to join the European Union illustrates a popular perception, within the candidate countries and among outside observers, that the drive towards Europe has a profound impact on their domestic developments. The enlargement impact on majority-minority relations and minority rights developments is particularly important considering the ethnic conflicts that plagued some of these countries in the 1990s. The focus of this article is on the role of the European Union's representatives and institutions in inducing cooperation between ethnic groups for the purpose of minority rights expansion and implementation by means of the promise of integration.

As early as 1993, the European Council had formulated economic and political criteria for the evaluation of a country's preparedness to gain membership in the Union. The political conditionality for the Central and Eastern European countries' membership was articulated in the concluding document of the Copenhagen summit on 21-22 June 1993, when the European Council put forward the "Copenhagen criteria" for EU admission: "Stability of institutions guaranteeing democracy, the rule of law, human rights and *respect for and protection of*

¹ Gunther Verheugen. "Entering the Final Stage," statement from December 2, 2002, Vienna, Austria. http://europa.eu.int/comm/archives/commission_1999_2004/verheugen/speeches/sp02122002en.htm (accessed on April 2, 2005).

minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union” were emphasized as essential conditions for integration.² While minority rights were never specifically referred to or clearly outlined, the European Union continuously played a critical part in the expansion of minority rights through the statements of its representatives and official reports European institutions issued regarding the candidate countries’ progress towards accession.

The main part of this article focuses on the role of the European enlargement strategy in the adoption of laws that favor minority rights, with an emphasis on laws in the areas of education, local government and language rights. The focus on these particular areas is warranted by the fact that they are the ones most contested both by ethno-national minorities and by nationalistic majorities. While in some cases the European strategy is genuinely considered to require reform in minority policies, and in others it is mostly used to conceal or justify contested acts of governance, the European Union played a role through the signals it sent to the candidates.

Europeanization and Domestic Change in Candidate Members

Europeanization is primarily used to denote institutional and policy changes within the European Union.³ However, as “a process of change in national institutional and policy practices that can be attributed to European integration,”⁴ Europeanization can and should also be applied to explain the adoption of policies in candidate members. Within the Union, Europeanization refers to processes of interpenetration between the supranational and the domestic level, whereas the Europeanization of the candidate countries occurs under the pressure of conditionality that includes their adoption of the *acquis communautaire* “as is,” without having control over it.

Political conditionality is “the idea to use the fulfilment of stipulated political obligations as a prerequisite for obtaining economic aid, debt relief, most-favored-nation treatment, access to subsidized credit, or membership in coveted regional or

² Copenhagen European Council, “Conclusions of the Presidency,” issued on June 21-22, 1993. http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/72921.pdf (accessed on April 2, 2005).

³ Kevin Featherstone and Claudio Radaelli, eds. *The Politics of Europeanization*. (Oxford University Press, 2003); M. G. Cowles, John Caporaso, and Thomas Risse, eds. *Transforming Europe: Europeanisation and Domestic Change* (Ithaca/London: Cornell University Press, 2001); See also Robert Ladrech, “Europeanisation of Domestic Politics and Institutions: The Case of France” *Journal of Common Market Studies* 32, no. 1 (1994): 69.; J. Buller and A. Gamble. “Conceptualizing Europeanization” *Public Policy and Administration* 17, no. 2 (2002): 17.

⁴ Simon Hix and K. Goetz, “Introduction: European Integration and National Political Systems” *West European Politics* 23, no. 4 (2000): 27.

global organizations.”⁵ In this view, conditionality requires the articulation of a set of agreed upon desirable practices and recommended, or sometimes even mandatory, objectives. But herein lies the problem – the European Union lacks a precise and unanimous understanding of what minority rights include. Then, can we talk about EU imposed conditionality on Central and Eastern Europe with regards to minority rights? If Europeanization is a policy transfer, what are those policies related to minority rights that the candidate countries should endorse and apply?

Minority rights protection has remained the domain of national, rather than supranational policies. Therefore, compared to economic and institutional prerequisites for accession, requirements for minority respect and protection towards the candidate countries are predictably less direct. They do not include specific models for improvement, but developed over time and were influenced by developments external to the EU. The unraveling of Yugoslavia, with violent conflicts in Bosnia and Herzegovina, Croatia, Kosovo and Macedonia, had a significant impact on the visions of European elites for the development of the region. The strength of majority and minority nationalism in Europe’s own backyard caught the EU unprepared, but political learning occurred over time. The vagueness of the initial requirements for minority protection allowed the European Union to formulate and re-formulate its recommendations. The initial hesitance and confusion as to what Europe can do to alleviate ethnic conflicts was gradually replaced by a more confident approach of steering the candidate countries’ nationalistic majorities towards cooperation. The approach varied from country to country, depending on the country’s internal conditions, but European involvement in promoting stability and encouraging ethnic cooperation was always on an *ad hoc* basis, shaped by internal as well as external developments.

Variations in the EU strategy for minority protection reflect EU’s attempts to balance between a formal recognition for *collective* minority rights and the need to minimize security threats on the borders of the Union or between its members. The Union started *screening* majority-minority relations, and adjusting its advice and involvement in the domestic affairs of candidates. But EU’s views of minority rights were also subjected to the processes of reception and projection.⁶ The specific reference to the “rights of persons belonging to minorities” in the European Constitution signed by the Heads of State and Government of the EU members and the three candidate members at the time – Bulgaria, Romania and Turkey – is indicative of this change. There is no earlier reference to minority rights in official European documents except for the concluding document of the Co-

⁵ Philippe C. Schmitter, “The Influence of the International Context upon the Choice of National Institutions and Policies in Neo-Democracies” in *The International Dimensions of Democratization: Europe and the Americas*, ed. L. Whitehead, 42 (Oxford University Press: 1996).

⁶ S. Bulmer and M. Burch, “Coming to Terms with Europe: Europeanisation, Whitehall and the Challenge of Devolution,” *Queen’s Papers on Europeanisation*, no. 9, Belfast: Queen’s University. (2000): 47-48.

penhagen summit on 21-22 June 1993, but that document was aimed at influencing the conflict ridden CEECs, not the member states.

Despite the existing vagueness of the European Union regarding minority rights, the expansion of minority rights has continued due to the actions and demands of minority groups. In many cases, the European Union has played a reactive, rather than proactive role in encouraging majority-minority cooperation. For example, in March 2001, amidst fighting between Macedonian security forces and Albanian rebels in Macedonia, the Macedonian government was bombarded with pledges by EU officials for financial support and technical assistance in minority-related issues, like the funding of Albanian-language university, assistance for a new census, and development of infrastructure projects in the Western, Albanian-populated regions of the country.⁷ In contrast, in Bulgaria, the ethnic political party never actively pursued demands for higher education in the mother tongue of the Turkish minority. Therefore, European representatives and institutions never even offered recommendations for the introduction of higher education in minority language.⁸ The dynamics of ethnic accommodation in these countries demonstrates the remarkable nature of EU involvement in minority-related problems.

EU's Involvement in Majority-Minority Relations: Ambiguity, Caution, and Pragmatism

The European Union utilized two approaches to influence minority policies in candidate countries. First, the EU encouraged positive change by the very promise of European integration. In the period between the fall of communism and 1995, however, when there were no official new membership applications, the European dream influenced the decisions of Eastern European elites indirectly, which allowed undemocratic, corrupt and nationalistic elites to “capture” the early years of the transition in some countries. In Slovakia, the nationalistic Prime Minister, Vladimir Meciar, endorsed European integration in official statements but did little to introduce or speed up reforms required for it. His government submitted the official EU membership application, but his “European” drive was marred by political corruption and endemic nationalism aimed against minorities. The European Union could do little to change Meciar’s policies. Slovakia became an independent state only in 1993, and its heterogeneous character, with almost 10 percent of the population being Hungarian, provided populist leaders with ample ground for exploiting societal differences and the “Hungarian threat.” But Slovakia is not an exception. Croatia, Macedonia, Bulgaria, Romania

⁷ Oana Lungescu, “EU Pledges Support to Macedonia,” *BBC*, March 17, 2001. <http://news.bbc.co.uk/1/hi/world/europe/1225947.stm> (accessed on March 15 2005).

⁸ Commission Opinion on Bulgaria’s Application for Membership of the EU (DOC/97/11) http://europa.eu.int/comm/enlargement/bulgaria/key_documents.htm (accessed on April 2).

experienced a similar transition period characterized by the exacerbation of ethnic tensions. European integration was only given a lip service.

The second approach was adopted by the EU mostly after 1995 in response to new membership applications. The commission started publishing official progress reports periodically, and the Union used demarches to show its opinion on reforms in the candidate countries. In its November 1994 and October 1995 demarches, the EU criticized Slovakia for the excessively antagonistic relations between the ruling coalition and the opposition, the purges in the state administration and the insufficient respect shown for the principles of democracy and human rights.⁹ The European Parliament also issued statements concerning “negative” developments in Slovakia. In those official opinions and statements the European institutions held the candidate countries accountable to higher standards than those adhered to by its member states, by encouraging them to adopt international documents like the Framework Convention for the Protection of National Minorities. The Commission also consults the High Commissioner for National Minorities (HCNM) of the Organizations for Security and Cooperation in Europe (OSCE), and incorporates his recommendations in its opinions. Some scholars even claim that the EU has “in effect delegated to the HCNM the task of judging whether countries have ‘done enough’ in terms of minority rights.”¹⁰

The effect of the European Union’s official positions should not be sought only in the legislation and policies the candidates adopted *after* those opinions. Political elites in Romania and Slovakia acted strategically, adopting very controversial legislative acts a short period of time *before* the Commission’s report. In many cases, the timing of minority related legislation is one of the main manifestations of EU’s influence.

EU and Romania

The period between 1990 and 1996 in Romania was characterized by the strength of Romanian nationalism and the adoption of laws that, according to the Hungarian minority, were restrictive of their rights. The first important legislation was the Law on Local Public Administration adopted in 1991. According to the Law, local council decision could be published in Romanian and in the language of minorities which were of “significant numerical importance,” but Romanian would be the official language of council meetings. The most contested part of

⁹ Eva Slivkova, “Slovakia’s Response on the Regular Report from the European Commission on Progress towards Accession.” *Discussion Paper, Centre for European Integration Studies* (Bonn, Germany: 1999). http://www.zei.de/download/zei_dp/dp_c57_slivkova.pdf (accessed on March 22, 2005).

¹⁰ W. Kymlicka, “Reply and Conclusion” in *Can Liberal Pluralism be Exported? Western Political Theory and Ethnic Relations in Eastern Europe*, ed. W. Kymlicka and M. Opalski, 375 (Oxford: Oxford University Press: 2002).

the law was its provision that in settlements where a minority group was no less than 30 percent of the population, the language of that minority group could be used in official matters with the local administration. According to Hungarians, the 30 percent requirement was too high. DAHR also contested the paragraph of the Law, which stipulated that prefects would promote "the national interest," believing that they should, in accordance with Article 122 of the Constitution, represent and defend local interests.¹¹

The second important legislation, the law on education, was adopted in June 1995 amidst Hungarian protests. According to article 124 of the Law, university entrance examinations had to be taken in Romanian, except for subjects in which university instruction in the mother tongue is provided, such as teacher training and the arts. In addition, Article 123 stipulates that at the secondary level of education the language of instruction in the subjects of "history of Romania" and "geography of Romania" was to be Romanian.

Unlike the law on public administration, the education law produced a fast response from the Union, the main reason being that in April 1995, Romania had signed the "Stability Pact for Europe" committing itself to minority protection. The European Union now had clauses to which it could refer in evaluating reforms in Romania. In July 1995, the European Parliament passed a resolution condemning the law, which "led to a further deterioration of the situation of minorities in Romania." The resolution also stated that the law "arbitrarily restricts the educational rights of minorities" and urged the Romanian legislature to repeal it, otherwise it may be disqualified from joining the European Union.¹² Bela Marko, the chairperson of the Democratic Alliance of Hungarians in Romania claimed that the law was "in complete disregard of the national minorities' interests" and asserted that "the law is not only discriminative as regard to the native language education of minorities, but even more restrictive – in this respect – than the law in force under Ceausescu."¹³

Under a new government, Romania renewed its attempts to alleviate ethnic tensions regarding minority education and language use. As regional specialists noted, "membership incentives contributed to positive changes in Romania after the change of government."¹⁴ This goal was strengthened as July 15, 1997 ap-

¹¹ *East European Constitutional Review*, "Romania Update," 5, no. 4 (Fall 1996).

¹² *European Parliament*, Resolution on the protection of minority rights and human rights in Romania – B4-1025/95, July 13, 1995. Full text available at <http://www3.europarl.eu.int/omk/omnsapir.so/calendar?APP=PV2&LANGUE=EN> (accessed on March 15, 2005),

¹³ Qtd. in Istvan Horvath, "Facilitating Conflict Transformation: Implementation of the Recommendations of the OSCE High Commissioner on National Minorities to Romania, 1993-2001." *Centre for OSCE Research*, Working Paper 8. (2002): 93.

¹⁴ Judith Kelley, "Norms and Membership Conditionality," *Paper presented at the Workshop 'International Institutions and Socialization in the New Europe*, Florence, European University Institute, May 18-19, 2001: 21.

proached. On this date, the European Commission was to issue its “Opinion” on the eligibility of each associated country for the start of accession negotiations. December 12-13, 1997 was a similarly important deadline, when the EU Heads of State would support or reject the Commission’s Opinions. The government adopted an emergency decree on July 10, 1997, to remove the anti-minority provisions of the education law but its approval by the legislature was protracted for two years. Another emergency decree, 22/1997, modified the public administration law and stipulated that authorities should make their decisions public in the language of a given minority if that minority represents at least 20 percent of the population in the municipality. In case of such population composition, the Hungarians also had the right to address the authorities in their language. A few days later the European Commission’s Opinion of July 16 recognized that Romania had signed the Framework Convention for the Protection of National Minorities and had established a national council for minority issues. The Commission also emphasized the ordinances mentioned above as improvements of minority rights.¹⁵ However, the Commission did not recommend the start of negotiations with Romania. With the prospect of participating in the first enlargement wave vanished, on December 9, 1997, the Senate rejected an appeal from the president and adopted amendments to the education law, which are much more restrictive for minorities than the emergency decree.¹⁶

Finally, in 2001 a new law on public administration was adopted with the provision for the use of minority languages in administrative units with at least 20 percent minority population. DAHR’s President described the law as being the most important triumph for ethnic minorities in Rumania in the past 10 years along with the educational law amended in 1999. The European Commissioner for Enlargement once again praised Romania for improving its treatment of ethnic minorities.¹⁷ In addition, DAHR also succeeded in achieving another of its major goals. In October 2001 was the formal opening of a Hungarian-language university that DAHR had pushed for. The university was private and therefore not state-funded but its legalization was a considerable success.

EU and Slovakia

In Slovakia developments regarding minority-related legislation followed a similar path. The new legislature created after the November 1994 elections adopted a law on the State Language which centralized control over education by

¹⁵ European Commission, “Agenda 2000: Commission Opinion on Romania’s Application for Membership of the European Union,” Brussels, 15 July 1997, DOC/97/18, p. 7.

¹⁶ *East European Constitutional Review*, “Romania Update,” 6, no. 2-3 (Spring/Summer 1997).

¹⁷ Eugen Tomiuc, “Romania: Law Allows Use of Minority Languages in Public Administration,” *RFE/RL*, May 4, 2001, <http://www.rferl.org/> (accessed on March 22, 2005).

allowing the Education Minister to dismiss principals deemed incapable. The new Education Minister announced that “incapability” involved lack of fluency in Slovak and advocated that language, literature, history, geography etc. “are taught only by ethnic Slovak teachers.”¹⁸ In addition, the law stipulated that “proof of proficiency in speaking and writing the state language is a condition of employment or engagement in other work-like situations, and is a prerequisite to completing contractual work for public bodies” (Article 1, Paragraph 3). Following the implementation of the law, one Hungarian leader claimed that the law was used to remove ethnic Hungarians from official positions. The law was also bashed both by the Hungarian minority and the European Parliament because it was not explicit on the use of minority languages.¹⁹

The actions of the European Parliament and Commission were somewhat contradictory in the following years. In its 1997 report the Commission asserted that minority rights have been recognized in Slovakia, but also pointed to the “instability of institutions and their lack of rootedness in political life.” In 1998 the European Parliament requested “the Slovak Republic to give absolute priority to... human rights and the rights of minorities, democracy and the rule of law.”²⁰ First the Commission and then the Council agreed that minority-language use specifically, and the developments of policies and institutions protection the rights of minorities were a priority.²¹ The treatment of the Hungarian minority was removed as an area for improvement from the Commission’s 1999 report.

In 1999 the Slovak legislature approved a Language Law establishing a 20 percent threshold for the use of minority languages in an administrative region.²² Hungarians were not fully satisfied but the amendments they proposed were rejected. Some observers noted that “the bill had to be rushed through Parliament in a shortened parliamentary session because of an impending meeting of European Commission officials, at which they will decide on the countries to be included in first-round EU entry talks at the Helsinki summit scheduled for De-

¹⁸ John Ishiyama and Marijke Breuning, *Ethnopolitics in the New Europe*. (Lynne Rienner Publishers: 1998); See also Ondrej Dostal, “Minority Languages and Minority Education.” *The Slovak Spectator*, June 18, 1998.

¹⁹ European Parliament resolution on the political situation in Slovakia, 9(e) B4-0849/97

²⁰ European Parliament resolution on the Slovak Republic, *O.J. C 328*, 26/10/1998, p. 190.

²¹ Council Decision 98/262/EC of March 1998 on the principles, priorities, intermediate objectives and conditions contained in the accession partnership with the Slovak Republic, *O.J. L121*, 23/04/1998, pp. 16-20.

²² Law on the Use of Minority Languages, July 11, 1999 http://www.minelres.lv/NationalLegislation/Slovakia/Slovakia_MinorLang_English.htm (accessed February 12, 2005).

cember.”²³ After 1999 the Commission referred to need for improvement of minority rights only in reference to the Roma minority.

Decentralization in Romania and Slovakia

Decentralization is seen by the Hungarian minorities as a way for them to expand their rights. Since Hungarians are concentrated in specific regions, they would benefit from the devolution of power to local governments. Fortunately for them, decentralization and devolution of power are goals endorsed by the European Union. The Commission actively promoted decentralization in its reports, but without a specific reference to it as a goal that would improve inter-ethnic relations.

Decentralization in Romania started progressing at a fast pace since 1998 when important laws regulating local financing were adopted, following the Law on Regional Development, which divided the country in eight development regions. One law aimed to decrease the dependency of local budgets on state budgets, and to establish stable resources for local administrative units. Earmarked subsidies and transfers were replaced by revenue sharing of a national tax, with the revenues allotted directly to local budgets. Local governments started receiving a percentage of the income tax at the moment they were collected. Between 1991 and 1998, more than 70 percent of local revenues came from the state budget, while for 1998 and 1999, the same dropped to less than 30 percent.²⁴ Yet, in 2004 the DAHR leader urged for further decentralization which would help the Hungarian minority in Romania achieve the administrative autonomy it seeks.²⁵

Public administration reform in Slovakia was also continuously debated, especially after 1998 when the Hungarian coalition participated in the government. However, even in 1996, Hungarians in Slovakia were expressing demands for “self administration.” Gyla Bardos, a member of the legislature from the Hungarian Christian Democratic Movement, explained that “autonomy, or self administration, is a legal framework enabling a citizen, or several citizens to decide

²³ Michael J. Kopanic, “The New Minority Language Law in Slovakia,” *Central Europe Review*, Vol. 1, No. 2, July 5, 1995. <http://www.ce-review.org/99/2/kopanic2.html> (accessed March 30).

²⁴ Clare Romanik and Francis Conway, “Grant Transfers and Financial Supervision in Romania: A Focus on Major Reforms Introduced by the Law on Local Public Finance.” *United Nations Online Network in Public Administration and Finance (UNPAN)*, (2002). <http://unpan1.un.org/intradoc/groups/public/documents/NISPAcee/UNPAN004617.pdf> (accessed March 13, 2005).

²⁵ *Divers Bulletin*, “UDMR Says Decentralization Must Continue in Romania,” no. 29 (112) / August 30, 2004. http://www.divers.ro/cgi-bin/buletin_en.py?id=112#142 (accessed April 2, 2005).

about their own matters. It has nothing to do with national minorities.”²⁶ Bardos put the idea in European terms that liberal democratic politicians would find hard to disagree with. Yet, the regional structure of the country created in 1996 was designed so that none of the eight regions that were created would have any considerable share of Hungarians. In 2000, the Hungarian leader Bela Bugar announced his plan for redrawing the country so that Komarno County, where the majority of Hungarians live, would be a separate development region and therefore a direct recipient of EU funds.²⁷ The cabinet approved the proposal but the law that came out of the legislature on July 4, 2001, divided the country once again in eight regions, in none of which Hungarians had a majority. In its Annual report the Commission did not take a stance on Hungarian demands and commended the new law urging that “the reform is implemented without delay, ensuring the functioning of a democratic, efficient and sustainable self-administration.”²⁸

In its reports on progress in Romania and Slovakia the Commission has understandably taken a minority-neutral stand regarding regional development. The principles of regionality and subsidiarity according to which decisions should be made at the level closest to the citizens of the Union do not contain any direct reference to minority rights. The local administration reforms in Romania and Slovakia are driven by the need to harmonize their policies with the principles of regionality and subsidiarity on one hand, and on the other, reform is required by the European Union in order those regions to qualify for financial and technical assistance from the Union’s structural and cohesion funds. According to the last report of the Commission on Slovakia in 2003, the divisions of responsibility between the central and local authorities was still underspecified and there was lack of coordination between the central level and the regions. The 2004 report on Romania was critical of the local authorities’ administrative capacity. Nothing was mentioned on Hungarian demands for further decentralization.

EU and the New Minorities

The issue of minority rights protection will continue to be important for future developments in the Union if enlargement continues and includes other ethnically homogeneous states. The protection and participation of minorities is implicitly incorporated through the notion of subsidiarity in the Maastricht Treaty, the European Council of Copenhagen and the Stability Pact for Europe. However, the Union still shies away from endorsing minority rights as “collective rights.”

²⁶ *The Slovak Spectator*, Volume 2, Number 12, July 31 - August 13, 1996. <http://www.slovak-spectator.sk/> (accessed March 30, 2005).

²⁷ *Ibid.*, 6, no. 35, September 18 - 24, 2000.

²⁸ European Commission Report on Romania (2001): 16.

The “Balladur” plan, proposed in April 1993, explicitly referred to the possibility of ‘minor border modifications’ and ‘collective minority rights.’²⁹ However, the Copenhagen criteria endorsed by the European Union a few months later only called for “*respect for and protection of minorities.*” This specific reference to *minority rights*, in conjunction with broader human rights is an important recognition. The Charter of Fundamental Rights was another opportunity to incorporate minority protection explicitly into EU legislation. However, in the Charter adopted at Nice in December 2000, relevant provisions were limited to a prohibition of discrimination (Article 21) and to the following brief provision: “The Union shall respect cultural, religious and linguistic diversity” (Art.22). Once again, there was no explicit mention of “minorities”. There was no subsequent reference to minority rights neither in the Amsterdam Treaty, nor in the Nice Treaty, but the drives towards a creation of a Constitution for Europe, indicated that protection of minority rights is still part of the European Union’s future strategy. As Kymlicka argues, “Western countries have moved along two different and somewhat contradictory tracks. On the one hand, they have maintained but weakened the commitment to a universal, justice-based, minority rights track; on the other hand, they have created a new contextual, security-based minority rights track.”³⁰ As the European Union continues to expand, the presence of a group of countries with national minorities demanding greater autonomy is likely to change the approach of the Union towards minority rights.

Launching this paper with a statement of the EU’s Enlargement Commissioner specifically referring to minority rights, it seems fitting to finish it with a statement by the OSCE’s High Commissioner on National Minorities, Rolf Ekeus. After all, looking at the ambiguous stance of the European Union, OSCE’s Commissioner seems to be the one most fervently pursuing what the Union preached. In a 2002 speech in Copenhagen, Rolf Ekeus stated unequivocally:

...standards on which the Copenhagen criteria are based should be universally applicable within and throughout the EU, in which case they should be equally – and consistently – applied to all Member States. Otherwise, the relationships between the existing and aspiring EU Member States would be unbalanced in terms of applicable standards.³¹

²⁹ Pal Dunay, “Whence the Threat to Peace in Europe,” in *A Lasting Peace in Central Europe?* Ed. Ian Gambles (Institute for Security Studies of WEU, Chaillot Paper 20, 1995) <http://www.iss-eu.org/chaillot/chaill20e.html> (accessed March 30, 2005).

³⁰ Kymlicka, *op. cit.*, 372.

³¹ Rolf Ekeus, “From the Copenhagen Criteria to the Copenhagen Summit: The Protection of National Minorities in an Enlarging Europe,” Speech given to Conference “National Minorities in the Enlarged European Union” in Copenhagen, November 5, 2002: 4. http://www.osce.org/documents/hcnm/2002/11/465_en.pdf (accessed March 30, 2005).

Can the European Union move towards a more integrated and consistent minority policy? With countries like Slovakia, Romania, Bulgaria, Turkey and a number of other states with significant national minorities expected to join eventually, it will be hard not to.

After Ethnicity and “Constitutional Patriotism:” Searching for Capacious German Membership in a Period of Neo-Liberalism and Europeanization

David Abraham

Introduction

“Immigration policy” in Germany over the past five years has focused on three issues: the new labor migration from the East; efforts to encourage immigration of highly-skilled foreigners, especially entrepreneurs and high-tech Asians, and the ongoing problem of citizenship and nationality for the German-born children and grandchildren of an earlier generation of mostly Turkish and Balkan guest-workers.

The impact of the Eastward EU expansion on wages and employment in Germany may turn out to be severe. In principle, the Germans won a 7-year break-in period, which was intended to delay and dampen the impact of labor migration and competition from the East, especially Poland. In reality, through permissible subcontracting, service-sector exemptions, and outsourcing, the effects are already real. It seems likely that the erosion of Germany’s welfare state, already well underway in the name of “reform,” will be accelerated by the influx of labor, both legal and illegal. Indeed, if the educated popular press is to be believed, some areas, like poultry packing, have already been overrun by cheap foreign labor paid less than half the union wage and saving corporations (and consumers?) substantial sums. Current tendencies are very redolent of the U.S. experience and American highly deregulated labor relations seem to threaten –foreign workers (many of them illegal), free markets, collapsing wages, outsourcing, deunionization.¹ Important as this topic is and will continue to be, it is not the topic of this paper.

Likewise, there has begun a debate over a real Immigration Law, that is to

¹ See, for example, the recent exposé, Markus Deggerich, “People Are Afraid Here— Eastern European Workers Flood into Germany,” *Spiegel Online*, 24 February 2005, <http://www.spiegel.de/international/spiegel/0,1518,343425.00.html>; The scenario described there in the town of Lohne, a major center for Wiesenhof Poultry, could have been written in almost the exact same way to describe Mexicans and poultry packing for Tyson Poultry in Arkansas or meat packing in Nebraska.

say a law intended to encourage and regulate skilled immigration to Germany from outside the EU. This debate often takes place under the misnomer of “Green Card” and has pit “Kinder statt Inder” –encouraging Germans to reproduce, or at least to become more flexible and study for and do the right high-tech jobs, versus encouraging a new group of foreign migrants, presumptively prosperous or well educated Asians. Important as that topic also is, it too is not the topic of this paper.

The main issue to address here has been the ongoing struggle, now successfully concluded in a compromise form, over the contours of a Nationality/Citizenship law encompassing naturalization and the recognition of *jus soli* principles. With that new law has come the abandonment of the previous Aliens Law and perhaps a serious amelioration of the legal marginalization of German-born foreigners.

Alongside that ongoing legal struggle, there has been a protracted debate, mostly on the left and in liberal circles, between advocates of multiculturalism, supporters of group recognition and some group rights, on the one hand, and, on the other hand, integrationists, those persuaded that improved legal access to the German nation would lead to a greater voluntary integration of “foreigners” into an *evolving* (and I do stress “evolving”) German society. It seems now that the integrationists have won, though there has been no parallel massive flow of adult former resident aliens into the ranks of naturalized Germans. The readiness to welcome aliens, especially Turkish-origin Muslims, into German society appears to be not in synchrony with developments in the Turkish sector itself. The situation and preferences of a more hybrid, Germany-born, Turkish-German younger generation is more difficult to ascertain and portray.

Pre-Reform Law

The 1913 *Reichs- und Staatsangehörigkeitsgesetz* guided entry and naturalization in Germany until 1998. Even once shorn of its Nazi glosses, it was characterized by a very draconian and ungenerous *jus sanguinis* conception of membership and identity.² Until 1978 there was no legal provision for a more-than-temporary stay

² There is a tendency to flatten the history of German immigration and citizenship law and to treat it as if it were closed and always the same, always centered around either the *ethnos* (Treitschke) or the *Kulturnation* (Meinecke) without much contestation or *civitas*. Recent literature has diverged some from that view. See, e.g., Eli Nathans, *The Politics of Citizenship in Germany: Ethnicity, Utility and Nationalism* (New York: Berghahn Books, 2004); Dieter Gosewinkel, *Einbürgern und Ausschließen: Die Nationalisierung der Staatsangehörigkeit* (Göttingen 2001); Larry E Jones, ed. *Crossing Boundaries: The Exclusion and Inclusion of Minorities in Germany and the United States* (New York: Berghahn Books 2001) (esp. the contributions by Jochen Oltmer and Klaus Baade). See also pp. 50-53 of my “The Boundaries and Bonds of Citizenship: Recognition and Redistribution in the U.S., Germany, and Israel” in *Migration in History*, eds. Anthony Grafton and Marc Rodriguez (Princeton: Princeton University Press, 2006).

on German territory by a non-EU foreigner (*Verfestigungsregelung*) and until the 1980's there were no rules for family unification. Finally, until 1998, children born in Germany simply took the nationality of their parents. Naturalization of the latter was presumed to be a rare thing, highly discretionary, requiring a specific public interest in taking in the applicant, administratively cumbersome, and, putatively, a sign of complete Germanization (*Hinwendung zum Deutschtum*).

Into the 1990's, naturalization required: a) a handwritten essay showing a good command of German and explaining why the applicant wanted to give up his current citizenship to build a future exclusively as a German; b) a minimum 10 years of continuous residence in Germany; c) the absence of a criminal record and good moral character; c) non-dependence on social welfare benefits; d) uniform nationality for all family members; e) proof of abjuring or discharge from former citizenships, whenever possible; and f) payment of a fee equivalent to a month's income for the head of the household and half a month for each additional family member. The 1990 reform of the *Ausländergesetz* (Aliens Act) added §§85-90, which offered dispensations to those guestworkers who had lived in Germany for at least 15 years. They did not have to have a strong command of the language or emerge with a uniform nationality for all family members. Finally, family members of a guestworker could be naturalized with him, even if they themselves had been resident in Germany for less than 15 years.

§85 of the final 1990 iteration of the pre-reform Aliens Act permitted "second and third generation" young adults to naturalize more easily. (In 1990, about 1 million of the 7 million foreigners in Germany were born there.) In order to be naturalized, those born in Germany who applied between the ages of 16 and 23 needed only to show: a) that they had attended a German state school for at least 6 years; b) had lived in Germany permanently for at least 8 years; c) had no criminal convictions; d) could prove release from any previous citizenship; and e) paid a much-reduced fee of 100DM.

The combination of legal hurdles and cultural resistances on both sides led to an average of only 15,000 naturalizations annually between 1974 and 1989. With the reduction in discretion in 1984 the number climbed to 35,000 in 1985. Under the pre-Reform reforms, naturalization numbers grew rather noticeably: by 1997 they had reached 80,000 and by 2000 they were well over 110,000 so that by 2000 over 1 million people had naturalized as German in the *Bundesrepublik*.³

³ Much of the data here is drawn from the Bundesinnenministerium, "Policy and Law Concerning Foreigners" (Berlin 2000) and Rainer Münz, "Ethnos or Demos? Migration and Citizenship in Germany" in *Challenging Ethnic Citizenship*, ed. Daniel Levy and Yfaat Weiss, 19 and 25 (New York: Berghahn Books, 2002). For a discussion of pre-Reform gains for foreigners, see David Abraham, "The Good of Banality? The Emergence of Cost-Benefit Analysis and Proportionality in the Treatment of Aliens in the US and Germany" *Citizenship Studies* 4, no. 3 (2000): 237, 245ff. Wherever possible I try to exclude from the numbers ethnic German immigrants from the East. They are another topic not addressed here.

Reform Laws 2000/2005

By 1999 parliamentary resistance to accepting the fact that Germany is "a land of immigration" had been largely overcome,⁴ and acceptance of the multicultural, or at least pluralist, composition of German society had been gaining ground in theory as well as in practice. Notwithstanding some setbacks and dilution, Germany in 1999 saw the passage of its first immigration and naturalization law since the Reichs- und Staatsangehörigkeitsgesetz of 1913 and the first ever embodying some *jus soli* principles. 2003 then saw the formulation of the first immigration-attracting immigration law in modern German history, a *Zuwanderungsgesetz* (not discussed here). The combination of these two concerns –citizenship and immigration– led the Red/Green coalition government to focus first on the issue of introducing the *jus soli* principle and easier naturalization requirements into the law. Due to various court and electoral setbacks, it is only now, in 2005, that the law has gone fully into effect.⁵

As noted earlier, the central goal of the reformers was to ease access into German society for all those born in Germany. Legally, that meant introducing birthright citizenship to the children of long-term resident aliens and easing the naturalization process for those residents not born in Germany. By thus distancing, if not divorcing, citizenship and membership from ethnicity, the reformers sought to *facilitate integration into a more capacious German identity and society*. Immigrants would more easily and more willingly become German while “German” itself would come to mean something broader– more on that, below. Naturalization provisions and citizenship criteria were, symbolically, moved from the Aliens Act (*Ausländergesetz*, now renamed the Residence Act, or *Aufenthaltsgesetz*) to the Citizenship and Nationality Act (*Staatsangehörigkeitsgesetz*, §§10-12b). Consequently, too, the chief object of the new legislation was to institute the following rules:

a) *jus soli*: If a child has at least one parent who has lived in Germany for at least 8 years and is now in an unlimited status,⁶ then the child automatically

⁴ Article 8 of the *Reichs- und Staatsangehörigkeitsgesetz* of 1913, providing for naturalization, was in effect (not counting the Nazi interregnum) until 2000. The last version of the guidelines 2.3 to Art. 8 read: "...Germany is not an immigration country; it does not seek to increase the number of German citizens through naturalization."

⁵ The first version of the law barely passed the Upper House. In fact, the voting arrangement (or deal) under which it was passed was challenged in the Constitutional Court in 2002 and the law was actually struck down. After electoral setbacks, the SPD and especially the Greens offered concessions to the CDU opposition –primarily through the sacrifice of the adult dual citizenship originally contemplated (see below)– and the revised law was repassed in 2004.

⁶ There are various forms of “unlimited status” and their meanings are complex. All citizens of EU states get the requisite *Aufenthaltserlaubnis* (residence permit). More importantly, non-EU alien immigrants must have a *Niederlassungserlaubnis* (settlement permit, formerly called an unlimited residence permit, *unbefristete Aufenthaltserlaubnis*) or the fussy *Aufenthaltsberechtigung* (special residence entitlement), which are built on five years of residence, a work permit, a record

enjoys citizenship from birth; and if that child has inherited another citizenship through his or her parents (*jus sanguinis*), the child may retain both citizenships until age 23, by which time a choice must be made. §4¶3.

b) *naturalization as of right*: An alien living in Germany for at least 8 years who possesses an unlimited status settlement or residence permit is fully entitled to obtain German citizenship if he or she can show that s/he can guarantee his/her livelihood without recourse to social welfare benefits, possesses adequate knowledge of German, has not been convicted of a serious crime, pledges adherence to the free and democratic values of the Constitution (Basic Law), and is prepared to abjure other citizenships.⁷

c) *a minimalist integration commitment*: Applicants for citizenship must commit themselves to having or acquiring a sufficient and adequate knowledge of German, e.g. by undertaking a public school language course in "everyday life" German.

d) *no financial burden*: All fees are to be reduced to virtually token or cost status, 255 euros per adult and 50 euros per child.

What effects have these new principles had to date? The German *jus soli* principle is clearly not the absolute US version: "All persons born or naturalized in the United States" are citizens of the United States, but it does mark a remarkable change and brings Germany quite close to the French standard. And this change is paralleled by the change in naturalization requirements and opportunities. Naturalization is now possible under §10(1) of the new Act for those who have lived in Germany for 8 years and declare their loyalty to the "free and democratic values" of the Constitution and to the German language.

If the goal is better and fairer integration, then the initial results seems ambiguous. *Jus soli* does operate quickly: already in 2000, the first year of the law, nearly 41,000 newborns became German citizens this way, and the number will grow notably each year.⁸ But the more volitional naturalization numbers are perhaps puzzling. In the last year under the reformed old law, about 140,000 aliens naturalized, about 100,000 of them Turkish citizens. Rather than unleashing the expected torrent, however, the new law changed little: 187,000 naturalizations in 2000; 178,000 in 2001; 155,000 in 2002; and 140,000 in 2003 with about 40 per

free of serious crime or welfare dependency, a minimally adequate residence, and some rudimentary knowledge of German. In other words, an alien must be in "unlimited" status for 3 years before there is eligibility.

⁷ Importantly, this entitlement is a matter of right and not subject to the capricious discretion common under earlier law. Spouses and children may be naturalized with the main applicant, even if they do not themselves meet the 8-year requirement. Foreign spouses of German citizens must be married for two years and have lived in Germany for three years prior to naturalizing. Successful asylum seekers may also naturalize after 6 years, which is similar to the 1+5 requirement in the U.S.

⁸ The 41,000 figure is reported by Holger Hoffmann, "The Reform of the Law on Citizenship in Germany" *European Journal of Migration and Law* 6, no. 3 (2004): 203.

cent being Turkish.⁹ Perhaps the pent-up desire was overestimated by the liberals; perhaps the system is significantly backlogged; perhaps the language requirement is more onerous than it seems.

Or perhaps being German isn't what it's cracked up to be or what it used to be.

The New Membership: From Rights to Citizenship in a Neo-Liberal World

Juxtaposed to the ethnic or ethno-cultural model throughout the 1980s and 1990s was *Verfassungspatriotismus* (constitutional patriotism), the term at the center of German and other liberal discourse over citizenship. It is meant to signal something civic, voluntary, non-biological, and, in principle, a matter of reciprocity. Constitutional or civic patriotism makes of national belonging a form of rational attachment that is compatible with liberal commitments to individual rights as well as with social commitments to equality. The Constitution is, in Germany, a democratic and social democratic commitment available to all.

Verfassungspatriotismus became a kind of Habermasian buzzword in Germany of the pre- and early-post-unification years, but one that proved a historical, proceduralist, formalistic and cold—one now demands either more than that or less yet. The civic is necessary but not sufficient. Even constitutionalism can become more substantive, embedded, thicker, and exclusionary.¹⁰ By the end of the 1990s, Habermas became aware that even constitutional procedural principles required some historical, cultural embeddedness. This is a difficult adjustment to make since historically embedded cultures *belong* to some yet must be *learned* by others; they are not as contractual as constitutional and procedural agreements.

Even civic national identities are culturally inherited artifacts, developing as they pass from generation to generation. For Germany, but not only for Germany, national belonging is more than rational attachment; it encompasses “the contingent inheritance of distinctive experiences and cultural memories that is an inseparable part” of every national identity.¹¹ It assumes some measure of shared

⁹ These are Hoffmann's figures, rounded. Münz's figures, see below, are lower all across the board.

¹⁰ Habermas developed the concept of constitutional patriotism over a number of years; for a full statement, see *Between Facts and Norms: Contribution to a Discourse Theory of Law and Democracy* (Cambridge: MIT Press, 1996), 491-515, 566-567. For Habermas's revised views, see his *The Inclusion of the Other* (Cambridge: MIT Press, 1998), 105-154.

¹¹ Bernard Yack, “The Myth of the Civic Nation” *Critical Review* 10, no. 2 (Spring 1996): 197; cf. Michael Ignatieff, *Blood and Belonging: Journeys into the New Nationalism* (New York, 1993). As Yack notes, it is hard to understand German reunification, as opposed to the democratization of East Germany, along Habermas's lines. Popular sovereignty is, Yack insists, more than “consensus achieved in the course of argument...from an identically applied procedure recognized by all”, Yack, p. 201, quoting Habermas, “Citizenship and National Identity” in *Theorizing Citizen-*

prepolitical community arching over any agreement on legal-procedural rules and making a nation more than a political community organized around voluntary association. Perhaps it demands integration, not just mutual respect.

Who would want to become a German anyway? What impetus would there be to naturalize, especially if the natives are suspicious and unwelcoming? Millions came from abroad to work in the Germany of the Economic Miracle. By the time recruitment was stopped in 1973, there were already four million foreigners in West Germany. Family unification and formation could be made difficult but not stopped, so the numbers continued to grow. And life without citizenship was not exactly life without rights or without solidarities. In 2000 there were approximately 7.5 million foreigners living in Germany or nearly 10 per cent of the population --of these nearly 1.5 million or 20 percent were born in Germany. In fact, 1/3 of all foreigners have been in Germany for over 20 years; 40 percent for over 15 years, and half for over 10 years. About 30 per cent of foreigners are Turkish, 15 per cent Yugoslav, and 24 percent EU, with a third of that being Italian. For most of them, life as denizen semi-outsiders was rather comfortable compared not only to their places of origin but also compared to most of Europe.

Long-term foreign residents, denizens, have enjoyed the same labor market preferences enjoyed by Germans and the same social benefits as well.¹² Given much higher union density than in the United States and a more centralized bargaining regime, as well as tougher government enforcement of labor standards, the disparities between domestic and foreign workers are less than in the United States, though real. Indirect wages are high by American standards, just as they are for native workers: child benefits, health insurance, school and job education allotments, long vacations, pensions etc. Shopkeepers and other petit bourgeois and business people are eligible for and protected by the same programs as the famously security-obsessed *Kleinbürgertum*. As to civil and political rights, the picture resembles that of the United States: on non-immigration issues, foreigners enjoy the same civil liberties as Germans; with rare exceptions non-EU foreigners may not vote or occupy upper-reach civil service or political offices.

With security of residence, moderate family unification rights, social rights, civil liberties, and a high standard of living, why take the extra step of becoming German? Why risk losing benefits and rights in one's country of origin --as is often the case, for example with land ownership in Turkey-- in order to become part of a people who seem ambivalent about having you? For one thing, Germany *is* now home to many, and the new Nationality Act finally recognizes that:

Children born in Germany to foreigners living here permanently are to be given the chance to grow up in Germany as German nationals from the outset.... *The acquisition of nationality marks the beginning of social integration*. If children born in Germany go to

ship, ed. Ronald Beiner (Albany: SUNY Press, 1995), 259.

¹² Thomas Faist, *Social Citizenship for Whom?* (London: Aldershot, 1995).

nursery school here and receive all their schooling and vocational training in a German environment and already grow up in the awareness of being Germans with all the rights and obligations this entails, they will develop important bonds and feelings of identification with Germany and the German way of life.¹³

Repeatedly, however, one is struck by the emphasis on foreigners “integrating,” something “both sides” must “want.” Less clear is whether foreigners are being invited to join an ongoing German project as it currently exists or to join Germans in charting a future course for themselves as “equal partners” in something new. The difference is important, and meeting halfway is not always the answer. Nevertheless, an emerging consensus situates “nationhood in distinctively nonethnic terms revolving around social norms” so that non-ethnic criteria at least complement descent.¹⁴

The German Basic Law (Constitution) anticipates and facilitates a strong welfare state.¹⁵ Social minima and social consumption require social consensus and solidarity. The distributive logic is one of closure, not of market-style openness. Citizens and resident foreigners must be inside the same closed system. The welfare state “seeks to take care of its own;” it is “a kind of safe house in which to shelter its members from the outside world” so that they may be immune from competitive disadvantages and capital flight.¹⁶ The segmentation of labor markets must be avoided. In the end, it is primarily the social wage that turns labor migrants into permanent immigrants, and this collective social wage is a product of *politics and community*, not the capitalist labor market as such.¹⁷ Inadequate integration may threaten it in times of stress or “reform.”

Part of what we are seeing in Germany, with surprising delay (occasioned primarily by the strength of the trade unions and broad constituency for the welfare state,) is the breakdown of the Guest Worker System. Once guest workers became families, rather than healthy single young males, their presence became a

¹³ Now, furthermore, “all those wishing to identify with... Germany as a democratic and constitutional state are welcome as citizens with equal rights.” Bundesministerium *op cit.*, p. 54.

¹⁴ Daniel Levy, “The Transformation of Germany's Ethno-Cultural Idiom” in Levy and Weiss eds., p. 230 documents both elite and popular sentiment.

¹⁵ The ways in which this is true and in which a more communitarian and solidaristic society is mandated cannot be addressed here. See David Currie, “Positive and Negative Constitutional Rights” *University of Chicago Law Review* 53 (1986): 864. David Abraham, “Liberty without Equality: The Property-Rights Connection in a ‘Negative Citizenship’ Regime” *Law & Social Inquiry* 21, no. 1 (1996): 32-38.

¹⁶ Gary Freeman, “Migration and the Political Economy of the Welfare State” *Annals of the American Academy of Political and Social Science* 485 (1986): 51, 54.

¹⁷ See Stephen Castles, *Here for Good: Western Europe's New Ethnic Minorities* (London: Pluto Press, 1984). Single young men are followed by family reunification that then leads to permanent settlement.

net drain on the welfare state.¹⁸ Either their presence would undermine the welfare state for everyone else, or they would have to integrate and be integrated more fully into solidaristic social life. Failure to integrate would be an invitation to reaction¹⁹ among both natives and foreigners, a development and danger exacerbated by German reunification.

An accelerated dismantling (“reform”) of the German welfare state has coincided with the end of the Guestworker Regime over the past half-dozen years. This dismantling has been going on for years now throughout the capitalist countries, but the process was slower and less complete in Germany, where a positive-rights Constitution provided welfarism a stronger anchorage²⁰ and where paternalistic Christian Democrats were as wedded to social security as strong trade unions. Yet the post-Fordist project or the “Schumpeterian Workfare State,” as it has come to be called, is concerned with the promotion of production, organization, and market innovation; the enhancement of competitiveness in open, free-trading economies, mainly through supply-side intervention; the subordination of social policy to the needs of labor market flexibility; the removal of market rigidities generally— whether they lay in the realm of production or circulation (trade); and absolute factor (capital and labor) mobility.

Factor mobility wreaked special havoc on more developed welfare states. The presence of semi-members, like guest worker denizens, could threaten social rights because history and culture (and increasingly religion) do not effectively link them to the full members. To lessen the distinction between aliens and citizens, without integrating the former into a “closed shop” where labor costs are removed from competition, risked serious deterioration of the social wage that had been so central to equality within the welfare state and national community. As an incipient form of social citizenship, the democratic welfare state enabled “justice and the rule of law, the democratic demand for voice and equal rights, and the communitarian concern for solidarity and collective identity” to come

¹⁸ Guest worker families were, and continued to be, larger, less well educated, not as healthy, in need of housing, family-allowance oriented with stay-at-home mothers, and more frequently unemployed, as well as less well adjusted socially.

¹⁹ Freeman put it this way:

...reduce the power of organized labor by dividing the working class into national and immigrant camps, by easing tight labor market[s]...and by provoking a resurgence of right-wing and nativist political movements.... By making racially diverse societies...migration has complicated social and political cleavages. [and] helped shift the ideological center of European politics to the right.

Gary Freeman, “Migration and the Political Economy of the Welfare State” *Annals of the American Academy of Political and Social Science* 485 (1986): 61-62.

²⁰ For an introduction to the constitutionalization of welfare, see Donald Kommers, “German Constitutionalism: A Prolegomenon,” *Emory Law Journal* 40 (1991): 837.

together.²¹ Social policies in the welfare state operationalized citizenship and provided a domain where it was constituted-- albeit not equally for everyone-- through a political economy. Over the last generation, the social rights that were part of being or becoming a citizen, of enjoying a citizenship that took class warfare off the agenda, have begun to vanish. The lifeboat of citizen security turned out to be chained to the ship of capitalist insecurity.

In the German case, a much more individualized, neo-liberal “thinner” society, such as the Hartz neo-liberal reforms currently in the works would produce, would maybe be in a better position to pursue integration around civic-constitutional and cultural principles. What has been called an “anthropological optimism” allows for a new social contract that “generates trust by its members and ...predictability for those who aspire to become members.”²² This understanding has recently and, very interestingly, led the German left *away* from multiculturalism and toward “mainstreaming.”²³

The dominant impulse of the 1990s was an enlargement of the citizenry and of the nation and a recognition of its diverse membership --joined to recognizing the diminution of the state's ability to redistribute. A greater diversity of life forms, identities, and life-ways was recognized (gender, sexual, ethnic, religious etc.) but obligations of mutuality were attenuated. The politics of diversity and recognition emerged from a situation where the Right would not redistribute resources and civil rights forces would not push for integration or, as regards immigrants, assimilation. Group recognition and group rights offered a tempting but costly alternative²⁴ --one from which the liberal Left is beginning to distance itself.

²¹ Jean Cohen, “Changing Paradigms of Citizenship and the Exclusiveness of the Demos” *International Sociology* 14, no. 3 (1999): 252.

²² Sabine von Dirke, “Multikulti: The German Debate on Multiculturalism” *German Studies Review* (1999): 513 and 528. Unresolved is whether there is a lead culture (*Leitkultur*) in this new anthropology. There is certainly a less protected future.

²³ See *Migration und Bevölkerung* 7 (Sept. 2002), 6; Contrast the earlier praise of multiculturalism in Daniel Cohn-Bendit and Thomas Schmid, *Heimat Babylon: Das Wagnis der multikulturellen Demokratie* (Hamburg: Rohwolt, 1992) and Claus Leggewie, *MultiKulti: Sprachregeln für die Vielvölkerrepublik* (Berlin: Rotbuch Verlag, 1993).

²⁴ On the social costs, see Claus Offe, “Group Rights and Constitutionalism” *Journal of Political Philosophy* 6, no. 1 (1998): 1. For a sympathetic German treatment of the abandonment of “color blindness” in the U.S, characteristic of the period, see Christoph Scherrer and Lars Maischak, “Abschied von der ‘farbblinden’ Gesellschaft?” *Blätter für deutsche und internationale Politik* 12 (1995): 1451. See also, David Abraham, “Solidarity and Particularity: E Pluribus Unum? A Comment on Claus Offe, ‘Political Liberalism, Group Rights, and the Politics of Fear and Trust,’” *Hagar* 6, no. 1 (2005): 137.

Current Debates and Regional Transformations

The Challenges of EU Integration: Iberian Lessons for Eastern Europe

Sebastián Royo

Introduction

After decades of relative isolation under authoritarian regimes, the success of processes of democratic transition in Portugal and Spain in the second half of the 1970s paved the way for full membership in the European Community (EC).¹ For Spain, Portugal, and their European Community partners this momentous and long awaited development had profound consequences and set in motion complex processes of adjustment. The Iberian enlargement strengthened Europe's strategic position in the Mediterranean and Latin America, and led to the further development of a European system of cohesion and solidarity. Spain and Portugal offered a new geo-political dimension to the Union, strengthening it southwards, and ensuring closer ties with other regions that have been peripheral to the EC.

The purpose of this chapter is to use the experiences of Portugal and Spain in the European Union (EU) to draw some lessons that may be applicable to Eastern European countries. Entry to the EC has brought many benefits to both countries. Their experience will illustrate some of the opportunities and challenges associated with EU membership.

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¹ The terms 'European Community' (EC) or 'European Union' (EU) are used indistinctly to refer to the European integration process and institutions throughout the article.

Iberian Lessons for Post-Communist Europe²

The Iberian enlargement provides useful feedback for the new member states, not only for their negotiation strategies, but also as regards the consequences of membership.³ *What are the Iberian lessons for post-Communist Europe?*

First, the democratic pre-requirement for membership is a powerful incentive for democratization and institutional reform. European integration had a very important effect on the Iberian democratisation processes. Europe had a symbolic impact (i.e. “the identification of EU with liberal democracy and political freedom”), and the pressures induced by the democratisation pre-requisite for membership, the effect of membership prospects on domestic policies and policy direction, and the involvement of political and economic elites in European institutions during negotiations as well as their participation in European transnational networks all had a very positive impact on the transitions to democracy.⁴ Moreover, the EC had important indirect levers, particularly during the negotiations for accession, to influence the direction of events and the decisions of policy-makers and economic actors (i.e., economic incentives). As a result Portugal and Spain undertook deep processes of institutional, social and cultural reforms. Hence, from a political standpoint EU integration has been an unmitigated success, as both countries have consolidated their democratic regimes and institutions. The two processes—European integration and democratisation—were thoroughly intertwined.

Second, EU membership paves the way for the complete incorporation of new member states into the major international structures of Europe and the West, as well as the normalization of their relations with their European partners. Portugal and Spain have become, again, important players in Europe. More im-

² I would like to thank Jeffrey Kopstein, Ramón de Miguel, Kalypso Nicolaidis, George Ross and Francisco Seixas da Costa for their valuable comments during the last roundtable of the conference *From Isolation to Europe: 15 Years of Spanish and Portuguese Membership in the European Union*. Minda de Gunzburg Center for European Studies, Harvard University, November 2-3, 2001. Their comments inform this chapter.

³ Some observers have noted that these new members may learn even more from Greece than from Portugal and Spain. In Greece for instance, the government was reluctant to cede control of vital economic sectors, it was behind in consumer protection, environmental and competition policies, and corruption was a systemic problem. In addition, Greece had weak civil institutions, which slowed the convergence process. For years Greece squandered the opportunities of EU membership through poor fiscal management, corruption, political cronyism, justice mismanagement and misadministration and mismanagement of domestic and European funds. While fiscal discipline has been achieved, the change of attitudes and values is still a pending issue. See: ‘Is Poland the new Greece? Why Warsaw’s entry into the European Union may be rough,’ in *Financial Times*, Monday, December 9, 2002, 11.

⁴ See Geoffrey Pridham, “European Integration and Democratic Consolidation in Southern Europe,” in *Southern Europe and the Making of the European Union*, ed. António Costa Pinto and Nuno Severiano Teixeira, 185-86 (New York: Columbia University Press, 2002).

portantly, accession has allowed them to influence European policies from within as both countries now participate on decisions taken at the European level, which affect them, and over which before accession they had little influence, and in any case, no voting power. This is very important because some of the decisions adopted by the EU have an even greater impact over countries than some decisions of their national administrations.

Furthermore, the Iberian experience also illustrates that any negotiations within the EU should not be based on an 'us against them' approach but on a 'them versus them' stance. The new member states should take advantage of divisions among older member countries. The Iberian experience shows that despite similar interests and objectives, after sixteen years there has not been a consistent approach to EU negotiations between Portugal and Spain. They have often cooperated, but they have also worked separately and with other EU members. Portugal and Spain choose alliances depending on the issue at stake. Hence, although the new members (like Portugal and Spain before) will find themselves on the same side on many issues (e.g., social questions, EU structural funds and the concept of cohesion), each new member should develop its own *ad hoc* coalitions with other members based on common interests.

Fourth, one of the most important lessons from the Iberian enlargement is that the terms of accession are not always final. Renegotiations after accession are possible and compensatory mechanisms can be developed. Therefore, whatever the accession terms for 2004-06, the focus of the new member states should be on 2006, when the EU will start its next seven-year budget period. The focal point should be accession economics and not development economics. The EU will pursue stability and homogenization, but the new member countries will want growth. In this regard, the Iberian experience shows that the aim of the new entrants should be to find the best ways to maximize the benefits of membership once they are in. A nakedly selfish strategy that satisfies only particular needs is also bound to fail. The new members also need to look at their potential contribution to the EU and the model of European integration they want to build. Paraphrasing President Kennedy, they should ponder, not only what the EU can do for them but also what they can do for the EU. This should not be a zero-sum-game but instead a positive-sum-game.

Portugal and Spain also show that EU membership has both benefits and costs. EU membership has improved the access of both countries to the European common policies and the EU budget. At the same time Portugal and Spain's trade with the Community has expanded dramatically over the past fifteen years, and foreign investment has flooded in. One of the main consequences of these developments has been a reduction in the economic differentials that separated each country from the European average. Since 1986, Portugal's average per capita income has grown from 56 percent of the EU average to about 74 percent, while Spain's has grown to 98 percent. The culmination of this process was the participation of both countries as original founders of European Monetary Union in

1999. EU integration, however, has also brought significant costs in terms of economic adjustment, loss of sovereignty, and cultural homogenisation. In addition, accession has also brought more integration but also fears (exacerbated by issues such as size, culture, and nationalism).

Six, the Iberian experience also illustrates that economic success drives public opinion. The decision to join the European Union in both countries was supported by most of the political parties. Furthermore, the *Eurobarometer* polls consistently indicate that the overwhelming majority of the Iberian people support the process of European integration. Originally, this support hinged largely on the expectation that EC membership would increase economic growth and standards of living. Subsequently these polls indicate that this support has remained largely instrumental (particularly in Spain) because Iberian citizens have a very utilitarian concept of the European Union—that is, they evaluate the consequences of membership in terms of costs and benefits. Up to this point since the membership benefits have been explicit (i.e. EU funds) and much larger than the costs, it is not surprising to find a comparatively high level of consistent support for the EU among Portuguese and Spanish citizens.

An additional lesson is that membership may give countries a better competitive position. Indeed, EU integration has been a catalyst for the final conversion of the Iberian countries into modern Western-type economies. The idea of Europe became a driving force that moved reforms forward and it was a fundamental factor for bringing together political stabilization and economic recovery. One of the key consequences of their entry into Europe has been that it has facilitated the modernization of the Iberian economies, as well as the implementation of the micro and macro economic reforms that successive Iberian governments undertook throughout the 1980s and 1990s.⁵ In a context of strong support among Iberian citizens for integration, membership became a facilitating mechanism that allowed the Iberian governments to prioritize economic rather than social modernization and hence, to pursue difficult economic and social policies (i.e., to reform their labor and financial markets), with short-term painful effects. Moreover, as a result of enlargement Iberian producers gained access the European and world markets, which provided additional incentives for investment and allowed for the development of economies of scale, resulting in increasing competitiveness. Furthermore, both countries gained access to the EC market, thus attracting investment that would help build these new industries. Finally, Portugal and Spain also benefited from the EU financial assistance programs—i.e., the European Regional Development Fund, the Social Fund, the Agriculture Guidance and Guarantee Fund, and the new created Integrated Mediterranean Program for agriculture, and later on from the Cohesion Funds.

⁵ See: Alfred Tovias “The Southern European Economies and European Integration” in *Southern Europe and the Making of the European Union*, ed. António Costa Pinto and Nuno Severiano Teixeira, (New York: Columbia University Press, 2002).

The Iberian economic record also shows that nominal convergence is faster but that real economic convergence is a slow process.⁶ The process of financial liberalization, economic reforms, and the significant decline in real interest rates permitted Portugal and Spain to meet the Maastricht convergence criteria. Therefore, on January 1st, 1999 Spain and Portugal became founding members of the European Monetary Union and both countries, which as late as 1997 were considered outside candidates for joining the euro-zone, fulfilled the inflation, interest rates, debt, exchange rate, and public deficit requirements established by the Maastricht Treaty. This development confirmed the nominal convergence of both countries with the rest of the EU.

Table 1
Compliance of the EMU Convergence Criteria, 1996-2004

		Spain			Portugal		
		1996	1997	2004	1996	1997	2004
Inflation*	%	3.6	1.9	3.3	2.9	1.9	2.6
General Government Deficit	% GDP	4.6	2.6	-0.3	3.2	2.5	-2.9
General Government Gross Debt	% GDP	70.1	68.8	62.6	65.0	61.4	58.6
Long-term Interest rates	%	8.7	6.4	3.64	8.6	6.4	3.64

Source: Commission and EMU Reports.

However, their income levels still remain behind the EU average:

Table 2
Divergence of GDP per Capita 1980-2000

	1980	1985	1990	2000	2005
EU Totals	100.0%	100.0%	100.0%	100.0%	100.0%*
Spain	74.2	72.5	77.8	81.0	98.0
Portugal	55.0	52.0	55.7	74.0	73.0

Source: European Union.

* EU25

This data shows that nominal convergence has advanced at a faster pace than real convergence. Indeed, twenty years have not been long enough. Portugal and Spain's European integration has revealed both convergence and divergence, nominal and real. Since 1997 inflation in Spain has exceeded the EU average every year. In Portugal real convergence has been slowing down each year since

⁶ While there is significant controversy over the definition of real convergence, most scholars agree that per capita GDP is a valid reference to measure the living standards of a country.

1998, actually turning negative in 2000 and with both real and nominal divergence expected to increase until 2006. Since the accession of Spain to the EU in 1986 per capita income has increased "only" 11.5 percent and Portugal's 14.2 percent. Ireland's, in contrast, has increased 38 percent. Only Greece with an increase of 6.8 percent has had a lower real convergence than Spain and Portugal. A possible explanation for this development has been the fact that while Spain has grown between 1990 and 1998 an average of 2.1 percent, Portugal has grown 2.5 percent and Ireland 7.3 percent over the same period. This growth differential explains the divergences in real convergence. Other explanations include: the higher level of unemployment (15.4 percent in Spain); the low rate of labor participation (i.e., active population over total population, which stands at 50 percent, which means that expanding the Spanish labor participation rate to the EU average would increase per capita income to 98.2 percent of the EU average); the inadequate education of the labor force (i.e. only 28 percent of the Spanish potential labor force has at least a high school diploma, in contrast with the EU average of 56 percent); low investment in R&D and information technology (the lowest in the EU, with Spain ranked 61-spending even less proportionally than many developing countries including Vietnam-in the World Economic Forum's *Global Report of Information Technologies 20002-2003*); and inadequate infrastructures (i.e. road mile per 1000 inhabitants in Spain is 47 percent of the EU average and railroads' 73 percent). The inadequate structure of the labor market with high dismissal costs, a relatively centralized collective bargaining system, and a system of unemployment benefits that guarantees income instead of fostering job search, have also hindered the convergence process.⁷

Nine, the experience of Portugal and Spain demonstrates the limits of peer pressure and the ability of the *acquis communautaire* to force change. The commission has pointed out in successive enlargement overviews of the new ten to the need to combat corruption and economic crime, strengthen independent judiciaries and develop the capacity to implement the *acquis*. However, both Spain and Portugal (and Greece) have encountered (and still do) problems in all of these areas.

In addition, the Iberian enlargement also shows that patterns of migration can be reversed. Both Spain and Portugal were made to wait for accession in the 1980s, partly over immigration fears that never materialized. As in 1986, the new treaty of accession has established a period of seven years for the new member states of Central and Eastern Europe. Fears of uncontrolled migration were not substantiated after 1986 (or even after the seven-year transition period). On the contrary, as a result of improved economic conditions in the Iberian Peninsula, one of the key results of EU access was that by 1995 there were 100,000 fewer Spaniards and 110,000 fewer Portuguese living in other EU member states than before enlargement. Furthermore, the reverse process took place, with thousands

⁷ See: "La convergencia real a paso lento" in *El País*, February 14th, 2000.

of Europeans (particularly from Germany and Britain) migrating to Spain. Such concerns are likely to prove to be unfounded again.

Indeed, the European Commission estimates that from 70,000 to 150,000 workers (of a population of 350 million) could migrate from Eastern Europe to the older member states. This is hardly a large number. The continuing existence of language, cultural and structural barriers will most likely continue to hinder labour mobility in an enlarged Europe. In addition, the rapid economic growth of Eastern European countries (particularly compared with some of the EU's sclerotic members, such as Germany) is likely to have the same effect that it had on migration patterns in Spain and Portugal after 1986. Finally, although it is likely that migration will cause difficulties in specific regions (especially on the eastern borders zones of Austria and Germany) and industries, the problem may not be excess migration from the east but too little. Given the EU's ageing population and its low fertility rates it will be important to facilitate the migration of young people from Eastern Europe. In the end, instead of displacing local people from the labour market or lowering wages, immigrants from the new members states should contribute to the host country's economy by adding value, creating jobs and pushing up wages because they will be able to work legally (as several hundred thousand workers are currently illegally in the EU).⁸

It is also necessary to note that the success of the Iberian countries was very influenced by the support they received from EU funds. During 1994-99, EU aid accounted for 1.5 percent of Spain's GDP and 3.3 percent of Portugal's. EU funding has allowed rates of public investment to remain relatively stable since the mid-1980s. The percentage of public investment financed by EU funds has been rising since 1985, reaching average values of 42 percent for Portugal and 15 percent for Spain. Moreover, the European Commission has estimated that the impact of EU structural funds on GDP growth and employment has been significant: in 1999, GDP rose 9.9 percent in Portugal and 3.1 percent in Spain. These funds, which amount to just over one-third of the EU budget, have contributed significantly to reduce regional disparities and foster convergence within the EU. As a result, major infrastructure shortcomings have been addressed and road and telecommunications networks have improved dramatically both in quantity and quality. In addition, increased spending on education and training have contributed to upgrade the labour force. In sum, these funds have played a prominent role in developing the factors that improve the competitiveness and determine the potential growth of the least developed regions of both countries.⁹ The new mem-

⁸ See: "UK leads way on opening borders to new workers," in *Financial Times*, December 13, 2002, 2; and "Fears of big move west may be unfounded" in *Financial Times*, December 2, 2002, 4.

⁹ See: Miguel Sebastian, "Spain in the EU: Fifteen Years May not be Enough." Paper presented at the conference *From Isolation to Europe: 15 Years of Spanish and Portuguese Membership in the European Union*. Minda de Gunzburg Center for European Studies, Harvard University. November 2-3, 2001; 25-26.

ber states should not expect the same level of aid. Therefore, adjustment costs will be higher and it will take them longer to catch up.

Nevertheless, while acknowledging the critical role played by EU funds in the success of Iberian integration, it is also important to stress that successful integration is not only a budgetary issue. On the contrary, the Iberian experience demonstrates that the main benefits of integration derive from the opportunities it generates in terms of trade and foreign direct investment (FDI). Portugal and Spain show that a critical factor to determine the final outcome of integration will depend on the pattern of investment, which should bring about important *dynamic effects*. Dynamic effects should be more important than static ones. Indeed, the opening up to international trade improves the potential for growth, lowers production costs and reduces the risk premium in response to a brighter macroeconomic outlook, which results from economic reforms. These developments help account for the increases in Foreign Direct Investment (FDI) in Portugal and Spain (where it reached a peak of 2.7 percent of GDP in 1990). FDI, in turn, has had very positive implications for the Iberian economies because it has facilitated the transmission of technology, has paved the way for advances in productivity and has thereby fostered an increase in the potential GDP growth of both economies.

Indeed, receiving EU funds is by no means a guarantee of success. Ireland received a larger transfer per head than the other 3 cohesion countries (Greece, Portugal and Spain). Yet its GDP per head grew only from 52 percent of the French levels to 60 percent in 1990. Then in 2000 it passed France. Why did it take two decades to accomplish this goal? The key was the process of reforms of the 1990s. In Spain GDP per head grew from 62 to 74 percent and in Portugal from 53 to 69 percent of the French levels from 1986-01. Greece, for its part, received millions of Euros in EU funds but experienced more than a decade of decline after accession. While it had a higher GDP per head than Ireland until 1986 and a higher one than Portugal until 1987, by 2004 it was the EU poorest country. What really matters is not so much how much money you receive but how you spend it. This evidence illustrates that success is contingent on the good use of regional projects and structural funds (i.e. transport projects). Spain is perceived as a case of success based on its regional policy and structural projects. Portugal, in contrast, has suffered from insufficient matching funds and implementation challenges. This will be particularly critical for the new member states because they will have fewer resources available: The EU has allocated only 10.3bn euros for the new states the first 3 years in regional aid and farm subsidies, and Poland will receive 67 euros per capita and Hungary 49. In contrast, Greece received 437 per head and Ireland 418.¹⁰

¹⁰ See: "EU novices hope to roar like Irish 'Celtic tigers' rather than star in Greek tragedy," in *Financial Times*, April 22, 2004, 3; and "Coming Together: a small step for Europe's economy but a giant leap for the continent" in *Financial Times*, April 26 2004, 11.

The experience of member states also shows that while access to markets is important, EU membership is not enough. Success is not automatic. On the contrary it is largely determined by how countries exploit the advantages of membership, namely, access to EU markets and free movement of labor and capital. For instance between 1985 and 2002 the ratio of the stock of inward FDI to GDP grew in Spain from 5 to 33 percent; in Portugal from 19 to 36 percent; whereas in Greece it fell from 20 to 9 percent. In addition, fiscal and monetary discipline, planning, as well as reforms are also critical. The countries that have performed the best within the EU are the ones that have followed this policy mix. This is so because stability influences the rate of growth and gives confidence to investors. For instance, Greece, one of the worst performers, ran fiscal deficits close to 10 percent until to 1996, and its public debt increased from 48 percent of GDP in 1986 to 111 percent in 1996. On the contrary, in Ireland one of the best performers, the debt fell from 112 percent in 1987 to 38 percent by 2000. It is also critical not use funds to prevent economic reforms and support failing industries. The best models are Ireland with its investment in education (technical colleges), low corporate taxes, and flexible industrial relations; and Finland with its focus on innovation. Finally, it is also important to minimize expectations: Austria generated too many expectations to oversell EU membership to its citizens and when they failed to materialize, it created a backlash.

The difficulties the Iberian economies experienced in the early 1990s provide an additional lesson for new members, namely that 'automatic pilots' do not work. The credibility of monetary and economic authorities cannot be built up by linking it to semi-rigid institutional mechanisms (as Spain and, to a lesser extent, Portugal tried to do in the late 1980s and early 1990s with EMS membership). On the contrary, it has to be earned through the adequate management of existing discretionary powers. Furthermore, the Iberian EMU integration shows that the consolidation of integration processes is contingent on the adequate coordination of macroeconomic policies among members prior to the (possible) adoption of a monetary currency. In Portugal and Spain EU integration required a set of measures including increased competition, the privatization of public enterprises, industrial restructuring and deregulation. These measures translated into efficiency gains, which were reinforced by a more stable macroeconomic framework. At the same time, lower inflation and fiscal consolidation led to lower real (and nominal) interest rates, which, in turn, resulted in a higher sustainable growth. However, there have also been short-term costs associated with monetary integration. Indeed, the losses of the exchange rate and of monetary sovereignty require a process of nominal convergence and fiscal consolidation, as well as higher cyclical correlation, for Euro membership to be successful. This should be taken into account for the Eastern European economies.

The Iberian enlargement also shows that prior to monetary integration, candidates must carry out a process of modernization and nominal convergence without fixing their exchange rate. An additional lesson is that the reform of financial

institutions does not necessarily bring about institutional changes in other areas (e.g., the labour market and fiscal policies). The virtual collapse of the European Monetary System in 1992, caused in part by successive devaluations of the Iberian currencies, showed the limits of financial and monetary instruments to impose institutional reforms in other areas and to balance domestic and external economic objectives. Institutional reforms require active policies by the governments that are willing to pay the short-term political price for unpopular policies. The jury is still out regarding the domestic institutional impact of EMU.

Finally, while Portugal and Spain had feverishly pursued their integration in the Community, the effects of EU integration have not always been favourable to the two countries. As we have seen, in manufacturing and in agriculture there has been both trade diversion and trade creation, implying further adjustment problems, since greater import penetration led to a contraction in domestic production. This was particularly true in the case of the Iberian manufacturing sector. Factors such as exchange rate movements and the strategies of multinational companies with subsidiaries in both countries also played a critical role in the final outcome of integration. This analysis proves that the expected static effects, which were not always favourable to Spain and Portugal, should not be the main economic expectation behind the ten countries' entry to the EU. Based on the Iberian experience, dynamic effects, on the contrary, provide an important rationale for supporting integration.¹¹ Over the long term, they will affect the new member states' rate of economic growth, which will be largely influenced by investment patterns, by the efficiency with which these resources are used and, finally, by their distributional effects among regions.

Conclusions

The examination of the Portuguese and Spanish experience in the EU leads to three main conclusions.

First, EU membership brings challenges and opportunities. While Spain and Portugal have benefited enormously from EU membership, they have also had to implement painful reforms and some sectors of their economies (i.e. some Spanish agriculture and farms) have suffered.

Second, success is not automatic and there are no guarantees. The economic performance of the Iberian economies has diverged. While the Spanish economy is currently booming driven by internal demand and a bubble in the real state sector, Portugal is experiencing one of the worst recessions of the last two decades.

Finally, EU membership helps those who help themselves and prepare to exploit the benefits of membership. The countries that have performed best (i.e.

¹¹ Static effects refer to trade creation and diversion, while dynamic effects refer to foreign direct investment.

Ireland or Spain) are the ones that have used the EU funds wisely and have implemented the necessary economic reforms to take advantage of EU membership and attract foreign direct investment.

How Much Diversity Can the European Union Withstand?

Ania Krok-Paszowska

Introduction

The most recent enlargement bringing in ten new member states has been the largest and most challenging so far. The accession process was long and complex. The candidates strove to meet the membership criteria while the Union aimed to improve its ability to absorb the new members, but there is still a lingering fear that the “new” members are not yet truly compatible with “old” members.

There has been growing scepticism within the Union about the ability of its institutions to cope with the challenges of such a large and increasingly diversified entity. It has been argued that a 25-member Union is likely to resemble a multi-functional, multi-layered, and highly diversified empire rather than a classical Westphalian state with clear borders, coherent institutional structure, and a single foreign policy.¹ A Constitution for Europe was drawn up which attempted to address some of the challenges facing European governance, but it failed to be accepted in referenda held in two founding member states, France and the Netherlands and it is now unlikely that it will come into force.

This paper will analyse how the welfare gaps between “old” and “new” member states, differences in democracy and political culture, as well as foreign policy and attitudes to the US and Russia are likely to affect the functioning of EU institutions and structures. It will argue that to cope with such diversity, there needs to be a culture of accommodation and compromise and a degree of trust in European institutions.

Eastern Enlargement and Institutional Adaptation

The collapse of communism in Central and Eastern Europe opened the way to a far larger potential membership of the EU. However, in the early 1990s it was still far from certain whether these countries would become stable and prosperous democracies. If their transitions to democracy and a market economy were

¹ Jan Zielonka, “How New Enlarged Borders Will Reshape the EU” *Journal of Common Market Studies* 39, no.3 (2001): 507-536.

unsuccessful, their problems could seriously affect the western part of Europe.

In 1994 the first two newly democratic Central and Eastern European countries (CEEC's), Hungary and Poland officially submitted their applications for EU membership. By the mid-1990s ten CEEC's (as well as Cyprus and Malta) had formally applied for membership and it was clear that successful enlargement on this scale would require a radical rethinking of core EU policies and its institutional design.² Already in 1994, just prior to the accession of Austria, Finland, and Sweden, the European Parliament (EP) had threatened to block enlargement unless an Intergovernmental Conference (IGC) was held on institutional reforms. Moreover, the Maastricht Treaty had specifically provided that a further IGC should take place in 1996. This resulted in the 1997 Amsterdam Treaty which provided for the progressive establishment of an area of freedom, security and justice, extended the scope of communitarian policy-making in justice and home affairs, and came up with a new set of tools in the field of foreign and security policy. It also introduced the notion of "flexibility" – aimed at increasing the scope of action within the Union's institutions by less than the full compliment of member states. However, many of the institutional reforms necessitated by impending enlargement, the so-called Amsterdam leftovers (i.e., size and composition of the Commission, weighting of votes in the Council and extension of qualified majority voting) were postponed until the next IGC in 2000. The EU had committed itself to "maintaining the momentum of European integration" but the 2000 Nice Treaty did little to reform the decision-making capacity of the Union. The difficult compromises reached in Nice complicated rather than simplified the EU's decision-making process and did little to improve efficiency or transparency.

Conditional Accession

Diversity in the fields of economics, democracy and foreign policy is usually seen as being a challenge and even a threat to integration. Much of the literature on the progress of European integration has judged its success by the degree of "cohesion," "convergence" or "integration" achieved.³ Accession negotiations were aimed at making applicant states compatible with the EU. The candidates were first assessed or "screened" and then regularly monitored to ensure that accession could only take place once they had met the envisaged targets. However, accession conditions turned out to be difficult to apply in an objective and con-

² U. Sedelmeier and H. Wallace, "Eastern Enlargement: Strategy or Second Thoughts?" in *Policy-Making in the European Union*, eds. H. Wallace and W. Wallace, 4th edn., 427-460 (Oxford: Oxford University Press, 2000).

³ Robert Leonardi, *Convergence, Cohesion and Integration in the European Union* (London: Macmillan, 1995), 33-59; Wolfgang Wessels, "An Ever Closer Fusion? A Dynamic Macropolitical View on Integration Process" *Journal of Common Market Studies* 35, no.3 (1997): 267-299.

sistent way. In the end, many of the decisions taken within the process of enlargement were the result of hard and largely unpredictable political bargaining rather than a carefully worked out design.

There are still worries that the CEEC's may not fit in well with Western European states. The new members are functioning democracies which share the core values of the EU. However, upon joining the Union they had been democracies for just over one decade. Of the ten new members, six are newly (re)established states, and one, Cyprus is still divided. Although candidate states had to adhere to the Copenhagen political criteria, there are no guarantees that liberal political values will continue to be implemented once a country is a member. Moreover, although the CEEC's transformation to competitive market economies has been virtually completed, they are much poorer than West European states. Their institutional infrastructure constitutes the basis for good governance, but their economic, legal and administrative structures are less developed. They also have their own distinct histories, societies and cultures. They have different foreign and security preoccupations. The European Union is thus now a much more diversified entity.

Cost of Enlargement and Welfare Gap

When Spain and Portugal joined the European Communities in 1986 they had an average *per capita* GDP of 70 percent of the existing EU (at purchasing power parity). In the most recent enlargement, the ten new members had an average of only 40 percent. It has been argued that such economic disparities will create pressure for large financial transfers from rich to poor member states, prevent the new members from fully implementing the existing *acquis*, and disrupt the smooth functioning of the EMU and the single market. However, it should also be remembered that there is a vast difference in the economic size of the EU-15 and the 10 new member states. The small economic size of new members - less than five per cent of the GDP of the EU-15 - means that relatively small amounts of funding will go a long way and make a difference to the new members. Moreover, growth rates have been generally higher in the CEEC's than in the old member states. Experience with previous enlargements shows that EU membership is a powerful factor fostering growth rates in new members, and this in turn helps to achieve convergence in income. Welfare gaps existed within the EU of 15 and they caused few economic problems. For instance, Austria's GNI per capita is more than double that of Portugal. And Luxembourg's GNI per capita is nearly twice as high as that of Austria. Most CEEC's are "small, dynamic economies with institutional frameworks and financial sectors that are adequate and in some cases even better than could be expected for their level of development."⁴

⁴ Jean-Luc Dehaene and Ania Krok-Paszkowska, *Report of the Reflection Group on The*

Nevertheless, it is this very dynamism which is beginning to worry some of the older EU members. There is a fear that the new members are taking over the economic agenda, introducing “aggressively liberal market reforms, including lower taxes to lure foreign investment and promote growth.”⁵ Just as Ireland was in a previous enlargement, the new periphery of the EU may prove to be more dynamic than the core. Estonia, Latvia, Lithuania and Slovakia have introduced flat tax rates on corporate and personal incomes. This has led to fears that jobs will be lost and investment will be lured to low tax countries. The reaction of countries such as France and Germany with sluggish economies and over-regulated social systems and labour markets has been to warn the new members of unfair competition, to demand that they raise taxes, and to block a draft directive to allow service businesses from any member state to operate throughout the EU.⁶ Other “old” members have also voiced concerns.

However, the EU-15 had already tolerated a large degree of diversity. The accession of the CEEC's is making a difference, disparities are more visible, more striking and probably more challenging, but the changes that need to be made are not restricted to new members only. Indeed, competition from the new members is putting pressure on “core” EU economies such as France, Germany and Italy to carry out significant reforms in their labour markets and pension systems. Several of the new members have been more successful in making progress towards meeting the goals of the EU Lisbon economic reform agenda to become “the most dynamic and competitive knowledge-based economy in the world by 2010.”⁷

Political Culture and Democracy

In the field of democracy and political culture, there is no clear East-West divide, at least from the formal point of view. All new members are either parliamentary or semi-presidential republics. They all have constitutions providing checks and balances between different branches of power. Citizens’ basic rights and freedoms are also guaranteed by law. NGO membership density per million of population, although it varies from country to country, does not show particular differences between the Eastern and Western parts of the Union. In sum, a comparison of formal laws and institutions does not reveal any particular pattern of

Political Dimension of EU Enlargement: Looking Towards Post-Accession (Florence: RSCAS, European University Institute, 2001), 33.

⁵ Graham Bowley, “Defining the enlarged EU: East Europeans are forcing a reappraisal,” *International Herald Tribune*, March 9, 2005, 1,8.

⁶ Ivan Miklos, “Europe must look within for ways to compete,” *Financial Times*, March 23, 2005, 19.

⁷ Alasdair Murray and Aurore Wanlin, *The Lisbon Scorecard V. Can Europe compete?* (London: Centre for European Reform, 2005).

divergence between old and new EU members. Nor is there a striking East-West divide when we look at independent evaluations of democracy, rights and freedoms.⁸

However, it has proved to be rather difficult to achieve a participatory political culture. Successive governments have pursued neo-liberal economic policies and largely ignored their social impact. This has led to a wide gulf between political elites and their electorates. Political parties are weak and often alienated from society. Party competition has been rather confrontational. There is a danger of charismatic leaders emerging with promises of easy solutions to economic and social hardship by preaching intolerance, exclusiveness and a rejection of compromise. So far, however, such populist appeals have resulted in limited electoral success. And several Western European states such as Austria or Belgium have also seen the rise of populist politics based on symbols, myths and nationalism. Moreover, inclusion in a Union of countries with established democratic traditions would help them overcome the legacy of decades of dictatorship and weak democratic heritages.⁹

There is of course greater cultural diversity after enlargement. This again is nothing new. There were considerable differences not only between, but within the national cultures of the old EU member states. After 50 years cultural plurality still persists and enlargement is unlikely to make that much of a difference to the emergence of a single or easily identifiable European *demos* or even pan-European identity. However, the EU can hardly become a democratic polity without a distinct community sharing certain beliefs and values. This does not necessarily have to be a shared 'single' identity but the various peoples must have enough in common to agree to manage their affairs collectively.¹⁰

Foreign Policy and Attitudes Towards the US and Russia

The different policy agendas within an EU of 25 means that a great deal of time and energy must be spent within the CFSP framework to diffuse internal conflicts. The new external borders of the EU are likely to leave it more exposed to external shocks.

For the EU-15, enlargement was the first foreign policy priority. This has now been achieved. There is now likely to be a shift in emphasis to relations with neighbours in the immediate vicinity. For reasons of history and geography, the CEEs are more sensitive to possible security threats than western Europe.

⁸ Dieter Fuchs and Hans-Dieter Klingemann, "Eastward Enlargement of the European Union and the Identity of Europe" *West European Politics* 25, no.2 (2002): 19-54.

⁹ Ania Krok-Paszkowska and Jan Zielonka, "The EU's Next Big Enlargement: Empirical Data on the Candidates' Perceptions," *EUI Working Papers*, RSC no.54 (2000).

¹⁰ Kalypso Nicolaidis, "We, the Peoples of Europe..." *Foreign Affairs* 83, no. 6 (2004).

There is a more tough-minded attitude to territorial security. This is in marked contrast to the EU-15, which tended to see security more in terms of international organized crime and immigration.

New member states are thus likely to promote a more assertive stance towards Russia and its role as a regional power. There is greater emphasis on the new eastern borders of the EU, with Poland in particular pushing the so-called “Eastern Dimension” aimed at greater political and economic cooperation and a wider scope of collaboration with Eastern neighbours. For instance, Poland and Hungary are keen to see Ukraine start membership negotiations in the short to medium term, a stance which is not shared by “older” member states.

The CEEs have also tended to see alliance with the US as a means of escaping from centuries of domination by Germany and Russia. The pro-American stance of new members such as Poland led to it being described by some as an “American Trojan Horse” within the Union. Nevertheless, there is little evidence of a clear and consistent cleavage between old and new EU members when it comes to America with individual member states pursuing a complex set of diplomatic relationships within and across EU borders. There is indeed considerable heterogeneity both within and between the former EU-15 and the 10 new member states.¹¹

How Much Diversity

How much diversity can the EU withstand? The answer depends on what kind of EU one wants to emerge. If unity is the aim of integration, differences in structure and behaviour will be seen as being undesirable and as an obstacle to be overcome. However, a highly centralised and unified EU super-state is now rather unlikely. “Federalism” disappeared from the ICC agenda in 1996-7 after the failure at Maastricht to introduce greater elements of federalism. Uniform models of European integration have been countered by the development of concepts of subsidiarity and flexibility. An EU made up of 25 member states is likely to be an EU made up of ad hoc alliances and shifting sub-groups. Even before enlargement the finance ministers of the twelve Euro-zone countries met separately before the full meeting of 25. More recently in the field of foreign policy, the so-called big three, Germany, France and Britain have been conducting talks with Iran. France, Germany and Spain held a mini-summit with President Putin. Germany, France, Britain, Italy and Spain meet to discuss matters of JHA.

All this fits in well with the preferences of new members who have only recently emerged from communist rule and Soviet hegemony. The new members want the security and cooperation as well as economic growth provided by the EU, but they also want to keep their sovereignty and independence. They also

¹¹ Pal Dunay and Jean-Luc Dehaene, *Boxes: Why CSFP and CESDP do not matter much to EU candidate countries*, European University Institute, RSC Policy Paper no.01/5.

question one-fit all models of EU integration, calling for looser cooperation and less interference from Brussels.

It is clear that the nature of integration is changing. Diversity will not be limited to differences between the old and new or east and west. There are differences between north and south, small and large, rich and poor, original six and later entrants, unitary states and federal states, states with strong regions... Indeed the more differences there are the fewer clear cut divisions there will be. Each member is likely to belong to several categories at the same time and oppose some countries on some issues while agreeing with them on others. Ways of doing business will also inevitably change. It is quite impossible for 25 members to have meaningful exchanges on complex issues in a plenary session. We may see the emergence of "committees" of groups of countries with common interests fleshing out positions. There is a possibility of "enhanced cooperation" through the creation of "core" groups of states willing and able to push integration forward in certain policy areas. However, new members worry that any move towards a "core" Europe would lead to differentiation and de facto exclusion, while some older members are not that happy about any moves towards deeper integration.

An Ethos of Accommodation

The increased size and diversity of an EU made up of 25 states thus poses significant challenges. The EU institutional structure was originally designed for a much smaller community. It was already difficult to get 15 states in line; adding ten more states will only make the task more difficult. The Commission, but also member states, have been very resourceful in finding ways out of and around deadlock situations. This has included creating imprecise or ambiguous framework legislation which only later reveals its binding power, searching for new partners or greater support by redefining or slightly shifting the focus of planned policies, or changing the legal basis of policies in order to avoid demanding decision-making rules.¹² In a very diverse polity, accommodation and compromise seeking becomes the key feature of decision-making. However, in a consensus based decision-making system there has to be a willingness to make things work. Negotiations have been traditionally conducted in a spirit of cooperation rather than confrontation.¹³ Of course this was easier in a small community where personal relations could be built up at various layers. It was also easier when there was some sense of where one was going. Up until the mid-1990s most member states actively endorsed the objective of deepening the process of integration,

¹² Adrienne Héritier, *Policy-Making and Diversity in Europe. Escape from Deadlock* (Cambridge: Cambridge University Press, 1999), 87-98.

¹³ Bobby McDonagh, *Original Sin in a Brave New World. An Account of the Negotiation of the Treaty of Amsterdam* (Dublin: Institute of European Affairs, 1998).

although a minority has been somewhat reluctant to embrace this wholeheartedly.

Working together in the enlarged EU will require a process of mutual adaptation. Among some of the founding members there is a feeling that this is a Union they no longer quite recognise. There is no longer a clear sense of direction. Little is left of the vision and commitment of the founding fathers. Nor is there anything resembling the triumvirate of Delors, Kohl and Mitterand in European affairs. The shared feeling of common purpose leading to an “ever closer union,” even if that aim was never clearly defined, has been replaced by concepts such as effectiveness, openness, distance from citizens and their concerns.

With respect to concerns of citizens which shape government agendas and therefore national attitudes towards Commission policies, the import of greater economic and political diversity does present considerable challenges for policy formulation. The reaction of founding members such as France and Germany, when confronted with what they perceive as challenges from new members (in the form of unfair competition or “social dumping” from new members) has not been to seek deeper cooperation within a “core” group but to retreat into protecting their national interests. In particular they have leant heavily on the Commission to get their way on the Stability and Growth Pact, to introduce a greater commitment to Europe’s social model in the Lisbon Agenda, and to dilute the proposed liberalisation of services directive. This attitude stung the European commission president, José Manuel Barroso into remarking that some of the 15 old member states had not yet adapted to the idea of an enlarged Europe.¹⁴ But new states have also taken an instrumental stance towards the Commission, accusing it of bias and unreasonableness in matters which they claim affect their national interests. For instance, Cyprus has consistently blocked any progress on two proposed Commission regulations aimed at lifting the economic isolation of Turkish Cypriots. The government of the Republic of Cyprus has accused the European Commission of taking positions that did not conform to the *acquis communautaire* and even considered taking legal action against it.

There is also a lack of understanding of how things are done in the EU. There is a tendency to view any difference in opinion in terms of zero-sum games. Informal understandings are vulnerable if members do not play the game according to unwritten but commonly accepted rules. In May 2004 agreement was reached on a draft directive on the patentability of computer-implemented inventions. However, formal adoption of a common position was repeatedly delayed when Poland dropped its support. This was followed by a request from the European Parliament that the Commission re-submit its proposal so that the legislative process would start again from scratch. This set a worrying precedent. One official put it as follows: “If we break political agreements, the system will stop working.” Another insisted: “Loyal cooperation is an important principle of EU law that we have to respect. [...] We cannot bring governments before the Court

¹⁴ *Financial Times*, “Barroso vows to defend new Europeans,” March 14, 2005.

of Justice for such a thing. We have to rely on trust.”¹⁵ A number of Czech members of the EP criticised the European Convention’s internal procedural mechanisms for being undemocratic since decisions were arrived at by “consensus” rather than by democratic vote.

There is still a learning process to be gone through. There is no habit yet of pooling sovereignty, especially since many of the new members are also relatively new states. With so many competing but also overlapping interests, there is a danger of parochial interests holding the rest to ransom. Of course, national interests have always been paramount in the Union. However, basic acceptance of the impartiality of EU institutions is essential if the whole edifice is not to collapse. Moreover, the recent tendency, especially on the part of larger member states, to question or change rules - often put in place largely upon their initiative or which were strongly supported by them - once they no longer suit them, does not augur well for the EU project.

Trust in EU Institutions

To deal with the increased diversity engendered by enlargement, European actors may need to become more imaginative about future structures and functions and it may be better to have a loose, diversified and flexible European polity, with various layers of governance and cooperation across different policy fields.¹⁶ What is needed most though is what McDonagh has described as “...the collective ethos in the European Union [which] combines the pursuit of interests with the accommodation of difference.”¹⁷ It is what the Kok Report referred to as “acting together as Europeans” to deal with political and economic diversity and turn this into an attribute and advantage rather than a threat.¹⁸ It involves a basic trust in the European institutions to work for the collective good.

There are a great many different fault lines within the EU, rich and poor, small and large, more competitive and less competitive, founder members and later entrants. In essence, this latest enlargement has brought nothing new, only possibly in some cases greater differences in degree. The sheer number of actors in institutions designed for smaller numbers is certainly a challenge but if the Union can find creative means of dealing with the increase in size and continue to work in a spirit of accommodation then the diversity should be manageable.

¹⁵ Diana Spinant, “Polish U-turn threatens decision-making,” *European Voice*, February 24-March 2, 2005, 7.

¹⁶ Jan Zielonka, “Challenges of EU Enlargement” *Journal of Democracy* 15 no.1 (2004): 22-35.

¹⁷ Bobby McDonagh, *Original Sin in a Brave New World. An Account of the Negotiation of the Treaty of Amsterdam* (Dublin: Institute of European Affairs, 1998), 49.

¹⁸ Wim Kok, *Enlarging the European Union: Achievements and Challenges* (Florence: Robert Schuman Centre for Advanced Studies, EUI, 2003).

The EU Enlargement Policy: Can Widening and Deepening Be Combined?

Finn Laursen

Introduction¹

On 1 May 2004 the European Union (EU) became a Union of 25 Member States (EU-25). Eight Central and Eastern European Countries (CEECs) as well as Cyprus and Malta joined the EU in its largest enlargement ever. Before this could happen the 10 newcomers and the EU itself had to go through various reforms in the hope that the new much larger Union will be able to function in a satisfactory way in the future. In this paper we shall look at this process and discuss the current situation where Bulgaria and Romania expect to join in 2007 and other states hope to join as soon as possible. Why does the EU keep enlarging and what are the implications for the future of European integration? Can deepening be combined with continuous enlargement? Or may fragmentation set in?

In connection with EU enlargements in the past there has often been a debate on “Deepening versus Widening.” Widening, or enlargement, was linked with deepening by many political actors. The first enlargement agreed at the summit in The Hague in 1969 was for instance linked with the creation of European Political Cooperation (EPC), the foreign policy cooperation among the member states, which started in 1970. So EPC was in place when the UK, Ireland and Denmark joined the then existing European Communities (EC) in 1973. Greek membership followed in 1981 without similar reforms, but Spanish and Portuguese membership in 1986 came in parallel with the Single European Act (SEA), which was the first major reform of the EC. In order to complete the internal market qualified majority voting (QMV) was made the normal decision rule for adopting internal market legislation. The SEA thereby contributed to giving the process of European integration a new momentum in the mid-1980s. The enlargement which brought Austria, Finland and Sweden into the EU on 1 January 1995 was made on the basis of the Maastricht Treaty, which had created the EU in 1993. It deepened integration in various ways,

¹ Part of this paper is a shortened and up-dated version of a paper originally prepared for the 10th ASEF University, “Enlarging European Union and Asia” at Keio University, Tokyo, 22 May – 5 June 2004.

inter alia by outlining the phases towards Economic and Monetary Union (EMU), by giving the European Parliament a right of co-decision in a number of policy areas, by adding several new policy chapters, even including education and culture, and by upgrading EPC to become Common Foreign and Security Policy (CFSP), which for the first time also included defense policy.² Further, Maastricht started a more formalized Justice and Home Affairs (JHA) cooperation.

The Maastricht Treaty foresaw an intergovernmental conference (IGC) to review the treaty in 1996. This conference, which produced the Amsterdam Treaty, was seen as the conference which would make the next enlargement(s) possible, including the accession of the CEECs that had now applied for membership. In the end Amsterdam failed to solve the institutional issues.³ This explains that there was yet another treaty reform in 2000, the Treaty of Nice, which officially made enlargement possible.⁴ But still, the Fifteen had doubts, so a further reform followed, producing a so-called Constitutional Treaty in 2004. After the French and the Dutch voted ‘No’ to this treaty its future has become rather uncertain. So the question is, will a much larger union be able to function on the basis of the Treaty of Nice?

The Development of EC/EU Enlargement Policy

From the start of the European integration process, from the Schuman Plan in 1950 and the creation of the first European Community, the European Coal and Steel Community (ECSC) in 1952, the idea was that other European states that so wished could join, and after the creation of the two other Communities, the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM) in 1958, the European Communities (EC) went through three enlargements before the Maastricht Treaty created the European Union (EU), in 1993. The enlargement in 2004 was the fifth, and certainly not the last.

The Maastricht Treaty in article O stipulated: “Any European State may apply to become a Member of the Union.” Article O was procedure oriented. The basic procedure has not changed. The European Parliament (EP) must give its assent, which is a power it has had since the SEA in 1987. It means that the EP has a veto on enlargement. Given the fact that unanimity is required in the Council each Member State also has a veto. A Member State must be European. Morocco, which

² Finn Laursen and Sophie Vanhoonacker, (eds.), *The Intergovernmental Conference on Political Union: Institutional Reforms, New Policies and International Identity of the European Community* (Dordrecht: Martinus Nijhoff Publishers, and Maastricht: European Institute of Public Administration, 1992).

³ Finn Laursen ed., *The Amsterdam Treaty: National Preference Formation, Interstate Bargaining and Outcome*. (Odense: Odense University Press, 2002).

⁴ Finn Laursen ed., *The Treaty of Nice: Actor Preferences, Bargaining and Institutional Choice* (Leiden: Academic Publishers Brill, 2005).

applied in 1987, was told that it cannot join because it is not European. Although the Commission opinion on Turkish membership in 1989 was negative, the question of eligibility was answered in the affirmative.

The European Council meeting in Maastricht in December 1991 also issued a short statement on enlargement, saying "that any European State whose system of Government is founded on the principle of democracy may apply to become a member of the Union." In reality democracy has been an implied principle from the beginning. This condition was confirmed by the Amsterdam Treaty, which added a reference to a new article 6 which states: "The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law" (Art. 6).

At the time of the Maastricht negotiations none of the CEECs had applied for membership, but it was known that they wanted to join. Association agreements, called Europe Agreements, had been negotiated with Poland, Hungary and Czechoslovakia, and negotiations on similar agreements were taking place with Bulgaria and Romania. Trade and Cooperation Agreements had been signed with the three Baltic States and Albania.

The Europe Agreements acknowledged that membership was the goal of the CEECs, but the EC side did not offer such membership at the time.

Concerning membership for the CEECs a break-through came at the Copenhagen meeting of the European Council, 21-22 June 1993, where the Heads of State or Government agreed, that "the associated countries in Central and Eastern Europe that so desire shall become members of the European Union." The economic and political conditions were listed in the following way:

Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.⁵

The Presidency conclusions then went on:

The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries.

Put differently, both the EU and the candidate countries had to be ready. Widening was linked with the EU's capacity to continue the process of integration, although different Member States had different ideas of what that meant.

⁵ Quoted from Finn Laursen and Sophie Vanhoonacker (eds.), 458.

Agenda 2000 and Accession Negotiations

Agenda 2000 was the name given to the opinions and composite documents on enlargement published as a series of communications from the Commission on 15 July 1997.⁶

Concerning the applicants the Commission concluded in 1997 that Poland, the Czech Republic, Hungary, Estonia and Slovenia were closest to meeting the membership criteria set up at the European Council meeting in Copenhagen in June 1993. It was therefore recommended to start accession negotiations with these five CEECs. The remaining five should receive further assistance through a reinforced pre-accession strategy.

The differentiation proposed by the Commission between the five front runners plus Cyprus (5 + 1) and the remaining five in a second group led to a fair amount of discussion during the second part of 1997. (At this point in time Malta had withdrawn its application). The European Council decided in Luxembourg in December 1997 'to launch an accession process comprising the ten Central and East European applicant States and Cyprus.' Bilateral intergovernmental conferences would be convened in the spring of 1998 to begin negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia. At the same time "the preparation of negotiations with Romania, Slovakia, Latvia, Lithuania and Bulgaria will be speeded up in particular through an analytical examination of the Union *acquis*." There would be a review procedure. "From the end of 1998, the Commission will make regular reports to the Council, together with any necessary recommendations for opening bilateral intergovernmental conferences, reviewing the progress of each Central and East European applicant State towards accession in the light of the Copenhagen criteria, in particular the rate at which it is adopting the Union *acquis*."⁷

The Helsinki summit in December 1999 decided to start accession negotiations with the remaining CEEC applicants plus Malta, which had reintroduced its application for membership in 1998. It was also decided to make Turkey a formal candidate. The European Council welcomed "recent positive developments" in Turkey," and went on to say: "Turkey is a candidate State destined to join the Union on the basis of the same criteria as applied to the other candidate States." Turkey would from now on "benefit from a pre-accession strategy to stimulate and support its reforms."

During the years 2000 and 2001 negotiations then took place with 12 applicant countries. Each autumn the Commission issued its 'report cards' on progress on the 31 chapters that were covered in the negotiations.

⁶ European Commission, "Agenda 2000: For a stronger and wider Union," Document drawn up on the basis of COM(97) 2000 final, *Bulletin of the European Union*. Supplement 5/97.

⁷ *Agence Europe*, December 15, 1997.

In its Strategy Paper put out on 9 October 2002 the Commission concluded that Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia fulfilled the political and economic criteria for membership.⁸

The meeting of the European Council in Brussels 24-25 October 2002 endorsed the recommendation from the Commission that the 10 candidate countries already singled out for membership fulfilled the Copenhagen criteria and would be able to “assume the obligations of membership from the beginning of 2004.” Concerning Bulgaria and Romania the European Council expressed its support for the two countries’ “efforts to achieve the objective of membership in 2007.” And concerning Turkey the Union welcomed “the important steps taken by Turkey towards meeting the Copenhagen political criteria” which had “brought forward the opening of accession negotiations with Turkey.”⁹

After the Brussels meeting of the European Council intense individual negotiations with the 10 candidate countries took place up to the meeting of the European Council in Copenhagen in December, where the final agreement was reached about enlargement.

At the Copenhagen summit in December 2002 intense negotiations took place especially with Poland about money and Turkey about a date for the start of negotiations about membership. It was agreed that Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia would be able to join from 1 May 2004. For Bulgaria and Romania the EU set 2007 as the target date for accession.¹⁰

Concerning Turkey the Commission had concluded in its annual report in October 2002 that progress was being made towards fulfilling the political Copenhagen criteria – requirements for democracy, protection of minorities and the rule of law – but that the country did not fully meet these criteria.

Turkey was pressing for a date. In the end, Copenhagen at least offered a date for a decision about a date. The Commission would present a report to the European Council in the autumn of 2004 and make a recommendation concerning Turkey’s fulfillment of the political Copenhagen criteria. If the European Council decides then, on the basis of the Commission report, that Turkey fulfils the criteria the EU will initiate accession negotiation with Turkey ‘without delay.’ It was also decided to increase pre-accession financial assistance to Turkey.

⁸ European Commission, *Towards the Enlarged Union. Strategy Paper and Report of the European Commission on the progress towards accession by each of the candidate countries*, Brussels 2002. (http://www.europa.eu.int/comm/enlargement/report2002/strategy_en.pdf)

⁹ European Council, *Presidency Conclusions*, Brussels, October 24-25, 2002. (http://www.foreignpolicy.org.tr/eng/eu/presidency_conclusions.pdf)

¹⁰ Denmark, Ministry of Foreign Affairs, *Results of the Danish EU Presidency*. One Europe. From Copenhagen to Copenhagen, 2002, Downloaded from www.eu2002.dk

The Turkish leaders present in Copenhagen were not satisfied. Their US ally had also put pressure on the EU leaders, with President Bush personally calling some of them, including the Danish Prime Minister Anders Fogh Rasmussen.

The EU's Institutional Issues

A central aspect of the EU's capacity to absorb the applicant countries is institutional. We have now moved from a Union with 15 to a Union of 25 Member States, and more candidates are waiting to join. Could such a Union function on the basis of the original institutions designed for a Community of Six? Collective action considerations suggest that decision-making becomes more difficult as the number of members increases if decision-making procedures are not improved in parallel.¹¹

The question of voting in the Council had been on the agenda of the 1996-97 IGC. Some of the larger countries tried to get their number of votes increased relative to the smaller countries.

The composition of the Commission was also discussed during the Amsterdam negotiations. In EU-15 the Commission had 20 members, two from Germany, France, Spain, Italy and the UK, and one from the remaining 10 members. Many reform proposals have suggested that the Commission is getting too big, and that a possible solution would be just one member per country. But most large member states now called for a smaller Commission.

In the end the Amsterdam negotiations did not solve these issues. The Dutch presidency suggested a re-weighting of the votes in the Council, but no agreement could be reached. The Cologne meeting of the European Council in June 1999 therefore decided: "In order to ensure that the European Union's institutions can continue to work efficiently after enlargement, the European Council confirms its intention of convening [an IGC] early in 2000 to resolve the institutional issues left open in Amsterdam that need to be settled before enlargement." Three topics were singled out:

- size and composition of the Commission;
- weighting of votes in the Council (re-weighting, introduction of dual majority and threshold for qualified-majority decision-making);
- possible extension of qualified-majority voting in the Council.¹²

The Helsinki summit in December 1999 confirmed this agenda, leaving open the possibility of adding other matters during the IGC, which started in February 2000 and which was concluded in Nice in December 2000. The Treaty of Nice

¹¹ Finn Laursen, "The Not-So-Permissive Consensus: Thoughts on the Maastricht Treaty and the Future of European Integration" in *The Ratification of the Maastricht Treaty*, eds. Finn Laursen and Sophie Vanhoonaeker, 295-317 (Dordrecht: Martinus Nijhoff Publishers, 1994).

¹² European Council, 1999.

introduced new weights of votes in the Council starting with 29 votes for the four largest member states, Germany, France, the UK and Italy, followed by 27 for Spain and Poland and graduated down to three for Malta. Further, a certain number of policy issues were moved from unanimity to qualified majority voting (QMV). Concerning the Commission the decision was that from enlargement each member state would nominate one Commissioner, but once Member State number 27 joins there must be a reduction in size and some system of rotation must be introduced.

As the Heads of State or Government left Nice some of them had their doubts. They decided to have yet another IGC in 2004 in order to make the EU more efficient and legitimate. The Laeken summit in December 2001 decided that this IGC should be prepared by a Convention, with relatively large representation by the EP and national parliaments.¹³ By July 2003 this Convention produced a draft Constitutional Treaty, which was then sent to an IGC that started on October 4, 2004. A meeting of the European Council in Brussels in December 2003 failed to reach a final agreement on the Constitutional Treaty. Especially the question of voting in the Council was controversial. The Convention had proposed a simple double majority; a majority of states which should also represent at least 60 percent of the EU's population would constitute a QMV. But Spain and Poland defended the more cumbersome system of weights agreed in Nice because Nice gave them a relatively high number of votes. In the end an agreement was found by June 2004. The double majority system was accepted, but the thresholds were increased to 55 percent of the states representing 65 percent of the EU population. This system was to start from 2009 if the Constitutional Treaty was ratified by all 25 Member States.¹⁴ It now looks as if the Constitutional Treaty will not be ratified, so the EU will have to live the Treaty of Nice for some time.

Current Candidates¹⁵

As mentioned earlier both Bulgaria and Romania have concluded accession negotiations and are expected to join in 2007. On 13 April the European Parliament voted to give green light to membership. The Commission will publish its annual report in November 2005 and this report is expected to determine whether the two countries will join in 2007 or 2008.

Croatia is next in line. Membership negotiations should have started by now, but have been put on hold by the EU on 16 March 2005 because Croatia has not

¹³ Finn Laursen, "The Convention's Draft Constitutional Treaty: Towards a more federal EU?" *L'Europe en formation* No. 2, (2003): 59-76.

¹⁴ Finn Laursen, "Enter the Member States: an Analysis and Evaluation of the Intergovernmental Conference 2003-2004," *L'Europe en formation* No. 4, (2004): 31-52.

¹⁵ Most information for this and the following section has been located at www.EurActiv.com

cooperated sufficiently with the UN war crimes tribunal in The Hague. Croatia has failed to hand over General Ante Gotovina to the court. Gotovina is wanted by the court for alleged killing of over 150 ethnic Serbs and for expelling about 150,000 at the end of the 1991-1995 war. He is considered a national hero in Croatia. The government claims that it does not know where he is. The decision to shelve the talks with Croatia, which was mainly pushed by Britain, has upset Croatia and its supporters inside the EU, especially Austria, Hungary, Slovakia and Slovenia. Croatia still hopes to join in 2007. But the Commission President Jose Manuel Barroso thinks 2009 is more realistic.

The most controversial among the current candidates is Turkey. But in December 2004 Turkey was promised that membership negotiations will start on 3 October 2005. One condition is that Turkey takes steps to recognize Cyprus before. This was expected to be done through Turkey signing a protocol to its association agreement with the EU which would extend the agreement to the 10 new member states, including Cyprus. It is expected that negotiations will take at least a decade. The aim is full membership, but that outcome is not guaranteed. But, according to the December agreement, Turkey must in any case be “anchored in European structures through the strongest possible bond.” A Turkish accession agreement may in the end include longer transition periods than seen in the past. Free movement of labour/persons is an extremely sensitive issue in many member states. Some kind of permanent safeguard clause may have to be included in an accession treaty. Turkish membership will also have a big impact on CAP and structural funds. But those financial problems will only have to be dealt with in the financial framework following the 2007-2013 framework currently being negotiated. But if Turkey keeps on with ongoing reforms and implement them fully and sort out the Cyprus issue the prediction must be that Turkey will eventually join. The prediction is complicated by the fact that France has decided to have a referendum on the issue. And popular support for Turkish membership has fallen after the ‘No’ votes to the Constitutional Treaty in France and the Netherlands.

Future Candidates – Where Will it End?

The remaining states of former Yugoslavia, Serbia and Montenegro, Bosnia-Herzegovina and Macedonia have been promised membership in the future on the basis of the Copenhagen Criteria. Also Albania is in this group. The future status of Kosovo is still uncertain.

In 2000 the EU started the Stabilization and Association Process (SAP) with the Western Balkan states designed to encourage and support the domestic reform process.

The Former Yugoslav Republic of Macedonia (FYROM) was the first country in the region to sign a Stabilization and Association Agreement (SAA) in 2001. It entered into force on 1 April 2004. Macedonia submitted its application for EU membership on 22 March 2004.

Recently the Commission has recommended that negotiations on a Stabilisation and Association Agreement (SAA) start with Serbia and Montenegro. An SAA could be the first step towards membership. One condition is full cooperation with the UN war tribunal in The Hague.

The latest development is that other states from the former Soviet Union - other than the Baltic States that have joined in 2004 - have started expressing an interest in membership. This includes especially the Ukraine after its change of government in January 2005. The new president Viktor Yushchenko quickly stated full membership of the EU as his "strategic goal." For the moment Ukraine has a Partnership and Cooperation Agreement (PCA) which entered into force in 1998. Ukraine also falls under the EU's 2004 so-called European Neighborhood Policy (ENP). Neither the PCA nor the ENP open up the prospect of membership. However, Commission Vice President Margot Wallström has called the Ukraine vision of membership "realistic." And Ukraine's membership is supported by 55 percent of the voters in the EU's largest member states, in example Germany, France, the United Kingdom, Italy, Spain and Poland, while Turkey's bid is only favoured by 45 percent.

But what about Moldova, Belarus, etc.? If Europe is a geographic concept it stretches to the Urals and includes part of Russia.

Moldova has a PCA that entered into force in 1998. Solution of the Transdniestrian conflict in the eastern part of the country is considered important by the EU. But the government, led by the Communist Party is pro-European.

There are no contractual links between the EU and Belarus. The country's current regime is considered too authoritarian.

For the moment the prospect of Ukraine's membership suggests that the EU at some stage will have to decide where the EU's future eastern border will go.

Policy Implications: Looking into the Future

Predictions are difficult, but we now have a much wider EU, and we expect further enlargements in the future. Are the current institutions up to the job of making it function? Many feel that the ratification of the Constitutional Treaty would be a help, partly because it includes more majority voting. If, as it now looks, the Constitutional Treaty will not be ratified one possibility is one or more mini-reforms over the years, which at some point might include more majority voting.

Day-to-day decision-making will surely be made more difficult when you have a greater number of players with more diverse interests. A number of policy areas will be affected. We suggest:

1. Changing the CAP will become more difficult. The CEECs benefiting from the current CAP will resist change the way especially France has resisted change in the past.
2. Decisions about financial frameworks and budgets will become even more

difficult than they already are. Most of these decisions still require unanimity (and will so according to the draft Constitutional Treaty) and the net payers are not willing to contribute more. The financial framework for 2007-2013 will be a huge political battle.

3. Developing a 'progressive' environmental policy may well slow down. The CEECs do not want measures that will increase production costs.
4. Something similar may happen in the areas of social and labour market policies and taxation. The CEECs are eager to try to follow Ireland's example. They want to attract investments. So regulation of production will be kept at the required minimum and corporate taxes will be low.
5. In the area of CFSP the CEECs will join the UK in a rather pro-American group, making it difficult for the EU to speak with one voice internationally. The development of an autonomous EU defense policy may be hampered.
6. The issues of border controls and migration will remain on the EU agenda for a number of years. There is a fear that there will be more illegal immigration from further east. Some of the EU's new eastern neighbours are to a large extent failed states that have not succeeded in policies of transition to democracy and market economies. They could therefore produce refugees and this is combined with a fear that the new member states will have lax border controls.

Towards Multi-Speed Integration?

So the question remains: Will the EU be able to manage the increased diversity? If not, will there be a risk of a return to the kind of power politics that Europe knew in the past? Some Realist scholars have predicted such a development. But liberal institutionalists point to the important role played by institutions in Europe today.¹⁶ It will indeed take good, efficient, democratic and legitimate institutions to get the new EU to function. The ratification of the Constitutional Treaty would be a step – but only a step – in such direction.

Some observers who see the basic philosophy of the founding fathers of European integration, Jean Monnet, Robert Schuman, and others, with its emphasis on the role of 'supranational' institutions, as important for Europe's future, are worried that the new members have not fully understood and accepted that philosophy. That philosophy puts emphasis on 'upgrading the common interest' and not just stubbornly defending national interests. The EU has created a polity. It is more than purely intergovernmental cooperation.

¹⁶ Robert Keohane; Joseph S. Nye and Stanley Hoffmann, eds., *After the Cold War: International Institutions and State Strategies in Europe, 1989-1991* (Cambridge, MA: Harvard University Press, 1993).

Should EU-25 not be able to solve the problems, then the main alternative may be 'enhanced cooperation' between a smaller group of states. After the failure of the IGC in December 2003 the French and Germans again talked about the possibility of an *avant-garde*, a pioneer group of states that could move ahead and leave the laggards in a more peripheral situation. We can hope such a scenario can be avoided. The fact that the French and Dutch voted 'No' to the Constitutional Treaty has complicated the situation.

Impacts on External Politics and Institutions

Can the Fifth Enlargement Weaken the EU Development Cooperation?

Francesc Granell¹

The 2004 Enlargement of the EU and the “Development Challenge”

In accordance with the Athens Act of Accession signed on April 16, 2003, the new member States of the European Union participate actively in the *Acquis Communautaire* regulating all areas of the Community action in accordance with the solutions and adaptations negotiated with the new Member States on the basis of the principle of a wholesale taking over of the *Acquis* subject to transitional measures and temporary derogations when agreed, as in earlier accession acts.

Development has not been a contentious issue in the accession negotiation process. The main reason of this limited interest in the topic is the fact that development co-operation of the accession countries have been practically negligible until now. The new member States represent about 25 percent of the EU population, about 5 percent of the EU income (about 11 percent in purchasing power parity terms) but only 0.43 percent of the Aid flows from the EU to developing countries.

Formal negotiations on the chapter related to development cooperation (Chapter 26 – External Relations) have been closed with no exceptions agreed, therefore the new candidates have been obliged to apply the relevant Community *Acquis* and enforce the legal and institutional framework of the “Development Cooperation *Acquis*” as an integral part of the EU’s external policies since membership. From the date of their accession, the new Member States joined the current EU in supporting all of the objectives and instruments of the EC’s development policy.

The basic legislative framework for EU development cooperation is provided in Articles 177-181 A of the Treaty establishing the European Economic Community (Title XX). It sets out common objectives for the EC external assistance

¹ The author was Chief Negotiator for Finland with the European Commission in the 1995 Enlargement exercise. He explained his experience in Francesc Granell, “The EU Enlargement negotiations with Austria, Finland, Norway and Sweden” *Journal of Common Market Studies* (March, 1995). The author has been representative of the Commission’s DG Development in the works driven by Directorate General Enlargement and conducive to Athens Treaty for the 2004 EU Enlargement.

to developing countries: sustainable economic and social development, integration of the developing countries in the world economy, the fight against poverty, consolidation of democracy, human rights and the Rule of Law, etc.. The instruments through which the EC meets these objectives include external agreements, trade preferences to exports from developing countries and financial and technical support to developing countries, international bodies and NGOs.²

The EC aid is complementary of the aid programs of its Member Countries and the EC Policy does not affect the authority of the member countries to independently act in bilateral and multilateral development actions. The EC bodies and the EU Member Countries coordinate their approaches to the development policy and harmonize their programs of assistance including their positions in international organizations and international conferences.

The main challenges for the new member states resulting from enlargement relate to how development policy is made, funded and implemented and how they accommodate within the governance structures related to the EC's development policy.

In this context the fifth EU's enlargement presents enormous opportunities for the new member states in political dialogue and trade policies regarding developing countries as well as development cooperation; but it will also present certain problems and challenges for them and for the whole EU as a donor.

The External Agreements

According with Article 6.2 of the Act of Accession the new Member States are part to the agreements or conventions applied by the Community, the EU's many cooperation, partnership and association agreements as well the EU's Council Regulation associating the Overseas Countries and Territories (OCTs) under Britain, France, the Netherlands and Denmark to the EU.

This includes cooperation agreements with Asian and Latin American developing countries, the Euro-Mediterranean Partnership, and the comprehensive Cotonou Partnership Agreement with 77 African, Caribbean and Pacific Countries (ACP) comprising the political dimension, economic and trade co-operation and development and financial cooperation.

The last of these, the Partnership Agreement known as the "Cotonou Agreement" signed on 13 June 2000 replaced the previous Lomé EU-ACP Convention on April 1, 2003 for a period that covers 20 years with a clause allowing for revision every five years and a financial protocol for five year periods. Although the new Member States became members of all elements of Cotonou from the date of their accession to the EU, they will only contribute to the EDF after member-

² My book *La coopération au développement de la Communauté Européenne* published in 2005 by Editions de l'Université de Bruxelles, Institut d'Etudes Européennes, is giving a detailed picture of the 'EC development acquis'

ship. When and how much they will contribute to the EDF to be adopted in 2006 is still to be negotiated in due time unless the Council decides the “budgeting” of the EDF in the context of the Financial Perspectives beyond 2007.

In due course and along with current EU Member States, the new Member States will become party to the WTO-compatible Economic Partnership Agreements (EPAs) created by the Cotonou Partnership Agreement, on which negotiations started between EU and the ACP countries in September 2002 to define the new trade system with a view to implementation from 2008.

Article 6.12 of the Act of Accession points out that the New Member States shall take appropriate measures, where necessary, to adjust their position in relation to international organizations, and to those international agreements to which the Community or to which other member states are also parties.

Trade Acquis

Beyond cooperation agreements with Asia, Latin America and the Mediterranean and the Cotonou partnership agreement, the new Member States already assumed the rest of the EC’s trade acquis and trading policies, including the tariff preferences in favor of developing countries under the Generalized System of Preferences (GSP) and specially the Least Developed Countries (LDCs) - agreed in the Eve of the Brussels Third UN LDC Conference (May 2001)- as well as the “external face” of the Common Agricultural Policy.

As Desai³ pointed out it is a risk that the new members consider trade as a zero-sum game adding to the autarchic lobby in the EU that would work against the interest of the developing countries that are Western Europe’s trading partners.

In preparation for accession, the candidate countries have been required to align their tariffs and other trade related rules and regulations with the EU and to co-ordinate positions in view of the Doha WTO Development Round launched in November 2001.

The most significant trade liberalization factors in enlargement have been the removal of remaining non tariff barriers to trade, to liberalize their markets and to reduce industrial tariffs.

In terms of tariff protection, accession resulted in a significant reduction of the Candidate Countries' level of Protection except for some countries (Baltic States) which had tariffs below the EC average and except for products included in the Common Agricultural Policy.

Quota adjustments have been necessary in areas where the EC maintains quotas with third countries. Standards for some products in most of the candidate countries rose as compared with pre-membership situation.

³ See A.V. Desai, *Enlargement of the EU and the Developing World*, Paper presented to the EADI Ljubljana 2002 Conference on EU enlargement.

They, of course, take on the EC Protocols in Sugar, Veal and Beef and Bananas under the Cotonou Agreement with the ACP Countries as well the transitional Lomé/Cotonou tariff preferences accepted by the waiver of the WTO during the Doha Ministerial until the new “Economic Partnership Agreement” System created by Cotonou is implemented in conformity with article XXIV of GATT at the end of the current ACP-EU negotiations.

In the field of trade preferences the influence of the new Member States may lead to changes in the EC’s trade policy over the longer term. This may lead to pressure to restrict benefits that the EC offers to better off developing countries or to avoid new concessions.

That means that there might be a change of policy towards certain sectors where the new Member States have defensive or offensive interests. Similarly, there might be a change of attitude towards some developing countries that the new Member States perceive as a threat to domestic industries.

Some of the new member states might wish to challenge current arrangements that bring benefits to countries better off than they are. Malta and Romania are currently classified in the WTO as developing countries. This is based on self-classification and they will have to renounce this upon accession. In terms of EC trade policy, Bulgaria and Romania- which will become members of the EU in 2007- will have to offer GSP access to Malaysia, which has a higher per capita income than they do. All of the candidates except for Cyprus are poorer than Korea, Venezuela, Brazil and Mexico, who benefit from preferential access to the EC.

Financial Acquis: Total ODA, the EC’s Budget, the EDF and the EIB

Total ODA of the new Member States

All the candidate countries together only represent 0.4 percent of the EU ODA flows to developing countries.⁴ The current levels of the financial aid which they are providing to developing countries are very limited and far away from the UN-endorsed target of 0.7 percent of the Gross National Income (GNI) dedicated to Aid. The average ODA/GNI of the “15” reached 0.35 percent in 2003 while the average for the EU New Member States reached merely 0.04 percent.

The Official Development Assistance (ODA) of Poland (the biggest donor in absolute terms) represents only 0.02 percent of its GNI. Slovenia and the Czech Republic (the biggest donors in relative terms) declared an amount equivalent to 0.08 percent and 0.11 percent of the GDI. Even if no comprehensive and reliable data on ODA of the new members is still available (it is a mixture between

⁴ See European Commission, *EU Report on Millennium Development Goals 2000-2004*, Brussels, 12 April 2005, and European Commission: Development Co-operation and Enlargement, Brussels, 2003.

humanitarian assistance provided to the Balkans with the assistance provided to poorest countries), fragmented data indicates that the aid provided by them to developing countries is not sufficient for an EU Member State. Greece -the EU member with a lowest ODA/GNI ratio- reached a level of 0.21 percent after improving quantity and quality in its commitments since its access to the Development Assistance Committee (DAC) of the OECD in 1999.

The EU currently provides just over 54 percent of global development assistance provided by the DAC members, of which about 20 percent is at EC level. This is set to increase further following the commitments on aid volumes agreed in the European Council held in Barcelona in March 2002, in advance of the Monterrey Financing for Development UN Conference. According to these commitments the EU, collectively, would reach an average ODA/GNI ratio of 0.39 percent by 2006 and each Member State will strive to reach at least 0.33 percent by the same date in view of reaching the UN-endorsed target of 0.7 percent per cent of GNI dedicated to aid. That means that the Enlarged EU would be obliged to reach an additional \$7.1 billion of ODA by 2006 from which about 1.3 billion of contribution by the new Member States.

It is not clear at this stage what the EU's Monterrey commitment on increased aid volumes will mean for new Member States, nor what impact accession will have on the EU's average ODA/GN ratio. Some of the candidates have signaled an intention to increase their bilateral aid expenditure in connection with the commitments made to contribute to the Millennium Development Goals but, as one of the New Member States put in during the General Affairs and External Relations Council which met in Brussels on 19-20 May 2003, "We are committed to the Monterrey Conference goals, but we have not taken part in those negotiations and are not expected to "deliver on commitments made by the 15." A Roadmap to Monterrey targets is presently negotiated.

The net disbursements of ODA made in 2001 by the new Member States reached (according OECD/DAC figures) a total amount of only \$114 millions with a ratio ODA/GNI of 0.03

In order to compare ODA disbursements made by some EU members in 2001, it reached \$1599 million (1.01 percent) for Denmark, 1576 (0.8 percent) for Sweden, 748 (0.30 percent) for Spain, 389 (0.32) for Ireland, 194 (0.19) for Greece, and 142 (0.80) for Luxemburg.

In accordance with the projections made by the Austrian experts during the Regional Partnership Workshop organized in the Diplomatic Academy in Vienna in February 2003⁵ the 0.33 ODA target will suppose for the new Eastern member States in 2006 a national allocation of Euro 254 million for the Czech Republic,

⁵ See G. Lennk, *EU Enlargement and Development Co-operation*, Paper presented to the Conference on development assistance held at the Vienna Diplomatic Academy, 2003.

233 for Hungary, 790 for Poland, 92 for the Slovak Republic, 84 for Slovenia, 61 for Bulgaria, 178 for Romania, 24 for Estonia, 34 for Latvia and 54 for Lithuania.

The gap with the present situation is enormous and it would be very difficult to reach the target given the low profile of development issues and the fact that no political parties or personalities are leading such a move in the new EU members and the fact that most of the new Member States are still at a stage of establishing the appropriate legal framework for development assistance, is a mix between development and humanitarian aid and contributions to multilateral bodies (UN Agencies and Development Banks) are supported by several Ministries in a disperse way.

Contribution to the EC's Development Financing

The contributions to the EC budget and the European Development Bank are also increasing the new Member States ODA figures. The EU's budget include budgetary lines for development expenditure (which represents 4.68 percent of the total budget and covers expenditure in Asia-Latin America and Mediterranean Countries and specific policies like NGO support, food security, democracy, tropical forests...). One problem for expecting any of the candidates to be able to meet the Barcelona target figure within the timeframe agreed for existing Member States is that according to the Act of Accession the size and timing of the candidate countries' contributions to the EC's budget are subject to some temporary budget compensations 2004-2006 that makes it difficult to establish the "development budgetary effort" to be attributed to them.

The new Member States became party to the Cotonou Partnership Agreement by depositing an act of accession to the Agreement with the Secretariat of the EU Council but they will not contribute to the current 9th EDF that is financing the period until 2007 and will only contribute to the 10th EDF to finance EU-ACP co-operation, although the size and timing of their contributions will be subject to negotiation in the Council between present and future EU members after the present discussion assessing the advantages and disadvantages of incorporating the EDF in the Budget: the final decision on it, would depend on the current negotiations about the 2007-2013 EU's Financial Perspectives.

According the scenarios for meeting the Monterrey ODA targets and the estimated amount of the Second Financial protocol of the Cotonou Partnership Agreement, the European Commission has estimate contributions to the five years 10th EDF after 2007 to reach a global amount of some €15000 million (against 13.800 the current 9th EDF) with contributions between € 55 and 60 million per year for Poland (level between the present contributions of Denmark and Finland), between 16 and 18 for the Czech Republic (present level of Ireland), between 15 and 17 for Hungary (level of Ireland), about € 7 million for the Slovak Republic (level of Luxemburg) ,6 for Slovenia, 4 for Lithuania, and Cyprus, 3 for Latvia, 2 for Estonia and 1.5 for Malta, under the assumption that in the

framework of the Financial Perspectives 2007-2013 the EDF will not be “budgetized.” In addition and considering that the EDF financial means are used gradually, the new member States will not pay the financial sum immediately subscribed but only after the call to pay (probably starting in 2009-2010).

The Development Procedures and Machinery

In considering the potential implications of enlargement for the new member states and the EU whole position regarding Developing countries, the EU is helping the new Member States to overcome their lack of experience in development cooperation.

There is an enormous effort underway in order to get New Members to actively participate in EU development assistance. There are legal, procurement, regulatory and financial obligations to be adopted at national level. Enterprises and NGOs from the new Member States are quite not still participating in the tendering to participate in the delivering of European Aid to Developing countries. Officials from new Member States must be better trained to participate in development-related Committees, Joint EU-ACP institutions and consultations regarding development issues.

During the Enlargement Negotiations the European Commission created a Task Force for preparing the Development administrations and the staff of the Foreign Ministries, the NGOs and other economic and social actors of the new Member States to the Community procedures. This Task Force organized “Road Shows,” Training Courses and Workshops in the new member countries to meet and inform all the actors to be involved in development and humanitarian issues.

In the preparatory process the EU has contributed to building institutional capacity for development in the new Member States not only to participate in the EU development process but also for delivering aid at bilateral and multilateral level.

This “capacity building” in the new EU members must consider the distribution of competences between the EU and its member states; strengthening links with and within international organizations, and with partners in developing countries; encouraging awareness and understanding of the EC’s development policy and wider development issues, not just among government officials in candidate countries but also amongst parliamentarians, NGOs, enterprises, academics and the public.

In most of the new member states there is still a lack of central authority responsible for coordination. Therefore development and humanitarian assistance is provided to UN agencies and beneficiaries by different ministries and bodies without a national coordination which can ensure complementarity between national actions and Community action in this field and facilitate participation in EU committees and working groups.

It is also a lack of methodology concerning management of assistance to developing countries both at the level of the capitals and the embassies on the spot: systems of information, monitoring and tendering.

Projects funded by EU (PHARE and TAIEX), the OECD (Sigma Project), the Canadian International Development Agency and UNDP have suggested improvements of the institutional mechanisms for Aid awareness and management in the New Member States.

The periodical meeting of Directors General for Development of the Commission and Member States is now creating a “de facto” training in these matters among the Governments of the new Member States.

The Challenge of the Different Traditions

The enlarged EU faces potentially different attitudes to development and developing countries – stemming from differences in history, experience, location and culture. New members have accepted the EC’s development policy as it stands, but major differences could lead to pressure to shift the policy in new directions over the longer term, because:

a) There are real differences in levels of income between the EU-15 and some of the new and future Member States. Some ACP, Mediterranean, Latin-American and Asian EU partners receiving EC assistance have higher income those new member countries.

b) The new members’ traditional ties – and the focus of their aid programs – are with countries that share their communist past and on neighboring countries. Considering that EC and Member States have committed to improving operational coordination between their external assistance policies and programs, these efforts could be made more difficult by a significant disjunction between the bilateral programs of the new EU members and the approach being pursued at the EC level and by existing Member States.

c) Until the end of Communism, the most advanced new Members in foreign assistance ranked well in delegating experts to some international development bodies in sectors like Education (UNESCO), Health (WHO), Agriculture (FAO) and others. Is this a tradition to be recovered in the Millennium Development Goals context?

d) All of the new Member States received substantial financial resources in preparation for accession. All except Malta and Cyprus are still officially eligible for World Bank (IBRD) borrowing, and have been recent borrowers. Would this imply difficult coordination for the EU?

e) Most of the new Member States consider Asian and African Countries merely as recipients of Humanitarian Aid with a few exceptions. This may influence their views on the regional focus of the EC’s development policy.

These differences in approach - as well as practical differences between the focus and policy/legal/administrative infrastructure of the aid programs of pre-

sent and new Member States - represent an additional challenge to promote coherence, co-ordination and complementarity within the EU (as required by the Maastricht Treaty and the Treaty establishing a Constitution for Europe in a difficult process of ratification).

This different tradition means that the new Member States accepted the EC development policy as it stands but in the long term they may well influence its future direction.

The Complementarity

Most of new Member States and the candidate countries' development programs have evolved a lot in the past few years, and will continue to do so in the period leading up to and as a result of accession. Moreover it seems to be unrealistic and inappropriate to expect them to adopt copies of the EC or the traditional Member States' programs for themselves. Instead, the focus should be on promoting complementarity – drawing on their comparative advantage as providers of technical assistance regarding political and economic transition.

Encouraging and helping the candidate countries to strengthen their policy frameworks and administrative infrastructure related to development and to be accepted by DAC should be a key priority for action particularly because of its role in developing best practice guidelines and key development issues.⁶

The new member states and the candidate countries are all members of the IMF and the World Bank and some of them of IDA and several Regional Development Banks. Consequently the Enlarged EU would increase voting power in international development institutions.

The Need to Involve Development Actors

Beyond government officials, it is important for Candidate Countries to build a broad awareness and some understanding of development issues among parliamentarians, civil society, the academic community and the general public where possible.

Several of the candidate countries already use NGOs to implement humanitarian aid, and are taking steps to accredit NGOs (along with other bodies) as official implementation agencies for their limited development assistance

Enterprises, Chambers of Commerce and Industry and Trade Associations of the new member states must be progressively involved in the development cooperation process and be aware of the loans and projects to which they can participate in the context of the assistance to the developing countries

⁶ Hungary, Poland, The Czech Republic and Slovakia are already members of the OECD but their accession to DAC and participation in DAC are likely to be some way off.

(Procurement rules applicable to EC external aid contracts, call for proposals...) or reinforcement of the private sector in developing countries.

Enlargement Is Not the Only Threat

But the new Enlargement is not the only concern regarding the future of the European development co-operation. An additional concern relates to the general trend to subordinate development policy to other policies (CFSP, trade, migration, anti-terrorism, drugs and money laundering, fishery agreements, agricultural policy...). On the other hand, the abolition of the Development Council of Ministers decided in the Sevilla European Council in June 2002, downgraded the profile of the coordinating EU's machinery in this field.

The European Commission launched in 2005 a broad Consultation on Development Cooperation to improve the "profile" of the development policy but could the "non ratification" of the European Constitution a threat for the required action.

Other questions are also on the table: Should the Commission maintain its powers to handle one fifth of the combined grants from the European taxpayers to the developing countries? Should the EDF be integrated into the Community budget?⁷ Should the development regulations be unified as proposed by the Prodi Commission in its very latest days? Should the European Parliament be more involved in the development assistance issues concerning sanctions against countries, negotiation of trade agreements and coherence between development and other policies? Would the movement to change the aid coordinating and delivering bodies within the EU institutions launched in 2000 be successful?

The Way Ahead

In this context the Enlargement is not to be seen as the only threat to the future Community Development Policy policies, practices and funding. In fact the accession of ten new members provides an ideal opportunity to open new creative approaches to development assistance, to enhance its effectiveness and to identify possible new synergies based on the experience of the EU new members and candidates from their former communist tinctured foreign assistance and from their political and economic transformation in the last ten years

The enlarged Europe must have the potential and the interest to ensure stability, prosperity and poverty reduction around the World, in our troubled 21st Century, so the challenge of the enlargement in the field of development is not just how to accommodate new members or just to have more money to be spent,

⁷ See F. Faria and A. Koulaiman-Gabriel, "Budgetisation of the EDF: Issues, Implications, Opportunities," *ECDPM Working Paper num 63*, (1998).

rather it is how to enhance the EU's international position and how to do more things and more efficiently.

The Impact of Enlargement on the Euro-Med Partnership

Beverly Crawford

Introduction

The EC/EU's concern with stability on its southern borders and its relationship to enlargement stretches back to the 1970's. But its most important policy initiative burst on the scene in 1995 when the Spanish presidency of the EU organized a conference in Barcelona, with the 15 members of the EU and 12 countries of the South Mediterranean. The outcome was the Barcelona Declaration or Euro-Mediterranean Partnership (EMP) Initiative. In launching this initiative, EU foreign ministers recognized a need to respond to "new" security issues emanating from the region, such as drug trafficking, human rights violations, and environmental degradation.¹ In addition, many EU officials saw the EMP as a strategy to compete with other trade blocks, without having to invite non-European Mediterranean countries to join the EU. Finally, EU ministers believed that the initiative would "add another layer in a comprehensive European effort to help settle the Arab-Israeli conflict."²

Backed by the largest EU financial commitment ever made outside the Union, the Barcelona Declaration launched a set of economic, political, cultural, and social initiatives whose stated purpose was to extend southward the European area of stability. The EMP became the EU's main Middle East policy instrument; indeed, it became the only regional organization in which both the Palestinian Authority and Israel are included. It also was designed as the EU's preferred tool for engaging Islam in a "dialogue of civilizations," and its central foreign economic policy in the region as a whole.³

¹ George Joffe, "The Euro-Mediterranean Partnership: Two Years after Barcelona" *Middle East Programme, RIIA, Briefing* no. 44 (May 1998).

² Etel Solingen, "Europe's Mediterranean Strategy: An Asymmetric Equation." Paper prepared for the conference: The Convergence of Civilizations? Constructing a Mediterranean Region (Lisbon, June 6-9, 2002).

³ EMP is a wide multilateral framework of political, economic, and social relations that, before EU enlargement, involved 700 million people in 27 countries or territories around the Mediterranean. In addition to the 15 EU states, the EMP included Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey, and the Palestinian Authority. EU enlargement

Most importantly, however, the EU Commission represented the EMP as an ambitious attempt to invent a region that does not yet exist and to create a regional identity that would rest, neither on blood, nor religion, but on civil society, economic interdependence, voluntary networks and civic beliefs. The stated aim of this experiment was to construct in the Mediterranean region a pluralistic security community whose practices are synonyms of peace and stability.⁴

This essay assesses the impact of the 2004 EU enlargement on the aims of the Euro-Med Partnership and the prospects for its success. Does the Mediterranean policy of an enlarged Europe herald a new era of foreign policy behavior—as stated in the Barcelona Declaration—or does it represent the continued politics of power and domination? Either way, will the net impact be a stabilizing one, enhancing regional security and economic prosperity, or will it be destabilizing, widening the gap between Europe and its southern neighbors?

It is still too soon to amass definitive evidence that would provide credible answers to these questions. Nonetheless, some trends are coming to light. In providing what I hope to be informed speculation on the impact of enlargement on the EMP, this essay begins by briefly tracing the history of the Barcelona Process. It does so by first briefly examining the impact of previous EC enlargements on the Mediterranean, beginning with the accession of the UK in the 1970s as the impetus for the creation of a Mediterranean region. It then provides a snapshot of the Southern enlargement, which led to the *de facto* partition of the Mediterranean. In this historical context it looks to the creation of the EMP in 1995 and assesses its achievements, failures, and the obstacles to success. Finally it turns to an assessment of the 2004 enlargement, with its corollary, the notion of a Wider Europe--New neighborhood and its goal of extending European norms beyond its borders.

The Role of EC Enlargements in the Mediterranean “Region”

The first step in the stabilization of Europe’s southern borders through the projection of “Western” values was to invent a Mediterranean “space” within which Western values could be projected. In the early life of the EC, before the region was invented, the Commission and the member states had related to the EC’s southern neighbors through widely divergent bilateral policies and agreements.⁵

has turned Cyprus and Malta, which, until May 2004 were partner countries, into full members of the Union. It also has added eight more countries to the EMP: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

⁴ Emanuel Adler and Beverly Crawford, *Normative Power: The European Practice of Region Building and the Case of the Euro-Mediterranean Partnership (EMP)*, Working Paper, Institute of European Studies, UC Berkeley, 2004.

⁵ Peter Haas, *Saving the Mediterranean: The Politics of International Environmental Cooperation*. (New York: Columbia University Press, 1990).

In fact, it was the first EC enlargement that initially spurred the idea of a single region.

The run-up to the UK's accession raised the issue of the EC's relationship with third countries. Before its admission into the EC, the UK had very low import duties, benefiting not only its former colonies but also countries around the Mediterranean. When the UK joined the EEC, it had to adopt the common external tariff, which was much higher. Thus, non-member Mediterranean countries who had been traditional exporters to the UK saw the writing on the wall: they would lose the UK market to member states whose exports to the UK would be duty free and subsidized by the common agricultural policy. As this issue rose to the top of the EC agenda, the Commission and member countries began to debate the appropriate adjustment of existing agreements with Mediterranean countries. Should there be a common tariff for them? Or should bilateral relations continue to prevail?

Other problems raised the visibility of the issue: concerns over terrorism and oil defined the European Community's key interest in the stability of the Mediterranean region. Terrorism had been on the rise in Europe, spilling over from the Arab-Israeli conflict, and all member states began to tighten immigration controls in order to prevent terrorist networks from taking root on European soil. The gathering oil crisis jarred Europeans into a reconsideration of their dependence on Arab oil, the need for secure supplies, and the maintenance of good relations with Arab countries.

Driven by all of these concerns, the EC launched the Global Mediterranean Policy (GMP). The goal was to create a free trade area covering all of the countries surrounding the Mediterranean Sea, excluding Albania, Yugoslavia, and Libya, and including Spain, Portugal, and Greece. The GMP offered trade concessions for the non-member Mediterranean countries (NMMCs) in their economic relations with the EC, aid, and social provisions for migrants from the Maghreb in Europe. It also offered agricultural concessions and eliminated its own tariffs on industrial imports originating from the MNMCs while allowing them to retain their own tariff barriers.

Because this policy applied to all targeted states equally and was an EC policy rather than that of a member state, the concept of a “Mediterranean Region” was codified. Bicchi⁶ reports that EEC documents addressing trade policy toward the Mediterranean basin clearly show the evolution of the idea of a single “region.” For example, a 1971 report originating in the European Parliament argued against the approach of ‘agreements à la carte’ that had prevailed until this time, because they did not create among Mediterranean peoples “this certainty of belonging to one and the same region of the world, having its own personality, its brand image.”

This view, however, was undercut with the accession of Spain, Greece, and Portugal. The inclusion of these three states took them out of the GMP and thus divided the “region” that the Commission was trying to cultivate. Tovas⁷ goes so far as to argue that the inclusion of the three new members was obtained at the expense of the economic stability of the western and eastern Mediterranean non-members. Although there were similarities among the economies around the Mediterranean in the agricultural sector as well as many industrial sectors, non-members lost trade revenue when trade was diverted to the new members. For example, Morocco’s citrus and tomato exports to the EC were replaced by exports from Spain and Portugal. This lost trade expanded the economic cleavage between EC members and Mediterranean non-members. The gap grew even wider as EC development policies targeting the new members began to take effect, leaving the Mediterranean non-members in the dust. In short, as Nicolaidis and Nicolaidis⁸ argue, the southern enlargement undermined the ‘regional promotion policy’ and the idea of ‘Mediterranean’ as it was conceptualized in the GMP. Even then, it appeared that the EC was attempting to create a region of predominantly “Muslim” or “Arab” states *separate from* “Europe.” This, then, represented a *de facto* partition of the Mediterranean.

⁶ Federica Bicchi, *The European Origins of Euro-Mediterranean Practices*, Working Paper, Institute of European Studies, UC Berkeley, 2004.

⁷ Alfred Tovas, *Economic Liberalism in Theory and Practice*, Working Paper, Institute of European Studies, UC Berkeley, 2004.

⁸ Kalypso Nicolaidis and Dimitri Nicolaidis, *The EuroMed beyond Civilisational Paradigms*, Working Paper, Institute of European Studies, UC Berkeley, 2005.

Reviving the Mediterranean “Region?”

Throughout the 1980s, with global politics still dominated by East-West confrontation, the creation of a Mediterranean region of cooperation and stability was a low priority for the world’s powerful states. The end of the Cold War, however, presented new challenges and promised to eliminate the obstacles to a renewed regional initiative. Xenophobia triggered fears of massive immigration from North Africa, and the cold war’s end gave rise to the new security threats emerging from militant Islamic fundamentalism, its link with terrorism and the spread of weapons of mass destruction. As early as 1992, the European Council of Lisbon had expressed its unease at the “advance of extremist forces... in various North African countries.” Two years later, the European Council of Essen elevated the Mediterranean to a “priority zone of strategic importance to Europe.”

To combat these perceived threats, and because France feared that Europe would drift eastward with a reunited Germany and the prospect of EU membership for the countries of East Central Europe, the European Community began an initiative called “Renovated Mediterranean Policy,” which dealt mainly with financial aid to NMMC’s, aiming to boost regional economic development through cooperation, and to increase regional trust and transparency. And at the behest of France, Italy and Spain, NATO formulated a Mediterranean policy in 1994, promising to work with non-members to strengthen regional stability, and began to lobby the EU to concoct a new policy towards “Islam.”

Encouraged by progress in the Arab-Israeli peace process, the idea of re-creating a “Mediterranean Region” crept higher on the policy agenda, and the EU became formally involved in the project of creating regional stability. The first major steps were taken at the European Council Summit of 1992, which were followed by the Barcelona Declaration creating the EMP in 1995. The basic premise of that initiative was that the Euro-Mediterranean area constituted a “common space,” or at least that it possessed enough of the precursor elements of a region (geographic contiguity, common values, traditions, or interests) to make regional building a possibility. Stephen Calleya writes that

from this premise flowed two other assumptions: that the member-states or regimes were equally committed to the goal of regional cooperation as a tool to promote peace, stability and prosperity; and that they were also receptive to the kinds of political, economic and social liberalization that makes transnational (as opposed to inter-governmental) cooperation possible.⁹

⁹ Stephen C. Calleya, “The Euro-Med Partnership and Sub Regionalism: a case of Region Building?” Paper prepared for the conference: *The Convergence of Civilizations? Constructing a Mediterranean Region*, Lisbon (June 6-9, 2002).

The Barcelona Declaration established 3 baskets, (a) security on the basis of mutual confidence and partnership, (b) a zone of shared prosperity through economic integration, and (c) the rapprochement between peoples through social and cultural links leading to the creation of a Mediterranean civil society. Economic proposals in the Barcelona Declaration included the establishment of a Free Trade Area between the Union and Southern Mediterranean countries by 2010 and the removal of their tariff and non-tariff barriers. The creation of a free trade zone was intended to shift the adjustment costs of trade to the NMMCs, after 20 years of EC/EU trade concessions enshrined in the GMP. Through the agreement to create a Free Trade Zone, the Keynesian ideas of development contained in the GMP gave way to the neo-liberal ideas of the Washington Consensus.¹⁰

Economic aid and loans from the European Investment Bank were to benefit the NMMCs' private sector and to encourage structural reform and privatization.¹¹ The central financial instrument for EMP is the MEDA (Measures d'Accompagnement) program, offering technical and financial support as incentives for social and political reform. MEDA II (1999) created the "structural adjustment facility" financed under MEDA I to target more specifically the reforms necessary for free trade with the EU on the one hand and to streamline EU decision making on the other.¹² The Barcelona process also aimed at encouraging "good governance," namely democracy and human rights, and advanced the development of confidence-building measures to enhance regional security. The political element of the Barcelona declaration includes a list of principles concerning respect for democracy and the rule of law, human rights, the right of self-determination, non-interference in the internal affairs of other states, and peaceful resolution of disputes.

Some progress has been made on each of these three fronts. In April 2002, the Euro-Med partners adopted the Valencia Action Plan, making sustainable development the guiding principle of the Euro-Med Process. The action plan included reinforced credit facilities for Mediterranean partner countries through the European Investment Bank (EIB) and the creation of a Euro-Mediterranean Foundation to promote cultural exchange.¹³ EMP is acting as a catalyst for the

¹⁰ Alfred Tovias, *Economic Liberalism in Theory and Practice*, Working Paper, Institute of European Studies, UC Berkeley, 2004)

¹¹ For early assessments of the economic basket of the EMP see J. Marks, "High Hopes and Low Motives: The New Euro-Mediterranean Partnership Initiative" *Mediterranean Politics* 1, no. 1 (1996): 1-24, and Ahmed Galal and Bernard Hoekman, eds. *Regional Partners in Global Markets: Limits and Possibilities of the Euro-Med Agreements* (Cairo: CEPR, 1997).

¹² The MEDA Regulation was adopted in 1996, and the beneficiaries were Algeria, Cyprus, Egypt, Israel, Jordan, Malta, Morocco, Lebanon, Syria, Tunisia, Turkey and the West Bank and Gaza Strip.

¹³ The plan aims for 2 billion euros (1.8 billion dollars) per year in EIB loans by 2006. The economic and financial provisions of the EMP seek to achieve a Euro-Mediterranean Free Trade

improvement of bilateral cooperation; bilateral economic agreements have been signed, and EU-Med trade has increased every year. Furthermore, in 2003, a Facility for Euro-Mediterranean Investment and Partnership (FEMIP) was created. The FEMIP supplements MEDA in supporting private sector development of the Mediterranean partners in order to attract investments to the region. In 2004 the EU devoted € 1 billion to development of the Mediterranean region, a large increase over previous years. As a result, there have been substantial improvements in infrastructure throughout the region (transport, telecommunications and energy, as well as the interconnection of the Mediterranean partners' infrastructures with the Trans-European networks).

Other areas have achieved positive results as well. There has been an increase in regional cooperation in the field of Justice, and agreements to combat terrorism and drug trafficking have been signed. EMP enthusiasts have patiently built a host of civil society networks to promote common cultural and security understandings, including EuroMeSCo, a security think-tank, which has become an important example and leading promoter of public diplomacy in the region. Finally, the EMP has begun its own process of "enlargement," with plans to integrate Libya and enlarge the free trade zone to six Gulf countries, as well as the conclusion of an agreement with Syria.

Despite these achievements, however, to date, the disappointments have overshadowed the successes. The objectives of the EMP were slated to be confirmed by twenty-seven Mediterranean states in Malta in 1997. But the stalled Middle East peace process and ensuing tensions in the Middle East overshadowed the meeting and cast grave doubts on the partnership's success. Subsequent meetings, including at Stuttgart, Marseille, and Valencia did very little to push the EMP forward. Negotiations began on a Euro-Mediterranean Charter for Stability and Peace, but because Mediterranean governments had divergent perceptions of threats and challenges to political stability, they were short-lived.¹⁴ On the economic front, private sector investment has only trickled into the NMMC's, and a huge economic gap between EU and the NMMCs remains and continues to grow. Indeed, the sum of the GDP of the 10 partner countries is as high as the Spanish GDP alone. In contrast to the EMP Mediterranean partner countries, the new member states of the EU have grown much faster: the combined income of the 10 NMMCs is only one tenth of combined income of the new EU members. Likewise, progress toward democracy in the southern Mediterranean states has been slow compared to the pace of democratization in Latin America, Eastern Europe, East Asia, and sub-Saharan Africa.

Agreement (FTA) by 2010 and to promote regional development by attracting foreign direct investment (FDI).

¹⁴ The original plan was to launch the document at the Marseille Conference in November 2000, but progress on the Charter stopped at this very meeting. Fulvio Attina, *The building of regional security partnership and the security culture divide in the Mediterranean region*. Working Paper, Institute of European Studies, UC Berkeley, 2004.

Obstacles to success in EMP

Why these disappointments? As noted above, the Israeli-Arab conflict, in general, and the Israeli-Palestinian conflict, in particular, together with the events that were unleashed by the terrorist attacks of 9/11, provide two of the most visible obstacles to the realization of the goals of the Barcelona Declaration. Since the EMP's inception in 1995, the Middle East peace process has been halting and uncertain, and the higher the tensions, the more the EMP has been disrupted and weakened.

But the failed Israeli-Palestinian peace process has not been the only roadblock to EMP progress. A number of other obstacles have emerged to block or distort the realization of EMP goals. Within Europe we have seen a move to the right and the rise of nationalism, with frightening implications for the EU's relations with the Arab world and specifically for the Euro-Mediterranean process and its multilateral agenda. In recent years, anti-immigrant parties have enjoyed alarming success in elections throughout Europe. Their decidedly anti-liberal stance, nationalism, xenophobia, and commitment to territoriality, sovereignty and self-reliance spell a rejection of "multilateralism," openness, and construction of a regional identity--principles which lie at the heart of the Euro-Mediterranean partnership.

Despite the fact that Europe will need to revitalize its labor force with immigrants in the coming years¹⁵ and youth unemployment in the Mediterranean partner countries is a growing scourge, anti-immigration sentiment continues to grow. Fears that right wing majorities would demand a "Fortress Europe" were deepened in 2002 when EU members of the European Council appeared determined to strengthen border controls to stem immigration from the Mediterranean region. British Prime Minister Tony Blair had even suggested that the British Royal Navy might be willing to use gun boats in the Mediterranean in order to halt immigrants from entering the EU.¹⁶

A third obstacle is the persistence and strengthening of authoritarian regimes in North Africa and in the Middle East. These regimes reject the liberal orientation of the Barcelona process and resist any kind of "conditionality" imposed

¹⁵ By 2023, the ratio of working to retired people in the EU will fall from 4:1 to 2:1. During the 1990s employment increased three times more in Europe than in the Southern Mediterranean partner countries (9.8 percent per year as opposed to 3.4 percent.) Unemployment in the NMMCs is about 2.5 times higher than in Europe. Population growth and high unemployment in the NMMCs combined with labor market pulls from Europe have increased the pressure on migration. See Heba Handoussa and Jean Louis Reiffers. "The Impact of EU enlargement on the Mediterranean Partners." Femise Contribution to the 7th Annual Meeting of Experts on Economic Transition in the Southern Mediterranean countries (April 23-24, 2003).

¹⁶ Muhammad Shaaban, "The Impact of Enlargement on the Euro-Mediterranean Partnership," XIV Information and Training Seminar, Malta (April 25, 2003).

upon them. As Calleya¹⁷ writes: “many of the requirements of free trade and greater foreign investment (abolition of monopolies and licensing arrangements, reduction of customs and excise fees, legal security and transparency, autonomous civil society organizations and institutions) threaten the revenue-base and even the power base of neo-patrimonial authoritarian regimes.” Many of these states are also torn by internal schisms and by blurred territorial definitions. Their very existence is tenuous, and their own national identities are uncertain. It is questionable whether, without a secure national identity, these states will be able to assume the regional identity believed to be necessary for the success of the EMP.¹⁸

A fourth obstacle lies in the divergence of expectations and goals that the various partners bring to the table. While European countries seek stability through the “careful Westernization” of the Arab world,¹⁹ or the “convergence of civilizations” toward the European model, the Arab world seeks preferential access to European markets and development aid, resisting Europe’s vision of convergence.

Two historical legacies—colonialism and economic “backwardness” provide a fifth obstacle. Colonial domination and exploitation have bred deep-seeded resentment and created cultures of victimization in North Africa and the Middle East. The economic “backwardness” of the Arab states around the Mediterranean has been perpetuated and deepened by colonialism and European domination. The trade dependence of the NMMCs on the EU has increased in recent years, while Europe’s trade dependence on the NMMCs is negligible and consists primarily of dependence on energy supplies. Even that dependence is likely to weaken as the EU enlarges and begins to look eastward to the former Soviet Union to fill its energy requirements. The economic inequality between Europe and the rest of the Mediterranean has created a structure of asymmetrical interdependence, giving the EU the upper hand in all negotiations in the Euro-Mediterranean process.

The imbalance is reinforced in the Euro-med negotiating process: despite efforts to overcome bilateralism, European countries negotiate as a bloc through the EU, while the Southern Mediterranean countries sign agreements and negotiate bilaterally with the EU (as well as individual member states) on all issues. Thus, the Barcelona Process, despite its multilateral dimension, did not amend a

¹⁷ Stephen C. Calleya, “The Euro-Med Partnership and Sub Regionalism: a case of Region Building?” Paper prepared for the conference: *The Convergence of Civilizations? Constructing a Mediterranean Region*, Lisbon, (June 6-9, 2002).

¹⁸ Raefaella A. Del Sarto, *Contested Identities as Domestic Constraints to Regional Security: The Case of the Euro-Mediterranean Region* (Ph.D. thesis, The Hebrew University of Jerusalem, Department of International Relations, 2003).

¹⁹ Alfred Tovias, *Economic Liberalism in Theory and Practice*, Working Paper, Institute of European Studies, UC Berkeley, 2004.

negotiating process that reinforced the power imbalance between the EU and its Euro-Med partners.

Clearly, the management of the EMP by the Commission perpetuates and recreates an asymmetry between EU member states and the rest in a manner that continues to generate the critique of neo-colonialism; there is no equivalent management structure among the non-member partners of the EMP. The Euromesco Joint Report of 1997-98 suggested that while the Commission should retain a management role, stopping short of the creation of a Secretariat, a 'ProMed' group of civil servants from the NMMCs should be constituted to act in a management capacity as a partner of the Commission. However this form of institutionalization has yet to be implemented or discussed.²⁰ With regard to the economic basket, all decisions are in the hands of the EU, where decisions on trade and aid are reached through compromises among the 25 members.²¹

Aid is disbursed directly from the EU budget on a bi-lateral EU—individual NMMC basis. Toviás notes that the term "bilateral" is perhaps a misnomer because all aid is given on a unilateral basis from the EU to the NMMCs. There have been no negotiations between the EU and NMMC within an EMP forum over how that aid is disbursed or how much aid will be offered to each MNMC. Before the Valencia meeting in April 2002, Spain advocated the creation of a Euro-Mediterranean Bank that would place EU members and non-members on an equal footing, a suggestion that found favor in several countries of the Maghreb. But because of opposition from the northern European countries, the idea was diluted into increased credit provision via the European Investment Bank, where decisions on aid would continue to be made unilaterally by the EU.²²

²⁰ Alvaro Vasconcelos, "Europe's Mediterranean Strategy: An Asymmetric Equation." Paper prepared for the conference: *The Convergence of Civilizations? Constructing a Mediterranean Region*, Lisbon (June 6- 9, 2002): 2.

²¹ There is no voting mechanism for EMP decisions. Although the European Parliament proposed the establishment of a Euro-Mediterranean Parliamentary Assembly at the Valencia meeting (Gillespie 2002, p. 12), no concrete decisions have been taken to create one. Decisions in the EMP on political and cultural issues are made by consensus. There is no formal voting. Veto power by any of the 27 EMP members is the rule (Lannon et al. 2001, pp. 117-8). Before any EMP ministerial summit, each EMP member country prepares its national position on the different items on the agenda. Positions are shaped by a combination of business lobbies and member state conceptions of the national interest. While each state fashions its own position, the position of the EU member states is coordinated by the Commission; member states are represented by their own ministers at the EMP bi-annual intergovernmental Summit. There is almost no leeway for a state to negotiate its position once in the Summit (Toviás 2002). See E., K. Lannon and Inglis and T. Haenebalcke. "The Many Faces of EU Conditionality in Pan-Euro Mediterranean Relations" in *The EU's Enlargement and Mediterranean Strategies*, eds. Maresceau, M. and E. Lannon, E. (London: Macmillan, 2001).

²² Richard Gillespie, "Regionalism and Globalism in the EMP: The Limits to Western Mediterranean Co-operation," Paper prepared for the conference: *The Convergence of Civilizations? Constructing a Mediterranean Region*, Lisbon (June 6- 9, 2002), 12.

Enter the 2004 “Enlargement” and the “New Neighborhood” Policy

Will the 2004 Enlargement and the “New Neighborhood” policy contribute to progress in strengthening the Euro-Med partnership, or will it present yet another obstacle to cooperation? Will it inject new life into the Barcelona process and its projection of “civilian” power? Or will it feed into a relationship of dominance and dependence between the EU and the southern states of the Mediterranean? Whether positive or negative, there will certainly be an impact. The 2004 enlargement of the EU created the largest internal market and the largest regional bloc in the world, a region that rivals the United States in population, gross domestic product, and scientific and technological capabilities.

Recognition of that influence is embodied in the “Wider Europe-New Neighborhood” policy (ENP). In 2003, the European Commission published a concept paper, entitled title “Wider Europe – Neighborhood: A New Framework for Relations with our Eastern and Southern Neighbors.” Directed explicitly to countries “that do not currently have the perspective of membership of the EU,”²³ its intent was to set forth an initiative that would “avoid drawing new dividing lines in Europe,”²⁴ but at the same time would stipulate relations with neighboring states who would have no concrete prospect of accession. These states were “Russia, the countries of the Western Newly Independent States of the former Soviet Union and the Southern Mediterranean”, which “should be offered the prospect of a stake in the EU’s Internal Market and further integration and liberalisation to promote the free movement of – persons, goods, services and capital.”²⁵

Despite the stated effort to avoid divisions, the ENP divided the EU’s “neighborhood” into three areas. In the first are the four official accession countries – Bulgaria, Croatia, Romania, and Turkey – as well as the applicant country Macedonia. Because they are potential accession countries, they are excluded from the “policy,” although they are presently in the “neighborhood.” In the second, to the East, are Ukraine, Moldova, Belarus and Russia. Finally, to the south, 10 Southern Mediterranean countries in the EMP are grouped as potential partners “to develop a zone of prosperity and a friendly neighborhood.” The explicit goal in regard to these countries is “to anchor the EU’s offer of concrete benefits

²³ Commission of the European Communities. 2003. Communication from the Commission to the Council and the European Parliament. *Wider Europe- Neighborhood: A New Framework for Relations with our Eastern and Southern Neighbors.* COM (2003) 104 final. Brussels, p. 4.

²⁴ Of course enlargement creates new dividing lines. New visas would be required in order to enter the new member states and the inclusion of new members in the Common Market created new trade barriers along the new eastern and southern borders of the EU, *Ibid*, p. 4.

²⁵ Commission of the European Communities. 2003. Communication from the Commission to the Council and the European Parliament. *Wider Europe- Neighborhood: A New Framework for Relations with our Eastern and Southern Neighbors.* COM (2003) 104 final. Brussels.

and preferential relations within a differentiated framework which responds to progress made by the partner countries in political and economic reform.”²⁶

After the enlargement, in May 2004, the Commission published a further strategy paper on the EU’s “neighborhood policy.” This paper added the Southern Caucuses as “neighbors” for purposes of the policy and included Action Plans calling for “political dialogue and reform; trade measures preparing partners for gradually obtaining a stake in the EU’s Internal Market; justice and home affairs; energy, transport, information society, environment and research and innovation; and social policy and people-to-people contacts.”²⁷ Echoing the earlier paper, the EU would offer incentives to the neighboring countries in return for successful implementation of political and economic reform and adoption of EU rules.²⁸ In the Fall of 2004, the Commission added financial incentives, providing something like the EU structural funds in return for compliance with the Action Plans. These incentives would, in turn, influence internal developments in the EU’s neighboring states. Finally, the strategy paper strongly encouraged sub-regional cooperation in Eastern Europe and the Mediterranean.²⁹ It names several issue areas where sub-regional cooperation is considered useful, for example in the realm of economic cooperation, environment, nuclear safety and natural resources, migration, civil society etc.

Many analysts and the EU Commission itself have proclaimed that the most recent enlargement and the attending “New Neighborhood” initiative will strengthen the goals of the Barcelona process.³⁰ Consequently, the EU may be able to exert more muscle in bringing the Israeli-Palestinian conflict to a peaceful

²⁶ *Ibid.*, p. 9.

²⁷ Commission of the European Communities, Communication from the Commission to the Council and the European Parliament. *European Neighbourhood Policy Strategy Paper*, COM(2004) 373 final. Brussels.

²⁸ These are: Extension of the Internal Market and regulatory structures, preferential trading relations and market opening; perspectives for lawful migration and movement of persons; intensified cooperation to prevent and combat common security threats; greater political involvement of the EU in conflict prevention and crisis migration; greater efforts to promote human rights, further cultural cooperation and enhanced mutual understanding, integration into transport, energy and telecommunications networks and the European research area; new instruments for investment promotion and protection; support for integration into the global trading system; enhanced assistance, better tailored needs; new sources of finance.

²⁹ Commission of the European Communities. 2004. Communication from the Commission to the Council and the European Parliament. *European Neighbourhood Policy Strategy Paper*, COM(2004) 373 final. Brussels.

³⁰ The 2004 EU enlargement brought two Mediterranean Partners (Cyprus and Malta) into the EU, while adding a total of 10 to the number of member states. The Euro-Mediterranean Partnership thus now comprises 35 members, 25 EU member states and 10 Mediterranean Partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey). Libya has observer status since 1999.

solution. And the membership of Malta and Cyprus—and later Turkey—might be important in keeping Mediterranean issues high on the EU agenda.³¹ Gillespie³² suggests that the new member states may support the Euro-Med process if they conclude that “democracy promotion in particular is an area of EU activity in which they have a rare opportunity to underline their own national achievements.” He goes on to report that “the new initiative may encourage the introduction of instrumental reforms by ‘reluctant democratizers’ . . . and could even strengthen the local appeal of pro-democracy political elements within North African countries.” Finally, it has been suggested that the NMMCs need not fear that migration from the new member states will further block the “free movement of people” from the Southern Mediterranean: although the new members add new workers to the EU population, the demographic characteristics of the new member states are very similar to the EU 15,³³ and migration will be restricted. Thus the new members will not add significant weight to current migration flows and will not affect the flows of migration coming from the Southern Mediterranean.³⁴

Economic Benefits or Costs?

In fact, however, the most obvious impact of enlargement will be economic. Enlargement not only opens new markets to the Southern Mediterranean countries, it has changed tariff and non-tariff barriers to trade, abolishing non-tariff barriers for new members, and keeping them in place for the EMP countries linked to the EU through a Free Trade agreement. This means that the NMMC’s will have to enhance their competitiveness and pay even more attention to economic reform. Private investment decisions will be affected by changes in market prospects. And labor market considerations will change, influencing migration patterns. Public financial flows will also be affected. In preparation for the 2004 accession, the EU devoted the bulk of its technical and financial aid to the prospective new members. To date, the volume of EU aid for the Euro-Med region is miniscule when compared to what was disbursed in the accession countries before May 2004. By 2003, EU funds allocated to the accession countries averaged € 545 per capita per year compared to €14 per capita per year for the Euromed partners.³⁵ The hope among some southern Mediterranean analysts is that now

³¹ Muhammad Shaaban, *op. cit.*

³² Richard Gillespie, *A Political Agenda for Region-building? The EMP and Democracy Promotion in North Africa*, Working Paper, Institute of European Studies, UC Berkeley, 2004.

³³ Handoussa and Reiffers (2003) report that the average growth rates of the population of the Central East European countries were -0.15% between 1975 and 2000.

³⁴ *Idem.*

³⁵ Handoussa, Heba and Jean Louis Reiffers. 2003.

the EU can devote more resources to the EMP, in particular, its economic basket.³⁶

As noted above, the “New neighborhood” policy includes a proposal for deeper integration of the neighboring countries, including the Mediterranean partners, in the EU Single Market, not only for goods (an aspect that is largely covered by the Association Agreements) but also for services, capital movements and (as a long-term objective) movement of persons. Harmonization of the regulatory environment and liberalization of trade in services may potentially have even stronger positive economic effects than liberalization of trade in goods.

But some analysts are skeptical. Toviias argues that as the EU looks eastward for products that currently come from MNMCs, EU non-tariff trade barriers will “bite” more than before. This will deepen Arab suspicions of European neo-colonial intentions in the Euro-Med process. Agricultural competitors from the new member states are already slowing Egyptian agricultural exports to the EU to a trickle. Despite claims to the contrary³⁷ enlargement is likely to have an adverse impact on Mediterranean countries' export access and market share in the EU.

Some trends in this direction have already emerged. Handoussa and Reiffers³⁸ report that NMMC exports to the EU increased by 7.2 percent per year on average since 1990 (8.4 percent for non-oil exports) versus 4.2 percent toward the rest of the world (6.9 percent non-oil). This increase drove up the share of total exports from the Mediterranean Partners to the EU from 45 percent in 1990 to 51 percent in 2001. On the other hand, the exports of the accession countries to the EU increased by 10.5 percent per year on average since 1995, versus 8.7 percent with the rest of the world, thus increasing the share of the accession countries' exports to the EU to 67 percent in 2001. This differentiated progress led to a significant growth of the accession countries' market share in the EU (10.9 percent of EU non-European imports in 2002 versus 7 percent in 1995) larger than the growth in the share of the MNMCs (6.6 percent in 2002 versus 5.6 percent in 1995).

Furthermore, with EU enlargement, most Foreign Direct Investment (FDI) from the EU 15 is now flowing to the new member countries in Eastern Europe. Without an infusion of capital, non-member countries of the Middle East and North Africa (MENA) will most likely remain low-wage raw materials suppliers and export platforms for the EU's industrial machine. To the extent that FDI flows into the region, it will be attracted by low-cost labor and will concentrate in labor-intensive production methods across the industrial spectrum. In modern

³⁶ Shaaban, Muhammad 2003.

³⁷ Margot Wallström, “The European Neighbourhood Policy and the Euro-Mediterranean partnership,” Speech before the Euro-Mediterranean Parliamentary Assembly,” Cairo (March 14, 2005); Ferrero-Waldner, Benita, “Euro-Mediterranean Relations.” Speech to the European Parliament, Strasbourg (February 23, 2005).

³⁸ Handoussa, Heba and Jean Louis Reiffers. 2003.

sectors, plants in these countries might be simply “screwdriver factories”—assembling final products, importing key components, and using few local suppliers. Other foreign investments might be in “services”—sales, marketing, and distribution outlets for imports produced in the EU. Or investments will flow to low-technology extractive sectors, like oil and gas. All innovative activity would continue to be concentrated in the EU as the “core.” This means that prospects for rapid economic development of the NMMCs are bleak.

Will the new member states support the EMP? Gillespie³⁹ suggests that, having undergone the stress of transforming their own political and economic systems in order to qualify for EU membership, they may be reluctant to support economic programs that bolster North African and Middle Eastern states that do not reform their regimes and address the root causes of political instability. At best, because they must continue to focus on their own economic growth and political reforms, and they may show little interest in the Euro-Mediterranean Partnership. After all, they are potential competitors in trade, and only 2 percent of total EMP exports are now bound for the new member countries of the EU.

Although certainly not all of the evidence is in, and the impact of enlargement will vary for the countries of the Southern Mediterranean, I believe that EU enlargement is unlikely to help close the economic gap between North and South in the Mediterranean region. As noted above, in the run-up to enlargement, as the economies of the accession countries grew, most of the EU’s Mediterranean partners moved ahead very slowly. Indeed, the economic gap between the EU and the NMMCs is widening at an alarming rate. And as Stephen Calleya⁴⁰ has noted, in the run-up to enlargement, “the prosperity gap with Europe, especially Central European countries . . . would have widened even further without the recent rise of oil prices and a significant slowdown of demographic growth, the only positive developments in the [Mediterranean] region.”

“New Neighborhood”: Integration or Exclusion?

Contrary to the EU’s claims above, the “New Neighborhood” Policy accompanying enlargement seems to signal exclusion rather than closer integration into the European “space,” and—like the enlargements of the 1980s—to again prevent the creation of a Mediterranean “region.” Indeed, efforts to design and build a “New Neighborhood policy” may subvert the region-building project of the EMP. Four indicators of subversion are likely to appear: 1) new divisions in the Mediterranean region resulting from enlargement, 2) the weakening of sub-regional cooperation, 3) perceptions of exclusion on the part of the NMMCs, and

³⁹ Richard Gillespie, 2004.

⁴⁰ Stephen C. Calleya, 2002.

4) contradictions in the conditionality requirements that may push the NMMCs further from Europe. Each of these indicators deserves brief discussion.

First, this most recent enlargement, like earlier enlargements before it, has gathered some Mediterranean countries into its fold while explicitly espousing a policy of exclusion for others, since there is nothing in the ENP that offers the prospect of accession. This means that the NMMCs must bear the burden of adjustment to the EU's rules and norms without the prospect of membership. And a new class of economic winners and losers may be created by the ENP, dividing the region further.

Secondly, the ENP may inhibit cooperation among the countries of the Southern Mediterranean. In April 2000, Chris Patten, in an effort to build reliable regional negotiating partners, advocated the creation of sub-regional free trade areas, offering EU support for any efforts to establish multilateralism as a principle of South-South Cooperation. In 2001, the Arab League established an Arab Free Trade Area to be completed by 2007. In addition, the Agadir Declaration of May 2001 announced the establishment of a free trade area between Morocco, Tunisia, Egypt and Jordan. The EU offered technical assistance to the "Agadir Process," and the Valencia Action Plan supported efforts on the part of North African countries to revive the Arab Maghreb Union.

But the ENP is very likely to undermine these efforts. As Fischer⁴¹ has pointed out, "although the ENP strategy paper strengthens the idea of sub-regional cooperation, ENP remains by and large a bilateral approach to the region." And as Gillespie writes:

In the absence of a strong Maghrebi or North African regional bloc, some countries may obtain material benefits from a substantial increase in integration with Europe (so long as the policy is adequately funded) . . . Others may fail to qualify for—or decide not to seek—a comparable place on the revised 'pyramid of privilege' (the metaphor traditionally used when classifying EU relations with third countries); in response, they may become more inward-looking and reliant on traditional sources of cohesion and identity, or may look for alternative international alignments.⁴²

Third, Shaaban⁴³ reports that one of the most pressing concerns generated by EU enlargement in the Southern Mediterranean is the inevitable feeling of exclusion from the EU. And this exclusion is based only on geography - the "simple fact of being located on the "wrong" side of the Mediterranean." Feelings of exclusion can produce hostility, fuel social discontent, and strengthen perceptions

⁴¹ Sabine Fischer, "The EU's strategy of "New Neighborhood" and its impact on international relations in the FSU." Paper prepared for the International Studies Association Annual Meeting, Honolulu, Hawaii (March 1-5, 2005).

⁴² Richard Gillespie, 2004.

⁴³ Muhammad Shaaban, 2003.

of discrimination upon which radical political elites like to feast. This slippery slope of exclusion, hostility, and backlash can generate friction around the Mediterranean Sea that will further cause a fragile “regional identity” to disintegrate.

Finally, the liberal agenda of the Barcelona Process and of the ENP carries with it its own problems and contradictions that exacerbate the consequences of perceptions of exclusion. In the short run, economic inequities are exacerbated by the conditionality policies of *economic liberalization*. In this way, economic liberalization can undermine the process of *political liberalization* envisioned at Barcelona and in the ENP by exacerbating economic inequality and thus endangering liberal democracy. George Joffe’s⁴⁴ discussion of the effects of the imposition of the “Washington Consensus” in Algeria provides an apt example. There, economic liberalization facilitated the growth of an unaccountable elite, feeding on patronage and outside of the control of the democratic state.

Furthermore, liberalism is considered by many Muslim critics to be an unattractive blueprint for social and economic life. Its relentless insistence on individual freedom and competition weakens community. Community provides protection, cooperation, and mutual obligation, but strong community also interferes with the operation of the market and its principles of individual self-interest and competition. Markets, in turn, breed insecurity and inequality, feeding the longing for human community. Many Muslim critics regard the market as deficient and flawed for these reasons.

And many Muslim leaders eschew democracy, arguing that many democracies pay only lip service to the rule of law, minority and citizen rights, and independent judicial review. With its “tyranny of the majority,” repression of minorities, and absence of a binding system of values, democratic systems, they argue, can actually exacerbate social and cultural conflict. In periods of economic uncertainty and political transition, when states that once provided entitlements pull back or are dismantled according to neo-liberal demands, when democracies are so constructed that they fail to protect rights, and when the introduction of markets leads to deep insecurities, the strong values and rich symbolic resources of community and religion offer hope in their promise of collective power to those populations who feel powerless.⁴⁵

In short, Europe’s liberal identity and its liberal discourse and practices are out of step with the reality that Europe’s interaction with Arab world has helped create. Thus, *the Barcelona Process and the ENP may be caught between the*

⁴⁴ George Joffe, “The Role of Violence within the Algerian Economy” *Journal of North African Studies* 7, no. 1 (2002): 1-20.

⁴⁵ Fareed Zakaria, “The Rise of Illiberal Democracy” *Foreign Affairs* 76, no. 6 (1997); Beverly Crawford, “The Causes of Cultural Conflict: An Institutional Approach” in *The Myth of Ethnic Conflict: Politics, Economics and Cultural Violence*, eds. Ronnie D. Lipschutz and Beverly Crawford, (Berkeley: International and Area Studies, 1998).

language of post-colonialism and the behavior of neo-colonialism. What this means is that Europe's insistence on liberal practices embodied in the Copenhagen criteria, which were so successful elsewhere, for example in eastern Europe, are out of step, not only with Muslim states and Europe's negative legacy in the Muslim world, but, also with Europe's own political objectives and its turn to the right.

Conclusions

Perhaps the most important aspect of the Euro-Med partnership for the creation of stability and prosperity on Europe's southern border is the idea of "region building" contained in the Barcelona Declaration. Theorists of regionalism point to regional integration in the post-cold war context as a key indicator of international change because regional integration changes the character of state sovereignty and national identity. Regions are conceptualized, not in terms of geographical contiguity, but rather in terms of purposeful social, political, cultural, and economic interaction among states that often (but not always) inhabit the same geographical space.⁴⁶ Theorists of the new regionalism hypothesize that the purposeful guidance of these interactions can lead to the creation of a regional political culture and a regional "identity" that will have important implications for peace and stability.⁴⁷ Applied to the Mediterranean region, the hope is that the EuroMed process could serve as a laboratory for new forms of "mutual recognition in deep conflict prone settings . . . a laboratory for the honing of overlapping identities binding together groups and individuals. . . [inspiring] a different, truly universal, kind of international politics."⁴⁸

But the arguments made here suggest that a number of factors, including the protracted Israel-Palestine conflict, the rise of right-wing extremism in Europe, the persistence of authoritarian regimes in the Southern Mediterranean and the tensions between economic and political liberalization militate against success in building a stable and prosperous Mediterranean region. The enlargement of the EU and the accompanying "new neighborhood" policy may exacerbate these problems by limiting NMMC exports to Europe, by diverting resources from the EU 15 away from the Mediterranean region, by a lack of interest on the part of the new East European members in Mediterranean stability, by dividing the region again between members and non-members, and by inhibiting the growth of sub-regional cooperation.

⁴⁶ Stephen C. Calleya, *Navigating Regional Dynamics in the Post-Cold War World: Patterns of Relations in the Mediterranean Area* (Aldershot: Dartmouth, 1997).

⁴⁷ Jong Choi, Young and James. A. Caporaso. 2002. "Comparative Regional Integration," in Walter Carlsnaes, Thomas Risse, and Beth A. Simmons, eds., *Handbook of International Relations*, London: Sage.

⁴⁸ Nicolaidis Kalypso and Dimitri Nicolaidis, 2005.

If this pessimistic scenario is correct, it is unlikely that the EU's Mediterranean policy in the context of enlargement and the ENP signals a new era of "civilian power" with region-building as the longest pole in the tent. The perpetuation of core-periphery relations, bilateralism, exclusion, conditionality, and perceptions of exploitation militate against region-building, possibly leading to the Mediterranean "tent's" collapse.

The factors that have weakened the Barcelona Process all suggest that the "realist" view of Europe's relationship with its neighbors may be the more correct one. It is not Europe's "magnetic allure," as Robert Cooper calls it, that draws Europe's neighbors to accept its human rights standards, its liberal democracy, or economic openness, but rather conditionality requirements for aid that place its neighbors at the bottom of a "pyramid of privilege," that is likely to inhibit the kind of region-building that those who prefer the exercise of "civilian power" would like to see. From the vantage point of the Southern Mediterranean, Europe's behavior is that of a neo-colonialist.

Of course, there are good reasons to attempt region-building within the realist paradigm of international relations. As Brooks and Wohlforth⁴⁹ have remarked, "states often build regional partnerships in order to balance against the overwhelming power of another state." The Euro-Med process was part of the EU's effort to balance the influence of the United States. If the EU could not yet aspire to be world hegemon, it could be a regional one, a power that would assert its preeminence over the US in North Africa and the Middle East. This preeminence would not be induced by direct political action, mediations, and missions, but rather by a systematic use of economic tools to create a region for political ends.

But the project of EU enlargement has overshadowed the process of region-building in the Mediterranean—whether that process is motivated by "realist" goals or by the desire to pursue the system-changing goals of a civilian power. EU enlargement has provided Europe with resources and markets that were always elusive in the Euro-Med process. It has given the new members the badge of a European regional identity. The Euro-Med process will continue within the context of the ENP but the Europe's only viable region will be built by the project of enlargement.

Nonetheless, despite this suggestion that there is an unhappy connection between the EMP and EU enlargement, it is not clear that the Southern Mediterranean would be better off without the Euro-Med partnership. After all, MEDA has poured billions of euros into the Southern Mediterranean but very little into countries of the eastern "neighborhood," such as Ukraine. One could argue, of course, that countries to the east of the EU are potential members of the European "club." As such they may have privileged access to EU resources that will

⁴⁹ Stephen G. Brooks and William C. Wohlforth "American Primacy in Perspective" *Foreign Affairs* 81, no. 4 (July/August, 2002).

never be available to the NMMCs. Nonetheless, to date, the Southern Mediterranean receives more aid than ever envisioned for Europe's eastern neighbors in the ENP.

Furthermore, as suggested above, it is not entirely the fault of the EU that sub-regional cooperation has faltered in the Southern Mediterranean. Because of their exclusive focus on Europe for aid and trade, Southern Mediterranean countries have not been eager to cooperate among themselves. The EU is quite happy to work with other regional groupings, such as ASEAN and MercoSur; and, as noted above, has offered to help stimulate sub-regional cooperation in the Mediterranean. Indeed, if the NMMCs would resolve to create a cooperative sub-region, they would be a more powerful negotiating partner for the EU. EU enlargement and the ENP may, in the end, not be helpful to the Barcelona Process, but the process itself is clearly in need of reform and its disappointments have many causes. As for the ENP itself, we can expect it to be a weak policy instrument—whether used as an instrument of power or as long as the prospect of EU membership is not offered to Europe's “neighbors.”

The Impact of Enlargement on the External Relations of the EU

Roberto Domínguez

Introduction

This paper focuses on the impact of the fifth enlargement on the European Union Foreign Policy (EUFP). In the context of the U.S attack on Iraq in 2003 and the rhetorical image of the “old” and “new” Europe, a pervasive perception emerged that the voice of the EU would be weakened after May 2004. The EU-25 is now 11 months old and many questions are still up in the air. Will the new members act together as a block? Are the new members likely to become Trojan horses for the United States and thus prevent the development of a European security policy? The preliminary answer is that the EU has undergone a gradual process of adaptation, which was initiated prior to the formal enlargement and continues in the context of the participation of the new members in the EU foreign policy making. Rather than derailing the EUFP and despite the intrinsic differences among national foreign policies, it seems that new and old members negotiate on a daily basis to find consensus and implement the objectives of the EUFP.

Analytical Framework

Ulrich Sedelmeier has argued that EU enlargement “should not be only considered the dependent variable in an analysis of EFP or EU identity politics, but also as an independent variable that affects both EU identity and EFP.”¹ The point highlighted by Sedelmeier reflects one of the analytical challenges of the enlargement process for the EUFP: the transition from candidate country (outsider) to member state (insider). These two stages are part of the same process; however, both have different implications for EU policy making.

¹ Ulrich Sedelmeier, *EU Enlargement, Identity and the Analysis of European Foreign Policy: Identity Formation Through Policy Practice* (European University Institute Working Papers, no. 2003/13, Florence, Italy), 1.

The first dimension of enlargement comprises the ten candidate countries (outsiders) as objects of the policies of the EU. After May 1, 2004, however, the shift to the second dimension indicates that the new members are not outsiders any more and participate in the policy making of the external relations of the EU.

Based upon this premise, the dependent variable of this analysis is the EUFP. In this paper, the EUFP is understood as the *web of decisions, actions, and principles taken by European Union institutions in order to carry out interests and policies in world affairs.*² Unlike the broad concept of external relations, the term “policy” reflects a “course or principle of action adopted or proposed by an organization or individual.”³

On the other hand, the independent variable is the enlargement process, which is understood, based upon Schimmelfenning, as a “process of gradual and formal (informal as well) horizontal institutionalization of organizational rules and norms.”⁴ As previously mentioned, the fifth enlargement of the EU presents two different characteristics in the pre- and post-accession stages.

In the pre-accession stage, the enlargement of the EU has been the most important event on the old continent in the past fifteen years. The uncertainty caused by the end of the Cold War was guided by an EU-lead process of reinventing the constitutional structure and political practices of Central and Eastern Europe. Certainly, in terms of norms and practices, former centralized economies moved towards the EU model as reflected in the 80,000 pages of the *acquis communautaire*. In the words of two realist scholars, “The resulting negotiations have until recently been more than a process of checking off a massive and essentially non-negotiable list of EU laws and regulations, chapter by chapter.”⁵ This stage was “mostly, but not exclusively, a one way” relationship, from the center (EU) to the periphery (CEEs).

The post-accession stage is taking place in a new legal and normative environment. As members of the EU, the newcomers are able to participate in the policy making of the integration process and negotiate their interests from a better position than in the prior stage. Depending on the issue to be negotiated, they form alliances with other newcomers, big or Atlanticist members, just to mention a few examples of the “multiple lane highway” of interest interaction. Thus, the

² Roberto Domínguez, *European Union Foreign Policy: Agents, Structures and Preferences* (Ph D Dissertation, University of Miami, 2005).

³ Pearsall, Judy, ed. “Policy.” *The Concise Oxford Dictionary*. Oxford University Press, 2001. <http://www.oxfordreference.com/views/ENTRY.html?subview=Main&entry=t23.e55183>. Accessed September 13, 2004.

⁴ Frank Schimmelfenning and Ulrich Sedelmeier, “Theorizing EU Enlargement: Research Focus, Hypothesis, and the State of Research” *Journal of European Public Policy* 9, no. 4 (August 2002): 503.

⁵ Andrew Moravcsik and Milada Anna Vachudova, “Bargaining Among Unequals: Enlargement and the Future of European integration” *EUSA Review* 15, no. 4 (Fall 2002): 1.

convergence between old and new members' foreign and security policy behavior is likely to increase in this stage as the socialization effect of EU governance on the accession countries grows.⁶

Thus, EUFP has undergone an adaptation process in order to respond to the challenges of the fifth enlargement. By policy adaptation, Michael E. Smith means "either a change of an existing position or the creation of a new position on an unsettled policy problem thanks to the state's participation in the EPC/CFSP system. This system imposes specific foreign policy obligations on its member states, by virtue of EU membership in general and particularly when holding the EU presidency or representing the EU abroad."⁷ Under this premise, what has been the EU foreign policy adaptation in the pre- and post-enlargement stages?

Pre-Accession Stage and Foreign Policy

In this period, there are four main features. The first is the historic trend of regional shifting in some areas of foreign policy every time the EU has enlarged. The UK, with its Commonwealth experience, pressed to change the EC's links with the third world; the result was the renegotiation of the Yaoundé Convention, which gave birth to the Lomé Convention. On the other hand, in 1986, Spanish and Portuguese membership also prompted a more active approach toward Latin America whereas the membership of two Nordic states in 1995 led to the emphasis on the Northern Dimension.⁸

The regional or policy orientation new members bring into the EU foreign policy agenda does not vanish during the first years of their membership; it remains on the agenda. As part of the current institutional structures, the rotating presidency system is an opportunity for the member states to pull the EU's external priorities in different directions. French, Italian and Spanish presidencies in the mid-1990s attempted to re-balance EU attention from the east to the south (Barcelona Conference), whereas the Finnish and Swedish presidencies launched a series of northern initiatives (Northern Dimension).⁹

The second characteristic in the pre-accession phase is the definition and negotiation of the terms of accession as well as the supervision of the internaliza-

⁶ Nuray Ibryamova, *Eastern Enlargement and the European Union's Security Agenda* (Paper Presented at the CEEISA/ISA International Convention Budapest, Hungary, June 26-28, 2003).

⁷ Michael E. Smith. "Institutionalization, Policy Adaptation and European Foreign Policy Cooperation," *European Journal of International Relations* 10, no. 1 (2004): 114.

⁸ Clive Archer, "The European Union as an International Political actor" in *European Union Enlargement*, ed. Neill Nugent (New York: Palgrave, 2004), 234.

⁹ William Wallace, *Looking After the Neighborhood: Responsibilities for the EU-25* (Groupe-ment D'Etudes et de Recherches Notre Europe, Policy Paper 4, July 2003): 5.

tion in the candidates of the *acquis communautaire*. Out of 31 chapters set by the EU to negotiate the accession of new members, three are closely related to the external relations of the EU, namely, Chapter 25 (Customs Union), 26 (External Relations) and 27 (CFSP).

Since the first day of accession, the customs administration of the new member states manage and control their borders, which are the new external borders of the Union. The *acquis* in Chapter 25 refers to the Community's Common Customs Tariff, which includes trade preferences, tariff quotas and tariff suspensions, and other customs-related legislation outside the scope of the customs code, such as legislation on counterfeit and pirated goods, drug precursors and the export of cultural goods. Transitional arrangements were negotiated in only two cases. Hungary negotiated the imports of aluminum, and Malta was granted a five-year transitional period for the import of woven fabrics of combed wool or of combed fine animal hair, denim, woven fabrics of artificial filament yarn and other clothing accessories.¹⁰

On the other hand, Chapter 26 covers the Community's economic and trade relations with third countries and international organizations as well as cooperation and assistance. The common commercial policy has particular political significance as the external aspect of the single market and as the policy of the largest trading power in the world.¹¹ No transitional arrangements were negotiated in this chapter.

Due to the particular intergovernmental nature of the *acquis* in Chapter 27 (CFSP),¹² no transposition into the national legal order of the then candidate countries was necessary. Nevertheless, "as member states they must undertake to give active support to the implementation of the CFSP in a spirit of loyalty and mutual solidarity. Member states must ensure that their national policies conform to the common positions and defend these common positions in international fora."¹³

The third feature is the approximation of positions between the EU and candidate members on world affairs issues. The general trend is that with "any move closer to membership, countries become increasingly socialized in the EU's ways of doing business."¹⁴ In 1994, a dialogue was established at all CFSP levels to

¹⁰ European Commission, *Chapter 25. Customs Union* (December, 2004, <http://europa.eu.int/comm/enlargement/negotiations/chapters/chap25/>, accessed February 24, 2005).

¹¹ European Commission, *Chapter 26. External Relations* (December, 2004).

¹² CFSP is not equipped with the legal instruments (directives, regulations) that exist for other Community policies. It uses instruments such as joint actions, common positions, statements and declarations, as well as in the conclusions of the European Council and the Council.

¹³ European Commission, *Chapter 27. Common Foreign and Security Policy* (December, 2004).

¹⁴ Heister Grabbe, "The newcomers," in *The Future of Europe. Integration and Enlargement* ed. Fraser Cameron (New York: Routledge, 2004), 77.

familiarize the newcomers with the system, which meant informing them about the CFSP *acquis politique*. Based upon Elfriede Regelsberger’s research, alignments with EU Statements of the Presidency grew from 25 percent in 1995 to 71 percent in 2002 in the period from 1995 to 2003. Once the Accession Treaties were signed in 2003, the ten acceding countries enjoyed the status of active observers and explicitly shared the contents of all CFSP declarations approved since April 17 2003.¹⁵ In the case of the General Assembly of the United Nations, even before the signature of their Accession Treaties, most of the candidate countries had already achieved 100 percent alignment with EU positions and the EU voted unanimously on average four times out of five.¹⁶

**Alignments of the CEECs with EU Statements of Presidency
on Behalf of the EU 1995-2002**

Year	Total Number	Alignment CEEC	Percentage
1995	106	27	25.2
1996	110	30	27.3
1997	122	35	28.7
1998	149	58	38.7
1999	115	59	51.3
2000	175	122	69.7
2001	175	124	70.9
2002	181	130	71.8

Source: Elfriede Regelsberger, Are the Problems arising from enlargement and the Draft Treaty leading to paralysis instead of synergy? (Introductory remarks for the Fonet Group B Institutional Reform and Enlargement, Brussels 23 April 2004): 2-3.

As a result of this process of approximation, the EU-25 has strengthened its multilateral approaches in world affairs. On most foreign policy issues, the CEECs tend to side with the EU not the United States. Having fresh memories from the Soviet domination during the Cold War, they support the EU on issues such as non-proliferation, the Kyoto Protocol, the death penalty and the ICC, despite strong US pressure. Even in the case of Iraq and the alliance with the United States, the Polish-Spanish multinational force has been weakened. Spain’s decision to withdraw troops from Iraq was followed by Nicaragua, the Dominican Republic and Honduras, which were also part of the multinational force. Hungary ended its mission in December 2004 and the Netherlands withdrew its troops in March 2005. Poland announced in April 2005 that it would withdraw all its

¹⁵ Elfriede Regelsberger, *Are the Problems arising from enlargement and the Draft Treaty leading to paralysis instead of synergy?* (Introductory remarks for the Fonet Group B Institutional Reform and Enlargement, Brussels 23 April 2004): 2-3.

¹⁶ European Commission, *The Enlarging European Union at the United Nations* (Luxembourg: European Commission, January 2004), 12.

troops from Iraq once the United Nations mandate for the multinational force expires in December 2005.¹⁷

The fourth element in the pre-accession stage is the creation of new borders. With the first wave of EU eastward enlargement in 2004, the eastern and southern borders of the new member states became the new external borders of the EU (only the Czech Republic is entirely surrounded by EU member states). This is why the Commission proposed a “Wider Europe” policy for its neighbors. Then Commissioner Patten stated that Russia, the countries of the Western NIS and the Southern Mediterranean should be offered “the prospect of a stake in the EU’s internal market and further integration and liberalization to promote the free movement of persons, goods, services and capital (four freedoms).”¹⁸

In this regard, there is a recurring question about the limits on accepting new members. The Moroccan Government has twice, in 1987 and 2000, expressed its ambition to apply for EU membership. Prime Minister Berlusconi has also spoken about a future Israeli application.¹⁹ Thus, the *Wim Kok Report* has tackled the issue of the limits of the enlargement. This report states that:

The positive results of the present round of enlargement show that stability and security can be achieved very effectively by means of the extension of the EU. The prospect of EU accession—through the conditionality of the criteria for membership—has been extraordinarily successful in Central and Eastern Europe in driving economic and political reforms. But this process cannot be extended indefinitely. *The EU cannot simply accept every neighboring country that wishes to join, on the logic that enlargement brings peace and prosperity. This logic is ultimately in contradiction with the logic of cohesion* (emphasis added).²⁰

In order to provide concrete steps to manage the dilemma of the new borders, the General Affairs Council in April 2002 requested the Commission and the High Representative for CFSP to propose ideas on the relationship with its

¹⁷ Judy Dempsey, “Poland sets date for Iraq Pullout,” *International Herald Tribune*, April 13, 2005.

¹⁸ Christopher Patten, *EU Enlargement: Implications for the EU and Australia* (Keynote Address on European Union Foreign Policy, National Press Club, Canberra, Australia, April 17, 2003).

¹⁹ William Wallace, *Looking After the Neighborhood: Responsibilities for the EU-25* (Groupe-ment D’Etudes et de Recherches Notre Europe, Policy Paper 4, July 2003): 6. Wallace states: “The Moroccan Government has twice, in 1987 and 2000, expressed its ambition to apply for EU membership; during the King of Morocco’s state visit to Paris, in March 2000, his official spokesman declared that the Helsinki European Council’s formal acceptance of Turkey’s candidate status has ‘lifted a taboo’ on the eligibility of other Muslim Mediterranean states.” In reaction, the Portuguese Prime Minister suggested that Moroccan membership could be considered within a ten-year perspective.

²⁰ Wim Kok, *Enlarging the European Union. Achievements and Challenges* (Florence, Italy: European University Institute, 2003), 64.

neighbors. The then Commission President, Romano Prodi, suggested some ideas on “A Policy of Proximity,” in which he argued that the enlarged EU needed “a ring of friends. We have to be prepared to offer more than partnership and less than membership without excluding the latter categorically.... offering the concept of *sharing everything except institutions* (emphasis added).”²¹

Thus, the European Neighborhood Policy (ENP) aims to share the benefits of the EU’s 2004 enlargement with neighboring countries in strengthening stability, security and well-being for all concerned... “It is designed to prevent the emergence of new dividing lines between the enlarged EU and its neighbors and offer them the chance to participate in various EU activities... The ENP is distinct from the issue of potential membership.”²² In other words, “The EU’s post-2004 eastern neighbors thus constitute what officials in Brussels now describe as the gray zone: neither accepted as definite candidates, nor clearly denied the long-term prospect of membership.”²³

In the same realm of borders, another area where the new member states may have an impact on external policy is Russia. In general, the new members are more suspicious of Russia due to recent history²⁴ and the “the legacies of the twentieth century live on, not just in people’s memories but in practical issues.”²⁵ For example, the EU pushed to make fair treatment of the large Russian-speaking minorities in Estonia and Latvia part of the accession criteria for those countries. It also negotiated transit arrangements and a visa regime with Russia for the people living in the enclave of Kaliningrad.

Post-Accession Stage

As of mid-2005, no major crisis has risen as a result of the 2004 enlargement. In fact, it might be speculated that the entry of new member states is more likely to reinforce existing trends in EU politics. Certainly, it is expected that the new member states will form a unified block on some issues such as increased budget, less social and environmental legislation, euro and *Schengen* accession.²⁶

²¹ Quoted in William Wallace, *Looking After the Neighborhood: Responsibilities for the EU-25* (Groupement D’Etudes et de Recherches Notre Europe, Policy Paper 4, July 2003): 2.

²² European Commission, *What is the European Neighborhood Policy?* (http://europa.eu.int/comm/world/enp/policy_en.htm, accessed January 26, 2005).

²³ William Wallace, *Looking After the Neighborhood: Responsibilities for the EU-25* (Groupement D’Etudes et de Recherches Notre Europe, Policy Paper 4, July 2003): 4.

²⁴ Fraser Cameron, “Enlargement. The Political Impact,” *EPC Issue Paper* no. 13 (European Policy Centre, April 21, 2004), 4-5.

²⁵ Heiter Grabbe, “The newcomers” in *The Future of Europe. Integration and Enlargement* ed. Fraser Cameron (New York: Routledge, 2004), 74.

²⁶ Fraser Cameron, “Enlargement. The Political Impact,” *EPC Issue Paper* no. 13, (European Policy Centre, April 21, 2004), 2.

As to the impact of enlargement on EU foreign policy, the first feature is the accommodation of national priorities in the making of the EUFP, a process that already began to take place in the pre-accession phase. The EU is in its initial steps of designing a Grand Strategy, although it remains to a great extent focused on the immediate regions. Thus, the new members' foreign policies - which have been mostly focused on the regional neighborhood with the accession to the EU and NATO as a priority- will emphasize the management of pending problems at the regional level. In fact, this accommodation of priorities is a common practice in the EUFP. For instance, in the case of German relations towards Latin America, Detlef Nolte has insisted that the German policy towards Latin America fits into the EU general approach since "many in the foreign policy community argue that German interests are better represented as part of a common European Latin America policy than individually. Others argue that this could be a way to get rid of a minor topic in foreign relations in order to save time for more serious foreign policy matters."²⁷ In this regard, Spain and Portugal consider Latin America and the Mediterranean area at the top of their priorities.

Therefore, as an old pattern of the EUFP, it is expected that each member state will be more assertive in those areas in which there are more national interests involved. The Ukrainian crisis at the end of 2004 was a test for both the enlarged EUFP as a whole and the border EU countries (more affected by the likelihood of a crisis in Ukraine) as well. In that regard, the mediating role played by Javier Solana, HR for CFSP, Alexander Kwasniewski, Polish President, and Valdas Adamkus, Lithuanian President, "was physical embodiment of the new EU that has emerged, confident of its interest and values and willing to act on them. Far from weakening it, enlargement has strengthened CFSP."²⁸

Another example in which the newcomers are defending their own views in the EU foreign policy making is the disagreement of Czech Republic and Poland with the recent EU policies on Cuba. In the March/April 2003 political crackdown, Cuba arrested 75 dissidents and sentenced them to long prison terms. In response, the EU imposed diplomatic sanctions and after the Cuban government released 14 of them, the EU agreed on January 31, 2005 to end the diplomatic freeze against the Communist regime. The decision, strongly pushed by the Spanish government, found some opposition from other EU members. The wording of the Council conclusions was changed, following strong opposition by the Czech Republic and Poland, who argued in favor of further support and public recognition for Cuban dissident leaders. Former Czech anti-communist dissi-

²⁷ Detlef Nolte, *Problems of Latin America Security and its Implications for Europe: A German Perspective* (Jean Monnet /Robert Schuman Working Paper Series, University of Miami Vol. 4 No. 11, October 2004).

²⁸ Dov Linch, "A New Eastern Question," *Newsletter*, Institute for Security Studies (January 2005); Adrian Karatnycky, "Ukraine's Orange Revolution," *Foreign Affairs* 84, no. 2 (March-April 2005): 46.

dent and ex-president Vaclav Havel joined the debate about the EU's future policy towards Cuba and strongly criticized the member states for their diplomatic shift towards the Castro regime. "It is hard to find a better way for the EU to destroy its ideals of freedom, equality and respect for human rights," Mr. Havel said.²⁹

A second element most visible in the post-accession phase is the leverage each country can exert, once they have been socialized into the EU rules and norms. In the organizational environment of the EU-25, Poland has started playing its role as a new big member. After lending unconditional support to the United States in 2003, Poland's attitude towards the idea of a group of bigger member states "began to evolve as soon as it became clear that Poland could actually be one of the 'ins'... Poles believe that they could be able to play in Europe's first division."³⁰ Some facts reinforce the view of Polish assertiveness in the first division European foreign policy: a) support to the idea of structured cooperation, b) welcome the creation of battle groups, and c) initiative in the Eastern Dimension of the EUFP.³¹

On the other hand, the more assertive role of Poland may contribute to strengthening the role of Germany, France, and the UK in global affairs if they can agree to work together. The trilateral initiative of the UK, France and Germany on Iran has temporarily mitigated U.S. attempts to expand military action in the area and thus far represents a success for European diplomacy. Certainly the idea of a core Europe is not welcomed by medium and small states.³² However, at least in the area of foreign policy, Poland, as a new big country, is pushing in that direction.

On the other hand, Poland's Atlanticism is becoming more cautious and less unconditional in its support of the United State in light of two major issues: a) EU membership and b) disappointment with America's leadership in Iraq.³³

²⁹ Lucia Kubosova, "EU Lifts Sanctions on Cuba," *Euroobserver*, January 31, 2005.

³⁰ Marcin Zabolowski, *From America's protégé to Constructive European. Polish Security in the Twenty-First Century* (Occasional Paper no. 56, Institute for Security Studies, Paris, December 2004): 21.

³¹ The Non-Paper with Polish proposals concerning policy towards Eastern neighbors after EU enlargement was published in January 2003. See *EU Enlargement and Neighborhood Policy* (Warsaw: Stefan Batory Foundation, 2003).

³² Heather Grabbe and Ulrike Guérot, *Could a Hard Core Run the Enlarged EU?* Briefing Note (London: Centre for European Reform, February 2004), 5. The author states: "France, Germany would need to include the UK, not only to get access to Britain's diplomatic resources and military capabilities but also because without the UK a foreign and security policy venture would lack political credibility... Britain is not only one of the EU's two serious military powers, it is also the only member state that can gain essential backing from the United States."

³³ Marcin Zabolowski, *From America's protégé to Constructive European. Polish Security in the Twenty-First Century* (Occasional Paper no. 56, Institute for Security Studies, Paris, December 2004): 5.

Thus, in September 2004 over 70 percent of Poles wanted their troops to be pulled out of Iraq and President Kwasniewski was disappointed with the firm rejection from the Bush administration to give a visa waiver status to Polish citizens.³⁴

A third element in the post-accession phase comprises the formalization of the new wave of enlargement and the Eastern Dimension of the EU, enshrined in the ENP. For the time being, the European Council meeting of 16-17 December 2004 set the course for the EU's continuing enlargement process in 2005-07. It was decided that Bulgaria and Romania should sign the Treaties of Accession in April 2005, and that full accession would take place in January 2007. Although Croatia got the date of 17 March 2005 for the opening of negotiations, these were postponed in light of the Croatian failure to comply with the very explicit condition to take the necessary steps for full cooperation with the ICTY. The most important point for Turkey is that it got a date -3 October 2005- for the opening of negotiations.³⁵

On the other hand, the ENP has moved forward in its development and implementation. Based upon the ENP's Strategy Paper, on December 9, 2004 the Commission presented a first draft Action Plans with Partners countries. On March 2, 2005, the Commission recommended an intensification of relations with Egypt and Lebanon, and Armenia, Azerbaijan and Georgia. The Council will decide whether to develop Action Plans under the ENP with the three Caucasus countries since Action Plans have already been negotiated with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine.³⁶

In the context of the Eastern dimension, the European Agency of External Borders was created in March 2005. In addition to Poland, Estonia, Hungary, Slovenia and Malta were in the running to hold the agency, which is supposed to begin operating in Warsaw on May 1, 2005, with an annual budget of €10 million. According to the rule the Council adopted on 26 October 2004, the European Agency for External Borders is supposed "to facilitate the application of existing and future Community measures concerning management of the EU's external borders by coordinating Member States' actions to implement those measures."

A fourth element in the policy making is the pressure that the member states and the EU institutions can exert over specific issues or member countries. This is the case of Cyprus. In contrast with Greek Cypriots, the Northern part of Cyprus voted 'yes' on April 24, 2004, and let open a window for a solution. High

³⁴ *Ibid*, 13-15.

³⁵ Michael Emerson, "Vade Mecum for the Next Enlargements of the European Union," *CEPS Policy Brief* no. 61 (Centre for European Policy Studies, December 2004).

³⁶ European Commission, *European Neighborhood Policy: The Next Steps*, IP/05/236 (Brussels, March 2, 2005).

Representative Solana was clear when he stated: “For that reason (the Turkish Cyprus yes), the EU is determined to put end for a solution....”³⁷ and he added, “Now, I can say that the island is no longer an obstacle for Turkey-EU Relations. Turks tried to contribute to the solution. ... The real trouble for me was the position of the leaders from the South of the Island. They snubbed the gentlemen’s agreement.”³⁸

The EU strategy is to support economically the Northern part of Cyprus until a political settlement is put in place. There is a proposal of financial aid for €259 million for Northern Cyprus and another to allow direct trade to the EU. Cyprus, supported by Greece, has objected to the latter. However, such objection seems to be an issue of negotiation within the EU legal framework.

Some conclusions

The analysis presented above suggests the following conclusions:

1. New members are unlikely to import and maintain destabilizing policy agendas into the EUFP. If that is the case, a process of policy adaptation takes place.
2. The real challenge of disruption, however, comes not from the diversity of policy agendas, but from fixed preferences of EU member states.³⁹
3. The EU institutional framework facilitates the accommodation of national priorities in the EUFP. Participation in the Council and the Commission offers an opportunity to make use of the EU’s leverage in international affairs.
4. In the policy making of external relations, the pattern is not to forge fixed alliances between incumbent against acceding states. Rather, alliances take place between the larger countries and the smaller states and also between supporters of the retention of as much national independence as possible, and Europeanists and Atlanticists.
5. The socialization of the norms and practices of the EUFP has been taking place since the pre-accession stage.

³⁷ Interview to Javier Solana by *Imerissia* (Greece), May 1, 2004.

³⁸ “Solana: You Don’t Have a Cyprus Issue Anymore,” *ZAMAN On Line*, May 3, 2004.

³⁹ Andrew Moravcsik and Milada Anna Vachudova, “Bargaining Among Unequals: Enlargement and the Future of European integration” *EUSA Review* 15, no. 4 (Fall 2002): 2.

6. In terms of foreign policy, the fifth EU enlargement has led to a shift towards the Eastern Dimension and the development of the Neighborhood European Policy.

The European Parliament: An Analysis Following the May 2004 Enlargement

Gaye Gungor

Introduction

On May 1, 2004, the European Union (EU) underwent its largest expansion ever, accepting ten new members, primarily from the former Soviet bloc,¹ at a single stroke. This enlargement is by far the greatest test for the European Union and its institutions. These new members, many from only recently democratized states, often differ markedly from existing members in their understandings of politics and distinct norms of political activity. These newly democratized countries have only incipient party systems with young and fragile political parties, low levels of party identification and party loyalty, unpredictable structures of party competition and low levels of female representation in political life.² Given these differences and the sheer size of the enlargement, the influx of new members could profoundly alter the functioning and character of the EU's institutions, as of this unique polity itself.

This project focuses on the potential impact of the EU's eastward enlargement on its only directly elected body, the European Parliament (EP), and in particular on its supranational party groups and party system. The European Parliament has undergone a significant change in membership: 162 new members, representing twenty two per cent of its total membership, joined an institutionalized and professionalized body. How will the eastern enlargement impact the party system? How will the eastern enlargement affect the party groups? And more

¹ In May 2004, the EU accepted eight former Soviet bloc countries from Central and Eastern Europe (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) together with Cyprus and Malta.

² See Simon Hix and Christopher Lord, *Political Parties in the European Union* (New York: St. Martin's Press, 1997); John T. Ishiyama, "The Communist Successor Parties and Party Organizational Development in Post-Communist Politics" *Political Research Quarterly* no. 1 (1999): 87-112; James Toole, "Government Formation and Party System Stabilization in East Central Europe" *Party Politics* no. 4 (2000): 441-461.

generally, what do the answers to these questions tell us about the process of institutional change?

In the following pages I seek to answer these questions. I do not intend to test any theory or develop one. Based on the analysis of the EP following the enlargement, I generate predictions. The paper proceeds as follows. First, I look at the situation in the European Parliament following the eastern enlargement. Then I examine the partisan activity in the new member states and the European Parliament to highlight the similarities and differences between them. In the third section, I discuss the potential area of conflicts following the enlargement. And in the final section, I conclude with a discussion of institutional change.

The First Parliament (6th Parliament) After the Big Bang Enlargement

Just six weeks after the Union accepted ten new members; the citizens of Europe made their way to the polling booths to vote for their representatives at the 732-member European Parliament. The turnout throughout the Union was 45.5 percent, well below than the one predicted by opinion polls in the run up to the elections. The results from around the EU varied from one country to the other; however, one common trend throughout the Union was the way the electorate used the elections to punish the incumbent governments.³

Following the elections, the first Parliament after the enlargement met in Strasbourg for its first plenary session, with changes in the number, and composition of the parties. One hundred and sixty two new members from new member states joined the Union (See Table 1).

Table 1
Members of the European Parliament from new Member States

Country	Total Number of MEPs
Cyprus	6
Czech Republic	24
Estonia	6
Hungary	24
Latvia	9
Lithuania	13
Malta	5
Poland	54
Slovakia	14
Slovenia	7
Total	162

Unlike what is expected, newly elected Members of the European Parliament

³ Governing parties however have fewer losses when European elections shortly precede new 'first-order' elections (e.g. Spain) (Reif, 1984).

(MEPs) joined the ranks of the largest party groups in the EP, instead of forming their own. The three largest party groups—the Group of the European People’s Party (Christian Democrats) and European Democrats (EPP-ED); the Socialist Group in the European Parliament (PES); and Group of the Alliance of Liberals and Democrats for Europe (ALDE)—saw an increase in their membership of approximately 14.3 per cent (PES), with the EPP-ED increasing by 10 per cent and the ELDR by 34 per cent. The influx of new members by far outweighed what had occurred in any of the previous enlargements.

The number of seats held by the party groups in the 6th Parliament is displayed in Table 2 (See Table 2). The success of the liberal parties in the elections made the ALDE the third largest party with eighty eight seats in the Parliament. The EPP-ED kept its position as the largest party in the Parliament with two hundred and sixty eight seats. The PES has remained as the second largest party with two hundred and two seats. The most important development was the formation of Independence/Democracy Group, a Euroskeptic party group which is made up mainly by the UK Independence Party (UKIP).

What requires special attention however is the internal composition of these supranational party groups, especially the largest ones. When they are broken down into their component national parties, major party groups display a great amount of diversity. The most internally diverse party group among all is the EPP-ED. The EPP-ED is composed of some fifty different political parties from twenty five member states (See Appendix for details). It includes such ideologically diverse parties (e.g. conservatives, nationalists, social democrats, and of course Christian Democrats) that it risks a decrease in its ideological cohesion. The Liberal group (ALDE) experiences the same problem but it is not as severe as the EPP-ED. The Socialist group, on the other hand, might benefit the most since the national party delegations that joined the PES are those communist successor parties that have been noted as being the most cohesive and well-organized at the national level.

The general picture that emerges from this brief examination is that the influx of new members might have some destabilizing effects on the EP party groups. This seems mostly the case for the EPP-ED, which experiences a great deal of internal diversity. However it is important to note that this is not new to the EPP-ED. Even prior to the enlargement, the EPP-ED has had the British and Danish Conservatives along with Forza Italia within its ranks. What is different with this round of enlargement is the differences in the character of the political parties and party systems between new and old members. The political parties of Central and Eastern are still a set of elite driven, ideologically vague and malleable parties that exist more as cadre organizations within the parliament than as social organizations with deep roots within civil society.

Table 2
The seat distribution in the European Parliament as of February 26, 2005

	PPE -DE	PSE	ALDE	Verts/ ALE	GUE/ NGL	IND/ DEM	UEN	NI	Total
Austria	6	7	0	2	0	0	0	3	18
Belgium	6	7	6	2	0	0	0	3	24
Czech Rep	14	2	0	0	6	1	0	1	24
Cyprus	3	0	1	0	2	0	0	0	6
Denmark	1	5	4	1	1	1	1	0	14
Estonia	1	3	2	0	0	0	0	0	6
France	17	31	11	6	3	3	0	7	78
Finland	4	3	5	1	1	0	0	0	14
Germany	49	23	7	13	7	0	0	0	99
Greece	11	8	0	0	4	1	0	0	24
Hungary	13	9	2	0	0	0	0	0	24
Ireland	5	1	1	0	1	1	4	0	13
Italy	24	16	12	2	7	4	9	4	78
Latvia	3	0	1	1	0	0	4	0	9
Lithuania	2	2	7	0	0	0	2	0	13
Luxembourg	3	1	1	1	0	0	0	0	6
Malta	2	3	0	0	0	0	0	0	5
Netherlands	7	7	5	4	2	2	0	0	27
Poland	19	10	4	0	0	10	7	4	54
Portugal	9	11	0	0	3	0	0	0	23
Slovakia	8	3	0	0	0	0	0	3	14
Slovenia	4	1	2	0	0	0	0	0	7
Spain	24	24	2	3	1	0	0	0	54
Sweden	5	5	3	1	2	3	0	0	19
UK	28	19	12	5	1	10	0	3	78

The following section is therefore devoted to the analysis of political parties in the region. The formation and development of the political parties, their internal organization and recruitment patterns will be reviewed with the goal of making comparisons to their Western European counterparts. Then the partisan activity in the European Union will be examined.

Partisan Activity in Post-Communist Central and Eastern Europe (CEE)

Parties are the political intermediaries of a given political system acting as mediators between the citizens and government.⁴ The role of parties in the transition to democracy and later in its consolidation is generally considered to be critical. However, this was not the case in Central and Eastern Europe in the early phase of political transition because there were almost no parties other than the ruling communist party and its satellites. With some exceptions⁵ political parties generally had formed after or during the first democratic elections throughout the region and had become major actors in the political arena.⁶

Throughout the region opposition forces grouped in the form of social movements rather than institutionalized formal organization.⁷ Most of the new political elite preferred diverse interests to be organized under broad social movements, forums and networks of friends, rather than political parties: Solidarity in Poland, Civic Forum and Public Against Violence in Czechoslovakia, the Hungarian Democratic Forum, Slovakian Public Against Violence etc. This was mainly a reaction to the communist party and the monopolistic system of rule it maintained in each of central and eastern European countries. The only political opposition that could possibly come out was “one of society against the state,” and basically “its organization took the form of social informality in contrast to officialdom and patterns of authority set by party bureaucracy.” Resistance to party politics was particularly strong in Poland and Czechoslovakia. The anti-party sentiment was reflected in the electoral slogans of these movements such as the famous one adopted by the Civic Forum: “Parties are for party members, Civic Forum is for everybody.”⁸

This anti party sentiment had slowly eroded at the time of the first free elections throughout the region. They started to disintegrate and split into new organizational forms that constituted the basis of new parties. Four types of parties

⁴ Maurice Duverger, *Political Parties* (New York: John Wiley and Sons Inc., 1954); Giovanni Sartori, *Parties and Party Systems: A Framework for Analysis* (Cambridge: Cambridge University Press, 1976).

⁵ Hungary was the only country where the political parties were both the initiators and primary movers of the transition process (Attila Agh, “The Hungarian Party System and Party Theory in the Transition of Central Europe” *Journal of Theoretical Politics*, no. 2 (1994): 234).

⁶ Almost all the countries in the region adopted parliamentary forms of government. See Paul G. Lewis, “The ‘Third Wave’ of Democracy in Eastern Europe” *Party Politics*, no. 5, (2001): 543-565.

⁷ Geoffrey Pridham and Paul G. Lewis (eds.), *Stabilizing Fragile Democracies: Comparing New Party Systems in Southern and Eastern Europe*, (London and New York: Routledge, 1996).

⁸ Petr Kopecky, “Parties in the Czech Parliament: From Transformative Towards Arena Type of Legislature” in *Party Structure and Organization in East Central Europe*, Paul G. Lewis, ed. 66-89 (Cheltenham: Edward Elgar Publishing Ltd, 1996).

have emerged throughout all East Central Europe: 1) The Communist successor parties, 2) the former satellite parties of the Communist period, 3) the historical pre-Communist parties banned by the Communists and reformed after the collapse of the regime, and finally 4) newly formed political parties with no prior political history.⁹ Among these different types of parties, post-communist parties resembled more to the western ones in terms of their levels of membership and party organization. In the following section we will therefore be examining the formation and development of the new parties of the region.

Party Formation and Early Development

The actual way in which parties came into being corresponded very closely to “the elite, intelligentsia-focused politics which were in fact practiced and the prominent role that personality and individual relations played in them.” Party formation was therefore a “top-down” process, as opposed to “bottom-up” grassroots movement.¹⁰ Post-communist political parties of East Central Europe emerged at an elite level and usually within parliaments as their western counterparts did some hundred years ago. In the first few years of their formation, most of the party activity of the region, with the exception of the post-communist successor parties, was therefore confined to the parliament and a very minimal role was played by party membership whereas a dominant influence was exerted by party leadership. In many cases the conception of “rank-and-file membership” did not exist and recognition of what party members were and what they might do was often lacking. In addition to that, it was not very appealing for the founders of the party to have a large membership, and therefore create a major source of potential internal conflict that might lead to division.¹¹ As Olson suggests political parties of post-communist Europe were “more cadre than mass, more general than specific in their target audiences and more concerned with votes than with members.”¹²

Today post-communist central and eastern European parties and party systems are much more institutionalized and consolidated than they were a decade ago. They have survived many critical junctures and made significant developmental progress. They have been working to strengthen their ties with society,

⁹ Tomas Kostecky, “Changing Party Allegiances in a Changing Party System: the 1990 and 1992 Parliamentary Elections in the Czech Republic,” in *Party Formation in East Central Europe*, ed. Gordon Wightman, 79-106 (Aldershot: Edward Elgar Publishing Ltd, 1995).

¹⁰ Paul G. Lewis, “Political Institutionalization and Party Development in Post-Communist Poland” *Europe-Asia Studies*, no. 5 (1994): 792.

¹¹ Petr Kopecky, “Developing Party Organizations in East-Central Europe: What Type of Party is Likely to Emerge?” *Party Politics*, no. 4 (1995): 517-520.

¹² David M. Olson, “Party Formation and Party System Consolidation in the New Democracies of Central Europe,” *Political Studies*, XLVI, (1998): 447.

and gain membership. The picture in the region of course is not undifferentiated. The process in the so-called Visegrad four¹³ has been more successful than in the rest of the region. The political parties of Hungary, Poland, and the two successor states of Czechoslovakia have come to resemble their western European counterparts in their support for democratic rule and commitment to democratic principles however they tend to break markedly with them in terms of party organization.¹⁴

Central and eastern European parties resemble more their Latin American counterparts than their western European ones. Only the communist successor parties look like the western traditional mass parties with a large membership, ideological homogeneity, good finances and material resources and a high degree of organizational development. Unlike those, the newly formed political parties of the region are characterized by an ideological incoherence and low levels of membership.¹⁵ This has important implications for the party groups in the EP. First we would like to look at the ideology. Although the EP resembles more the US House of Representatives than its member states' parliaments, the party groups in the EP have been highly cohesive compared to the U.S. Congress and any other separated-powers system.¹⁶ However a closer look at the party group cohesion in five parliaments after the direct elections reveals that the cohesion patterns differ considerably from one parliament to another and from one party group to another. While most party groups were less cohesive in the first and the fifth parliament compared to the second, third and fourth parliaments, this pattern was reversed for the EPP-ED. The EPP-ED was less cohesive in the second, third and fourth parliaments than in the first and fifth. This was mainly due to the impact of successive EU enlargements, which brought new members (especially the new Southern members, and then the Nordic members). The EPP-ED will face the same difficulties more than any other party group with the current enlargement where "Christian Democrats" in Central and Eastern Europe have very little in common with their counterparts in Western Europe. We can therefore argue that the ideological cohesion will be a major issue for party groups in the EP, and this will be more evident in the EPP-ED.

While the ideology seems to be the major problem, party membership and organization are also important issues that need to be addressed. Although they do not possess any control of membership recruitment, the EP party groups have

¹³ Hungary, Poland, Czech Republic, and Slovakia

¹⁴ James Toole, "Government Formation and Party System Stabilization in East Central Europe" *Party Politics* no. 4 (2000): 441-461.

¹⁵ Paul G. Lewis, "Introduction and Theoretical Overview" in *Party Structure and Organization in East-Central Europe*, ed. Paul G. Lewis, 16-17, (Cheltenham: Edward Elgar, 1996).

¹⁶ Amie Kreppel, *The European Parliament and Supranational Party System: A Study in Institutional Development* (Cambridge: Cambridge University Press, 2002).

been extremely powerful, well-organized and well-staffed in terms of resources and personnel. They have been similar to party groups in member states' parliaments in all this sense. They even enjoy more financial and practical advantages compared to some national parliaments of the EU member states. Approximately one sixth of the EP's internal budget is devoted to the party groups. They also benefit from payments of a European Information Campaign fund.¹⁷ Whereas the political parties of post-communist Europe, except the communist successor parties, are understaffed and weakly organized. They do not possess the resources, and personnel that are owned by either the communist successor parties, or the EP party groups. They are still too young and fragile with weak organizational structures and without a solid party identity. They are characterized as the electoral parties, which are likely to offer programmes to win the elections as opposed to western European "programme parties," which concentrate on winning elections to implement their programmes. Political parties of the region also prefer their privileged existence within the parliaments, which became a "political theatre of sensational political battles." In this sense, parliaments are not only the central place for politics, but almost "the only one, where parties, which have tried to monopolize their roles as political actors, concentrate their activities on the interparty ideological struggles. Parliamentarization of parties increased the gap between the elite and the rank-and-file members when the party and its fraction leaderships merged very closely. Along with "parliamentarization," we also see "overparticipation," where the parties are growing politically too strong but remaining organizationally weak and unable to penetrate into social life.¹⁸ As Kopecky hypothesized parties in the region have come to resemble the catch-all party and develop as formations with very loose electoral constituencies, which appeal to "a wider clientele of voters...rather than opt for the representation of well-defined segments of society."¹⁹

Finally in terms of candidate selection, almost all countries in the region adopted western European experience (mostly German experience) where many aspects of nomination procedures are determined by party statutes, and can be changed if the party wishes to do so. In this regard, the parties of Central and Eastern Europe resembles more their western counterparts than their American ones where nomination procedures and any change to them are realized by changing state law itself. With regard to the issue of centralization and decentralization of candidate selection, the parties of the region are located at different points of the spectrum. One extreme is complete centralized selection, where

¹⁷ Martin Westlake, *A Modern Guide to the European Parliament*, (London: Pinter Publishers, 1994), 184, 189.

¹⁸ Attila Agh, "The Hungarian Party System and Party Theory in the Transition of Central Europe" *Journal of Theoretical Politics*, no. 2 (1994): 229-236.

¹⁹ Petr Kopecky, "Developing Party Organizations in East-Central Europe: What Type of Party is Likely to Emerge?" *Party Politics*, no. 4 (1995): 518.

party candidates are nominated by central units. The other extreme is complete decentralized selection, where decisions could be made by local units without any interference from the central organs. However post-communist European parties do not easily fit one of these extremes. The practices of most parties of Central and Eastern Europe (as it is in the West) fall in between these two extremes of complete local control and leadership domination.²⁰

Partisan Activity in European Parliament

The party EP groups were created a year after the formation of the European Coal and Steel Community (ECSC). When the Common Assembly (the predecessor of the EP) first convened in 1952, there were no party groups in today's sense. Unlike today where MEPs sat according to political affiliation, before 1953, appointed Members of the Common Assembly sat in alphabetical order.²¹ The Common Assembly was organized along national lines. However members soon acknowledged the necessity of the establishment of cooperation on political affiliation instead of nationality. The party groups were given formal recognition in the Common Assembly (CA) of the ECSC in January 1953. As Kreppel suggests had the EP was organized along national lines like other international assemblies, it would not have become the major actor in the EU decision making as it is today.²²

There were three party groups in the new Assembly corresponding to the three traditional Western European party families: the Christian Democrats, Socialists and Liberals. Over the years several others have been created along with these three major groups.

If we look at the number of party groups in the EP, the party system can be characterized as a multi-party system. The EP, however, has always been a "two-party plus many," with two major party groups dominating the legislative process. While the number of the parties has changed at each parliament, the EPP-ED and the PES have remained preeminent, and the two-party dominant format has been consolidated.²³ These two party groups have coalesced towards the center, adopted similar positions towards different issues, and increased intergroup cooperation. Together the EPP-ED and the PES account for over 60 per cent of the

²⁰ Alan Ware, *Political Parties and Party Systems*, (Oxford: Oxford University Press, 1996), 260-263.

²¹ Richard Corbett, Francis Jacobs and Michael Shackleton, *The European Parliament* (3rd Edition), (London: Cartermill Press, 1995).

²² Amie Kreppel, *The European Parliament and Supranational Party System: A Study in Institutional Development*, (Cambridge: Cambridge University Press, 2002).

²³ Luciano Bardi, "Transnational Trends in European Parties and the 1994 Elections of the European Parliament," *Party Politics* no. 1 (1996): 99-114; Simon Hix and Christopher Lord, *Political Parties in the European Union* (New York: St. Martin's Press, 1997).

seats in the EP. Although there have been some name changes across the years these parties have been temporally consistent with almost no history of splinter group secession or internal divisions.²⁴

Analysis: What to Expect Now?

The EP's Rules of Procedure provide very clear incentives to form party groups. The Rules of Procedures recognize the party groups and grant certain rights and material benefits to them. However there has been a tendency in the EP towards realignment. The party groups representing one large national party tend to seek realignment with one of the two major party groups. It is therefore considered that alignment with a larger group increases a party's prestige and chances of influencing of EU policy making from within.

The new Central and Eastern European members of the EU have also followed this trend and joined the ranks of the existing supranational party groups. As outlined above, this has increased the internal diversity of the major party groups. The question is therefore: How will the party groups respond to the accession of these new members that have a very different understanding of partisan activity than their Western counterparts?

The ability of the existing party groups to absorb these new members is not very clear. When we look at party groups historically, there has been no instance of party group split after successive enlargements. However the quantity and the quality of this round of enlargement pose significant challenges to the existing party groups. Increasing level of ideological diversity within existing groups may cause party group disintegration (especially for the EPP-ED) and this may result in the end of the grand coalition between the EPP-ED and the PES and the subsequent fragmentation of the supranational party system. This will definitely influence the role and powers of the EP vis-à-vis the Commission and the Council.

In terms of party group organization I expect to see similar problems. Although ideological unity seems to be more important than organizational unity, internal party organization is crucial in terms of the ability of the party groups to continue their critical role as the central administrative unit within the EP. The party groups are considered as the EP's life blood.²⁵ They have been of central importance in the work of the Parliament and played also a pivotal role within parliamentary committees. They have become more and more developed, specialized and more elaborate over time within the EP.²⁶ If internal organization of

²⁴ Amie Kreppel and Gaye Gungor, "The Institutional Integration of an Expanded EU or How 'New' European Actors Fit into 'Old' European Institutions," Paper Presented at the 2004 *Annual Midwestern Political Science Association Conference*, Chicago, IL. (2004).

²⁵ Martin Westlake, *A Modern Guide to the European Parliament* (London: Pinter Publishers, 1994), 190.

²⁶ Each party group has its own staff and receives substantial amount of fund from the Parlia-

parties becomes more fragmented, the ability of the party groups to play these crucial roles might be adversely affected and this could weaken the EP as a whole.²⁷

Conclusion

The eastern enlargement is a major challenge to the EP party groups and party system. Party systems have both potential of change and persistence. On the one hand, they have to adapt to changing environments and new situations to be able to survive. At the same time they resist changes because they are sticky. In other words, the regularized patterns of behavior that we associate with institutions display continuity over time because they embody something like Nash equilibrium. That is, individuals adhere to these patterns of behavior because deviation will make the individual worse off than will adherence. However, there are also some avenues for change within institutions. One way that change is treated by historical institutionalists is through the concept of "punctuated equilibria." There is an expectation in this approach that for most of its existence an institution will exist in an equilibrium state, functioning in accordance with the decisions made at the previous point of punctuation and the punctuations in the equilibrium are assumed to occur when there are "rapid bursts of institutional change followed by long periods of stasis."²⁸

Another, though very similar way to look at the institutional change is the idea of "critical junctures," that has been used to describe and explain change in Latin American governments during much of the twentieth century.²⁹ The "critical junctures" are the moments when substantial institutional change takes place thereby creating a "branching point" from which historical development moves onto a new path.³⁰

Whether Eastern enlargement will be a critical juncture in the history of the EP and its party system and party groups is not clear yet. It is hard to anticipate changes and draw conclusions at this point. Nevertheless, the

ment. Each of them is entitled to a fixed total of two A grade posts, with a further such post for every 4 MEPs within the Group and another A grade post is for each language.

²⁷ Amie Kreppel and Gaye Gungor, "The Institutional Integration of an Expanded EU or How 'New' European Actors Fit into 'Old' European Institutions," Paper Presented at the 2004 *Annual Midwestern Political Science Association Conference*, Chicago, IL. (2004)

²⁸ Stephen B. Krasner, "A Reply" *Review of International Studies*, January (1984): 234-240.

²⁹ David Collier and Ruth B. Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America*, (Notre Dame, Ind.: Notre Dame University Press, 1991).

³⁰ See Peter A. Gourevitch, *Politics in Hard Times*, (Ithaca: Cornell University Press, 1986); Stephen B. Krasner, "A Reply," *Review of International Studies*, January (1984): 223-246.

general idea is that legislative institutions do not hold still, they change.³¹ The ability of the institutions to reformat themselves could be regarded as a healthy phenomenon and even could be considered desirable.

³¹ Gerhard Loewenberg, Peverill Squire and D. Roderick Kiewiet, "The Implications of the Study of the U.S. Congress for Comparative Legislative Research" in *Legislatures: Comparative Perspectives on Representative Assemblies*, eds. Gerhard Loewenberg, Peverill Squire and D. Roderick Kiewiet, 3-25, (Ann Arbor: The University of Michigan Press, 2002).

Economic and Social Transformations

In Search of the Social Europe: The Eastern Enlargement in Political Perspective

Christiane Lemke

Introduction

The majority of the new members which joined the European Union on May 1, 2004, are former post-communist countries. Political changes in these East Central European countries involved two overlapping processes: the transformation of social, economic, and political systems, and the integration into the Euro-polity which implied the adoption of the *acquis communautaire*. The following paper argues that institution building in these new member countries is shaped by their transformation which is embedded in the process of European integration. While countries bring in their own history and culture, outside influence is pertinent with the adaptation to EU rules.¹

One of the most important areas of institution building is in the field of social policy and social institutions. Reshaping state-society relations as well as the socio-economic mechanisms became a major challenge after the introduction of market economies. Advisory groups and joint research projects explored policy concepts for social institutions. New labor and employment laws included a “social dialogue” which was required by EU-standards, unemployment regulations and health policies had to be implemented, and all countries had to establish parental leave regulation in accordance with EU-norms. Does enlargement therefore promote the Europeanization of social policies, or has market liberalization resulted in disintegration and diversification in the accession countries? Is there a neo-liberal welfare system emerging, or are the countries following their former path in terms of larger state involvement? What are the prospects for a “social Europe” given the diversity of social systems in Europe?

The literature on democratization and system transformation has offered two competing views of the post-communist world: From an optimistic viewpoint, membership in the EU will support the economic and social transition, include the region in a vibrant European market and complete its “return to Europe” (Spanish model). From a negative perspective, East Central Europe will provide,

¹ See also Milada Vachudova, *Europe Undivided. Democracy, Leverage and Integration after Communism* (Oxford University Press, 2005).

at best, an arsenal for cheap labor (which, in fact, is the comparative advantage of the region), while not alleviating poverty, social exclusion, and discrimination over a longer period of time (Latin-Americanization).²

The approach proposed here follows a more complex model. The prospects of inclusion in the EU establish a framework of reference that constitutes an important resource in the institutionalization of social policies and social citizenship in a variety of dimensions. Institutional and legal adaptation in the candidate countries proceed in different ways that correspond to the distinct conditions shaping options and choices in the field of social policies, but in all countries the EU had leverage to influence policy-making.

Comparative welfare state analysis has mainly concentrated on the developed economies of the OECD-countries, and there is little systematic analytical work on the transformation of social institutions in post-communist Europe. In the following I seek to identify distinct patterns and problems of the institutionalization of social citizenship and social institutions in this region. A key argument is that there is greater diversity emerging in the enlarged European Union. The initial hypothesis is built on the assumption that emerging patterns of social support and social security diverge from the typology described in the comparative welfare state literature, inasmuch as the transformation of post-communist societies is distinctly different from the building of welfare states in Europe.

The European Process of Integration

In a global economy, larger regions, such as the Europe Union, provide a more promising competitive position than the traditional nation state. Thus, policies of integration are rooted in the creation and expansion of the internal market. Economic and fiscal policies are therefore more prominent than social policy. Yet, multi-level governance in the European Union includes social standards and social rights as an important dimension of post-Maastricht Europe. In one of the most influential studies of European social policy in the 1990s, Paul Pierson and Stephan Leibfried found: "National welfare states remain the primary institutions of European social policy, but they do so in the context of an increasingly constraining multi-tiered polity."³ The European welfare state constitutes a major pillar of the European social model, even in times of crisis and the restructuring of welfare state policies.

² See, for example, Wolfgang Merkel, *Systemtransformation. Eine Einführung in die Theorie und Empirie der Transformationsforschung* (Opladen : Leske und Budrich, 1999).

³ Stephan Leibfried and Paul Pierson, "Social Policy: Left to Courts and Markets?" in *Policy-Making in the European Union*, ed. Helen Wallace and William Wallace, 4th edition, 267-292 (Oxford: Oxford University Press, 2000).

Since the mid 1990s, the EU has assumed a more active role in the field of social issues.⁴ The EU Commission proposed to construct a “European social model” in 1994 (which was not too successful), but in 1997 the Social Protocol was finally signed by the British Labour government and included in the Treaty of Amsterdam. The inclusion of new EU member states in the mid 1990s, notably Sweden, Finland, and Austria, has strengthened the coalition of countries supporting the European social model.⁵ On a discursive level, “solidarity” figures prominently in the universe of common values of the EU. The European Constitution with its “Charter of Fundamental Rights,”⁶ designed in 2003 and included in the draft Constitutional Treaty of the EU (2004), embraces a full chapter on “solidarity,” further lending support to the European “*social acquis*.” The Social Chapter broadens the two “original mandates” -- health and safety in the workplace, environment and gender equality -- and places them under qualified majority voting. Social policies are still primarily shaped and sustained by member states but the “open method of coordination” introduced in the late 1990s allows for concerted actions in at least some countries. According to Fritz Scharpf this policy mode would allow for an Europeanization of social policy through best-practice solutions which Scharpf sees based on a model of social learning.⁷ In terms of policy-making, the Europeanization of social policy would not necessarily imply the transfer of social standards to the EU-level, but a coordination of member states around similar policy issues and on various levels of governance.

Transformation in the East Central European Countries

Since the mid 1990s, the EU institutions have actively moved to include the post-communist countries and to support full membership in the Union. As political scientist Frank Schimmelfennig has argued, accession was successfully framed by the applicant countries as a “return to Europe,” thus shaming the “brakemen”

⁴ According to Leibfried and Pierson, three characteristics of the emerging multi-tiered system stand out: a propensity towards “joint decision traps,” and policy immobilism; a prominent role of the courts in policy developments; and an unusually tight coupling to market-making processes Leibfried/Pierson, 2000, 287.

⁵ For example, the Swedish presidency of the European Council in 2001 emphasized three “E’s:” Enlargement, employment, and environment.

⁶ The “Charter on Fundamental Rights” consists of seven chapters: Rights, Freedoms, Equality, Solidarity, Citizens’ Rights, Justice, and General Provisions. Chapter IV on solidarity, articles 27 to 38, contains provisions ranging from the right to collective bargaining (2), to fair and just working conditions (31), provisions for maternity and parental leave (33), social security and social assistance (34), health care (35), environmental protection (37) to consumer protection (38). The priority of member states is coded in the statement that rights are granted “in accordance with national legislation” (e. g. article 34), but the scope of rights is far-reaching.

⁷ Fritz Scharpf, “Regieren im europäischen Mehrebenensystem – Ansätze zu einer Theorie” *Leviathan*, no. 1 (2002): 6592

and promoting compliance with the drivers' suggestion to open the European Union for full membership.⁸ In the governance literature, there is some substantial research supporting the claim that cognitive frames serve to adapt to established rules once the rules and procedures in social policy are established. The driving force in the integration process was the European Commission. In 1998, the European Commission approved Accession Partnerships for 10 applicant countries in Central Europe, Cyprus, and Turkey, and the first round of accession negotiations was opened with Estonia, Hungary, Poland, Slovenia, the Czech Republic and Cyprus. In December 1999, the Commission proposed an additional six countries, including Bulgaria, Latvia, Lithuania, Malta, Romania, and Slovakia. The Council of Ministers meeting in Nice (2000) confirmed the prospective membership of the 12 countries, and ten countries became full members in 2004, with Romania and Bulgaria potentially following in 2007.

While the speed and scope of economic integration is not matched by social integration, the idea of European-wide social standards, or the "*social acquis*," gained a higher profile in the EU enlargement process. The incorporation of the Commission guidelines and directives for social policy into the laws and national practices of the candidate countries was considered to be an important precondition for EU membership. Regular reports, published by the Commission evaluating the progress towards meeting the "Copenhagen criteria" and the implementation of institutional reforms, showed that by December 2002 ten countries had fulfilled the criteria. There were less problems with political criteria (institutions guaranteeing democracy), and significant progress had been made in establishing a market economy.⁹ In the area of social policy, the following areas have mainly been addressed in the accession process: health and safety of workers; employment; parental leave; social dialogue. Moreover, a new action frame on gender mainstreaming has been implemented and requires adjustment in the new member countries. Yet, for some time problems remained in the post-communist countries regarding legal and institutional adjustment.¹⁰

While most observers agree that the political transition to establish democratic rules and procedures in post-communist East Central Europe advanced well,

⁸ Frank Schimmelfennig, "The Community Trap: Liberal Norms, Rhetorical Action, and the Eastern Enlargement of the European Union" *International Organization* 55, no. 1 (2001): 47-80.

⁹ Full EU-membership for these countries required meeting the criteria set by the Copenhagen conference (1993) of the European Council; these included development of democracy and the rule of law, protection of minorities, economic reforms, including employment and social affairs, and the adaptation of the *acquis communautaire* of the EU. – Romania and Bulgaria did not meet the criteria. Accession negotiations with Turkey were postponed and started in 2005.

¹⁰ The Regular Report on Poland, issued on Nov. 8, 2000, for example, states for the area of social policy and employment that "little progress has been made as regards to the adoption of legislation." In terms of economic, social and cultural rights, the issue of equal opportunities Poland has made no progress; job gender-specific job advertisements and domestic violence are explicitly mentioned.

problems remained not only in the realm corruption, but also regarding social exclusion and deprivation. Studies conducted in East Central European countries have voiced concern about high poverty rates, massive unemployment and new social exclusion, as well as the lack of a universal notion of social protection.¹¹ Third world-type poverty and a widening gap between the rich and poor raise doubts about the scope and depth of economic recovery in the future. Despite the promising growth of the annual GDP in recent years, the average per capita production is less than half of the EU average in the accession states (with the exception of Slovenia, Hungary, and the Czech Republic). The building of social institutions and the establishment of social rights for citizens has therefore become an issue of high importance to these societies and social policies are linked to substantial issues of social cohesion, democracy and social citizenship.

The Quest for a Social Model: What Kind of Social Policy?

In the process of institution building framing social issues not as poor relief, but in the context of citizenship rights has an important meaning in the universe of the political discourse. The initial hypothesis of our research holds that the prospects of inclusion in the EU establish a framework of reference that provides an important cognitive and symbolic resource in the institutionalization of social policies. These frames are informed by historically shaped, culturally embedded patterns of how problems are conceptualized, how policy choices are confronted, and how outcomes are shaped. Yet, the prospect of becoming a member of the EU has definitely shaped legal, administrative, and institutional transitions as well. Outside influence played an important part in the rebuilding of institutions.

A key to understanding the different dimensions of social policies and welfare state formation is social citizenship, a concept widely applied in the welfare state literature. According to the writings of T. H. Marshall, three forms of rights can be distinguished, which developed in a consecutive, albeit complex manner. In the first category of rights, Marshall groups civil rights, in example basic human rights, such as the integrity of body, freedom of speech, religion, which emerged in the 18th century (French Revolution; American Revolution). Political rights compose the second group, including the right to vote, universal citizenship, political participation and representation, which developed since the late 19th century. Social rights constitute the third group of rights, including the right to basic support and income, as well as welfare rights, which became characteristic in the second half of the 20th century. Countries follow distinctly different paths in establishing these three sets of rights, but it can be stated that the notion

¹¹ See Bob Deacon et. al, eds., *The New Eastern Europe. Social Policy, Past, Present, and Future* (London: Sage 1999). Katalin Koncz, "The Gender-specific division of Labor in Hungary Since the Regime Change" in *Gender and Work in Transition*, ed. Regina Becker-Schmidt, 217-252 (Opladen: Leske and Budrich 2002).

of social rights is nowadays deeply embedded in all European countries. It is also featured in key documents, including the “Charter of Fundamental Rights,” and the draft constitution. Conceptually, the notion of social citizenship presents a more encompassing approach to social policy provisions. Social rights and citizenship refer to institutionalized rights and routinized practices of citizenship in a given society. On the basis of citizenship rights, social citizenship provisions are universal and all-encompassing; they are grounded in a universal notion of citizenship, rather than in ascribed roles and different functions in society.

From an institutional perspective, four different institutions provide social services and support: family, state, market, and civil society. Their combination forms the welfare mix in European societies which follows from different historical, political and cultural traditions and informs choices. A project on social policy in transition countries conducted at the Institute for Human Sciences in Vienna concluded that the welfare mix in East Central European countries varies greatly from country to country.¹² In fact, there is no harmonization of social policy, but great variation regarding institutional and financial arrangements in the areas of health, unemployment, pension systems and other social provisions. Even the most advanced Eastern accession countries show great variations. While EU rules and regulations have definitely had an impact on legal and institutional changes the outcome is much more complex and less clear-cut.

The New World of Welfare: A Fragmented Welfare Reality

Comparative welfare state analysis found that welfare states are deeply entrenched in European politics. At the same time, the institutional and legal set-up of welfare policies exhibits great variations from country to country. In order to systematically compare and contrast the multi-variant cases, comparative welfare state analysis has grouped countries according to the range and scope of welfare rights granted to citizens. In one of the most influential works, Esping-Andersen distinguishes “three worlds” of welfare capitalism: liberal, conservative/corporatist, and social democratic.¹³ Focusing on the question as to what extent welfare states enable their citizens to lead an economically and socially agreeable life independent from the market, he forms clusters of welfare states according to the extent of “decommodification” (reducing the significance of being a “commodity,” or reliance on wage labor). The regime typology is built

¹² The project “Social Consequences of Economic Transformation in East Central European Countries (SOCO)” at the Institute for Human Sciences in Vienna covered a wide range of issues including unemployment, labor market policies, housing policy, pension reform, health care, education, poverty, individual and family coping strategies, local social welfare delivery, demographic change, disadvantaged groups, regional disparities (www.iwm.at/p-socopp.htm).

¹³ Gösta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990).

on a power resource model, that is to say, Esping-Andersen assumes that the degree of decommodification depends on the power and influence of social groups in society, such as unions and parties on the left. The model hypothesizes a high degree of path-dependency. In the social democratic welfare regime type (Sweden, Norway) decommodification is highest; whereas, the liberal welfare regime type (US, Canada, Great Britain) relies heavily on market-based mechanisms, in example private insurance schemes (pensions, education, health). The conservative regime (Germany, France) is placed in the middle, since it supports some groups in society more than others (based on corporatism and a stronger role of the church). Another cluster of states can be found in Southern Europe ("Latin Rim").¹⁴

Social citizenship therefore shows variations in accordance with the welfare regime types. Research conducted about changing welfare policies in the past two decades shows that policy choices vary even in countries with similar features; to what extent this is the case is influenced by a number of internal and as well as external factors. Applying the variation hypothesis to East Central Europe, preliminary research shows that countries pursue quite different paths, notwithstanding the shared communist legacies and similar pressures of privatization. The overlapping processes of transformation and integration were conducted simultaneously and at great speed. There is neither a uniform state-centered model, nor are the countries following a clear-cut neo-liberal path. Earlier empirical research on the transition countries found only incremental changes in the area of social policy and social assistance. In comparative studies of welfare state development, Ulrike Götting shows, for example, that policy changes in the immediate post-communist period were, at best, "moderate."¹⁵ Influenced by EU accession negotiations, legal and administrative reforms, as well as democratization and decentralization have meanwhile led to more substantial changes in welfare policies. Initial expectations that a universalist (Swedish) model of welfare would replace the paternalistic communist state experience proved unrealistic. With states' capacities to cope with social costs of transformation decreasing and poverty rates increasing, social policy arrangements are facing more fundamental challenges. Recent reports depict a more complex picture of the development of social policies and social citizenship. The welfare systems emerging in the new accession countries is highly diverse leaving, at best, *fragmented welfare states* in the region.

¹⁴ Stefan Lessenich and Ilona Ostner, eds., *Welten des Wohlfahrtskapitalismus* (Opladen: Westdeutscher Verlag, 1998).

¹⁵ Ulrike Götting, "Destruction, Adjustment, and Innovation: Social Policy Transformation in East Central Europe," *ZeS-Working Paper*, Bremen, No. 2/94 (1994); and Ulrike Götting, *Transformation der Wohlfahrtsstaaten in Mittel- und Osteuropa. Eine Zwischenbilanz*, (Opladen: Leske and Budrich, 1998).

Across the region social citizenship is marked by a fragmented, patch-work type of policies, under-funding of social programs, and overburdening of social institutions, in particular families. Institutional restructuring in the realm of social policy involves the (re-) structuring of basic programs, such as establishing unemployment insurance, a functioning health care system, and new child care facilities. Yet, the features of these new systems still suffer from the low priority given to social tasks in state regulation, as compared to the liberalization of markets and legal restructuring. Social citizenship is not yet deeply entrenched in the political logic and may best be characterized as “low density citizenship.” The notion that social support is part of a broader concept of citizenship rights, which should not only be need-based, as is the case with respect to classic poor relief programs, nor should it be simply left to the markets, is not very well established. For example, as Julia Szalai shows for the case of Hungary, the “Social Welfare Act” passed in 1993, introduced “contribution-based schemes” for social policy provisions and pitted “deserving” and “undeserving” segments of the population against each other, opening the space for fierce rivalry between groups for the status of “most needy.”¹⁶ Under this scheme, the inverse effects include more support for those who are better positioned in the market (commanding more efficient resources and lobbying more effectively) than for the increasing segment of the population in need of temporary or long-term support.

Drawing on the findings for the Eastern accession countries and the new emerging type of welfare regime, the following features pose particular challenges in this fragmented welfare state.

Redistributive weakness of states

With respect to the different social institutions providing social services, the *weakness of states* to guarantee social rights is one of the most striking features of the transition period. This is not only the case with regard to the problem of under-funded social programs, an issue in all of the transition countries. Rather, there are built-in institutional mechanisms that contribute to the fragile scope of social citizenship. *First*, reports from Hungary, Poland, and other countries show that there are conflicting views about the root-causes of social exclusion, poverty and increasing income-inequality, resulting in contrasting conceptions about the responsibilities of states to offer social protection and prevent poverty. The predominantly market-driven approach to economic restructuring generally neglects deeply-rooted structural causes, and fails to consider comprehensive approaches to social integration. *Second*, processes of lobbying the state clearly favor resource-strong and privileged segments of the population. There is substantial

¹⁶ Julia Szalai, “Poverty and Social Policy in Hungary in the 1990’s” paper presented at the Conference “Rethinking Social Protection: Citizenship and Social Policy in the Global Era,” Center for European Studies, Harvard University Jan. 26-28, 2001.

evidence that the legacies of the communist era include unequal access to the channels of power and influence. Claims of weaker groups in society, such as single mothers or families with several children, are often not well represented in the policy process. *Third*, crucial political decisions for administering social policies had (often unintended) counterproductive effects for establishing the notion of universal social rights. In Poland, for example, decentralization, introduced with large-scale administrative reforms in 1999, leaves funding of social assistance and family support to the communities. However, particularly in rural areas and in poorer regions of the country, many communities have difficulties meeting their obligations, leaving predominantly women and children in conditions of great need. After experiencing the first results of institutional reforms, findings suggest that states often fail to enforce rights in the realm of social policies even when laws exist. Similar indications of state weakness can be found in other countries. In Hungary, decentralization of the state has produced severe problems for social policies, according to Szalai. The shifting of power from central to local and regional administrations led to an unclear division of responsibilities and duties within the new democratic system of governance.¹⁷ As a result of decentralization there are great discrepancies between the communities, increasing inequalities rather than alleviating them.¹⁸

Defecting firms, segregated markets, and informality

Because of lasting and high rates of unemployment, the establishment of new social institutions, such as unemployment insurance, is of prime importance, yet insurance schemes are still fragile and companies are reluctant to share in the costs of restructuring the workforce. Pressure to reduce the workforce during the transition has been high. According to UNICEF data, about 26 million jobs were lost in the transition countries. 14 million of these jobs alone were held by women. Women constitute the majority of the unemployed; the only exception is Hungary, where female unemployment has been lower due to a sharp job segregation and wage discrimination; women's wages are roughly 30 per cent lower than men's for blue-collar workers, and even 38 percent for white-collar workers, according to Heinen.¹⁹ Yet, there are significant shifts in employment as well.

¹⁷ The report of the EU-Commission on Hungary (1999), section on regional policy and cohesion, finds that the 1996 law on regional development has not been implemented sufficiently; the law reestablished Regional Development Councils but does not allocate financial resources; there are still weak regional organizations. – Julia Szalai argues that both, the Social Welfare Act and the Act on Local Governments, need amendments to secure coverage.

¹⁸ Zsuzsa Széman, "The Role of NGOs in Social Quality in Different Regions in Hungary. Possibility of a New Concern," *SOCO Project paper*, Vienna, No. 90 (2002).

¹⁹ Jacqueline Heinen, "East European Transition. Labor Markets and Gender in the Light of three Cases: Poland, Hungary and Bulgaria" in *The Transition of Gender, Welfare States and Democracy in Europe*, Seminar 5 of the EC-Program 'Gender and Citizenship' (Göttingen 1999): 41-

Traditional “female” branches of employment, such as textile or food processing, had to lay-off workers on a larger scale; sectors expanding are often in areas in which men hold leading positions, such as banking and financial services. Retraining and unemployment support is either weakly institutionalized or underfunded. Given the high unemployment rates, the social support and survival of marginalized groups seemed to function mainly because of the existence of the “shadow economy.” In fact, one of the most striking aspects of the new economies is the large share of the informal economy. The importance of the informal sector of the economy in Eastern accession countries has increased significantly in recent years; ranging from 18 percent of GDP in 2000-2001 in the Czech Republic, to 27 percent in Poland and 39 percent in Estonia. Economists distinguish between illegal and informal economy (e. g. economic activity that is not reported to the statistical office, although it should be), and insist that the informal economy is not per se a negative phenomenon; rather it is a survival strategy in very poor regions.²⁰

Another troubling aspect is corruption. While corruption also occurs in western countries, “corrupt capitalism” exists in all transition countries on a larger scale. The problems arising from this development are manifold. First, informality undermines the fiscal consolidation of the state. Due to black market mechanisms and corruption, firms involved in these practices evade taxes; thus, reducing the capabilities of states to allocate adequate funds to social programs. Moreover, the existence of a larger informal sector undermines trust in state institutions to provide social support.

For women, the situation is especially difficult. Higher rates of unemployment, informality and sex discrimination in the work place make it very difficult to find work that sustains a living and provide social security. A wide variety of non-governmental organizations, including EU supported programs try to fill the gaps of professional retraining and support. A study about women’s organizations in Poland, for example, found that most NGOs were in some way providing social services, often supporting women to work and aiming to enhance their professional opportunities in the labor market.²¹ These groups tend to be more successful when framing their agenda within the European social dimension.

64.

The EU Commission country report for Poland (2000) states that in the issue of equal opportunities Poland has made no progress; gender-specific job advertisements and domestic violence are explicitly mentioned as areas of concern.

²⁰ A. Mungiu Pippidi, S. Ionita, D. Mandruta, “In the Shadow Economy,” *SOCO Project paper*, Vienna No. 80 (2000).

²¹ Gesine Fuchs, *Die Zivilgesellschaft mitgestalten - Polnische Frauenorganisationen im Demokratisierungsprozeß*, (Series “Politik und Geschlechterverhältnisse”) (Frankfurt a. M.: Campus, 2003).

Reprivatization of social cost

In order to buffer the crisis of transition, families have become major fall-back institutions of support.²² Informal family and neighborhood ties assume an increasing role in providing social services and securing survival. In fact, the scale of coping strategies ranges from individual exploitation within the family to new forms of family support schemes, showing the strength of individual coping strategies (as compared to state programs) in securing a decent life. Most often, however, there is no legal or economic compensation for the work in providing social services. Also, in assessing social support, significant gaps between *de jure* and *de facto* regulations can be found. This is, for example, the case in granting family leave. Influenced by the prospect of entering the EU and adapting to European regulations, child-rearing leave in Poland was equally attributed to fathers and mothers; however, there is nearly no money allocated for this provision.²³

Weakness and revival of civil society

Overall, the literature on transition found that institutions of civil society are rather weak in respect to their impact on social relations and their influence on political decisions. Labor unions often fight to preserve privileges for particular segments of workers and collective bargaining processes may be malfunctioning. In respect to social services, several studies about the Eastern accession countries point to a significant increase in social services and support provided by voluntary and non-governmental institutions in recent years. Fuchs²⁴ reports, for example, that the field of women's groups has expanded in the 1990s, with many groups focusing on social or employment issues. Széman²⁵ shows that civil society organizations in Hungary have also formed and taken on crucial tasks in smaller towns. Regional differences and differences between urban and rural environments are another problem of NGOs and civil society organizations in the social sector. In all Eastern accession countries, civil society institutions, voluntary groups and charity organizations primarily serve to fill the gaps left by the state and state authority.

²² See, for example, Koncz Katalin Koncz, "The Gender-specific division of Labor in Hungary Since the Regime Change," in *Gender and Work in Transition*, ed. Regina Becker-Schmidt (Opladen: Leske and Budrich 2002).

²³ See Heinen Jacqueline Heinen, "East European Transition. Labor Markets and Gender in the Light of three Cases: Poland, Hungary and Bulgaria" in: *The Transition of Gender, Welfare States and Democracy in Europe*, Seminar 5 of the EC-Program 'Gender and Citizenship' (Göttingen 1999): 56.

²⁴ Fuchs, 2003.

²⁵ Széman, 2000

Conclusion

EU-enlargement is creating a larger, and powerful economic region in the global economy. Europeanization of social policy will be more complex, following new methods of coordination – such as “open method of coordination” – since all of them established basic rules and regulations for social security and assistance. They do so from an economically disadvantaged, but politically enhanced position as members of the EU. At the same time, diversity will increase in Europe due to the different and differing concepts of social rights, and social systems. More research is needed to assess the procedural power of EU norms and regulations on these countries. On a highly symbolic level, the draft European Constitution supports the framing of universal social citizenship. The rights outlined in the new document are encompassing, and it can serve as a reference frame in the process of institution building.

The Political Economy of Baltic States' Accession into the EU: The Impact on the Role of State¹

Ramūnas Vilpišauskas

Introduction

After 15 years of transition reforms, the transition in the Baltic States like in other Central and Eastern European countries (CEECs) has to a large extent come to its completion with accession into the EU in 2004. By now it is already possible to analyze the main outcomes of transition reforms and changing role of the state (or the size and scope of government), even though it should be acknowledged that changes in informal structures – values and patterns of social behavior – will take much longer than formal systemic reforms.

The process of integration into the EU has been the major factor which has increasingly impacted on the transition reforms and their outcomes in Central and Eastern Europe. The impact of the EU on reforms in CEECs has been first acknowledged by the analysts of transition, mainly by focusing on the aid and trade policies of the Union.² The role of the EU as a model to be imitated, as a supplier of a framework for external economic policies, and, later, of templates for domestic policies, has been increasingly recognized by the analysts of European integration and some scholars of transition reforms.³

However, most of the studies focusing on the impact of the EU on political structures, policy content and outcomes in the CEECs remain fragmented and issue specific focusing on the impact of the EU on concrete policy areas or institutional structures.⁴ As one of the most significant contributions to the analysis of

¹ The earlier versions of this paper were discussed at the NOPSA conference of 2002 and the seminar at the Maxwell School of Syracuse University in November 2002. This is a significantly shortened version of the paper presented at the EU enlargement conference in Miami in April 2005.

² See M. Lavigne, *The Economics of Transition. From Socialist to Market Economy* (New York: St. Martin's Press, 1999).

³ See, for example, H. Grabbe, "How Does Europeanisation Affect CEE Governance? Conditionality, Diffusion and Diversity" *Journal of European Public Policy* 8, no. 4, (2001):1013-1031; some contributions to the Special Issue on the Enlarged European Union of *West European Politics* 25, no. 2 (April 2002), edited by P. Mair and J. Zielonka.

⁴ Rare exceptions include H. Grabbe, "European Integration and Corporate Governance in Central Europe: Trajectories of Institutional Change" in *Corporate Governance in a Changing*

the most recent EU enlargement suggested, “there is little cross-fertilization between theoretical studies of the impact of international organizations, the Europeanization literature, the more theoretical literature on the transformations in the CEECs and the mainly descriptive literature on the effect of the EU on the candidates which is often limited to single countries and single policy areas.”⁵ This description of the state of academic affairs in the field is still accurate a couple of years later.

This paper *aims at providing a broad analysis of the EU’s impact on the CEECs which is not policy specific by focusing on the changing role of state in these countries as a result of direct and indirect impact of the EU.* It draws on the concepts developed by the studies of the two processes of transition and EU accession, in particular the character and outcomes of their interaction, which have for a long time been fragmented and divided into two separate fields. Some analysts go as far as to claim that, “the two not only pass each other as ships in the night, but rarely even sail in the same sea.”⁶

The paper also critically examines the prevailing arguments concerning the character of EU’s impact on CEECs and provides a different perspective on the issue. The first argument is that the impact of the EU on the CEECs could be best described as an exercise of neo-liberal restructuring.⁷ In other words, the influence of the EU has contributed to the shrinking of the state in CEECs, or is sometimes even characterized as an “export of a market radical variant of neoliberalism.”⁸

The other accepted argument in the literature on EU accession is about the strengthening of the regulatory role of the state in CEECs.⁹ This is not surprising

Economic and Political Environment: Trajectories of Institutional Change on the European Continent, ed. Federowicz, M, Vitols, S., (Berlin: Sigma/Wissenschaftszentrum Berlin, 2002).

⁵ Frank Schimmelfenning and Ulrich Sedelmeier, “Theorizing EU enlargement: research focus, hypotheses, and the state of research” *Journal of European Public Policy* 9, no. 4, (August 2002): 507.

⁶ A. L. Dimitrova, *Enlargement Governance and Institution Building in Central and Eastern Europe: The case of the European Union’s administrative capacity requirement*, Draft paper (2002): 4.

⁷ See A. Bieler, “The struggle over EU enlargement: a historical materialist analysis of European integration” *Journal of European Public Policy* 9, no. 4 (August 2002): 575-597; D. Bohle, “The ties that bind the new Europe: neoliberal restructuring and transnational actors in the deepening and widening of the European Union” Draft paper presented at Workshop 4 “Enlargement and European Governance”, ECPR Joint Session Workshops, Turin (22-27 March 2002).

⁸ D. Bohle, “The ties that bind the new Europe: neoliberal restructuring and transnational actors in the deepening and widening of the European Union” Draft paper presented at Workshop 4 “Enlargement and European Governance”, ECPR Joint Session Workshops, Turin (22-27 March 2002): 35.

⁹ See for example, H. Grabbe, 2002; A. Mayhew, *Recreating Europe* (Cambridge: Cambridge University Press, 1998), 200-235. For a detailed analysis of the impact of adopting EU regulations

taking into account that one of the main criteria for joining the EU is the adoption of its *acquis communautaire* which governs (and extends beyond) the cross-border transactions of EU's internal market. However, most analysts do not address the implications of expanding the regulatory functions of the state in CEECs, neither examine this trend in relation with changes in other functions of the state, nor place the debate in the context of more general debates on deregulation and re-regulation that have been taking place in the EU or OECD countries.

In addition to filling some of the existing analytical voids, this paper argues that the description of EU's impact on CEECs as a "neoliberal restructuring" incomplete and misleading. While the focus on trajectories of expanding the regulatory functions of the state and importing "regulatory state" from the EU provides a more accurate description of the process, it still remains incomplete. *This paper introduces a number of qualifications to these arguments showing that the influence of the EU has been causing divergent and sometimes contradictory outcomes.*

In terms of its impact on the role of state it has been (1) encouraging the shrinking of certain functions (in particular by direct and indirect influence of liberalizing external transactions, privatization, de-monopolization and, to some extent, restricting the room for stabilization policies) while (2) contributing to the expansion of others (in particular, regulatory function and public investments), (3) with the unintended consequences of relatively neglecting others (the enforcement of property rights, internal order and security, reforms of health, social security and education) mostly because of the lack of EU competence in these areas and therefore shortage of attention and resources. Therefore, the term "*weaker guardianship, less direct participation in the economy, status quo in welfare promotion and more regulation*" rather than the promotion of straightforward "neoliberal" policies describes better the impact of the EU.

The paper is structured by discussing first the roles of the state in general and in transition countries, the sources and instruments of EU influence on the role of state in the new EU member states from Central and Eastern Europe and presenting a number of tentative conclusions about EU's impact. Most empirical evidence is based on the observations drawn from the Baltic states.

The dependent variable is the role of the state while the independent variable is the influence of the EU mediated by domestic factors such as state-society relations and institutional structures in the context of rapid change and uncertainty which come into play both at the stage of policy decisions and their implementation. Often the impact of the EU is difficult to differentiate from the general influence of globalization or the role of domestic factors. However, a number of

on the economy of a candidate country see R. Vilpišauskas, "The Regulatory Alignment in the Context of EU Accession and its Impact on the Functioning of Lithuanian Economy" in *Lithuania: Country Economic Memorandum: Volume II: Technical Papers*, ed. A. Revenga (Washington D.C.: World Bank, 2002), 205-246.

observations could be made with a satisfactory degree of certainty to draw a broad picture of the patterns of EU influence on the role of state in candidate CEECs and point to further venues for research.

The Contested Role of the State

The distinction between public and private has many aspects including free exchange and authority, competition and hierarchy, laissez-faire and planning, etc. while different typologies of roles usually imply both positive and prescriptive conclusions concerning functions of the state.¹⁰ Some of them used in public finance theory refer to technical and economic properties of goods (usually dealing with issues of information and incentives), some are based on the argument of popular preferences.

The concept of the role of the state is important in providing an instrument that could be used to trace the trajectories of EU influence on transition reforms and their outcomes and to evaluate their potential implications. The paper uses the metaphors of state which reflect different functions assigned to it:

- (1) The guardian (minimal) state which represents a metaphor for the functions of law and order enforcement (protection of property rights and enforcement of contracts);
- (2) The stabilizer state which stands for a metaphor of monetary and fiscal measures aimed at reducing unemployment and inflation;
- (3) The welfare state which represents the redistributive and paternalistic functions, most often based on the arguments of social justice and merit;
- (4) The regulatory state which influences the private actors by enforcing compulsory rules based on the perceived need to correct “market failures” (monopoly power, information asymmetries, and negative externalities).

These categories are not exclusive, nor they are exhaustive. They do not imply that equally balanced assignment of all of these functions is an objective desirable in itself, though it could be hypothesized that the successful enforcement of protection of property rights and contracts is the necessary prerequisite for the functioning of markets and growth of welfare. Rather, they represent a collection of paradigms each of which dominated or coexisted at some point of history. Moreover, often public and private spheres coexist in fulfilling similar functions, or the expansion of private sphere is paralleled by the strengthening of government’s role through different means.

These categories are further used to analyze the influence of the EU on transition reforms. Importantly, the constraints and opportunities set by the EU for

¹⁰ As the World Bank Report maintains, the unique aspects of the state are its powers to tax, to prohibit, to punish, and to require participation. The World Bank, *World Development Report 1997, The State in a changing world* (Washington, D. C., World Bank, 1997), 25.

the implementation of any of these functions is likely to have significant political and economic implications for the new members.

Changing Role of the State in the Baltic Countries

The understanding of the role of the state at the outset of the reforms was rather straightforward – transition from control and planning based economies to market economies meant reducing radically the scope and size of government activities. While the political support for reforms has been relatively high at the end of 1980s and the start of 1990s in the Baltic states where transition reforms have been identified with the reestablishment of independence, later the popular support went down. The accession into the EU has played a role of additional legitimizing factor (although this role should not be overemphasized).

The debates at the start of economic reforms have concerned mainly the speed and sequence of reforms.¹¹ Later, with the “normalization” of politics they moved to the familiar debates about the proper role of the state in a market economy. The influence of the EU has also been transforming from generally supportive of the reduction of the role of state to changing the functional nature and scope of state activities, and in some cases even reversing the trajectories of transition reforms. The latter changes differed in every of the Baltic states depending on the previous transition policy decisions.

The role of state has been reduced significantly during the transition reforms, mostly during the period of 1990-1995. In particular, its role in price setting and direct ownership of factors of production has been restricted through the liberalization of external transactions, reduction of price controls, reduction of subsidies, other obstacles to competition, privatization of enterprises and restitution (though not so much enforcement) of property rights.

The stabilization function, which played particularly important role at the outset of reforms, was subsequently implemented by restrictive monetary and fiscal policies. This is especially evident in the Baltic states with Estonia and Lithuania establishing currency boards and in the second half of 1990s (in particular after the financial crisis in Russia in August 1998) pursuing restricted budgetary policies. Both Estonia and Lithuania were among the first three new members of the EU to join the Exchange rate mechanism II in mid-2004, followed in Spring 2005 by Latvia.

¹¹ See, for example, the World Development Report, *From Plan to Market* (Washington, D. C., The World Bank, 1996).

Table 1
The Baltic States and Poland with Respect to Meeting Maastricht Criteria

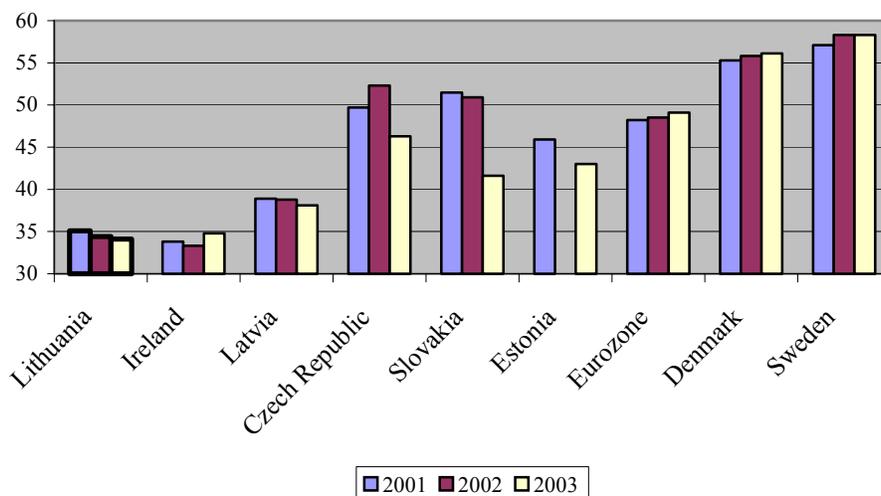
	Criteria	Lithuania	Latvia	Estonia	Poland
Inflation, 2004 (yearly average)	2,2%*	1,1	6,2	3,0	3,6
Public sector balance, 2004 (% of GDP)	<= 3%	-2,5	-0,8	1,8	-4,8
State debt, 2004 (% of GDP)	<= 60%	19,7	14,4	4,9	43,6
Long-term interest rates, March 2004 - February 2005	6,2%*	4,34	4,71	4,34	6,75
Stability of national currency with respect to euro, February 2003-January 2005	15% limit	Fixed	Fixed with 1% margin for fluctuation	Fixed	12,2

Source: SEB Vilniaus bankas

The progress in reforms and shifting boundaries between public and private spheres can be illustrated by indexes of transition and economic freedom which are compiled regularly by institutions such as the EBRD, the Heritage Foundation and Wall Street Journal, the Freedom House and the Fraser Institute.

These evaluations illustrate that by now a major share of GDP is produced in private sector. It should be noted that the current degree of liberalization in the Baltic states has been achieved about eight years ago. Less progress is made in governance reforms, reforms of infrastructure and areas such as education and health care. Also, it should be noted that the share of resources redistributed through the budget has been relatively low in the Baltic states and comparable only to Ireland's.

Figure 1. Overall Fiscal Expenditures as % of GDP



Source: Eurostat, cited in the World Bank (2004)

Several observations can be made from these evaluations. First, the Baltic states progressed most in liberalization of foreign trade which exceeds comparable indicators of most advanced economies. Second, the fiscal burden of government equals respective indicators of EU member states, often being lower if calculated as a share of GDP. Third, the least progress is reported in protecting property rights and regulatory environment.

The Sources and Instruments of EU Impact

The importance of the EU and its potential to influence transition reforms in the Baltic states originated from several factors.

First, it was the willingness of these countries' governments to open up to the EU influence which was related to both a broad desire "to return to Europe" and a concrete foreign policy objective to join the EU. The desire to join the EU resulted in the adoption of increasingly concrete policy measures shaping the role of the state in the candidate countries.

Second, the potential of the EU to exert influence on candidate countries resulted from the asymmetrical nature of EU and accession country relationship. The governments in the latter expected to reap significant benefits from the accession, while policy makers in the EU were relatively cautious about the enlargement due to relatively less significant potential economic impact on the current members as compared with the candidate countries. The chosen method of enlargement when the candidates have to adjust to all existing EU norms increased the influence of the EU, represented by the European Commission.¹²

Third, the uncertainty about the conduct of reforms due to their complexity and the lack of expertise significantly strengthened the willingness of policy makers in the Baltic countries to recreate policy models of the Western countries and adopt the explicit prescriptions of external advisors. This has resulted in unilateral, or so called "anticipatory adaptation" of regimes governing economic relations of industrialized democratic countries which was at the basis of transition to market economy and democratic governance.¹³

Assistance measures and trade agreements. From the start of transition reforms, the most important initial policy measures of the EU towards CEECs consisted of financial assistance program Phare as well as coordination of other international assistance measures. However, more significant economic impact has

¹² On this point see H Grabbe, "How Does Europeanisation Affect CEE Governance? Conditionality, Diffusion and Diversity" *Journal of European Public Policy* 8, no. 4, (December 2001): 1013-1031.

¹³ K. Nicolaidis, "East European Trade in the Aftermath of 1989: Did International Institutions Matter?" in *After the Cold War. International Institutions and State Strategies in Europe, 1989-1991*, eds. Robert Keohane, Joseph Nye and Stanley Hoffman (Cambridge: Harvard University Press, 1993).

been made by trade liberalization measures which reduced substantially for trade between the EU and CEECs.

Signing of the Free trade agreements between the EU and the Baltic states in 1994 contributed significantly to the removal of barriers to trade between those countries and the EU. The increasing flows of trade with the EU currently accounting for around 50-70 percent of these countries' foreign trade turnover have resulted to a significant degree from trade liberalization measures. The agreements have also been important in several other respects. By "locking in" the level of liberalization achieved they prevented from returning to more protectionist policies after the "normalization" of domestic politics and resurgence of interest groups activities.¹⁴

Moreover, there is ample evidence to argue that these agreements, together with the incentives of perspective EU membership and co-ordinatory role of the EU, proved to be the major factor behind other free trade agreements concluded by the Baltic states.¹⁵ The fact that around 70-80 percent of trade of the Baltic states is now conducted with the other EU members and countries with which EU has free trade agreements is a result of EU policies.

*Membership criteria, pre-accession process and adoption of *acquis communautaire*.* The influence of the EU on the transition reforms in the Baltic states has been strengthened after the EU recognized their candidate country status and included them into the pre-accession strategy consisting of Phare, Europe agreements and the White paper on integration into the internal market presented by the Commission in 1995.

The pre-accession strategy followed from the well known Copenhagen criteria of EU membership declared in 1993 representing an innovative measure in comparison to the previous EU enlargements. As it has been noted, the conditions set by the Copenhagen Summit go beyond those for any previous applicant which provides an opportunity for the EU to involved itself in domestic policy making of the candidate CEECs to a degree unprecedented in the current member states.¹⁶ It was the adoption of policy measures aimed at meeting the economic criteria of "a functioning market economy" and transposition of the *acquis* which contributed most to the changing role of the state in the Baltic countries.

¹⁴ For the evidence of this argument in the case of CEFTA countries see B Kaminski, *The EU Factor in Trade Policies of Central European Countries* (Washington, D.C.: The World Bank, November 1999).

¹⁵ For a detailed analysis of links between EU policies towards the Baltic states and the economic cooperation measures between those three states see R. Vilpišauskas, *Regional integration in Europe: analyzing intra-Baltic economic co-operation*, (Florence: EUI, RSC Working paper No. 41, 2000).

¹⁶ H Grabbe, "Europeanisation Goes East: Power and Uncertainty in the EU Accession Process", chapter to appear in *The Politics of Europeanisation*, eds. Featherstone, K. Radaelli, C. (Oxford, Oxford University Press, Second Draft, 2002), 5.

Accession negotiations and monitoring of progress in meeting membership criteria. It has been noted that “the EU’s most powerful conditionality tool is access to different stages in the accession process, particularly achieving candidate status and starting negotiations.”¹⁷ The gate keeping role of the Commission has been especially evident since the start of accession negotiations through the linkages of closing negotiation chapters with concrete policy measures to be undertaken by candidate countries (for example, in the case of Lithuania the chapter of Telecommunications and IT has been closed only after the independent regulatory agency was established, the Energy chapter was closed after the commitment on decommission the second reactor of Ignalina Nuclear power Plant by 2010 was received from the government).

The influence of the EU has been also increasing due to a wider use of different policy advice measures, extending beyond the competence of the EU in its older member states. The benchmarking and policy advice on the issues such as employment strategies, administrative capacities or pressure on the issues grouped under the criteria of “the functioning market economy” such as pension reforms and land reform allowed exerting additional influence on public policies and transition reforms in candidate countries.

Moreover, there were powerful incentives for policy makers in the former candidate countries to attach the EU more significance than it actually had in order to legitimize their own policies, or due to a poor level of information on the differences between EU wide and member states’ policy models. Different prescriptions of the EU received divergent attention and varied in terms of the success of actual implementation in the candidate countries. The gap between rhetoric and actual policy decisions is also important in understanding and explaining the trajectories of EU influence on changing role of the state in the candidate countries and new members of the EU. The following section presents a number of propositions concerning the influence of the EU on transition reforms in the Baltic states.

Integration and Transition: the Multifaceted Influence of the EU

First, as it could be expected the influence of the EU on shrinking the role of the state is most evident in liberalization of external transactions of the Baltic states. The main instruments in this field included the agreements on liberalization of trade as well as the membership criteria. However, the extent and speed of liberalization has been also dependent on the lobbying of domestic interest groups and this trend was actually reversed exactly due to the impact of EU membership, i.e. in the case of Estonia (to a lower degree in Latvia and Lithuania) the external

¹⁷ H Grabbe, “How Does Europeanisation Affect CEE Governance? Conditionality, Diffusion and Diversity” *Journal of European Public Policy* 8, no. 4 (December 2001): 1013-1031.

restrictions to trade actually increased after adopting the common external tariffs of the EU.

Second, the EU contributed to the reduced direct participation of the state in the economy by encouraging the privatization of state owned enterprises, reduction of price regulation and reduction of subsidies. However, the influence of the EU should not be overestimated. The different methods of privatization chosen (for example, voucher privatization in Lithuania with no foreign participation and privatization open to outsiders in Estonia), divergent speed and shares of private (and foreign) capital illustrate the limits of EU influence as regards the form of ownership.

Third, despite the inclusion of the establishment and protection of property rights into the membership criteria and Accession Partnerships, the actual implementation process in the Baltic countries has been conducted with substantial delays.¹⁸ For example, there has been an explicit linkage with a date of 2000 set by the Commission for the completion of the restitution of property rights to the land in Lithuania. However, this target date has not been met due to the lack of recourses, political changes in the government and failures of institutional coordination. Therefore, it could be stated that in the cases where the EU *acquis* has been missing and the policy prescriptions have been based on the general economic membership criteria (“the functioning market economy”), the actual influence of the EU of policy reforms and role of the state has been divergent and dependent on domestic factors.

Fourth, the EU has increasingly set restrictions on the active role of the state in the field of macroeconomic management. Since mid-1990s all three Baltic states have implemented restrictive monetary policies, and increasingly restrictive fiscal policies. Importantly, the EU in the form of Maastricht criteria (which were not directly applicable for the accession into the EU) limited only budgetary deficits and the state debt, but did not say anything about the overall size of government expenditures. Likewise, it does not provide strict constraints on taxation policy with the exceptions of indirect taxes and recommendation on avoiding the “harmful tax competition.” It should be noted, that as a result of aligning VAT and excise taxes, the level of indirect taxation has been increasing in the Baltic states. On the other hand, the level of direct taxation in the Baltic states (in particular, company taxation) has been among the lowest in the EU-25. It seems quite likely that the need to catch-up and the competition in the Single market will preserve the trend towards lower taxation.

¹⁸ It should be noted, that due to the existence of *acquis* a particular group of property rights – copyrights, industrial property rights – are given much more attention than the rights to the productive property. Similarly quite a lot of attention in the process of legal harmonization is given to other post-modern issues such as animal welfare which reflect the preferences of rich Western societies.

Fifth, the accession into the EU has been changing the expenditure patterns in the Baltic states. The need to prepare for the use of the EU funds and the actual co-financing of them changes the priorities of public investment programs. For example, after the accession into the EU the absorption of the structural funds resulted in the increasing state investments into the private productive sector. The absorption of the EU funds in 2005 has become the major factor accounting for the growth of public investments and subsidies by 17 percent in Lithuania.

This poses several questions, namely, the contradictory emphasis on the restrictions of state aid stressed during the negotiations on competition policy and a current increase in public support to various producer groups in the newly acceded countries as a result of use of the EU funds. Moreover, the need for co-financing in combination with the investments required to meet EU norms, tax competition in the Single market, setting up regulatory infrastructure and lack of reforms in the public sectors currently absorbing most budgetary resources (i.e. education, health, social security) is creating a stress on fiscal policies and complicating the preservation of fiscal balance.

Sixth, the influence of the EU on the welfare role of the state has been indirect and rather contradictory. Although the Commission has stressed the importance of pension reform, the EU has little direct influence in this area. This has been one of the reasons for the lack of progress in reforming overall system of social support and such policies as health care which have been dominated by well established domestic interest groups. Therefore, despite a formal support for the reforms, the need to invest attention and financial resources into the fields directly linked with the *acquis* and focus on structural funds had an unintended side effect of neglecting the reforms of social policies. The influence of the EU on agricultural policies in the Baltics illustrates well the main contradictions between the prescriptions of the EU and its own common policy.

Seventh, the most significant influence of the EU on the role of state has consisted in widening the scope of regulatory activities in the Baltic states. The adoption of the *acquis* governing the internal market and other common policies (in particular, environment, labor relations, agriculture, transport and energy) represents a massive re-regulatory exercise in these countries. This is likely to have several important implications for these countries. First, the analyses of the effects of regulatory alignment on the economies of candidate countries shows that the main beneficiaries from regulatory alignment are the export oriented large companies which trade with the EU. The main burden of adjustment is likely to fall on small and medium sized enterprises operating domestically, in particular in most regulated fields such as agriculture. This is likely to create calls for the public measures to soften the adjustment pressure created by EU accession, with resulting state activism.

Conclusions

The analysis of the EU's impact provides enough basis to make two concluding observations (one positive, and one normative): (1) the process of accession into the EU of the candidate CEECs has resulted in what could be described as "weaker guardianship, less direct participation in the economy, status quo in welfare promotion and more regulation;" (2) the diffusion of state activities together with the past legacies, interest group activities and relatively inefficient public administration results in a "widely present and weak" state slowing down the achievement of the main objectives of economic growth and welfare, despite the impressive catching-up taking place in the Baltic states since year 2000.

Shifting Competitiveness, Evolving Multinational Enterprise Strategies and EU Enlargement: The Case of Hungary

Yusaf H. Akbar

Introduction

Following the accession of eight countries from Central and East Europe (CEE) into the EU in May 2004, the role played by Multinational Enterprises (MNEs) and Foreign Direct Investment (FDI) in the economic development of the CEE region continues to be a subject for considerable debate.

Originally attracted by low cost locations, relatively well-educated workforces and the attraction of having virtually tariff-free access to the EU from the CEE region, MNEs poured into the region. Further attracted by privatization programs of the post-socialist governments, MNEs had the opportunity to acquire and restructure companies across all sectors of the economy. Moreover, Greenfield investment took place on a broad scale across the region as MNEs set up production facilities for goods to be sold regionally and shipped back to the EU.

In recent years there are several important changes occurring in the region that may impact on inward-FDI. First, the privatization pool available to MNEs has dried up since most of the Accession-8¹ has sold their state-owned enterprises. Second, the relative cost-advantage presented by these countries has been eroded as salaries of workers, cost of capital and real estate have risen in line with increased demand. Cities such as Prague and Budapest now have cost of living being roughly equivalent to neighboring cities such as Vienna.² Third, EU membership implies increased regulatory controls and therefore costs to companies if they are to comply with new regulations required by EU membership. Fourth, to a limited degree, freedom of movement of persons within the EU will allow many citizens from the Accession-8 to find higher paid work in the existing member states thus reducing the pool of skilled labor available in the CEE region.

¹ The Accession-8 are Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia.

² Interview with Rainer Silhavy, General Manager, Raiffeissen Bank.

These developments pose questions for both the FDI strategies of the MNEs already located in the CEE region and the related economic development policies of the governments of the region. The main objective therefore of this chapter is to consider how and in what ways, the FDI strategies of the MNEs are evolving and are likely to be changed by these apparent shifts in CEE competitiveness.

The paper makes use of detailed open interviews with MNE managers and public policymakers in Hungary across a range of sectors in order to develop the specific strategic insights relating competitiveness to MNE strategy.

The principle findings of the research are as follows. First, that Hungarian competitiveness is indeed shifting away from the traditional low-labor cost that underpinned much of the early FDI in the country. Second, important changes in the public policy environment in the field of taxation have had an important influence on both new FDI and reinvestment in Hungary. Third, Hungary's relatively skilled labor pool in the information technology and engineering sector is beginning to emerge as a nascent technology cluster based around close cooperation between Hungary's technical universities and MNEs who have already committed resources to the country. Fourth, the Hungarian government's ability to offer FDI-friendly regulations is becoming increasingly constrained within the context of its EU membership. Fifth, some MNEs are beginning to focus their FDI strategies on a regional rather than country-based lens. Indeed as EU membership has removed barriers to movement across countries within Central Europe, MNEs are no longer focusing solely on national resource endowments but analyzing ways in which they invest across countries to achieve a more cost-efficient configuration of their value chains. In this instance, the Visegrad countries have emerged as regional production locales.

Literature Review

The literature on FDI motivation and its associated impact is quite extensive. This paper does not intend to replicate the previous extensive literature reviews. However, it is important to emphasize some aspects of this literature especially regarding the East and Central Europe (ECE) region. There have been several themes in the ECE literature on FDI. First, the arrival of FDI has been examined in the context of economic transition³. While views on the nature of the contribu-

³ See Yusaf Akbar and J. Brad McBride, "Multinational Enterprise Strategy, Foreign Direct Investment and Economic Development: The Case of Hungary" *Journal of World Business* 39 (2004): 89–105; John Dunning, "The Prospects for Foreign Direct Investment in Eastern Europe" in *Foreign Investment in Central and Eastern Europe*, ed. P. Artisien, M. Rojec and M. Svetličič, 16–33 (New York: St Martin's Press, 1993); Economic Commission for Europe, "Economic Growth and Foreign Direct Investment in the Transition Economies" *Economic Survey of Europe* 1 (2001): 185–226; Saul Estrin, K. Hughes and S. Todd, S. *Foreign Direct Investment in Central and Eastern Europe: Multinationals in Transition* (London and Washington, DC: Pinter, 1997); Saul Estrin, Xavier Richet and Jorge Brada, (eds) *Foreign Direct Investment in Central Eastern Europe: Case Studies of Firms in transition* (London: M.E. Sharpe, 2000); N. H. Fabry "The Role of In-

tion of FDI to the process of economic transition and development vary in this broad literature, all of the literature recognizes that FDI has played a unique and unprecedented role in the process of economic reform and transformation in ECE.

Second, FDI and the issue of technology transfer in ECE has been the focus of considerable research.⁴ One of the main controversies of the role of FDI on a domestic economy has been the role of R&D spillover and technology transfer. In particular the issue as to whether MNEs actually transform the technology base of recipient countries has been central to this controversy. Scholars have highlighted the link between company level value-added, economic growth and

ward-FDI in the Transition Countries of Europe: an Analytical Framework” *Current Politics and Economics of Russia, Eastern and Central Europe* 16 (2001): 349–77; G. Gorzelak, *The Regional Dimension of Transformation in Central Europe* (London: Jessica Kingsley Publishers, 1996); Gabor Hunya “Central Europe Catching-up Through FDI?”, in G. Hunya (ed.) *Integration Through Foreign Direct Investment: Making Central European Industries Competitive*, (Cheltenham and Northampton: Edward Elgar, 2000), 8–27; H. P. Lankes and N. Stern “Capital Flows to Eastern Europe and the Former Soviet Union” *EBRD Working Paper*, no. 27 (London: European Bank for Reconstruction and Development, 1997); Klaus Meyer, “International Production Networks and Enterprise Transformation in Central Europe” *Comparative Economic Studies* 42 (2000): 135–150; Petr Pavlínek, “The Role of Foreign Direct Investment in the Privatization and Restructuring of the Czech Motor Industry” *Post-Communist Economies* 14, no. 3 (2002): 360–79; A. Zemplerová “Impact of Foreign Direct Investment on the Restructuring and Growth in Manufacturing”, *Prague Economic Papers* 7 (1998): pp. 329–45; I. Zloch-Christy ed. *Privatization and Foreign Investments in Eastern Europe*. (Westport, CT: Praeger, 1995).

⁴ See M. Bell, “Technology Transfer to Transition Countries: Are There Lessons from the Experience of the Post-war Industrializing Countries?” in *The Technology of Transition: Science and Technology Policies for Transition Countries*, ed. David Dyker, 63–94 (Budapest: Central European University Press, 1997); David Dyker, “The Dynamic Impact on the Central–Eastern European Economies of Accession to the European Union: Social Capability and Technology Absorption” *Europe–Asia Studies* 53 (2001): 1001–21; L. Gokhberg, “The Transformation of R&D in the Post-Socialist Countries: Patterns and Trends” in *Innovation and Structural Change in Post-Socialist Countries: a Quantitative Approach*, eds. D.A. Dyker and S. Radosevic, 153–72 (Dordrecht: Kluwer Academic Publishers, 1999); Y. Kinoshita, “R&D and Technology Spillovers through FDI: Innovation and Absorptive Capacity,” *Centre for Economic Policy Research Discussion Paper* 2775 (2001); M. Knell and D. Hanzl, “Technology and Industrial Restructuring in Central Europe” in *Innovation and Structural Change in Post-Socialist Countries: a Quantitative Approach*, eds. D.A. Dyker and S. Radosevic, 67–86. (Dordrecht: Kluwer Academic Publishers, 1999); Slavo Radosevic and L. Auriol “Patterns of Restructuring in Research, Development and Innovation Activities in Central and Eastern European Countries: an Analysis Based on S&T Indicators” *Research Policy* 28 (1999): 351–76; Margaret Sharp, M. and Michael Barz, “Multinational Companies and the Transfer of New Technological Capabilities in Central and Eastern Europe and the Former Soviet Union” in *The Technology of Transition: Science and Technology Policies for Transition Countries*, ed. D.A. Dyker, 95–125 (Budapest: Central European University Press, 1999); Beata Smarzynska, “Does Foreign Direct Investment Increase the Productivity of Domestic Firms: in Search of Spillovers through Backward Linkages” *William Davidson Working Paper* No. 548 (University of Michigan, Ann Arbor, 2003).

R&D activity.⁵ It is argued that while a considerable amount of R&D activity takes place in the home countries of MNEs, theoretically MNE activity in the host country leads to R&D spillover through essentially two channels. First, supplier links with local companies can enable local firms to learn and adopt new technologies. Second, through the consumption of MNE products and services in the host country, consumers can drive demand for product development by local companies who compete with the MNEs. The empirical literature on ECE provides inconclusive evidence on the R&D spillovers and technology transfer benefits of MNEs. Among other explanations, the effects are sensitive to the sector examined and the degree of integration between the value-chains of MNEs and the local economy. For example, where MNEs based in ECE seek out local suppliers and integrate them into the value-chain, then the learning effects are important. Moreover if MNEs locate because they wish to access specific knowledge e.g. Ericsson in Hungary, then the ability of MNEs to transform local scientific knowledge into valuable applications can be significant.

Third, the relationship between FDI and productivity (and competitiveness) in ECE has been examined in some detail.⁶ One of the main challenges facing the transition economies in 1989 and in the years after was the need to replace the capital stock inherited from the centrally planned economies. Since domestic capital investment capacity was low, FDI provided an opportunity for ECE economies to replace the capital stock. Furthermore, one of the major weaknesses in the ECE economies at the start of the 1990s was the incredibly poor factor productivity (especially labor productivity). Arguably, FDI generated employ-

⁵ See T. Bayoumi, David T. Coe and Elhanan Helpman, "R&D Spillovers and Global Growth" *Journal of International Economics* 47 (1999): 399-428; Ray Barrell, R. and Nigel Pain, "Foreign Direct Investment, Technological Change, and Economic Growth within Europe" *Economic Journal* 107 (1997): 1770-1786; M. Blomström and Fredrik Sjöholm, "Technology Transfer and Spillovers: Does Local Participation with Multinationals Matter?" *European Economic Review* 43 (1999): 915-923; D. Coe and E. Helpman "International R&D Spillovers" *European Economic Review* 39 (1995): 859-87; Wilfred Ethier and James R. Markusen, "Multinational Firms, Technology Diffusion and Trade" *Journal of International Economics* 41 (1991): 1-28; Howard Pack and Kamal Saggi, "Inflows of Foreign Technology and Indigenous Technological Development" *Review of Development Economics* 1, no. 1 (1997): 81-98.

⁶ S. Djankov and Bernard Hoekman, "Foreign Investment and Productivity Growth in Czech Enterprises" *World Bank Economic Review* 14, no.1 (2000): 49-64; Gabor Hunya, *International Competitiveness Impacts of FDI in CEECs*, The Vienna Institute for International Economic Studies No. 268, August. (2000); J. Konings, "The effects of foreign direct investment on domestic firms: Evidence from firm-level panel data in emerging economies" *Economics of Transition* 9, no. 3 (2001): 619-634; J. Mišun and V. Tomšik, "Foreign Direct Investment in Central Europe – Does it Crowd Out Domestic Investment?" *Prague Economic Papers* 11, no. 1 (2002): 57-66; M. Szanyi, "The Role of FDI in Restructuring and Modernization: an Overview of Literature", in *Integration Through Foreign Direct Investment: Making Central European Industries Competitive*, ed. Gabor Hunya, 50-80 (Cheltenham and Northampton: Edward Elgar 2000); M. Tupy, "EU Enlargement: Costs, Benefits, and Strategies for Central and Eastern European Countries" *Policy Analysis* 489, (2003): 2-20.

ment would raise factor productivity because of combining new capital with the relatively skilled (but low-cost) labor forces in ECE. Again, the evidence in the ECE tends to demonstrate that this is the case. It is important to note however, that it was inevitable that factor productivity would rise compared to the centrally planned era. A broader issue examined in the literature, especially that associated with the competitiveness literature is about the global position of ECE countries. Thus the key question is whether ECE countries have been able to maintain their competitiveness in comparison to other emerging economies such as China and India. In this instance, the evidence is mixed and interestingly one of the issues raised in the literature is the impact of EU membership on ECE competitiveness. Since the regulatory burden embedded in the *acquis communautaire* implies greater regulations on industry compared to the transition period, this could reduce the competitiveness of the ECE economies compared to their global rivals.

Fourth, taking a step away from mainstream economics and international business approaches, the economic geography literature has examined the role of FDI and MNE activity in the ECE region. Their principle focus has been on the spatial location of activity and its implications for economic growth.⁷ These scholars largely take the view that if left to itself, the spatial allocation of FDI in the ECE region would exacerbate rather than reduce regional and social disparities. This is because MNEs respond to existing agglomerations or poles of economic activity. Thus in the ECE region, most MNEs who have invested in the region chose the capital city and the regions close to the capital city as the place to invest. This exacerbates the already existing income and social disparities between the capital and the 'countryside' in these countries. Also, FDI flows have tended to cluster in areas close to the EU borders of the ECE region. The policy-making implication of this research is that governments need to adopt pro-active regional development strategies to reduce disparities. This is an issue which we examine when we consider the Hungarian government's response to the clustering of FDI in the Budapest region and around the Budapest-Győr-Sopron highway.

⁷ J. Blažek, "Regional Development and Regional Policy in Central East European Countries in the Perspective of the EU Eastern Enlargement" in *Geography of Societal Transformation in the Czech Republic*, ed. M. Hampl, 181-207 (Prague: Department of Social Geography and Regional Development, Charles University, 1999); B. Domański, "Structure, Regional Distribution and Selected Effects of Foreign Direct Investment in Polish Manufacturing in the 1990s" *Wirtschaftsgeographische Studien* (Wien) 24/25 (1999): 71-88; J. Hamar "Regional Effects of FDI-Inflows in Hungary" *Acta Oeconomica* 50 (1999): 169-90; J. Hardy, "Cathedrals in the Desert? Transnationals, Corporate Strategy and Locality in Wrocław" *Regional Studies* 32 (1998): 639-52; W. Z. Michalak, "Foreign Direct Investment and Joint Ventures in East-Central Europe: a Geographical Perspective" *Environment and Planning A* 25 (1993): 1573-91; Adrian Smith and Sonia Ferenčíková, "Inward Investment, Regional Transformations and Uneven Development in Eastern and Central Europe: Enterprise Case-studies from Slovakia" *European Urban and Regional Studies* 5, no. 2 (1998): 155-73; S. Young, Neil Hood and E. Peters, "Multinational Enterprises and Regional Economic Development" *Regional Studies* 28 (1994): 657-77.

Lastly, the link between FDI and EU Enlargement in ECE has been considered.⁸ The literature highlights several related aspects of the impact of EU enlargement. First, EU membership implies greater competition for ECE companies. While Hungarian companies have got used to foreign competition in the years prior to EU accession, it is nevertheless argued that existing competition will intensify in Hungary as well as other member states in the ECE. Previous enlargements to include Spain and Portugal demonstrate clearly that competition continued to intensify in product and service markets a long time after these countries had joined the EU. Second, EU membership should increase the constraints on the government's incentives programs to attract FDI because of the need to adopt EU competition disciplines on State Aid. Third, MNEs based in the accession countries will continue to leverage higher product and service standards in the ECE member states as a means of winning the competition with their local rivals in these markets.

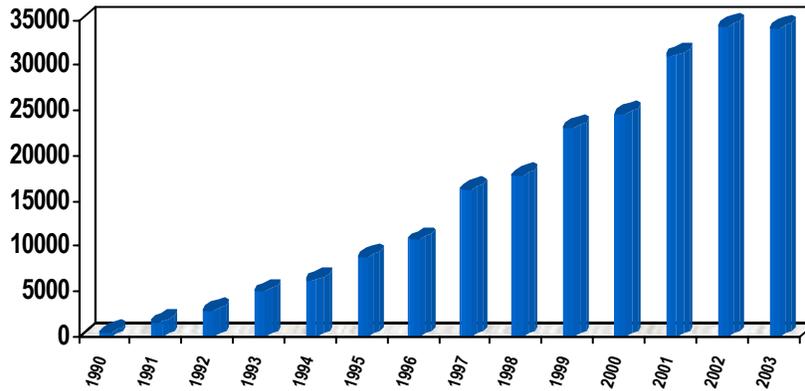
FDI, MNE Activity and Hungary at Accession

Figure 1 below shows the evolution of Hungary's FDI stock over time. As can be readily noted from the diagram, Hungary has built up a considerable stock of FDI. Of note in this figure has been two periods of substantial growth in FDI – in 1996-7 and 2001-2. Also, Hungary has experienced a leveling off of the FDI stock in 2003. The explanation for this comes from the two sources. First, some MNEs have withdrawn their FDI from Hungary such as IBM who moved its hard disk drive plant from Hungary to China and also Flextronics who moved their production of Microsoft Xbox game consoles.⁹ Figures 2 and 3 break out this effect in more detail. As can be noted from figure 2, the important change has been the sharp fall in inward FDI in 2003 compared to 2002 combined with a small amount of FDI outflow. Figure 3 further amplifies this effect. The clear downward trend of net FDI at the end of 2002 and into the first quarter of 2003 illustrates the leveling off of the FDI stock in Figure 1. In a later section, the causes for this FDI decline will be examined.

⁸ Yusaf Akbar, *The Multinational Enterprise and EU Enlargement: The Effects of Regulatory Convergence* (London: Palgrave, 2003); Dyker (2001) *op. cit.*; B. Domański, "Poland: Labour and the Relocation of Manufacturing from the EU" in *CEE Countries in EU Companies' Strategies of Industrial Restructuring and Relocation*, ed. G. Gradev, 21-49 (Brussels: European Trade Union Institute, 2001); Tupy (2003) *op. cit.*

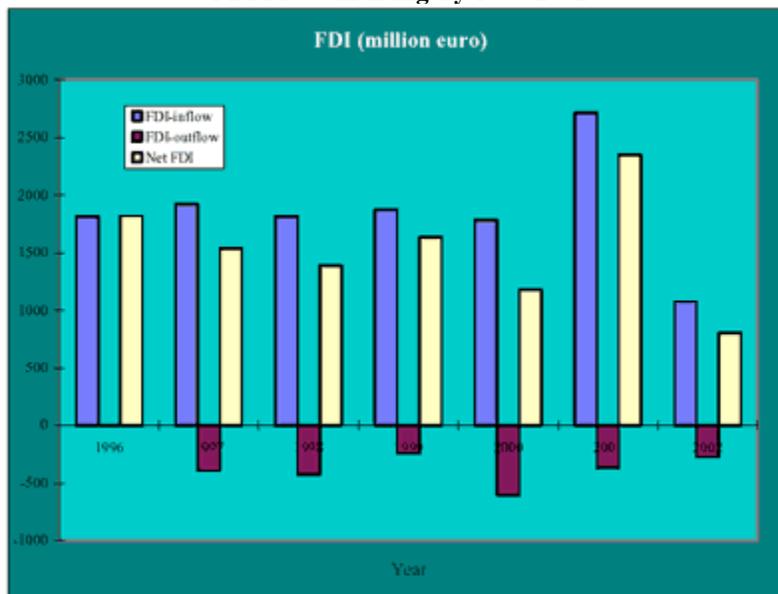
⁹ "Hungary Falls Behind in FDI Race" *Budapest Business Journal* 10, no. 28, June 17-23, (2002).

Figure 1
Development of FDI Stock in Hungary 1990-2003



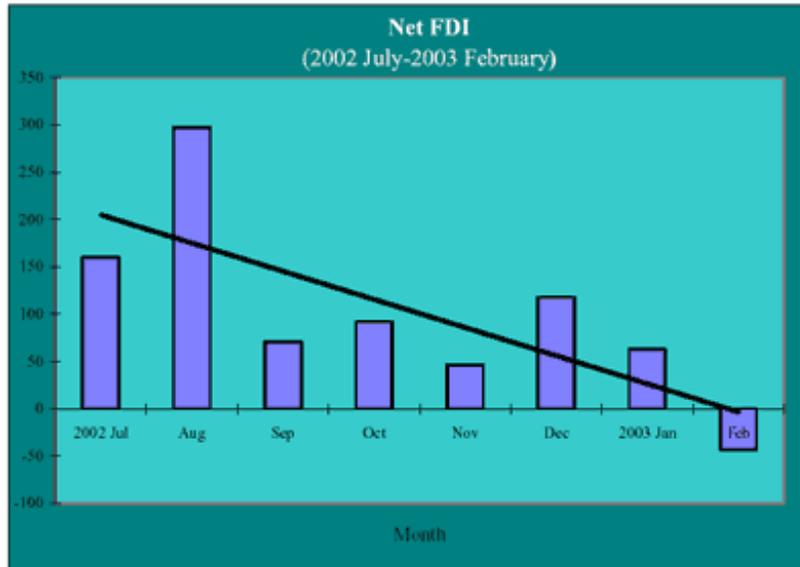
Source: ITD Hungary and Magyar Nemzeti Bank (National Bank of Hungary). Figures include reinvested earnings from 1995

Figure 2
FDI Flows in Hungary 1996-2002



Source: Data adapted from Hungarian Central Statistical Office sources

Figure 3
Net FDI July 2002-February 2003



Source: Adapted from Hungarian Central Statistical Office sources

Micro-level and Strategic Data

In our paper we aimed to interview managers across a range of sectors from manufacturing, assembly, services and network industries. The methodological aim was to offer a broad enough set of industries on a qualitative basis to build up as detailed an empirical setting as possible. While econometric, quantitative methods provide very important and information-rich material, they arguably suffer from the necessary level of abstraction required (and the key assumptions of normality of data distribution) to generate systematic data outcomes. Thus we argue that while our qualitative approach can in no way fully replace the methodological and empirical strengths of quantitative, regression-based analyses, we believe that qualitative interview methods can provide scholars with important insights into the thinking and actions of managers which quantitative methods cannot always provide us.

In our interviews we were aiming to generate qualitative responses to the following topics and issues. Aside from the basic data on company size, sector of activity etc., we were interested in the following. First, what were the original motivations for FDI in Hungary of the companies we examined? The aim of this was to ascertain whether the FDI fitted into resource-seeking, market-serving, strategic-asset seeking or other FDI motivations. It also served as the starting

point for us to understand the changes in strategy (if any) that the MNE was pursuing. Second, we sought information on the level of MNE corporate commitment to the FDI project. The aim of this question was to gauge the MNEs time-horizon for its investment. For example, we were interested in examining whether the MNE concerned had developed a strategy beyond resource-seeking if that was its initial aim of FDI. Third, we asked questions related to local and other MNE competitors and whether they played a role in the FDI strategy of the foreign company. These questions were aimed at examining the extent to which competitive forces impacted the strategic aspects of the FDI project. Thus for example, did the MNE concerned alter its level of FDI commitment in the light of new entry of other MNEs or increased competition of local companies?

Fourth, how did the MNEs consider Hungary's competitiveness was affecting their strategies in Hungary? Of particular interest for our research was to examine whether rising labor costs in Hungary were affecting the FDI strategies of MNEs based there. Moreover, did the MNE consider other alternatives for investment in neighboring countries or elsewhere in the world? Fifth, we sought managers' views on how EU membership had impacted their FDI strategy and whether EU membership in Hungary had changed the way they considered their investment and production strategies in Hungary. In the following section, we highlight some of the key issues raised through the interviews.

(i) Public Policy

The most common observation about Hungarian competitiveness among the managers and policymakers we interviewed was the role played by public policy in several areas in the 1990s. First, in many respects, by taking the lead in privatization in the region through sales to strategic foreign investors, Hungarian policymakers offered one of the most attractive environments into which MNEs could enter the Central European economy. While the reasons for sales to foreigners were motivated to a significant degree by macroeconomic pressures, the outcome was to allow Hungary to emerge as the leading FDI recipient country for several years after 1989.¹⁰ Once the privatization pool had dried up, Hungarian inward-FDI slowed substantially.¹¹ New areas for privatization and acquisition appear to be in the agricultural sector despite the politically sensitive nature of arable land ownership in Hungary.¹²

Second, Hungary's tax regime for many years had offered foreign investors an attractive fiscal environment.¹³ All of the companies we interviewed who had

¹⁰ Interview with Csaba Kilian, Investment Director, ITD Hungary, Budapest, June 2004

¹¹ *Op. cit.* 3

¹² Interview with Dr. Ivan Gara, Managing Director, Raiffeissen Bank Hungary, July 2004

¹³ Interview with Robert Gray, Managing Director, Caterpillar Hungary Ltd, July 2004

entered Hungary on the basis of the tax holiday had fully utilized the opportunity to reinvest significant amounts of profits back into the Hungarian subsidiary. Third, Hungarian efforts to join the EU and especially successive government efforts to implement the *acquis communautaire* prior to accession had played an important role in allowing companies to operate in an EU-compliant regulatory environment whilst still benefiting from the relatively low-cost factor environment. An excellent illustration of this point is the financial services sector where the Hungarian government had already de-regulated the sector several years prior to EU accession. In this sense, this makes the Hungarian financial services sector one of the most competitive in the region.¹⁴

Another issue for Hungarian public policy raised in the interviews was how neighboring countries such as Slovakia and Czech Republic¹⁵ were adapting their public policy to become more competitive than Hungary. In many senses, Hungary was an ‘exemplar’ for public policy towards FDI. Nevertheless senior Hungarian public policymakers recognize that they have lost ground to neighboring countries in this regard.¹⁶

On the other hand, senior managers at one of the world’s leading internet telephone companies headquartered in Budapest expressed concern at the continuing micro-level bureaucracy that companies face in Hungary. The length of time it takes to incorporate a company in Hungary for example takes considerably longer than in Western Europe and North America. Additionally, filing papers for residency permits continue to cause problems with hiring non-Hungarians to work in Budapest.¹⁷

(ii) Factor Cost Competitiveness

Throughout our interviews, managers emphasized the continuing factor cost competitiveness that the Hungarian economy has compared to rivals in Western Europe and within Central Europe.

Obviously, wage costs in Hungary remain low compared to the EU average. More importantly, it is the relatively high level of skills in the workforce combined with low wages that remain one of the key sources of competitiveness for the Hungarian economy. Close linkages between the Technical University of Bu-

¹⁴ Op. Cit. 7

¹⁵ The Czech Republic copied Hungary’s tax incentives in 1999. Slovakia introduced a ‘flat tax’ for companies.

¹⁶ A point made by Csaba Kilian. He expressed the view that the Hungarian government has become aware of this loss of public policy competitiveness and that they will need to reconsider current approaches.

¹⁷ Interview with Paul Cheng, Founder and CEO, Ayslum Telecom, Budapest July 2004.

dapest and foreign companies have also facilitated the continued success of Hungary's skilled pool of scientists and engineers.¹⁸

However, neighbors and distant competitors in Asia threaten Hungarian cost competitiveness, especially at the level of low- to mid-skilled workers.¹⁹ This is driven, to a significant degree by labor shortages that have developed as a result of the low labor mobility among low-skilled workers in the Eastern counties of Hungary.²⁰ While the labor market remains tight in the Budapest region and Western counties, the lack of labor mobility means that companies have to provide buses to ferry workers between their home and the factories.²¹ Given the relatively ease with which some productive capital could be moved to neighboring Slovakia, this is a cause of concern for the Hungarian economy. Evidence of this shift towards its neighbors comes from Peugeot's and Hyundai's decision to locate in Slovakia and Toyota's to locate in the Czech Republic.

Despite this concern, MNEs continue to expand their activities in Hungary. General Electric has expanded its activities beyond light bulbs²² to include manufacture of turbines, medical services equipment; the development of an R&D center for medical equipment research as well as an IT services center.²³ Siemens employs over four thousand workers in a cable factory. It was only until the end of July 2004 that Siemens decided not move to its mobile phone manufacturing to Hungary after German labor unions agreed to substantially increase working hours and lower non-wage based salary benefits for its workers.

One of the unexpected findings from the interviews was that Hungary's financial services sector is one of the most competitive in the region. As an illustration of this, OTP, Hungary's largest retail bank has begun to make acquisitions elsewhere in the region, normally a sign of the financial health of a company. A senior banker working for a major Austrian bank suggested that Hungary's capital market structure makes it more attractive than some other West European markets.²⁴ This is largely due to the process of consolidation in the sector that

¹⁸ Ericsson's decision to locate its R&D headquarters in Budapest is a reflection of this.

¹⁹ Robert Gray, Managing Director, Caterpillar Hungary emphasized the continuing struggle he faces to keep costs down given the relatively unskilled work involved in his company.

²⁰ A point emphasized by Csaba Kilian. In an earlier article, Akbar and McBride (2004) highlighted the weaknesses in the Hungarian mortgage market as a barrier to labor mobility. Recent evidence suggests that the development of mortgage market has reduced some of these problems for skilled workers who represent a relatively low credit risk for the retail banks.

²¹ For Caterpillar, this means a 90-minute commute everyday for some its workers, observed Robert Gray, Managing Director of Caterpillar Hungary.

²² GE acquired Hungarian light bulb manufacturer Tungsram in the early 1990s.

²³ Interview with Csaba Kilian, ITD Hungary.

²⁴ Comment made by Dr. Ivan Gara, Managing Director, Raiffeisen Bank.

occurred in the mid-90s when foreign banks acquired local banks and some foreign banks that entered the market initially left.²⁵

Returning to the issue of skilled labor cost competitiveness; Hungary is developing as a base for MNE 'backroom' activities and outsourced service provision. The explanation for this can be found in the relatively technology capable; financially-skilled and linguistically trained work force combined with a surplus of low-cost, high quality office space.²⁶ There are several examples of significant MNE investment in these kinds of activities. Exxon-Mobil has moved its internal financial audit and accounting services to Budapest. Diageo, Avis and ING insurance have also moved their administrative offices to the capital of Hungary. In the case of Diageo, they made approximately 70 percent cost savings compared to their previous locations across Europe.²⁷ EDS/Accenture bases its outsourcing services in Hungary intensifying a trend towards outsourcing location in Hungary. Further examples of outsourcing, in manufacturing, are Flextronics and Jabill's outsourcing activities in Hungary.²⁸

(iii) EU Accession

Previous experience with EU accession in other countries such as Spain, Portugal and Greece suggested that EU accession while offering significant market access opportunities for companies based in these countries, the increased regulatory burden of EU membership on companies led to increased costs and lower competitiveness. Given the history of political and economic transition in ECE, the anticipated burden of EU accession on the ability to effectively implement the *acquis* could have reduced the competitiveness of Hungary. Unanimously, managers interviewed for our research underplayed the role and importance of EU accession on Hungary's competitiveness. This could be explained in two ways. First, Hungary's rapid adoption of many of the central obligations of EU membership such as trade and capital market liberalization early in the process of joining the EU meant that MNEs were already operating in an EU-compliant environment. Second, as Akbar demonstrates,²⁹ MNEs themselves leverage EU regulatory standards as competitive strategy against local companies. They combine low local factor cost with higher quality process and product standards that they bring from their operations in the EU. In some sectors such as financial ser-

²⁵ Examples of these were Rabobank, ING Bank and most famously ABN-Amro who sold their operations to K&H bank.

²⁶ Op. cit. 17.

²⁷ *Ibid.*

²⁸ Interview with Don Polson, Managing Director, Jabill Central Europe, July 2004.

²⁹ Akbar, 2003.

vices, this effect was especially important and the significant foreign ownership of the banking intensified this.

(iv) Emerging cross-border regional competitiveness

One of the most important effects of EU market integration has been the development of inter-regional economic development. This has been a response both to the removal of national barriers to trade but also because of explicit EU-regional cooperation. While it has been pointed out in our research that the re-emergence of economic cooperation in Central Europe can be seen as a Hapsburgian *retour-en-arrière*, this integration is a natural consequence of market integration. The automotive sector is an excellent illustration of this. In a small zone of around 400 km, several of the world's leading automotive assemblers have located production. The removal or easing of border controls has allowed MNEs to tap a regional labor market with companies bringing workers across national borders to work at their assembly facilities.³⁰ This development mimics similar phenomena in the Liège-Maastricht-Aachen triangle. People commonly live and work in different countries responding to labor market opportunities - despite the linguistic differences where three different languages co-exist.

Future FDI Trends and Hungarian Competitiveness

Given the analysis of events above, the next phase of our research was to enquire as to the future trends for competitiveness and FDI in Hungary. Several themes emerged when we examined future trends. First, it is obvious that the dramatic rate of FDI growth in the decade after 1992 was likely to slow down since the privatization pool has essentially dried up. Second, future new inward FDI would be focused largely on sectors hitherto underdeveloped such as tourism and agriculture.³¹ Third, as manufacturing costs rise, due in large part to rising wage costs and limits to productivity growth, inward-FDI was likely to shift towards the service sector in Hungary. In particular Hungary's geographic location as a gateway between West and East Europe places it in an extremely favorable position to act as a logistics hub for transportation companies.³² Fourth, the concept of national competitiveness in the context of EU accession for small economies in Central Europe may become redundant. This is largely because of interdependence of their economies and their associated economic fortunes. Thus rather than pursue beggar-thy-neighbor public policies to attract inward-FDI from each other, competitiveness could rely upon interdependencies between the countries and coordi-

³⁰ This is the so-called "frontalier" phenomenon.

³¹ Emphasized by both Csaba Kilian and Dr. Ivan Gara.

³² Interview with Keve Papp, Director of Operations, Asylum Telecom.

nated policies in the areas of labor and capital market regulation; regional development and fiscal regimes.

Research Implications

Our research has examined the complex and multifaceted relationship between inward-FDI, MNE strategies and competitiveness in Hungary. Once the leading country in the ECE region in terms of per capita inward-FDI, Hungary carved out a position as one Europe's most attractive locations for MNEs. This can be accounted for due to a combination of its tax efficient fiscal regime, a technically well-educated workforce, favorable geographic location at the crossroads between western and eastern regions of Europe and its first-mover decision on privatization. As Hungary joins the EU, it has become clear that a number of these advantages has been eroded by neighboring countries or disappeared completely.

What are the implications for research into FDI and competitiveness of our study? First, Hungary's experience illustrates how countries move through successive phases of economic development. Hungary has begun to leverage the skilled aspects of its labor force and on its spatial and geographical advantages rather than on marginal labor costs as it may have done initially. Second, our study highlights the primordial role played by public policy in shaping competitiveness. Poor public policy can lead to loss of competitiveness and FDI flows. Continuing micro-level bureaucracy can cause problems for subsidiaries. While this effect may be difficult to measure on a macro-level, on a tactical and operational level, it can lead to significant inefficiencies.³³ On the other hand, appropriate public policy can lead to significant gains for a country's attempts to attract inward-FDI. Anecdotal evidence from this research shows there is a relationship between lower corporate tax rates and inward-FDI. MNEs respond to lower taxes with higher FDI. The FDI experience of Ireland, Hungary and now Slovakia continues to support this claim.

Third, EU accession effects are likely to be less pronounced than initially thought – due to the fact that EU accession policy and strategic changes have already been undertaken by the Hungarian government and business. Rather, we should expect that the positive market increasing effects of accession are likely to enhance economic performance in Hungary. Hungary's emergence as a logistics hub may illustrate this *entrepôt* effect.

Fourth, the role of inter-country, regional competitiveness should become an increasing focus of research in this area. This implies a convergence of the economic geography and international business literatures. Small open economies, faced with the complex strategic reach of MNEs, become involved in process of

³³ From the perspective of quantitative research, it is a challenge to quantify this effect. A corollary of this kind of bureaucracy effect on operations is 'X-inefficiency' observed in large organizations.

cross-border economic linkages, wittingly or unwittingly. Understanding how MNE strategies foster these linkages would be a substantial contribution to our understanding of competitiveness-public policy-strategy research.

Environmental Consequences of Enlargement

Monika Böhm

Environmental Situation in the New Member States before the Enlargement

On May 1, 2004 ten new Member States accessed the EU. The enlargement was seen by the Institutions of the Union and the Member States as a great political chance for the protection of the environment and the strengthening of the leading position of the EU in environmental protection.¹ One year after the enlargement it is time for a resume. What are the consequences of the enlargement?

Before the enlargement the environmental situation in the new Member States was ambivalent. On one hand there were immense pollution problems especially in the sectors of air and water. The industrial sites were of poor standards, the per capita emissions of dangerous substances enormously high. On the other hand there were extensive green areas with a rich flora and fauna, with species endangered in the old Member States.

How could one preserve this natural heritage against future destruction and clean up the existing damages? The EU tried by exporting a legal framework and giving financial support for its implementation. How did it work and did it work out?

First, let me give you a short overview on transposition, transition and implementation of EU environmental law. After that I will focus on the costs of compliance and the financial support given by the EU. I will end with drawing some perspectives for the future development of environmental protection in the EU.

¹ For the expectations of the EU towards the Accession Countries, see: Marta Toporek, "Expectations of the EU towards the Accession Countries" in *Das EG-Umweltrecht und seine Umsetzung in Deutschland und Polen*, ed. Hans-Joachim Koch and Jan Schürmann, 9 - 18 (Baden-Baden: Nomos, 2005).

Transposition, Transition and Implementation of EU Environmental Law in the New Member States

a. Transposition

As a general principle all new Member States had to comply immediately with EU environmental laws, with the so called *aquis communautaire*, which comprises nearly 200 regulations and directives. The most important laws have been transposed into national law by now. But there are a lot of exceptions.

b. Transition

To allow sufficient time for compliance with some of the EU environmental requirements, transitional periods have been granted to all new Member States, in particular for investment-heavy sectors as water, waste and industrial pollution.²

The transition measures include detailed intermediate targets that are legally binding. Implementation is to be controlled. Where ever possible specific lists of measures that have to be installed were recorded.

The EU accession policy is based on the general principle that transitional measures should be limited in time and scope. In consequence no transition was granted on:

- framework legislation (air, waste, water, impact assessment, access to information),
- nature protection (habitat, birds),
- product-related legislation, that is essential for the internal market,
- new installations.

Each transitional measure was to be justified by a detailed and legally binding implementation plan to make sure that compliance will be reached. Within this plan the new Member States were allowed to define intermediate targets.

Transitional arrangements for the New Member States were laid down as annex to the accession treaty. The most exceptions were made for Poland.³

- sulphur content of liquid fuels until 2006,
- emissions of volatile organic compounds from storage of petrol until 2005,
- recovery and recycling of packaging waste until 2007,
- waste landfills until 2012 (for the old Member States it is 2009),
- shipment of waste until 2007,

² For the consequences of transitional periods, see: Ingmar v. Homeyer and Axel Klaphake, *Die Osterweiterung der Europäischen Union* (Berlin, 2001).

³ Janina Ciechanowicz-McLean, "The Development of Waste Management Law in Poland" in *Das EG-Umweltrecht und seine Umsetzung in Deutschland und Polen*, ed. Hans-Joachim Koch and Jan Schürmann, 73 - 79 (Baden-Baden: Nomos, 2005).

- treatment of urban waste water until 2015,
- discharges of dangerous substances into surface water until 2007,
- integrated pollution prevention and control until 2010 (for the old Member States it is 2007),
- air pollution from large combustion plants until 2017,
- health protection of individuals against ionising radiation in relation to medical exposure until 2006.

Similar lists exist for each of the accessing Member States.⁴ Further extensions to older EU laws are not possible. But the EU may consider transitional measures and technical adaptations to newly adopted environmental legislation.

c) Implementation

It is relatively easy to transpose the EU *aquis* into national law – you only need a few parliament sittings -, but the important part is to implement it. With the help of the EU the new Member States could take important steps towards implementation. The administrative capacity is increasing, especially in inspection offices. Environmental agencies and monitoring systems for air and water quality have been established. But still there are a lot of things left to be done. And the Commission will not start too soon to take action against any new Member State who has not fully implemented the European laws. The costs of compliance will surly be taken into consideration.

Costs of Compliance and Financial Support

a. Costs of Compliance

The costs of compliance are estimated to amount to 50-80 billion €. ⁵ The Urban Waste Water Treatment Directive alone will require investments of around 15 billion €. To achieve full compliance the new Member States will have to spend up to 3 % of their Gross Domestic Product (GDP) on environmental protection for the next years. Up to now their expenditures for environmental measures were well below that figure. It is expected that a good part of the money will be spent for environmental technology exports from the old Member States. The consequences of the accession to the economy of these States are quite positive.

⁴ Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, *Übergangsfristen im Bereich Umwelt*, http://www.bmu.de/files/pdfs/allgemein/application/pdf/eu_uebergangsfristen.pdf; Wirtschaftskammer Österreich, *EU-Erweiterung 2004 – Übergangsfristen*, http://www.arge28.com/docs/pdf/oesterreich_uebergangsfristen_2004.pdf.

⁵ EU-Commission, *“Questions and Answers on enlargement and environment“*, MEMO/04/86, (pdf) 2 (Brussels, 19 April 2004), <<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/04/86&format=HTML&aged=1&language=EN&guiLanguage=en>>.

b. Financial Support

To help with the costs of compliance of the new Member States the EU developed several programmes for the improvement of environmental institutions and infrastructure mostly in the water and waste sectors before the accession.⁶ The main pre-accession instrument for supporting environmental infrastructure projects was called *ISPA* and has had a budget of 1 billion € a year.

With the help of the *PHARE* programme with a budget over 1.5 billion € a year the EU provided technical assistance to strengthen institutions and prepare implementation of EU laws. A good part of it was spent on the environment, for example: out of 108 million € spent for Hungary, nearly 13 million were distributed to

- Investigation of Municipal Sanitary Landfills (4 million €),
- Development of the Hungarian Air Quality Monitoring System (3 million €),
- Implementation of the Water Framework Directive (nearly 6 million €).

Between 1998 and 2003 so called twinning projects provided help with institution building and how to enforce laws, establish inspections and environmental investment planning.

In the twinning program representatives from an administration or an institution of the old Member States were sent to new Member States often for at least a year, helping implementing regulations and directives, developing monitoring systems and financial strategies. In addition partnerships between similar institutions were established and special training courses were organised. An example: Germany is involved in 58 twinning projects.⁷

About 500 million € per year were spent to agriculture and rural development from the *SAPARD* programme. To improve implementation and enforcement of environmental legislation further programmes have been developed.

Between accession and 2006 the new Member States will receive about 8 billion €, more than 10 percent of the expected costs of compliance. Further money will come from structural fund programmes.

Perspectives

a. Environmental Situation in an enlarged Europe

⁶ EU-Commission, *Questions and Answers on enlargement and environment*, MEMO/04/86, (pdf) 3 – 5 and annex 2 (Brussels, 19 April 2004) <<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/04/86&format=HTML&aged=1&language=EN&guiLanguage=en>>.

⁷ Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, *Deutsche Beteiligung am Twinning-Programm der EU* (June 2005) <http://www.bmu.de/europa_und_umwelt/twinning-programm/doc/2245.php>.

In the new Member States significant progress in environmental protection has been made. The main air pollutants and organic matter pollution of water have declined up to 80 percent, toxic metals by 50 percent. Dramatic improvements have been made in the most polluted industrial regions of Poland and the Czech Republic. But there is although significant work left to be done in waste management and industrial pollution. Economic growth in the new Member States will generate increases in transport and electricity demand and in consequence in emissions. Energy efficiency has to be improved. Not all of the EU laws which have been transposed in national law are implemented. Not that they are in the old Member States.⁸

b. How will the Enlargement influence future EU environmental policy-making?

Regarding this background it is not astonishing that the EU will in the future more focus on implementation of existing legislation than on the development of new policies. More attention shall be given to the integration of environmental considerations in other policies.⁹ Economic, social and environmental impact assessments are planned. The approach to environmental protection shall become more holistic.

As in a lot of the old Member States the permanent regulative actions taken by the EU are criticized more and more, this new approach might help to strengthen the principle of subsidiarity. But one cannot conceal fears for the weakening of environmental protection in the future. Andreas Troge, the head of the german environmental protection agency (UBA) sees the danger of poor standards and measures for the environment as the new Member states will now fully participate in the EU decision making. In his opinion the development of local public transportation should be given more attention not investments in road works for individual traffic.¹⁰

Though very important steps to protect the environment were initiated, in regard of their history of pollution and their economic situation even with further financial help the ability of the new Member States to solve environmental problems is limited. If one puts into consideration that more than 46 percent of the European people and more than 62 percent in the new Member States fear to be without a job and only 3 percent think that environmental protection is the most

⁸ *Implementation of Community environmental law in 2003* (26 October 2004) <http://europa.eu.int/scadplus/leg/en/lvb/l28148.htm>.

⁹ European Commission, *General Report on the Activities of the European Union 2004*, (pdf) 51 – 52 (Brussels, 2005), <<http://europa.eu.int/abc/doc/off/rg/en/welcome.htm>>.

¹⁰ Jörg Michel, “Der Umweltschutz verliert an Bedeutung”, *Berliner Zeitung*, January 7th, 2005.

pressing problem¹¹ one can imagine that it is not easy to give the protection of the environment the attention that is needed.

¹¹ EU-Commission - Directorate General Press and Communication, *Eurobarometer 62, Q33* (December 2004), http://europa.eu.int/comm/public_opinion/archives/eb/eb62/eb62first_en.pdf.

The Road Ahead: Turkey

Turkey's Membership Application: Implications for the EU

Neill Nugent

Introduction

Turkey applied for EU membership in 1987: that is, three years before Cyprus and Malta and between seven and nine years before applications were lodged by ten Central and Eastern European countries (CEECs). Yet, when all but two of the post-Turkey applicants became EU members in May 2004, membership negotiations not only had yet to be opened with Turkey but they had not even been definitely promised.

For a number of reasons, the Turkish application has not been viewed by the EU in the same way as other applications. Rather, it has been seen as being especially and distinctively problematical. This has been partly because it has been thought Turkish membership will create a number of particular difficulties for the EU and partly because Turkey as a country has been regarded - much more so than have other EU applicant states - as being very "different" from the EU "mainstream."

This paper seeks to explain how the EU's position on the Turkish application has reached its current position and to provide an overview of the challenges the prospect of Turkish membership poses for the EU.¹ A main conclusion of the paper is that although the Turkish application clearly does provide major challenges for the EU, both in terms of managing the accession process and then membership itself, there is every reason to suppose that it can be handled successfully. A key reason for taking this view is the changes that can be expected to occur in both Turkey and the EU in the years before accession takes place.

The Background to the Present Situation

Although the EU has been reluctant to open accession negotiations with Turkey, it has long been anxious to maintain good relations with it. Accordingly, the strategy of dealing with Turkey's desire for membership has, until recently, been to establish as close relations with it as possible - short of opening accession negotiations.

¹ European Commission, *Issues Arising from Turkey's Membership Perspective*, Brussels: Commission Staff Working Document, 6 October, 2004.

A base to conduct relations in this way existed from 1963, when an association agreement was contracted between the EEC and Turkey. The agreement included a range of trade, aid, and cultural and political cooperation provisions. It also contained a membership perspective, but one that was phrased only in very general terms and with no schedule attached.

In 1995, as part of the strategy of moving closer to Turkey but not offering membership, an agreement was reached on concluding the customs union that had been foreseen originally in 1963 but which had not been given effect - largely because of concerns in EC/EU states over Turkey's democratic credentials and poor record on human rights. In all probability the customs union would not have satisfied Turkey in the long term, but in the event it did not do so in the short term either. A key reason for this was the faster track onto which post-Turkey membership applicants were placed in 1997. On the basis of recommendations made by the Commission in its *Agenda 2000* document,² the European Council at its December 1997 meeting in Luxembourg decided that membership applications would open with Cyprus and five CEECs in March 1998 and would do so with the other CEEC applicants as soon as they were ready (except for Malta, which had suspended its application). There were thus to be two enlargement 'waves'. But Turkey was deemed ineligible to be considered even for the second wave. An attempt was made to head-off possible Turkish adverse reaction by emphasizing that it was eligible in principle for accession, that it would be judged on the basis of the same criteria as other applicants, and that the EU would draw up a strategy to prepare it for accession.³ But as compared with what the other applicant states were being offered, this was very much second best.

Indeed, the second best status was emphasized in a manner Turkey found to be positively insulting by the decision of the Luxembourg summit to create a new European gathering - to be called The European Conference - which would bring together on an annual basis the leaders of EU states and all applicant states including Turkey. The Conference was clearly designed with little purpose other than to offer comfort to Turkey. The line towards Turkey was revised at the December 1999 Helsinki summit, with Turkey being accorded the status of a "candidate country."⁴ This accord was partly symbolic, but it had substance too in that the language concerning Turkey's prospect of eventual membership was made generally more encouraging and specific provision was made for a pre-accession strategy embracing an accession partnership.⁵ Subsequently, an acces-

² European Commission, "Agenda 2000: For a Stronger and Wider Union," Com. 97 (final) in *Bulletin of the European Union*, Supplement 5.97, Luxembourg: EUR-OP.

³ European Council, *Presidency Conclusions*, Luxembourg, 12-13 December, 1997.

⁴ Parts of this section draw on Neill Nugent ed. *European Union Enlargement* (Basingstoke: Palgrave-Macmillan, 2004), 39-41.

⁵ European Council, *Presidency Conclusions*, Helsinki, December 10-11, 1999.

sion partnership designed to assist Turkey to make the changes required so as to enable it to meet EU's accession eligibility conditions - the Copenhagen criteria - was adopted by the Council of Ministers in March 2001. The priorities identified in the partnership were then reflected in Turkey's own National Programme for the Adoption of the Acquis which was adopted, also in March 2001, by the Turkish government. At the December 2001 Laeken summit, The European Council declared that "Turkey's progress towards complying with the political criteria for accession...has brought forward the prospect of the opening of negotiations with Turkey."⁶

As the crucial Copenhagen summit approached, pressure on the EU to give Turkey a date for the opening of accession negotiations intensified. One source of pressure stemmed from the Turkish case being strengthened by recent reforms to the Turkish constitution and changes to domestic political and administrative practices designed to improve Turkey's credibility under the democratic and human rights dimensions of the Copenhagen criteria. Another source was the overwhelming victory of an Islamic party - the Justice and Development Party (AKP) - in the Turkish general election of November 2002. The new government quickly made clear that it was as resolved as its seemingly more pro-western predecessors had been to seek a date for the early opening of accession negotiations.

At Copenhagen, the leaders of the EU-15 did not quite meet Turkey's demands to set a definite date for the opening of accession negotiations, but came much closer to doing so than had been anticipated. The leaders declared that 'If the European Council in December 2004, on the basis of a report and recommendation for the Commission, decides that Turkey fulfils the Copenhagen political criteria, the European Union will open accession negotiations without delay'.⁷

Although it was not laid down as an explicit condition by the EU leaders at their December 2002 meeting, it was made clear to Turkey - through both informal channels and public statements by some EU leaders - that even if the Copenhagen political criteria were met, the December 2004 European Council would be extremely unlikely to approve the opening of accession negotiations unless in the intervening period Turkey was seen to have done what it could to help resolve the Cyprus Problem.⁸ These 'warnings' were issued partly on the basis of political choice by those who sympathized with the Greek Cypriot position and/or did not wish to see the EU import a potential security problem, and

⁶ European Council, *Presidency Conclusions*, Laeken, December 14-15, 2001.

⁷ European Council, *Presidency Conclusions*, Copenhagen, December 12-13, 2002.

⁸ Cyprus has been physically divided into Greek Cypriot and Turkish Cypriot areas since an invasion of the northern part of the island by Turkey in 1974. Some 35,000 Turkish troops are based in northern Cyprus.

partly on the basis of a recognition of political realities: it was anticipated that the government of the Republic of Cyprus would be represented in the European Council by December 2004, and it would be likely to exercise a veto on the opening of accession negotiations if Turkey continued to support and underpin the division of the country. In November 2003, the Commission, in its first post-Copenhagen annual report on the progress towards accession being made by Turkey, went further than it ever had before in linking the Cyprus Problem to Turkey's prospect of EU membership. The Commission stated that Turkey 'should provide determined support for efforts to achieve a comprehensive settlement of the Cyprus problem'.⁹ The overall strategy paper on enlargement that was issued alongside the report on Turkey and reports on the other acceding and applicant countries was even clearer in emphasizing the importance of Turkey becoming proactively involved in promoting a settlement: "The Commission considers that there are favorable conditions for the two communities to reach a comprehensive settlement of the Cyprus problem before Cyprus' accession to the EU on 1 May 2004. The absence of a settlement could become a serious obstacle to Turkey's EU aspirations."¹⁰

In the period between the December 2002 and December 2004 summits, several leading EU practitioners - including national leaders - made clear their reservations about proceeding with the Turkish application. For example, the President of the Constitutional Convention - the body which largely drafted the EU's Constitutional Treaty - Valéry Giscard D'Estaing, warned that Turkish accession would be 'the end of Europe'¹¹ and 'would change the nature of the European project.' In even more dramatic language, the (outgoing) European Commissioner for the Internal Market, the Dutchman Frits Bolkestein, warned of the 'Islamisation of Europe' and pronounced that should Turkey become an EU member 'The relief of Vienna in 1683 [by a Catholic army from an Ottoman siege] will have been in vain'¹² President Chirac of France attempted to canvass support for a privileged partnership between the EU and Turkey rather than Turkish EU membership - an idea that was also floated by Giscard D'Estaing and by the outgoing Austrian Commissioner for Agriculture, Franz Fischler.¹³

The Turkish government was not deflected in its resolution by such open expressions of concern and doubt from within the EU. The idea of a privileged partnership was, for example, flatly rejected by President Recep Tayyip Erdogan. Turkey's position remained to press ahead with making sure that in December

⁹ European Commission, *Regular Report on Turkey's Progress towards Accession*, 2003.

¹⁰ European Commission, *Continuing Enlargement: Strategy Paper and Report of the European Commission on the Progress Towards Accession by Bulgaria, Romania and Turkey*, 16, 2003.

¹¹ *The Times*, September 23, 2004, 34.

¹² *The Guardian*, September 22, 2004, 17.

¹³ *European Voice*, September 16-22, 2004, 7; *EUobserver*, 26 November 26, 2004.

2004 the EU leaders would have little option but to give a date for the opening of accession negotiations.

As part of this pressing ahead, Turkey duly 'fell into line' on Cyprus, by – successfully - urging Turkish Cypriots to support the April 2004 referendum in northern Cyprus on the Annan Plan for re-unification of the island. Re-unification did not subsequently occur, but this was because in a parallel referendum Greek Cypriots voted against the Annan Plan. In consequence, the main responsibility for the continuing division of Cyprus was now seen to rest in the eyes of all EU-25 states - apart, of course, from the Republic of Cyprus itself - with the Greek Cypriots rather than with Turkey and the Turkish Cypriots.

As for the formal membership criteria, including the troublesome political criteria, in October 2004 the Commission duly presented documentation for the leaders to be able to take a decision at their December summit. The documentation was issued in three forms: the required recommendation,¹⁴ the annual Progress Report¹⁵ and a paper reviewing issues arising from Turkey's membership perspective.¹⁶ The recommendation said that Turkey virtually did now meet the Copenhagen criteria, so the opening of accession negotiations was recommended. However, no opening date was specified, and - conscious of concerns in several member states about the implications for the EU of Turkish membership - the Commission advised that the negotiations be conducted on the basis of stricter terms that had been imposed on any previous candidate state (see below for more on this). The December 2004 summit subsequently accepted the Commission's recommendation and resolved that negotiations be opened in October 2005, subject to certain conditions. The conditions were agreed only after difficult and tense exchanges - mostly outside formal summit sessions, in which Turkey was able to insert itself as a negotiator - over how tough the requirements on Turkey should be and also over Cyprus's insistence that Turkey must give the Republic of Cyprus full recognition. The two main sets of conditions concerned measures to ensure progress would continue with the Turkish reform programme and a requirement that Turkey give implicit recognition to the Republic of Cyprus by signing an updated customs union agreement with all twenty five EU states.¹⁷

¹⁴ European Commission, *Communication from the Commission to the Council and the European Parliament: Recommendation of the European Commission on Turkey's Progress towards Accession*, Brussels: COM 656 final, 2004.

¹⁵ European Commission, *2004 Regular Report on Turkey's Progress towards Accession*, Brussels: SEC (2004) 1201, COM (2004) 656 final, October 6, 2004.

¹⁶ European Commission, *Issues Arising from Turkey's Membership Perspective*, Brussels: Commission Staff Working Document, October 6, 2004.

¹⁷ See Ludlow for an account of the December summit's handling of the Turkish question shown in the *Presidency Conclusions*, European Council, Brussels, December 4-6, 2004. Peter Ludlow, *A View from Brussels: Dealing with Turkey*, Brussels, Eurocomment, Briefing Note 3, 7.

The Perceived Negative Implications of Turkish Membership

Why has the Turkish application been, and why is it still, so problematical from the EU's viewpoint? Why have EU member states so lacked enthusiasm for Turkish membership? The answer to these questions is complex, with a number of specific reasons combining in the explanation. The reasons can be split between those that can be described as being formal and those that are more informal.

Formal reasons

Because of the sensitivities involved, the EU has preferred to explain its position in terms of formal reasons. These were initially given in the Commission's 1989 Opinion on the application and since 1998 have reiterated in the Commission's annual reports on progress towards accession.

Prior to the June 1993 Copenhagen meeting of the European Council, all that existed in terms of formal conditions was the very open Article 237 of the EEC Treaty which stated "Any European State may apply to become a member of the Community.....The conditions of admission and the adjustment to the Treaty necessitated thereby shall be the subject of an agreement between the Member States and the applicant State." Turkey's position as a European state was never openly questioned, but the EC still made it clear that no agreement on membership would be possible in the foreseeable future. This was stated as being primarily because an unwritten condition of EC accession was that only democratic states based on the rule of law could join, and in Turkey democracy was fragile and there was a lack of respect for human rights.

At the 1993 Copenhagen summit, EU national leaders agreed – with membership applications from CEECs pending – to formally lay down more specific conditions that countries aspiring to membership would have to meet. The Copenhagen conditions – or criteria as they came to be known – were designed partly to ensure there would not be too much of a gap between the political and economic systems of existing and new member states. They were designed also so that existing member states could satisfy themselves that new members would respect and be able to adopt Union laws and policies – the so-called *acquis*. The key paragraph setting out the Copenhagen criteria stated:

Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.¹⁸

¹⁸ European Council, *Conclusions of the Presidency*, Copenhagen, June 12, 1993.

From June 1993, the formal reasons given to Turkey for not activating its membership application with the opening of accession negotiations amounted to saying that it did not meet the Copenhagen criteria. In very recent times, as the EU has gradually moved towards the opening of accession negotiations, the Commission's, and more broadly the EU's, expressed reservations about Turkey and the Copenhagen criteria have gradually been toned down. The general line has become that Turkey has made great strides towards meeting the political and economic aspects of the criteria, but there remain important areas where further progress is necessary. Regarding the political criteria, Turkey's record on human rights has been criticized, especially in relation to the treatment of Turkish Kurds, and concerns have been expressed about aspects of the functioning of Turkish democracy, including the political role of the military. Regarding the economic criteria, Turkey's economy has been recognized as being based primarily on market principles, but there have been concerns that in important respects it is an economy that remains fragile. It was, after all, only in 2001 that a major economic crisis saw plunging economic growth in Turkey, rampant inflation, and the need of a \$16 billion loan from the International Monetary Fund. The EU had advised Turkey that further liberalization and modernization are required before its economy can meet the rules of, and be able to compete in, the internal market.

Informal reasons

But behind the formal reasons for the skepticism, reservations, and - in the case of some member states - strong opposition to Turkish membership, have lurked a number of other reasons. These have been less formal, and certainly less openly expressed, but they have been strongly felt in some quarters. Occasionally there have been attempts to link some of these reasons to the Copenhagen conditions that applicants must meet. Occasionally too the reasons have been linked to the fourth, often forgotten, Copenhagen criteria for EU expansion: "The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries."¹⁹ More often than not, however, the reasons have been considered and discussed only in private, and given only rare public outings. What then are these informal, or unofficial, reasons for the EU having been, and still being, so hesitant and doubtful about admitting Turkey? They usually stem from one, or more commonly several, of the following key features of Turkey:

Size. Turkey currently has a population of 70 million, which is projected to increase to 100 million by about 2020. By the time of its admission it may

¹⁹ *Ibid.*, 12.

have surpassed its current position of being second only to Germany of the EU-25 in population size and be the largest EU member state.

Level of economic development. Turkey is a significantly poorer country than any of the ten states which joined the EU in May 2004 and is also poorer than Bulgaria and Romania which are scheduled to join in 2007. Despite its current population accounting for 15 per cent of the EU-25 population, its GDP is equivalent to just 2 percent of the EU-25 GDP. Its GDP *per capita* is 28.5 percent of the EU-25 GDP.²⁰

Geographical location. Most of Turkey is located geographically in Asia and has long borders with states that are, or potentially are, unstable and/or hostile to the EU. These states are located in the southern Caucasus (Armenia, Georgia, and Azerbaijan) and the Middle East (Iran, Iraq, and Syria).

Islamism. Turkey is overwhelmingly an Islamic country, albeit one with a secular state structure. Turkish membership would increase the EU's Islamic population from its current 3 percent to around 20 percent.

The cumulative effect of these features has been such as to produce a widely shared concern that has been, and still is, widespread amongst existing EU states, especially EU-15 states, that Turkey poses not just a challenge but a threat to the EU as it now is. As Table 1 shows, most EU-25 states are no better than neutral, and several are negative, towards Turkish membership.

The nature of the threat that Turkey is widely held to pose is seen as taking different forms. For example, Turkish accession clearly will impact on EU institutions and decision making processes. The Commission will perhaps not be overly affected, but existing member states' presence in the Council and the EP most certainly will be, with larger and medium-sized states in particular losing presence and voting strengths.

Another dimension to the perceived threat is that the combined effect of Turkey's size, economic underdevelopment and economic structure are likely to result in it being a major beneficiary of EU funding Programmes on accession, thus creating budgetary problems. Naturally, so far in advance of Turkey's possible entry, estimates of the budgetary implications are necessarily extremely hazy. Much depends on the extent to which existing EU "spending policies" remain in their present form, the levels of economic growth in Turkey, and the time periods over which Turkey becomes a beneficiary of the spending policies – there is a ten year phase-in period in the case of the EU-10 states (the states which became members in May 2004) and the Common Agricultural Policy (CAP). Certainly,

²⁰ European Commission, *Issues Arising from Turkey's Membership Perspective*, Brussels: Commission Staff Working Document, 6 October, 2004, 13.

however, if major changes from the present state of affairs do not occur and if extended phase-in periods are not agreed, then the budgetary implications are very considerable, with Turkey set to become a major recipient of EU funding. To take the two major areas of EU funding, the CAP and cohesion policy: agriculture currently accounts for just over one third of Turkey's labor force, while agricultural output generates 12.2 percent of GDP (the corresponding figures for the EU-25 are 5 percent and 2.2 percent); the whole of Turkey would currently qualify for Objective 1 Structural Fund support (that is, throughout the country the GDP per capita is below 75 percent of the EU average). As an indication of the scale of the budgetary issues that have to be addressed in respect of Turkey, the Commission has estimated that, on the basis of the existing *acquis* and assuming there is a ten year phasing-in of direct payments, Turkish membership could cost about €30 billion per annum at 2004 prices. This is equivalent to about one quarter of the current budget!

Of course, the nature and extent of the concerns of individual EU-25 governments on the particular implications of Turkish membership varies according to national circumstances and political choices. For the German government, for example, key considerations include: persisting high levels of domestic unemployment; fears that Germany will be the main intended country of domicile of Turks wishing to take advantage of free movement of labor (a fear based largely on the fact that around 2 million of the 3.8 million Turkish migrants who are thought to be currently resident in the EU are in Germany); apprehensions that Turkish membership will impose further pressures on the EU's budget (Germany remains by far the largest net contributor to the EU budget); and a concern that allowing Turkey to join will further undermine Europe's predominantly Christian inheritance and identity (a concern that is expressed even more strongly by the opposition CDU/CSU, which is openly against Turkish membership.)

Concerns of governments are reflected in public concerns. Across the EU as whole, public opinion polls show an average of about 35 percent of people being in favor of Turkish membership, about 25 percent being against, and about 40 percent being unsure. In a few states there are actually large majorities against: by as much as 2:1 in Austria, France and Germany. It is no coincidence that in two of these states - France and Austria - the governments have sought to reassure their populations, and perhaps also make it more difficult for Turkey to join, by promising national referendums on Turkish accession if membership negotiations are completed. (An additional consideration in the French case has been a hope that the promise of a referendum on Turkish membership will help avoid the issue featuring significantly in the referendum on the Constitutional Treaty.)

At political elite levels, the main concerns and opposition stem primarily from centre right parties (especially those in the Christian Democratic tradition), strongly pro-integration parties, and far right parties. The concerns of each of these groups are clear enough. For the Christian Democrats, it is as described above with the CDU/CSU: weakening Europe's Christian inheritance and iden-

tity. For pro-integrationists (who overlap with the Christian Democrats), it is the perceived potential harmful implications for such things as the smooth functioning of EU decision-making processes, the further development of the EU policy agenda, and the nature of European consciousness and identity. And for the far right, it is a melange of matters related mainly to resistance to the integration process as a whole, sovereignty concerns, and ethnicity considerations.

It was significant that when the EP held a vote in December 2004 on whether or not to open accession negotiations with Turkey, the vote was held by secret ballot at the insistence of the centre right European People's Party (the largest party in the Parliament). In the vote, 407 voted for, 262 against, and there were 29 abstentions. There was little doubt from where most of the opposition votes against came.

The Perceived Positive Implications of Turkish Membership

The potential benefits for Turkey of EU membership are clear. They include better access to the EU market, improved prospects for inward investment, more financial aid, and participation in an extremely and increasingly important global political and economic power.

But the potential benefits for the EU are less clear, or at least are less recognized amidst the negativity of most of the discussions on the implications for the EU of Turkish membership. However, potential benefits do exist. They accrue primarily from:

The size of the Turkish market. Turkey's 70 million – and rapidly growing – population means that it is a large market. Currently, it is the EU's sixth largest trading partner. The EU-Turkey customs union means that there already exists reasonably open trade between the two, but barriers and obstacles that remain should gradually be removed as membership approaches. Amongst these barriers are a largely closed financial services sector and a distinctive framework of corporate law and structures.

The nature of Turkey's labor market. Turkey has a much younger workforce than the EU-25 and a much faster growing workforce given its high birth rates. According to Commission projections, the EU-25's total population will increase by just 2 percent (458 million to 449 million) between 2005 and 2025, with its working age population falling by 21 million. From 2005 to 2030, the number of people over 65 will rise by 52.3 percent while the 15-64 age group will decrease by 6.8 percent, resulting in the ratio of dependent young and old people to people of working age increasing from 49 percent in

2005 to 66 percent in 2030.²¹ Movement of labor from Turkey to other EU states could thus be vital both to provide working personnel and to help maintain welfare systems which could be under severe pressures.

Turkey's Islamism. Whilst this is viewed by many in negative terms - often because it is seen as heralding the end of any prospect of the EU being based on a shared sense of identity - it can be viewed in a positive light too. The UK government, for example, has based much of its public justification for supporting Turkey on the grounds of a real opportunity existing of embracing an Islamic country that is looking westwards. Might not, many proponents of Turkish membership ask, a moderate Islamic country inside the EU serve to demonstrate that Islam, democracy, and western capitalism can mix, to encourage moderate Islamism, and to help extend the EU's 'soft' influence in other Islamic countries with which it wishes to have better relations?

Turkey's strategic political and security position. Turkey occupies a key geo-political position. It is physically located close to, and has considerable influence in, the Balkans, the Middle East, the Eastern Mediterranean, and several states of the former Soviet Union. A stable Turkey within the EU could have a stabilizing influence within this conflict-prone neighborhood.

At the same time as being located next to politically unstable areas, Turkey is a member of virtually all of the major western and European organizations, with the exception of the EU: the Council of Europe, the Organization for Security and Cooperation in Europe (OSCE), the Organization for Economic Cooperation and Development (OECD), and – most importantly of all - the North Atlantic Treaty Organization (NATO). As such Turkey already is, and as an EU member would have even greater potential to be, an important bridge between the West and countries currently on the margins of Western influence.

Why is the EU Proceeding towards (Probable) Turkish Membership?

Given the problems and difficulties the Turkish application is widely seen as creating for the EU, why are EU decision-makers proceeding with it? There are, broadly speaking, three types of explanation for the decision to open accession negotiations. All are significant for our purposes here because all suggest that the

²¹ European Commission, "Communication from the Commission – Green Paper 'Confronting Demographic Change: A New Solidarity Between the Generations'," Brussels: COM (2005) 94 final, 16 March, 2005.

decision is being taken not on wholly cost-benefit grounds. The three explanations - which are best viewed as complementing, rather than as competing against, one another – see the decision as being a consequence of three different sorts of factors.

Political Pressures

EU decision-makers have long been pressurized from various quarters to accept the Turkish application. The most obvious of these quarters has been Turkey itself, which has just refused to give up on its ambitions for membership. As long as the Turkish reaction to rebuffs was confined to disappointment, EU governments did not become overly concerned. This situation changed, however, after the EU decided in 1997 to offer a foreseeable membership perspective to all applicants except Turkey. It changed because Turkish leaders reacted to the decision with anger and with statements and comments to the effect that Turkey might have to start looking more seriously to its east and south for allies. This resulted in many EU leaders coming to view the 1997 decision as having been over-dismissive, and indeed as being potentially dangerous if Turkey started to edge away from the EU.

This possibility of Turkey edging away also played a part in stiffening the pressures being exerted on EU decision-makers from other political actors. Turkey has never benefited from having a strong “sponsor” of its case amongst existing EU members, in the way in which during the lead-up to the May 2004 enlargement some “problem countries” did so benefit: Germany’s strong support for Poland, for example, or Greece’s support for Cyprus. But Turkey has, nonetheless, had “friends” in EU circles, which have played an important role in supporting its case. Within the EU itself, the most important of these friends have been the UK on the one hand and – in recent times - Greece on the other. UK support has been important because of the UK’s position as one of the EU’s large states, whilst Greek support has had considerable symbolic significance because of the traditional enmity between Greece and Turkey. Outside the EU, the US – which for geo-strategic reasons has long been close to Turkey in western power circles – has acted virtually as a sponsor of the Turkish case. Indeed, on the eve of the crucial December 2002 Copenhagen summit, President Bush even telephoned the summit’s chair, Danish Prime Minister Anders Fogh Rasmussen, to stress the strategic importance of Turkey,²² and after an EU-US Summit in June 2004 he told a press conference “As Turkey meets the EU standards of membership, the European Union should begin talks that will lead to full membership for the Republic of Turkey.”²³

²² *European Voice*, December 12-18, 2002.

²³ *EUobserver*, June 27, 2004.

Table 1
Attitudes of EU-25 governments towards Turkish membership in the period
leading up to the December 2004 European Council meeting

Positive	Neutral	Unenthusiastic	Negative
Greece Italy Spain Sweden UK	Belgium, Czech Republic, Estonia Finland, Germany Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta Poland, Portugal, Slovakia, Slovenia	France Netherlands Denmark	Austria Cyprus

Rational Calculations

Most, but certainly not all, EU decision-makers would appear to believe privately that in terms of the factors that have to be considered when evaluating the likely consequences for the EU of Turkish membership, the overall balance sheet is in the red rather than the black. That there are potential benefits as well as potential costs of Turkish membership is widely recognized, but the latter are seen generally as being more significant than the former. Surely, then, the rational course of action for the EU would have been to attempt to continue with the policy of staying close to Turkey and cooperating with it on many fronts, but to refuse to open accession negotiations?

The fact that this is not the course of action chosen testifies to the limited use of rational decision making models when trying to explain the EU's position on Turkey. Such models rely on the decision maker being able to identify goals, recognize the alternative possible ways of achieving the goals, and then weighing the advantages and disadvantages of the alternatives in a neutral manner. But in the EU there are numerous actors involved in decision making processes, and on Turkey they have different aims. This means there is no commonly agreed goal on the EU's future relations with Turkey, other than for them to be peaceful and for trade between the two to grow. In turn, this means the decision making process on Turkey's wish for membership cannot be a consequence of EU decision makers collectively choosing the best course of action to achieve an agreed goal on the basis of a careful weighing of the options available.

This is not, of course, to suggest that the preferences of individual EU actors cannot be partly explained in rational decision making terms. Take the case, for example, of the UK, which has long been a firm supporter of the Turkish application. This support has been given not because of a judgment that Turkish

membership will create few difficulties but rather, in part at least, precisely because it is thought that it will do so. In particular, the very fact that Turkey is so different is seen as assisting the UK in its goal of ensuring that the EU remains relatively loose in organizational terms and does not drift further in a federal direction. On this basis, the UK's position is fully understandable in rational decision making terms.

The UK case shows how the presence of rationality as an explanatory concept in helping to explain the decision to move towards the opening of accession negotiations with Turkey is best seen by disaggregating the different rationalities of the various actors. When this is done, one can readily recognize why governments that are strong supporters of a more integrated Europe have considerable reservations about admitting Turkey, and why governments that wish to see the integration process slowed and believe Turkish admission will contribute to this by making the EU more difficult to manage view Turkish admission more favorably. One can readily recognize too why some governments with reservations are prepared to be flexible because they believe the situations of both Turkey and the EU will be sufficiently transformed by the time admittance eventually occurs.

Values and unfolding rhetorical entrapment

There is an extensive body of literature testifying to how the decision to enlarge the EU to Central and Eastern European countries is best viewed not in pressure politics or rational terms but rather in sociological/constructivist terms.²⁴ Such an approach can also be extended to the Turkish application.²⁵

The essence of this view as applied to the CEECs is that whilst it was always recognized by the EU-15 that the admission of CEECs to the EU would indeed bring some benefits to the latter, the overall cost-benefit balance sheet was by no means clearly in the black, and for some individual EU states was likely to be in the red. Moreover, beyond measurable likely consequences of enlargement – found in economic indicators – there were a number of immeasurable possible consequences suggesting real dangers for the EU: for example, severe disruption of institutional functioning and security problems arising from freer movement of peoples. A decision on the CEEC applications based on wholly rational grounds would, therefore, constructivist have argued, have resulted in rejections.

How, therefore, do constructivists explain the enlargement to the CEECs? Specific positions vary, but in broad terms the main thrust of the explanation is

²⁴ See, for example, Frank Schimmelfennig, "The Community Trap: Liberal Norms, Rhetorical Action, and the Eastern Enlargement of the European Union" *International Organization*, 55, no. 1 (2001): 47-80; and Frank Schimmelfennig, "Liberal Community and Enlargement: An Event History Analysis" *Journal of European Public Policy* 9, no. 4 (2002): 598-626.

²⁵ Parts of this section draw on Neill Nugent ed. *European Union Enlargement* (Basingstoke: Palgrave-Macmillan, 2004), 7-9.

found in social identities, norms and values. For Schimmelfennig, a key part of the explanation for why the admittance of CEECs was granted is found in “rhetorical action,” which describes how actors come “to focus on their collective identity and honor their obligations as community members.”²⁶ In the EU context, the collective identity and the obligations are seen by Schimmelfennig as involving a commitment to the integration of all liberal European states. As soon as some EU-15 states (for quite rational reasons) began to press for enlargement to CEECs, other – less enthusiastic – states became swept up in a rhetorical commitment, which led to a “rhetorical entrapment” involving a process of virtual drift toward a policy commitment they did not at heart support. “By argumentatively ‘entrapping’ the opponents of a firm commitment to Eastern enlargement, they [the supporters of enlargement] brought about a collective outcome that would not have been expected given the constellation of powers and interests.”²⁷

Sjursen is similarly persuaded of the importance of values in explaining the enlargement to CEECs, but for her the key values were not so much ones of liberal-democratic political rectitude but more ones of “kinship-based duty.”²⁸ On this basis, the 2004 enlargement is to be understood, in part at least, in terms of the existence of a community-based identity “that drives enlargement towards Eastern Europe and motivates the EU to accept its costs. It shows that the decision on enlargement is the result of an understanding of who the Europeans are and what it means to be European.”²⁹ This is not to suggest that the notion of what is European is forever fixed and cannot shift. But it is to affirm, as Sjursen puts it, “that in order to trigger a decision to enlarge, something more than instrumental calculations and something less than a selfless concern for human rights has been at play.”³⁰

Clearly, similar constructivist explanations can be applied to the Turkish application. They can help explain why in the second half of the 1990s and the early 2000s the EU moved from its preferred policy of being close to Turkey but stopping short of holding out the possibility of membership to giving Turkey a foreseeable membership perspective. The gradually evolving ‘upgrading’ of language - evidenced in the extracts from European Council Conclusions that were given earlier in the paper - produced a situation that made it progressively difficult for doubters and opponents to backtrack. But the upgrading was gradual and drawn out, which helps to throw light on why the EU has been and is much more hesitant towards Turkey than towards the CEECs. For the fact is that notions of

²⁶ Schimmelfennig, 2001, 63.

²⁷ Schimmelfennig, 2001, 77.

²⁸ H. Sjursen, “Why Expand? The Question of Legitimacy and Justification in the EU’s Enlargement Policy” *Journal of Common Market Studies* 40, no. 3 (2002): 508.

²⁹ Sjursen, 508.

³⁰ Sjursen, 509.

collective identity and kinship-based duty are by no means as strong in respect of Turkey than they were in respect of CEECs. But some such notions – emanating in part from shared membership of European and Western organizations and in part too from empathy with Turkey’s liberalizing and democratizing reform programs - would appear to exist to at least some extent amongst many European governing elites.

The Implications of Turkish Membership, Viewed in a Historical Perspective

That the prospect of Turkish membership should be seen in both positive and negative lights is not surprising. After all, leaving specifics of the Turkish case aside for the moment, this is how all previous enlargement rounds have been seen by existing members, apart from the EFTA round, which was generally viewed as having few drawbacks. But the negatives in the Turkish case are seen by many practitioners and observers as being particularly acute and as making the Turkish application particularly problematical. Two points are worth making about this from a historical perspective.

First, the 1973, the Mediterranean, and the 10 + 2 enlargement rounds were all seen at the time as being highly problematical: in the 1973 round, particularly problems included British budgetary contributions and Commonwealth preferences; in the Mediterranean round, Structural Fund financing and the Common Fisheries Policy loomed large; and in the 10 + 2 round, problems included the unprecedented number of applicants and the fact that virtually all of them had weak economies and underdeveloped political and administrative systems. But notwithstanding these many and varied difficulties, the EU rose to the challenges and found solutions. There is no reason to suppose it cannot do so again in respect of most of the particular problems posed by Turkey. After all, are not resilience and adaptability amongst the EU’s most prominent characteristics?

Second, it is inevitable that the more the EU expands beyond its former Western European base the more enlargements will become increasingly problematical. The “naturals” for EU membership, the countries that could be absorbed with relative ease, are now virtually all members. (The exceptions are Norway, Switzerland and Iceland.) The further east and south the enlargement path is taken, the more the EU will encounter problems of under-developed economies, fragile democracies, weak administrative and legal systems, and variations on *Europeanness*. But unless the EU’s ultimate boundaries are to be defined in some definitive manner, these are problems that will have to be tackled for some considerable time to come. There is no sign as yet that applications will dry up. Far from it indeed: two of the states of the former Yugoslavia have already applied (Croatia and Macedonia) and other applications from the Balkans can be expected in due course; and it is most unlikely that the European Neighborhood Policy will succeed in its aim of deterring applications from the likes of Moldova and the Ukraine.

Implications of Turkish Membership, Viewed in a Future Perspective

Overall, the balance sheet of the positives and negatives of future Turkish membership of the EU is seen by most policy practitioners as currently being in deficit. However, there are reasons for thinking that by the time Turkey becomes a member – and 2015 is generally recognized as being the earliest possible year by which this will be possible – the situation will have changed considerably. There are two main reasons for this: internal changes in Turkey and the EU, and the conduct of the accession negotiations.

Internal Changes in Turkey and the EU

Many of the projections on the implications of Turkey becoming an EU member are arguably too rooted in Turkey and the EU as they are now rather than as they are likely to be when membership is attained. If, however, projections are made on the basis of what both 'sides' may look like by the time of the accession, then some of the difficulties are likely to, if not to have completely withered, at least to be less problematical and challenging.

This point may be illustrated by taking two key features of the integration process – Europeanization and increased flexibility - and demonstrating how one is already bringing about a significantly different Turkey and the other a significantly different EU.

Europeanization. This word is used in various ways, but is generally understood as the process by which the influence of the EU is increasingly penetrating into domestic affairs. More particularly, Europeanization normally refers specifically to the ways in which the political, administrative and legal systems of the EU's member states and the behavior and actions of the policy practitioners of the states are shaped and conditioned by the EU. Europeanization does indicate a growing intertwining between the EU and its member states and a significant degree of convergence in some areas of activity.³¹

A key feature of Europeanization is that although it most obviously and most extensively applies to the EU's member states, it is not restricted to them. So, for example, the countries of Western Europe that are not members of the EU have had little choice but to incorporate significant parts of the internal market *acquis* into their national law. More forcefully, states that aspire to EU membership are required to Europeanize in many ways. Even before accession processes formally

³¹ On Europeanization, see, for example, J. P. Olsen, "The Many Faces of Europeanization" *Journal of Common Market Studies*, 40, no. 5 (2002): 921-52; J. P. Olsen, "Europeanization" in *European Union Politics*, ed. M. Cini, 333-48 (Oxford: *Oxford University Press*, 2003); and C. M. Radaelli, *Whither Europeanization? Concept Stretching and Substantive Change*, online paper available at <<http://www.eiop.or.at/eiop/texte/2000-008.htm>>

begin applicants must meet the Copenhagen criteria and generally be able to demonstrate that they can be team players on key EU concerns. Once accession processes are launched, they are focused in large part around applicants being informed of what they must do to meet the EU's conditions of membership, and then working with the EU - and in particular the Commission - to satisfy the requirements.

In Turkey, Europeanization is already well under way, largely in response to the EU's stipulations concerning the political dimensions of the Copenhagen conditions. This is seen most obviously in the many constitutional and legislative changes that have been made since 2001 to align Turkish law with EU values, norms and practices. These changes, many of which are part of new Penal and Civil Codes, include reforms to the judicial system, stronger protection and rights for minorities, a greater emphasis on the importance of individual liberties, and the abolition of the death penalty. As the accession process moves from its current initial stage into the more advanced stages of screening and then 'negotiations', then so will Europeanization increasingly be "imposed" on Turkey as the terms of the negotiating chapters have to be met, as the 80,000 or so pages of EU law have to be incorporated into Turkish law, and as Turkey increasingly participates in EU programs.

Increased Flexibility. As the EU has enlarged over the years, its membership has inevitably become more heterogeneous. It has done so both in terms of the objective situations of the member states and their political preferences and choices on matters ranging from the general nature of the integration process to detailed policy issues.

This growing heterogeneity has raised the possibility of the EU becoming increasingly immobilized in terms of its ability to continue to move the integration process forward. To ensure such immobilization has not occurred, two broad strategies have been pursued. On the one hand, the revisions of the treaties that have been undertaken every five years or so since the mid-1980s have made it progressively more difficult for a minority of states to veto actions that have majority support. In other words, there has been a progressive reduction in the number of the types of decisions that require the unanimous approval of the Council and an associated progressive increase in the number that can be approved by qualified majority vote. On the other hand, there has been a developing willingness to not insist that all member states must swim absolutely abreast on all policy matters. That is to say, a more flexible approach has been taken to policy participation.

This flexibility has taken a number of forms, two of which are especially important. First, there is the open method of co-ordination (OMC), which involves the member states agreeing on general policy goals and instruments but leaving most of the decisions on detailed policy implementation to national determination. Crucially, OMC is not based on legal application but rather on mechanisms such as peer review, 'shaming' through league tables produced by the Commis-

sion, and encouragement of best practice. Policy areas in which the OMC is currently being utilized include employment policy, several Lisbon Process policies, and – especially for non eurozone states – aspects of EMU. Clearly the more the OMC is developed and used, the more will Turkey be able to ‘slide’ into policy areas that might cause difficulties for both it and the EU if a tight and legalistic approach is taken.

Second, there is differentiated, or enhanced, cooperation. This is where policy initiatives and actions proceed without all EU member states being fully involved, or indeed being involved at all. The most notable examples to date of differentiated integration are Schengen, EMU, and the fledgling European Security and Defence Policy (ESDP). It seems likely that this list will expand in the future. There are two firm reasons for this, and one possible reason:

a) Differentiation is most likely in policy areas that display certain characteristics, and these characteristics have been, and continue to be, increasingly present as the EU's policy portfolio grows. The policy areas include: those that are not directly related to the internal market; those that are strategically important for some states; those that are of concern only to some states; and those where member states favor different regulatory styles.³²

b) The Amsterdam Treaty made specific provision for enhanced cooperation and the Nice Treaty has made it easier to operationalize. Whereas under the Amsterdam provisions “at least a majority” of member states must be involved for enhanced cooperation to be able to proceed, under the Nice provisions only a “minimum of eight” must be so.

c) If the Constitutional Treaty is not ratified by any member state or states it is likely that more pro-integrationist states will proceed with policy developments in specific areas and leave the non ratifiers outside. The notion advanced in some Eurosceptic quarters that non ratifications will mean the end of the Treaty is probably illusory. Of course, much will depend on which member states do not ratify – non ratification by France, for example, will be more damaging for the Treaty than non ratification by the Czech Republic. Certainly in the case of the state that is seen as being the most likely to not ratify, the UK, it is highly probable that non ratification will encourage some member states – probably led by France and Germany – to press ahead by themselves with ever closer union in some areas.³³

The more differentiation does develop in the years prior to Turkey's accession, then clearly the greater is the potential for Turkey to become an EU member without necessarily involving itself, or at least involving itself fully, in ‘unsuitable’ or ‘difficult’ policy areas.

³² K Junge, *Does Differentiation Work? An Analysis of Different Methods of European Integration* (Ph.D thesis, University of Birmingham, 2002).

³³ On the possible consequences of a UK ‘No’, see C. Grant, *What Happens if Britain Votes No? Ten Ways Out of a Constitutional Crisis* (London: Centre for European Reform, 2005).

The Conduct of the Accession Process

As was noted above, the requirements of the accession process are such as to make extensive Europeanization unavoidable. But in addition to the facilitating impact of Europeanization in easing the impact on the EU of Turkish membership, there are also other aspects of the accession process that should make the admission of Turkey less problematical than it might appear at present.

The most obvious aspect is that the accession process clearly will be extremely protracted. There will, therefore, be considerable time for both Turkey and the EU to make what are deemed to be the necessary *possible* adjustments. Indeed, the process will be by far the longest accession process in the history of enlargement. In terms of the period between the submission of a membership application and accession, Turkey is already well "in the lead" even though membership negotiations have yet to be opened. (The next longest periods are the thirteen years and ten months for Cyprus and Malta, followed by the ten years and one month for Hungary and Poland.) The existing longest periods between the formal opening of accession negotiations and accession are the seven years and three months for Portugal, six years and eleven months for Spain, and the six years and two months for the 'first wave' CEECs and Cyprus. Assuming the negotiating stage opens with Turkey in October 2005, it is unlikely that the negotiations will be completed before 2013. Indeed, this minimum time period is virtually built into the process, with the Commission making it clear that it will not be possible for the negotiations to be completed until the EU has agreed on its financial perspective for the period from 2014.³⁴ And then there is the gap between the closing of the negotiations and final ratification, which could be extensive and by no means assured of success given the controversial nature of the matter. (The commitment by the Austrian and French governments to holding national referendums on Turkish accession may well be but the first early sign of major ratification problems).

Another aspect of the accession process that is likely to ease possible problems for the EU is that it is clear the EU will not only take lengthy steps to protect itself but also, if necessary, unprecedented steps. This is evident from the Commission's October 2004 recommendation on the Turkish application and the December 2004 European Council's Conclusions on the application which were based on the Commission's recommendation.³⁵ The recommendation and Conclusions are studded - in a fashion and to a degree that has not been seen with other applicants - with warnings to Turkey about how dependent progress is on

³⁴ European Commission, *2004 Regular Report on Turkey's Progress towards Accession*, Brussels: SEC (2004) 1201, COM (2004) 656 final, October 6, 2004: 10.

³⁵ European Commission. *Ibid.*, and European Council, *Presidency Conclusions*, European Council (2004), Brussels, 16-17, 2004.

Turkey continuing on its reformist path. Indeed, the Conclusions explicitly state – albeit in a manner less explicitly directed toward Turkey than was the case in the Commission's recommendation – that negotiations may be broken off if there are any major reversal in Turkey's reforms:

In the case of a serious and persistent breach in a candidate state of the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law on which the Union is founded, the Commission will, on its own initiative or on the request of one third of the Member States, recommend the suspension of negotiations and propose the conditions for eventual resumption. The Council will be decided by qualified majority on such a recommendation, after having heard from the candidate state, whether to suspend the negotiations and on the conditions for their resumption.³⁶

The Conclusions also stated – again for the first time in respect of any candidate country – that the negotiations “are an open-ended process, *the outcome of which cannot be guaranteed beforehand*” (emphasis added).³⁷

And, in yet another breach with precedent, the Conclusions not only anticipated the possibility of long transitional periods and derogations in some areas, which are common enough, but also stated that “permanent safeguard clauses, i.e. clauses which are permanently available as a basis for safeguard measures, may be considered. The Commission will include these, as appropriate, in its proposals for each framework, for areas such as freedom of movement of persons, structural policies or agriculture.”³⁸

Concluding Remarks

The Turkish accession process that is scheduled to formally begin in October 2005 clearly will be protracted and difficult. It will be so for a combination of reasons, some of which are similar to the reasons that made the pre-May 2004 accession processes relatively long and some of which arise from the distinctive nature of the Turkish case. The similar reasons include the sheer volume of detailed and technical matters that need to be covered and the many adaptations that Turkey will have to make – some of which will be financially costly – to be able to incorporate the *acquis* and to put in place administrative systems that will satisfy the EU states. The distinctive reasons stem from the wider political, economic, religious, and cultural concerns about the Turkish application, which are likely to incline those member states that harbor doubts about whether the accession membership should be proceeding at all to ensure the accession process is taken at a cautious, not to say drawn-out, pace.

³⁶ European Council, *Presidency Conclusions*, Brussels, December 16-17, 8.

³⁷ *Ibid.*, 7.

³⁸ *Idem.*

The prospect of Turkish membership does pose an unprecedented challenge for the EU and most EU states would - if they were in full control of events - prefer not to be proceeding towards probable Turkish accession. But that said, the fact is that Turkey does have much to offer the EU. Furthermore, there is every reason to suppose that as both Turkey and the EU continue to evolve over the period before Turkey actually assumes membership – which is likely to be a minimum of twelve years or so – many of what may now seem to be major obstacles will gradually be seen to be less daunting.

The Process of Europeanization in Turkey

Atila Eralp

Introduction

Turkey's application to the European Community for full membership in April 1987 and the response of the Community triggered a reassessment of Turkey's Europeaness both in Europe and Turkey and resulted in the rise of anti-European feelings in Turkey.¹ The changes in the post-Cold War climate and the decisions of the Luxembourg Summit reinforced these feelings. In this climate, the issue of full membership for Turkey became a contentious one in the present enlargement process of the Union. This paper argues, however, that this problematic situation was neither to the advantage of the European Union nor to Turkey. The paper focuses on the decisions of the EU Summit in Helsinki and discusses developments during the past five years. It shows how the more inclusionary approach of the EU in the aftermath of the Helsinki Summit has helped the acceleration of the reform process in Turkey. It examines the reform initiatives of the last five years and argues that the incentive of membership in the aftermath of the Helsinki Summit was crucial in shaping the reform process in Turkey. It concludes by showing how the reform process in Turkey is turning from a more general process of Westernization to a more concrete process of Europeanization.

The Helsinki Summit and its Aftermath

The Helsinki Summit overcame the long-lasting ambiguity surrounding the Turkish case, ending the debate over whether Turkey is a European country. Turkey was clearly situated in the present enlargement process along with other

¹ For a more comprehensive analysis of Turkey's relations with the European Community during the Cold War period see Atila Eralp, "Turkey and the EC in the Changing Post-War International System" in *Turkey and Europe*, ed. Canan Balkır and Allan M. Williams (London: Printer 1993); Mehmet Ali Birand, *Türkiye'nin Ortak Pazar Macerası 1959-1985* (Istanbul: Milliyet Yayınları, 1985); and İlhan Tekeli and Selim İlkin, *Türkiye ve Avrupa Topluluğu*, 2 vols. (Ankara: Ümit Yayıncılık, 1991).

twelve candidate countries.² Turkey also became part of the same accession-partnerships as the other candidate countries. This is a clear reflection of the willingness of the EU to provide financial and technical supports to prepare Turkey for membership as for the other candidate countries. On this issue, there was a major difference between Luxembourg Summit and Helsinki Summit. While Turkey was treated separately from other candidate countries and put in an ambiguous European Strategy in Luxembourg, in Helsinki Turkey was offered an accession-partnership. The EU also manifested a clear attitude to treat Turkey according to the same “Copenhagen Criteria” as the other candidate countries. These resolutions regarding Turkey were drastically different from Luxembourg: they were more open, inclusive and less discriminatory. As a result, the Helsinki resolutions were perceived quite positively by the Turkish elites, as resolutions correcting the “mistakes” of Luxembourg.

The EU governments and the Commission manifested a greater awareness of the strategic dimensions of enlargement in the Helsinki Summit. The European Union has focused for a long time on economic and political issues rather than on geopolitical considerations. This attitude started to change after the Kosovo crisis. EU officials began to realize that instability in the Balkans would have detrimental ramifications on the European integration process. If instability reigns in adjacent regions, it would be extremely difficult to create a Europe based on the idea of peaceful change. As a result, the EU began to address broader geopolitical questions, starting with the issue of creating new patterns of cooperation in the Balkans. With the adoption of a new Stability Pact in the Balkans, the EU focused more on the problems of the region. Such an approach in the Balkans necessitated a new relationship between Greece and Turkey. It became quite evident that the creation of cooperative relationships in the Balkans would be quite difficult if conflicts persist between Greece and Turkey. The tragic earthquakes in both countries also helped to create a new climate for cooperation and we witnessed an increasing rapprochement between Turkey and Greece as manifested by frequent and reciprocal visits of high officials.

It is no coincidence that Turkish candidacy was offered in a summit in which important decisions were taken in consolidating European security and defense. The Helsinki Summit decided to create a military force of 50-60,000 in order to launch and conduct EU-led operations in response to international crises. This attitude showed the determination of the EU to develop an autonomous capacity in the field of security in coordination with NATO. It was increasingly difficult to overlook Turkey’s role in the security field as the EU developed its common policy on security and defense. This also necessitated a more cooperative relationship between Greece and Turkey. This attitude of the EU indicates the growing significance of geopolitical considerations on its agenda. It is quite evi-

² Malta became part of the current enlargement process and the pre-accession strategy of the EU in 1999. This development increased the number of candidate countries to twelve plus Turkey.

dent that as the attention of the EU turns towards larger geopolitical concerns, the case of Turkey draws more inclusive attention. Turkey could either be marginalized or excluded from the emerging European project or could be incorporated within the European Union. The Helsinki Summit decided on the latter and this decision was to the advantage of both the EU and Turkey.

The Helsinki framework required a major mental shift of orientation in the attitudes of both the EU and Turkish officials to create a more cooperative relationship.³ This mental shift was not easy, primarily because Turkish and EU officials have long been used to an adversarial relationship and treated each other in bilateral “us-them” terms. It should, however be mentioned that the Helsinki Summit pressured for major political and economic reforms in Turkey. The EU actively stimulated these reforms through the publication of its “Accession Partnership” (AP) document, which was announced in November 2000. This announcement was important because it led to the inclusion of Turkey in the accession-partnership relationship with the EU as with other candidate countries. The Commission listed the short and medium-term political and economic priorities aimed at the transformation of the Turkish state in line with the Copenhagen criteria. The political measures in the document aimed at creating a more liberal and pluralistic order and the economic measures focused on the achievement of macro-economic stability and an effective regulatory economic structure. In response, to the AP, the Turkish government prepared the “Turkish National Program for the Adoption of the *Acquis*” which was submitted to the EU Commission in March 2001. The National Program was a major attempt to meet the political and economic expectations of the EU. From the EU perspective, the National Program was a significant progress, yet, EU officials emphasized that the state of reforms in the report fell rather short of expectations primarily in the political field.

Turkish authorities focused on the implementation of the National Program in order to meet the political expectations of the EU in the latter part of 2001 and 2002. The government used two main instruments in the implementation of the political reform process: amendment of the constitution and “harmonization laws.” First, 34 amendments to the Constitution were accomplished primarily in the area of human rights, freedom of expression and freedom of organization. After the constitutional amendments, the Turkish Parliament also adopted a new Civil Code and introduced improvements notably on the fields of freedom of association and the right to assembly, as well as gender equality and child protection. These constitutional amendments were followed by “harmonization laws” designed to translate the constitutional amendments into concrete action by bringing Turkish laws in line with the *acquis*. The first harmonization package

³ Ziya Öniş, “Domestic Politics, International Norms and Challenges to the State: Turkey-EU Relations in the post-Helsinki Era” in *Turkey and the European Union*, eds. Ali Çarkoğlu and Barry Rubin (London: Frank Cass, 2003), 9-34.

focused on freedom of expression and amended previous laws, which were the legal basis for the detention and sentencing of many intellectuals for expressing their views. The second harmonization package extended further the scope of freedom of thought; the freedom of press, the freedom of association and peaceful assembly and also reinforced measures for the prevention of torture and ill-treatment. It further introduced measures against human rights violations by government functionaries.

Clearly, these reform measures were quite dramatic compared to previous efforts and they were engineered by a relatively weak coalition government of three different political orientations, including a nationalist-rightist party (MHP), a nationalist-leftist party (DSP) and a liberal center-right party (ANAP). While dramatic in Turkish terms, critical areas were still left contested between the EU and Turkey, such as the abolishment of the death penalty, extension of cultural rights of “minority groups,” the role of the military and the Cyprus question.

These areas remained thorny not only between the EU and Turkey but they were also at the center of domestic debate in Turkey. Actually, EU issues have been at the center of political debate in the aftermath of the Helsinki Summit. While all of the major political parties in Turkey displayed a vague commitment on the issue of EU membership, when it came to the sensitive issues mentioned above, there was a lack of consensus. The coalition was clearly fragmented on these issues. MHP, the nationalist-rightist party opposed the abolition of the death penalty, as well as the extension of cultural rights and took a hard-line on Cyprus. DSP, the nationalist-leftist party, was more favorable on the abolition of death penalty, but had serious reservations on other sensitive matters. It was only the liberal Motherland Party (ANAP) which had a clear “pro-EU” attitude. Within this climate, it became increasingly difficult for the government to go ahead in the reform process on these key political issues. These tensions resulted in the disintegration of the coalition government and the call for early elections. The early elections on October 3, 2002 ended the coalition government and led to a change of government with a clear victory of the pro-religious Justice and Development Party (AKP).

In this election climate, the Turkish Grand National Assembly on August 3, 2002 took some historical decisions in its third package on the political reform process in order to show Turkey’s willingness to join the EU. It abolished the long contested death penalty as well as granted the rights to broadcast and learn one’s “mother tongue.” The decisions on the sensitive matters were taken with large majorities in the Grand National Assembly. With these decisions, there was an increasing expectation from the EU to set a clearer timetable to start negotiations in 2003 or at the least in the beginning of 2004.

The AKP government which was formed after the general elections of 3 November 2002 prepared four “harmonization packages” to bring Turkish legislation in line with the EU legislation. During this period, we see the acceleration of the reform process as well as increasing consensus on the harmonization pack-

ages both within the Parliament and in the government and bureaucracy. The fourth package of the government focused on the issue of torture and ill treatment and declared, “zero tolerance” against torture. It removed all the legal impediments for the prosecution of public officials who resort to torture and ill treatment. The fifth package focused on the issue of re-trial and expanded the scope of re-trial arrangements on the basis of judgments rendered by the European Court of Human Rights. The sixth and seventh packages were more comprehensive. They tried to respond to the recommendations made in the revised Accession Partnership Document of the EU, which was adopted on the 19th of May 2003 and to the commitments made by the Turkish government in its revised National Programme, which was published on the 24th of July 2003. The government tried to remove all the legal restrictions on the freedom of expression, freedom of association, freedom of press and assembly. In the sixth package it introduced measures for TV broadcasting in mother tongues other than Turkish in both public and private channels. In the seventh package, the legislative package focused on civilian-military relationship and changed the character of the National Security Council and made it an advisory body. There were amendments on both the functions of the National Security Council to make it a more advisory body as well the procedures for the appointment of the Secretary General of the Council. The amendments opened up the possibility to appoint a civilian as a Secretary General.

The AKP government believed that Turkey had achieved the “critical mass” in terms of legislative harmonization in compliance with the Copenhagen political criteria. The government started to focus more on the process of implementation of these reforms and channel its energy and resources on this issue. A Reform Monitoring group is established at the highest political level to overview the progress in the implementation of political reforms. This group is chaired by the Minister of Foreign Affairs and will comprise of Minister of Justice and Internal Affairs.

Westernization-Europeanization Processes and the EU Accession

In all candidate countries, the political and economic reforms have accelerated as the EU provided clearer signals to their accession. It seems that there is an increasing linkage between the reform process in candidate countries and their accession. As some close observers of the EU integration process have pointed out, enlargement has been one of the most successful foreign policy tools of the EU.⁴

⁴ For a more comprehensive analysis of EU’s foreign policy initiatives see John Peterson and Helene Sjursen (eds), *A common foreign policy for Europe? Competing visions of the CFSP* (London; New York: Routledge, 1998); Christopher Piening, *Global Europe: the European Union in world affairs* (Boulder, Colo.: L. Rienner Publishers, 1997); Özlem Terzi, *Formulation and Implementation of a Common Foreign Policy of the European Union*, unpublished Ph.D. Thesis, (Ankara: Department of International Relations, Middle East Technical University, 2003).

The EU has created an environment conducive to the reform process with the offer of the membership status. The status of membership has been a major incentive provided to the candidate countries and has affected their reform processes positively. As the analysis in the preceding sections suggest, Turkey's reform process has been somewhat "slow" compared to the other accession countries. It has been slow in comparison to other countries in the present enlargement process primarily because of the ambivalence of the EU regarding Turkey's accession coupled with Turkey's domestic constraints. Turkey the only country, which has not fulfilled the political expectations of the EU and therefore it remained the only country without a clear timetable on its accession in the current enlargement process.

Nevertheless, the analysis in the preceding sections also suggests that the reform process in Turkey has accelerated as the EU formulated a more inclusionary framework with the Helsinki Summit and offered a candidate status to Turkey. The reform process has further accelerated after the Copenhagen Summit when it was declared that if the European Council in December 2004 decided that Turkey fulfilled the Copenhagen political criteria, the EU would open accession negotiations with Turkey without delay. While the decisions of the Copenhagen European Council in December 2002 did not meet Turkey's expectations; nevertheless there was improvement compared to the previous situation in clarifying the timetable to start negotiations.

In the aftermath of the Copenhagen Summit, the Turkish government has formulated four "harmonization laws" as examined in the preceding section, which focused on more sensitive issues of the reform process such as the civilian-military relationship and cultural-minority rights. Furthermore, the government has increasingly realized that the reform process required not only the promulgation of laws, but also their implementation.

Turkish government functionaries, as was pointed out, were long geared to a perception of the Community/Union in adversarial terms. Recently there is mentality shift among the government functionaries to see the Union more in cooperative terms. It is quite interesting to note that this shift is taking place when a religious-rightist party is in power (AKP). The AKP government has adopted a clear European stance and has tried to accelerate the reform process in Turkey. This attitude of AKP is dramatically different from the previous religious-rightist parties. In the 1970s, religious-rightist parties such as National Salvation Party depicted the EC as a Christian Community organized to undermine the Islamic world and suggested the creation of an alternative Islamic Common Market. This attitude has continued in the cases of Welfare Party as well as of Virtue Party in the 1980s and the 1990's. With the Justice and Development Party, there is a diametrically opposed new approach to the EU. The EU integration is perceived as a process of democratization and the issues of religious right and freedoms are seen within the context of the processes of democratization of the EU. With this change, we are witnessing the transformation of the religious-right in Turkey.

The religious right is becoming more moderate as it adopts a more pro-EU stance. It seems that the EU accession process in Turkey is creating an environment conducive to the transformation of the religious-rightist political tendencies. Such a transformation is quite crucial in an international system where there are all kinds of possibilities of tension along cultural/religious lines. Both the EU and Turkey have important stakes in creating a world of an increasing dialogue between cultures and civilizations, rather than a “clash” of them. The transformation of AKP and the religious right in Turkey opens up a possibility for a meeting of Islam and democracy in the political space. It is quite important in this context that there should be a legitimate place for moderate Islam in the European political space. Turkey’s process of reform within this climate should not be thought merely as a technical process of harmonization with the EU *acquis*. It is a major process of transformation, which is leading to the meeting of Islam and democracy and creating a legitimate place for moderate Islam in the European political space and therefore consolidating the multicultural basis of the European integration process.

We have witnessed critical points and ups and downs in Turkey’s forty-year relationship with the Community/Union. Nevertheless, the EU vocation has helped Turkey’s project of Westernization, which has been the guiding principle of the Turkish Republic. Modernization was defined as Westernization by the Turkish elites and closer association with Europe; above all meant a “civilizing mission” which would bring an increasing section of the Turkish population into contact with Western life styles, behavior and methods. Efforts towards Westernization would also bring economic development and greater political stability. Turkish elites believed that Europe and the West were main sources of economic development as well as models of social change.

The project of Westernization has been quite crucial in the creation and the consolidation of the framework of secularism in the Turkish context. The long-lasting relationship with the Community/Union has also helped immensely in the transformation of the Turkish private sector into a more competitive and global oriented one. These are important accomplishments, but they have to be reinforced by the transformation of political structures and institutions and the consolidation of democracy in Turkey. As the analysis in the preceding sections suggest Turkey has entered a new period of democratization after the Helsinki Summit; the political reform process has accelerated as the EU adapted a more inclusionary approach to Turkey. In this process, the general project of Westernization is increasingly turning into one of a concrete project of Europeanization –a more complex process of not only adapting of common values but also of transformation of political and economic structures and governance systems. With the “harmonization laws” of the last four years, Turkey is changing its political practices and institutions as well as its approach to political problems, which require a major mentality shift to think and act within the larger context of the European

Union. This is a slow and a contested process, but there has been an immense progress as mentioned in the more recent reports of the European Commission.⁵

The process has been slower and a contested in the Turkish case because of the ambivalence of Turkey's timetable as well as the availability of the less incentives as compared to the other candidate countries in the present enlargement process. It is evident that the most important turning point in the reform process comes with the start of the negotiations.⁶ As the findings related with other accession countries indicate, the reform process becomes irreversible with the opening of negotiations. With the start of the negotiations, as the candidate country harmonizes its institutional system along the lines of the EU *acquis*; we witness the process of Europeanization of institutional structures and the public administration of the country.

Conclusion

Turkey-EU relationship was at another historical crossroads in 2005. If Turkey started negotiations, the reform process would not only accelerate but also consolidate and become irreversible; if not, the process might slow down and it might not be easy to sustain the process. The EU has made substantial commitments to Turkey and Turkey has channeled important material and immaterial resources to fulfill its requirements in order to start negotiations with the EU. The "EU issue" has been the most important issue on the domestic agenda of the Turkish public opinion. As a result, a negative decision by the EU would not only harm the Union as a credible partner but also will lead to the rise anti-EU feelings in Turkey. The recent discussions related with the possibility to offer a "special relationship" to Turkey would not offset (counterbalance) the damage inflicted to the relationship. It was too late to offer this status as the Turkish public opinion is geared to the start of negotiations at the end of 2005.

It was a defining moment in the long lasting relationship with the EU. Within an intense climate of debate all over Europe, the EU Council decided October 3 that Turkey has met political criteria sufficiently and the EU was willing to start negotiations with Turkey. It also declared that this process was an open-ended process and the outcome will depend both on Turkey's adoption and implementation of the EU "acquis" as well as on the EU's absorption capacity. The EU Council also adopted a different framework for negotiations with Turkey, taking

⁵ Commission of the European Communities, *Regular Report of Turkey's Progress toward Accession*, 2003, 2004, 2005.

⁶ See Barbara Lippert, Gaby Umbach and Wolfgang Wessels, "Europeanisation of CEE executives: EU membership negotiations as a shaping power" *Journal of European Public Policy* 8, no. 6 (December 2002): 980-1012; Dorota Pyszna and Krisztina Vina, *The Management of Accession to the European Union in Poland and Hungary*, Institute for World Economics, Hungarian Academy of Sciences, Working Papers No. 128, (October 2002).

into account both some of the lessons derived from the previous enlargement process as well as emphasizing the difference of Turkey on political, economic, social and other factors. The emphasis by the EU on “difference” created a climate of resentment in Turkey; public opinion formers promoting that the EU was not only treating Turkey differently from other accession countries but also in a more discriminatory manner. The emphasis on open-endedness of the accession negotiations, the possibility of referenda in some EU countries as well as the idea of permanent safeguards in some sensitive issues such as free movement of persons, structural funds and agricultural policy are some of the areas of friction before the EU and Turkey. In addition to these issues, there is also the problem of Cyprus. Since Cyprus became the member of the EU without the solution of the Cyprus problem, there is a potential for Cyprus to block the process of negotiations with Turkey on the opening and closing of each chapter of the EU *acquis*.

Amid all these problems, Turkey has entered the screening process on several chapters of *acquis* at the end of 2005 and is planning to start negotiations in the first half of 2006. It seems that this process will be a long, contested and a challenging one both for Turkey and the EU. It will be a challenging for Turkey, because Turkey will adopt the multilevel governance system of the EU and will act within the larger context of the EU. Turkey will increasingly define itself within the process of Europeanization in the context of Wider Europe and neighborhood issues. This process will also consolidate the project of Westernization pursued since the founding of the Turkish Republic in 1923. It is challenging project for the EU, because it will include a country, which has far a long time considered as the “other” of Europe. However, The EU has faced many challenges in the past and has been successful; it can also meet the present challenge.

For Europe's Sake: Securitizing Turkey's EU Membership

Nuray Ibryamova

Introduction

The latest round of enlargement was undoubtedly a project without a precedent in the brief history of European integration in terms of its scope and transformational effect. It added to the complexity of the EU, reached new neighbors, and established a more complex power in the world. The prospect of membership for Turkey puts the European Union at another historical junction, both for the integration project as well as the future of the continent. Security and stability arguments were frequently used to justify and legitimize the eastern expansion of the European Union. In a similar vein, security concerns play an important role in the Turkish candidacy for membership.

This paper will look at some of the discursive links between security and Turkey's candidacy for membership. It will argue that both support and opposition to Turkish accession are based on notions of security, whether military or societal. The paper will begin by discussing the security considerations in the eastern enlargement of the Union. It will then take a look at how security has been implicated in the debate surrounding Turkey's membership. Finally, it will discuss some of the differences in the treatment of the two expansions evident in the predominant discourses.

Security and the European Union's Eastern Enlargement

The EU's expansion to the east was a form of foreign policy that was intimately tied to maintaining peace and stability on the continent. From its inception the eastern enlargement was legitimized as a tool for achieving lasting peace, as well as conditioned by the ability of the candidate states to maintain such relations. Policy instruments and decisive measures designed to further enlargement were called in the name of European peace and security.

This paper draws on the broader security framework developed by Buzan, Wæver, and de Wilde, which is premised upon the basic assumption of security

as a “speech act.”¹ As such, security is not necessarily objective; instead, it is “when an issue is presented as posing an existential threat to a designated referent object.”² It “is the move that takes politics beyond the established rules of the game and frames the issues either as a special kind of politics or as above politics.”³ While various actors may engage in such securitizing moves, an issue becomes securitized only if the audience accepts it as a matter of existential threat. On the other hand, this fundamentally intersubjective process can potentially have substantial political impact, since it allows the securitizing actors to call for and employ extraordinary measures.

Following the collapse of communist regimes in the Central and Eastern European countries, the potential for ethnic conflicts, economic disruptions, political instability and their spillover effects on the then European Community led Western European leaders to emphasize the need for promoting good neighborly relations among these countries, helping stabilize their economies, and improve minority rights, among others. According to the Commission “enlargement – both for the EU, the candidate states and their neighbors - is rightly viewed as being part of an overall security endeavor on the European continent as is enlargement of NATO.”⁴ Even though security concerns are hardly mentioned in the admission criteria, those played a prominent role in the enlargement process. For example, at the European Council in Copenhagen in 1993, when the decision to enlarge was announced, the European Commission stated that the prospect of membership would “provide an element of stability against a background of continuing turbulence in the former Soviet Union and the tragedy unfolding in the former Yugoslavia and diminish tension in a region where confidence and stability are suffering from the absence of a viable security architecture.”⁵ Hence, the possibility of accession in the European Union, albeit at a distant future date, was seen as an incentive for the associated countries to continue to transform their political as well as economic systems, and as an instrument for maintaining stability in the eastern part of the continent.

The rationale behind the security argument for enlargement lies in the perception of the indivisibility of European security. Advocates of enlargement

¹ Barry Buzan, Ole Wæver and Jaap de Wilde, *Security: A New Framework for Analysis* (London: Lynne Rienner Pub, 1998), 24-27; Ole Wæver, “Securitization and Desecuritization” in *Security: A New Framework for Analysis* Barry Buzan et al., 54-55 (London: Lynne Rienner Publishers, 1998).

² *Ibid*, 21.

³ *Ibid*. 23.

⁴ European Commission, “EU Security Policy and the Role of the European Commission;” available from http://europa.eu.int/comm/external_relations/esdp/index.htm

⁵ European Commission. “Towards a Closer Association with the Countries from Central and Eastern Europe” (Brussels, 18 May 1993): 1-2.

noted that a secure and stable Eastern Europe meant secure and stable Western Europe. In some ways the fall of the Berlin Wall represented a serious loss of security for Western Europe, particularly to the countries bordering Central and Eastern Europe.⁶ National as well as EU leaders often evoked the need for an EU eastward expansion because rising nationalism, coupled with economic collapse, political volatility, and organized crime all led to increased levels of instability in the region. At the same time, the wars in Yugoslavia and the far more difficult transitions in Russia and Ukraine added to the fears of spillover into Central and Eastern Europe. Hence, political and economic disintegration in the East could have had ramifications for the societies of the European Union.⁷

Perhaps the strongest arguments for enlargement were the warnings of ensuing chaos that would take place if the EU did not open its doors for the CEECs; these were also the clearest examples of securitizing moves by various actors. In other words, proponents of expansion argued that if prospects for membership did not exist at all, or if that were to occur only after a prolonged period of time, then unrest may result. The argument was that the lack of an alternative political anchor and the disillusionment of broad segments of the population of the transformation process might have led to political instability and economic disintegration.⁸

If the prospect of membership was the incentive for the countries of Central and Eastern Europe to continue with the political and economic reforms and thereby become politically and democratically stable, enlargement was the mechanism intended to deal with the problems of peace and stability in the area, and by extension, Europe as a whole. Referring to the problems that would ensue should membership be denied or deferred, European leaders advocated enlargement by pointing out its necessity, and thereby desecuritizing it. "Desecuritization," according to Buzan *et al*, refers to a process in which issues are shifted out of emergency mode and into the normal bargaining processes of the political sphere.⁹ For example, integration is often presented as the solution to the

⁶ The division of Europe – and Germany – was seen as a security guarantee. Douglas Hurd, British Foreign Secretary, echoed many political leaders when he described the Cold War as a system, "under which we've lived quite happily for forty years," *The Independent*, Dec 22, 1989.

⁷ Higashino divides the threats to security in three groups: the existential conflicts in the former Yugoslavia or potential instability in Russia, Europe's own past or the potential of creating a new dividing line on the continent; the threats emanating from the Kosovo crisis and its potential for spillover in the Balkans; and lastly, social disorder caused by enlargement. Atsuko Higashino, "For the Sake of 'Peace and Security'? The Role of Security in the European Union Enlargement Eastward." *Cooperation and Conflict: Journal of the Nordic International Studies Association* 39, no. 4 (2004): 353.

⁸ Alan Mayhew, *Recreating Europe: The European Union's Policy Towards Central and Eastern Europe*, (Cambridge: Cambridge University Press, 1998), 186-187; Pedersen, 153-154.

⁹ Buzan, Wæver and de Wilde, 4.

fragmentation and violence of Europe's past, i.e., integration is the desecuritized effect of the securitized threat. Enlargement, as a continuation and geographical expansion of integration, suggests expanding this project of ensuring peace and security to the eastern part of the continent. More specific security concerns regarding good neighborly relations and minority rights became de facto accession preconditions with the Pact on Stability in Europe, which was signed in 1995. The Pact, which was a joint action under the Common Foreign and Security Policy of the EU, promised a framework for "lasting good-neighborliness" in Central and Eastern Europe. This policy instrument was another step, which linked enlargement to security.¹⁰

If the eastern enlargement was successfully presented as a step toward ensuring Europe's security, certain aspects of the opening of the eastern bloc have been viewed far less benignly. While potential territorial disputes or ethnic problems may have constituted a cause for concern, in the latter stages of the accession process it was primarily non-traditional security concerns emanating from Central and Eastern Europe that caused growing anxiety in the EU. Among those, migration, organized crime, drug-trafficking and human smuggling gradually came to the forefront of the debate. Enlargement was seen both as the solution to some of these problems and as the source, due to the permeability of the candidate countries' borders. As Prime Minister Tony Blair stated that, "Without enlargement western Europe will always be faced with the threat of instability, conflict and mass migration on its borders."¹¹ In this particular case, Mr. Blair presents enlargement as the solution to the threats of instability, conflict and migration, thereby making the link between enlargement and internal security. This securitizing move leads to a desecuritized effect, whereby enlargement is presented as the necessary solution to these problems. In the meantime, the new eastern border is perceived as the source of some of the main security threats to the EU, since the new members are countries of transit for illegal immigrants and drug- and human-traffickers from further east.¹²

¹⁰ For a detailed analysis of the discursive links between the eastern enlargement of the EU and security, see Atsuko Higashino, "The Role of Security in the EU Enlargement Eastwards," Paper Presented at the CGES Conference, February 20-21, 2004, Washington, DC.

¹¹ "Blair Attacks Two-Tier Europe," *BBC News*, October 6, 2000; available from <http://news.bbc.co.uk>.

¹² In line with this reasoning, the eastern enlargement was arguably the most important factor behind the development of justice and home affairs in the EU since the creation of the third pillar. Enlargement itself can be seen as a policy intended to enhance internal security. For example, Lykke Friis argued that by enlarging the EU would move its borders to the east, effectively creating a *cordon sanitaire* between the member states and the near abroad, where the problems governments faced were even more severe, while simultaneously forcing the CEECs to reduce the permeability of their borders and strengthen their judicial systems. The adoption and implementation of the JHA *acquis* was seen as critical, since otherwise the EU would in fact be internalizing the very same problem against which it was trying to protect itself, facilitated by the visa-free regime and the free movement of labor after accession. By insisting that the candidates adopted the JHA *ac-*

The next section will touch upon some of the security concerns surrounding the debate on Turkey's candidacy. It will look at the rationale for its membership, as well as the discursive links that both proponents and opponents of its membership have created with security.

Security and Turkey's Candidacy for EU Membership

Having applied for full membership in the European Community in 1987 and signed Customs Union with the European Union in 1995, Turkey received the status of an official candidate at the Helsinki European Council of 1999. While not yet meeting the Copenhagen criteria, the Council declared that Turkey was a candidate "destined to join the Union."¹³ Prior to the Nice summit in December 2000, the EU agreed on an initial accession partnership, but the opening of negotiations with Turkey remained contingent upon fulfilling the political criteria set in Copenhagen. In October 2004, the European Commission found that Turkey had made sufficient progress toward meeting the extensive political criteria to open accession negotiations. Based upon this recommendation, the Copenhagen European Council decided that negotiations would start in October 2005, but accession could not be guaranteed. For the first time in the history of EU expansion, the Union did not presume that the outcome of the negotiations would necessarily end in accession.

Support for the country's accession has often contained references to its strategic importance, particularly in an era dominated by the "war on terror." For instance, in its Communication to the Council and the Parliament on Turkey's progress, the Commission noted that that the country had the potential "to contribute to regional and international stability;" it was also seen as "an important model of a country with a majority Muslim population adhering to such fundamental principles as liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law."¹⁴ Former Commissioner for enlargement Gunter Verheugen made frequent references to Turkey's strategic value. In 1999, for instance, while pointing out that the country did not fulfill the Copenhagen criteria, he supported giving Turkey the status of an official candidate arguing that, "At the same time there are the geopolitical and strategic arguments that make it imperative to support Turkey's affiliation with Europe...If we deprive

quis, the EU could minimize the import of security problems once the CEECs became members. In the meantime, growing stability in the region and resumed economic growth would reduce the number of immigrants. Lykke Friis, "Eastern Enlargement, Schengen, JHA, and All That...Tracing EU's 'Internal Security Policy' Toward Central and Eastern Europe," *Columbia International Affairs Online*. Working Papers; available from <http://www.ciaonet.org>.

¹³ European Council. *Presidency Conclusions Helsinki European Council*, December 10 and 11, 1999; available from <http://europa.eu.int/rapid/start/cgi/>.

¹⁴ Buzan, Wæver and de Wilde, 4-5.

Turkey of the prospect of accession, we will be held responsible for everything that goes wrong in the country. Then the question might become: ‘who lost Turkey?’¹⁵ In this case, Commissioner Verheugen’s statement is a clear securitizing move as it appears to warn of the consequences non-accession. In 2001, Verheugen again pointed out that, “in the aftermath of the terrorist attacks, it is clearer than ever that Turkey and the EU need each other. The EU is indispensable for Turkey, and Turkey is indispensable for the EU.”¹⁶ During the same year, Commissioner Verheugen again noted that “the EU needs Turkey more than Turkey needs the EU.”¹⁷ Similarly, Javier Solana, the High Representative for CFSP, has pointed out that Turkey’s place in Europe had been guaranteed by the EU’s decision to give it a candidate status: “No one can challenge it today on the grounds of geography. To do so would endanger the enlargement process and the principle of inclusiveness that has sustained it.”¹⁸

National leaders have also made numerous securitizing moves regarding EU’s rejection of Turkey. Former Chancellor Schroeder, who in recent years has argued in favor of Turkey by stressing the importance of “underpinning Muslim Turkey at a time of growing threats from Islamic militants.”¹⁹ Schroeder also pointed out that for him the strategic and security policy arguments for Ankara’s bid for EU membership were decisive. If its reforms further developed, “we could then stabilize the land and create a link between European enlightenment and non-fundamentalist Islam.”²⁰ UK foreign secretary, Jack Straw, has also pointed that Turkey’s membership was of “huge importance to the stability not just of Europe but of much of the rest of the world.”²¹ Finally, the former prime minister of Greece, once a staunch opponent to opening the EU door to Turkey, argued that, “Our attitude also serves as a litmus test of the type of Europe we choose to live in. To deny Turkey a European future on the grounds of religion is

¹⁵ Speech by Gunter Verheugen of the European Commission, “Enlargement: Speed and Quality” at the conference “The Second Decade towards a New and Integrated Europe” Den Haag, November 4, 1999.

¹⁶ Gunter Verheugen Member of the European Commission Responsible for Enlargement Launch of EU-Turkish Foundation Inaugural Meeting of the EU-Turkey Foundation Brussels, 17 October 2001; available from <http://europa.eu.int>.

¹⁷ “Decision Time for Turkey,” *Financial Times*, February 13, 2001; available from www.ft.com

¹⁸ Javier Solana, “Turkey’s EU Future,” *The New York Times*, December 9, 2002; Section A 27.

¹⁹ Haig Simonian, “Chirac, Schroeder to Back Date for Turkish-EU Talks,” *Financial Times*, December 5, 2002; available from www.ft.com.

²⁰ “Merkel Calls for Petition Against Turkish Membership,” *Deutsche Welle*, October 11, 2004; available from www.dw-world.de

²¹ Judy Dempsey, “Berlin, Paris Push for 2005 EU-Turkish Entry Talks,” *Financial Times*, December 6, 2002; available from www.ft.com.

to deny the existing diversity in Europe. Welcoming a country that shares our democratic values, irrespective of ethnicity or religion, will send a positive signal to the Muslim world and strengthen global security.”²²

These examples allow us to conclude that Turkey's membership is also largely, although not exclusively, based on utility arguments, whether security or otherwise. In contrast to the eastern enlargement, arguments based on moral or historical obligation are by and large absent. European leaders also frequently pointed out membership for the CEECs would end the artificial division of Europe that resulted from the Cold War. In the case of Turkey, however, possible accession cannot be justified based on moral arguments towards those who were part of “us,” as was the case of Central and Eastern Europe. Instead, support for membership appears to be based primarily on Turkey's strategic value as an ally, and particularly one that shares fundamental democratic principals. Hence, security arguments played a role both in the case of the eastern enlargement (as extending the zone of peace, stability, and prosperity) and in the case of Turkey (as a strategic partner in the fight against terrorism).

The examples above also suggest that both EU officials and leaders of member states have engaged in securitizing rhetoric, whereby rejection of Turkey was presented as endangering Europe's security and stability by failing to anchor Turkey in the European project and thus creating a link with the Muslim world. Occasionally, even Europe's own future as multiethnic, diverse, and tolerant society based upon civic values embedded in liberal democracy is said to be at stake should the EU not fulfill its pledges of membership. Hence, Turkish membership is presented as a necessity in the face of threats that both the EU and Turkey confront. This suggests that Turkey is considered to be an important strategic partner that needs to be anchored into European integration as a means for strengthening its democracy. As such, Turkey can be a reliable foreign policy and security partner, play a constructive role in the fight against terrorism and the EU's relations with the Muslim world, and contribute to European stability. This list of examples also indicates that both leaders of member states as well as EU institutions have engaged in rhetoric where securitizing moves ultimately lead to desecuritizing effects; in other words, membership was presented as the “extraordinary measure” that is the necessary solution to the threat in question.

Turkish Membership as a Threat to Europe

Turkey's candidacy presents problems that stem from its size and level of economic development. As a large country – and if it accedes, possibly the EU's largest member by 2020 – it should also have the largest share of votes in the Council. Size coupled with wealth would suggest that Turkey would be able to

²² George A. Papandreaou, “Join the Club,” *The Wall Street Journal*, December 11, 2002: A 18.

make significant claims on the budget of the Union, and potentially unleash a wave of immigrants. Further, Turkey's population size – currently second only to Germany's – and its demographic dynamics means that it would hold a corresponding number of votes in the Council, giving Europe's historical enemy a substantial influence in the Union. Both of these factors were less important in the case of the eastern enlargement as smaller states were considered easier to integrate in the institutional framework of the Union and would require less financial transfers. It is secular Turkey's overwhelmingly Muslim population, however, that separates it from all other members. It is also this particular characteristic that often becomes the focal point of the opposition to its membership.

For instance, in addition to suspending the negotiations should Turkey falter on its commitment to democracy, human rights and the rule of law,²³ in 2004, the Commission recommended that the Union consider permanent safeguard clause on one of the fundamental freedoms of the EU – freedom of movement – should Turkey become a member. The latter is a case where potential increased immigration from Turkey is securitized - a process where “the issue is presented as an existential threat, requiring emergency measures and justifying actions outside the normal bounds of political procedure.”²⁴ As mentioned above, the potential for rising immigration from Central and Eastern Europe following the accession was also securitized. This process, however, occurred primarily along the lines of economic and internal security discourses, whereas in the Turkish case there is also the identity factor. Hence, it can be expected that concerns about the impact of Turkish membership on the societal security of the Union will continue throughout the accession process.²⁵

Security considerations are evident in some of the policy instruments the EU has created along the enlargement process. For instance, the resolution of any outstanding border disputes, or at least “making every effort” to do so was especially applicable in the case of Turkey because of its role in Northern Cyprus.²⁶

²³ Commission of the European Communities, “Communication from the Commission to the Council and the European Parliament: Recommendation of the European Commission on Turkey's Progress Towards Accession. Brussels,” 6 October 2004; available from <http://europa.eu.int>.

²⁴ Buzan, Wæver, de Wilde, 23-24.

²⁵ The existing discourses on migration in Europe have been grouped along four different dimensions: the economic discourse of threat, which focuses on job losses and the financial burden of immigration; discourses of solidarity, which focus on democratic values and human rights; discourse of security, with emphasizes criminality and social security; and the discourse of positive diversity, which includes multiculturalism, and brain drain from the “push” regions, among others. Ruth Wodak and Teun van Dijk, “Racism at the Top: Parliamentary Discourses on Ethnic Issues in Six European States,” in Agnieszka Weinar, *Securitization and Humanitarianism – Polish Migration Policy and the Communities of Meaning*, Paper presented at the CGES Conference, February 20-21, 2004, Washington, DC.

²⁶ As stipulated by the *Helsinki European Council 10 and 11 December 1999 Presidency Conclusions*; available from <http://www.euparl.eu.int>.

While not part of the explicit Copenhagen criteria, the resolution of the Cyprus problem was a *de facto* condition for Turkey to open negotiations, similar to the Balladur Pact for Central and Eastern Europe.

While both Central and Eastern European leaders pushing for enlargement and their supporters within the European Union argued that expanding would in effect be the “reuniting of Europe” after the division caused by the Cold War, Turkey does not have the same arguments at its disposal. On the contrary, historically Turkey has been Europe’s “other” – a referent in the definition of Europe by defining what it isn’t. Iver Neumann and Jennifer Walsh, for instance, have argued that Turkey has often played the role of Europe’s antithesis, a state which cannot be considered as part of the European ethos, even if political relations with it are amicable. Much of the opposition for Turkish membership, in fact, comes from the differences evident in its identity, norms, traditions, and values, which influence the way of doing things, including political culture. As such, Turkish membership is seen as a threat to Europe’s identity, social cohesiveness, the functioning of EU’s institutions, and ultimately, to the goals of European integration.

Perhaps the best-known example of the threat perception of the Turkish candidacy was provided by former French president Valéry Giscard d’Estaing, who in 2002, then as the chairman of the Convention on the Constitution of Europe argued that admitting Turkey would be “the end of the European Union,” while those who pushed hardest for its membership were “enemies of the EU.” He considered Turkey to be “a country that is close to Europe, an important country...but it is not a European country,” with “a different culture, a different approach, a different way of life.”²⁷ More recently, former French prime minister Jean-Pierre Raffarin framed the question of Turkish membership in rather striking terms: “Do we want the river of Islam to enter the riverbed of secularism?”²⁸ Pointing to the gulf between the EU’s Western norms and those of Muslim Turkey, Mr. Raffarin expressed doubts over the ability of Turkish society to embrace Europe’s human-rights values.²⁹ In a similar vein, the new German Chancellor Angela Merkel has continuously supported a close relationship with Turkey – outside of the EU. According to Merkel, “Europe’s geographic expansion should align with common values and historic experience.”³⁰

²⁷ Ian Black, “Turkey Must be Kept Out of the Union,” Giscard Says,” *The Guardian*, November 9, 2002; available from www.guardian.co.uk.

²⁸ John Carreyrou, “Raffarin Demurs on Turkey’s EU Bid,” *The Wall Street Journal*, September 23, 2004: A13.

²⁹ *Ibid.*

³⁰ Carola Schlagheck, “Schroeder Promises to Support Turkey,” *International Herald Tribune*, December 5, 2002; available from www.iht.com

These examples imply that Turkey is different, in example, it does not have the same historical experience, value, culture, and a way of life, and in essence, it is not European. It is these differences that, if brought into the EU, would disrupt, if not end the integration project. While not always explicitly stated, it is understood that the main source of these differences is Turkey's Muslim character. As such, Turkey's accession could mean a challenge to the European Union's identity, and *ipso facto*, as threat to its societies. Indeed, most of the opposition to Turkish membership is rooted in perceived threats to societal security, which refers to the preservation of traditional patterns of language, culture, association, and religious and national identity. In other words, according to Buzan et al., societal security is about "large, self-sustaining identity groups."³¹ The Turkish candidacy, then, is securitized as a threat to the identity, cohesiveness, and future of the EU as an "ever closer union." This argument is not difficult to sustain in view of the problems Europe has had integrating its own Muslim minorities, as has become evident recently, and which have led to the rise of political fortunes of extreme right-wing parties, and anti-immigration sentiments to the mainstream of political discourse during the past decade or so.

These differences also affect political and bureaucratic culture in a given state, and as such, it is often argued that the Turkish membership would impede the process of further integration, lending support to a form of integrations that falls short of full membership. Arguing in favor of an alternative form of accommodation, Buzan and Diez have stated that

going much further than this runs into the barriers of what might be called 'identity politics' or 'societal security.' ... Further integration between Turkey and the EU threatens the social and political self-identification of each to an unsustainable degree. Domestic differences... become unacceptable when the prospect is a quite deep integration of economy, law and politics such as that being undertaken by the members of the EU.³²

In addition to the rational impulses driving the securitization of Turkish membership, it can be considered that opposition to Turkish membership in the EU because of potentially detrimental effect to the ideational cohesiveness and the very future of united Europe, seems to be based on a pre-existing European identity, which appears to include, among other elements, incompatibility with Islamic societies per se. The challenges these pose to the social fabric of the EU as well as the functioning of its institutions are seen as incompatible with the goals of deeper integration. As a result, an alternative form of affiliation, in the form of a "privileged partnership" has taken on a considerable support, including from Germany's Angela Merkel and the Austrian government.

³¹ Buzan, Wæver and de Wilde, 119.

³² Barry Buzan and Thomas Diez, "The European Union and Turkey" *Survival* 41, no. 1, (1999): 46.

Conclusion

Security and stability arguments were of primary importance in the eastern enlargement process. European leaders argued that unpredictability, instability, rising nationalism, and potential violence that would result from the Union's unwillingness to offer membership. Enlargement was seen as the solution to these problems, and as such an extension of European integration.

While it is too early to predict whether security will be as present in Turkey's roadmap to the EU as it was in the case of the eastern enlargement, security arguments play a pivotal role in the discussions on Turkey's possible accession. This paper looked at some of the discursive links between security and the opposing viewpoints on Turkey's EU membership bid. Advocates of its membership often point out that its accession would be a major step in combating terrorism, while its opponents submit that the cultural and ideational differences that Turkey would bring to the Union would be critically detrimental to the EU's future as a cohesive unit.

The eastern border of the European Union currently divides the continent in two, with the "other" Europe being either anxious to get in, or feeling excluded. Since the eastern enlargement was an intermittent step toward the final reaches of the European Union, its future, and perhaps final, borders are still a matter of speculation. As the dividing line between those who are on the "inside" and those on the "outside," the eastern border is also a contributor to the identity definition of those on both sides of the border. Turkey's road to accession may define not only Turkey's, but also Europe's own identity and future.

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(Prager 2003); “Spain and Portugal in the European Union: The First Fifteen Years” co-edited with Paul. C. Manuel. (Frank Cass 2003).

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