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# EEPS

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**The Next Great Transformation:  
The EU Eastward Enlargement**

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Jan Zielonka*

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7. Robert A. Dahl, *Democracy and Its Critics* (New Haven: Yale University Press, 1989), 164 n. 1.

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8. Simon Kuznets, "Economic Growth and Income Inequality," *American Economic Review* 49 (March 1959): 22-24. Or, if there is only a volume and number for the issue:
9. Simon Kuznets, "Economic Growth and Income Inequality," *American Economic Review* 49:1(1959): 22-24.

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10. "Head of Soviet Atom Power Plants and Five Others Penalized by Party," *New York Times*, 15 August, 1986. Or, if there is a specific author, begin with the name.

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# Introduction: Academic Boundaries and Path Dependencies Facing the EU's Eastward Enlargement

Grzegorz Ekiert and Jan Zielonka\*

The eastward enlargement of the European Union is not in vogue among American scholars specializing in Eastern European affairs. They either politely ignore it or treat it as a mere bureaucratic exercise to be dealt with by a small (and some would say odd) group of EU specialists. For instance, only four articles relating to enlargement were published in *EEPS* over the past ten years and none in the *Slavic Review*. Separate conferences and panels are still organized on Western and Eastern European politics, and EU scholars rarely enter into debates with students of postcommunist Europe. This is a gross mistake, we will argue, because enlargement is destined to profoundly transform the politics, economy, and society in this part of the world. Understanding what is happening in Eastern Europe is becoming increasingly difficult without a grasp of the complexities of the enlargement process. To do this, academic borders need to be crossed and professional path dependencies need to be reordered. The eighty thousand pages of the infamous *acquis communautaire* may well be boring and incomprehensible, but they already shape state institutions, administrative structures, legal practices, and social and economic policies in all of Eastern Europe, even in countries that are not official EU candidates. EU conditions for aid and future membership may seem arbitrary and inadequate, but they stimulate the emergence of new collective actors and shape domestic party competition. EU institutions and their decision-making systems may well look strange and extremely complex, but they tell us much about power, dependencies, and solidarity patterns in Western and Eastern Europe.

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\* We would like to thank Ania Krok-Paszowska for her comments on the earlier drafts of this introduction.



Current and future external borders of the EU may well be merely administrative and artificial, but they shape economic, cultural, and political patterns of inclusion and exclusion in contemporary Europe and as such can hardly be ignored by Eastern European specialists.

The impending remaking of Eastern Europe by the enlargement process is a profound intellectual challenge for those who need to understand it, study it, and teach about it. It unavoidably raises a number of pressing questions that are of truly fundamental academic nature. Do we need a new science of Europe constructed over existing disciplinary and substantive boundaries? How should we train future generations of scholars and experts? Can we identify theoretical and substantive linkages between the dynamics of enlargement, pan-European politics, regional developments, and domestic politics within EU member states? In short, how should we study, understand, and explain Europe in the future?

The goal of this special issue is to articulate the political urgency and intellectual challenge inherent in the process of change taking place in Europe. We invited a group of distinguished scholars representing various countries, research traditions, disciplines, and regional interests to write brief essays on a number of fundamental questions engendered by the enlargement. David Cameron addresses administrative, financial, and social aspects of EU accession. Andrew Moravcsik and Milada Anna Vachudova show the interplay of national interests and state power in the enlargement process. Peter Mair scrutinizes democratic aspects of enlargement. Anna Grzymala-Busse and Abby Innes show how enlargement shapes political competition in Eastern Europe. Laszlo Bruszt and David Stark analyze supra-national norms and social needs that are being addressed by enlargement. Alina Mungiu-Pippidi examines whether the enlargement project is destined for and suited to the Balkan countries. Lena Kolarska-Bobińska asks whether the EU will help Eastern Europe to strengthen its fragile institutions. Elemér Hankiss considers whether the enlargement process sufficiently addresses the challenges of modernization and globalization. Stephen Holmes looks at enlargement from the state-building

perspective and examines whether the new Europolity is not likely to treat the new entrants as second-class citizens. And finally, Ken Jowitt explains how the entire European order is being reshaped by enlargement. All these contributions bear witness to the enormous impact of enlargement on Eastern Europe in various functional fields. They demand a readjustment of our intellectual paradigms and the way we analyze and comprehend democracy, society, and economy in this part of the world.

The introduction will first show that the enlargement process is not merely a technical or a bureaucratic exercise but a complex and rather fundamental process of state, polity, and political economy building. Second, it will make an assessment of threats and opportunities resulting from enlargement. Is enlargement indeed a win-win process as claimed by the European Commission and many European experts? Third, it will present a list of the most crucial dilemmas facing the eastern part of the continent as it tries to join (or rejoin) the western part on rather unequal terms. Fourth, it will try to envisage the role of specialists on Eastern Europe in carrying out the new research agenda prompted by enlargement.

This collection of essays is conceived as an invitation to a more serious discussion on enlargement among scholars specializing in Eastern European politics and societies. We did not ask individual authors to make definitive statements on the current state of research in the field or to provide a comprehensive overview of the enlargement topic. The function of this introduction and the individual essays is to raise questions, identify problems, and signal dilemmas faced by the enlarging EU. We hope that this preliminary debate will contribute to a better awareness of the emerging challenges in Eastern Europe and will generate further new debates and, most important, new research across old regional and academic boundaries.

### **Why is enlargement so important?**

There are at least three reasons for specialists in Eastern European politics and societies to take enlargement very seriously. First of all, enlargement is not just a trivial bureaucratic exercise;

it is a powerful generator of profound historical change in the region. True, EU policies often emerge by default rather than design. Despite its ambitious rhetoric and a predilection for crafting, the EU acts in a reactive rather than proactive manner, and its policies are under constant pressure from various national and transnational interests. But the intended and unintended impact of these rather chaotic policies is nevertheless enormous, especially on the poor, fragile, and relatively powerless states of Eastern Europe. As David Cameron puts it in his article,

It does not exaggerate greatly to say that on accession, the new members will be re-created as states, committed to processes of policy making and policy outcomes that in many instances bear little or no relation to their domestic policy-making processes and prior policy decisions but reflect, instead, the politics, policy-making processes, and policy choices of the EU and its earlier member states. (P. 21)

The Union is by far the most important source of capital and the main trading partner for these states. European foreign and defense policy might still be nascent, but no actor in the region would think about ignoring the EU when searching for solutions to security problems. Even in the field of culture, the EU is a powerful actor. Consider, for instance, the scope and size of its academic exchange programs and support for various cultural initiatives. Enlargement is the EU's most important policy means toward Eastern Europe. In fact, it is one of its key means of shaping the future of the entire continent. We have therefore no hesitation to submit that enlargement will largely determine the fortunes of individual candidate states and beyond. In economic terms, enlargement is likely to create a new division between economic core and diverse peripheries. In political terms, it will decide which countries receive greater access to the European decision-making system. In security terms, it will create a border between the prosperous zone of peace and the impoverished zone of instability. In cultural terms, it will either reinforce or do away with various Ottoman, Habsburg, and Leninist legacies.

Second, enlargement is not just about technical or institutional arrangements but about politics *sui generis*. This is despite Brussels's obsession with the *acquis communautaire* and the

bureaucratic language of accession negotiations. As the article of David Stark and Laszlo Bruszt clearly shows, behind the façade of institutions and procedures, hard political bargaining is being conducted, involving real interests and difficult political choices and producing political losers and winners. Enlargement will shape the matrix of underlying social inequalities and the pattern of inclusion and exclusion on the entire continent. Enlargement will determine whether the EU becomes a political giant or dwarf. Enlargement will also demand ongoing political responses from both EU member and nonmember states to emerging regional and international conflicts, problems, and dilemmas. In fact, several articles in this issue show that the EU already represents the major reference point of political battles in the candidate countries. Thus, enlargement not only shapes the politics of Europe at large, it also largely determines the pattern of domestic political agendas and competition.

The third reason for specialists in Eastern European politics and societies to take enlargement very seriously is that enlargement will have a disproportional impact on the new rather than the current member states. (In fact, Alina Mungiu-Pippidi's article shows that enlargement will also have a huge impact on states that are not as yet official candidates to the EU.) The economies of the candidate states are much smaller than the economies of the current member states. Moreover, they are plagued by unemployment, shortage of capital, fiscal deficit, and the feebleness of their newly introduced market institutions. They are therefore much more vulnerable to the outcome of accession negotiations and the future economic fortunes of the EU. In political terms, new members are fragile democracies with complicated pasts, complex ethnic compositions, and assertive and often unstable neighbors. All this is not necessarily bad news. For instance, due to their relatively small economic size, the candidate states are likely to benefit more in financial terms from enlargement than the current member states.<sup>1</sup> At the same time, dependency on

1. According to a calculation made by Baldwin, Francois, and Porter, the Union is set to make a net gain of €11.2 billion, while the seven Eastern European applicant countries considered in the study will receive a net gain of no less than €30 billion. See R. Baldwin, J. Francois, and R. Portes, "The Costs and Benefits of Eastern Enlargement: The Impact on the EU and Central

Brussels makes Eastern European politicians more susceptible to pressures from the EU than from their local electorate. The negative implications of this fact for democracy and legitimacy in those states have been pointed out by Mair, Holmes, Grzymala-Busse and Innes. This leads us to the next point discussed in this introduction that focuses on opportunities and threats brought about by enlargement. By now, it suffices to conclude that the benign neglect of enlargement by scholars dealing with Eastern Europe is hardly defensible in view of the above-elaborated arguments.

### **Is enlargement an opportunity or a threat?**

The impact of enlargement will be enormous, but will enlargement spell good or bad for Eastern Europe and the entire continent? Much depends on the objectives and perceptions of the parties involved. Both issues are rather tricky, and they deserve to be studied by academics in a truly comprehensive and comparative manner. The EU has never consistently outlined the main objectives of its enlargement policy. The policy to expand to the east seems to be driven by a variety of interests, moral and political imperatives, and security concerns. Sometimes the emphasis is put on normative aspects of enlargement, but usually pragmatic considerations prevail.<sup>2</sup> As Danish Prime Minister Anders Fogh Rasmussen remarked recently, "Enlargement is not a gift from West to East. Enlargement is in the interest of Europe as a whole." According to the latter view, enlargement is neither an exercise in charity nor a simple exchange where security and wealth are swapped.

Ambiguity also characterizes the eager pursuit of EU membership by postcommunist governments. In various statements, security objectives are mixed with hopes of economic gains and invocations of European values and identity. Official documents

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Europe," *Economic Policy* 24 (1997): 148-49. See also R. d. Mooij, *Economic Consequences of EU Enlargement* (The Hague: Netherlands Bureau for Economic Policy Analysis, 2000); and H. Tang, ed., *Winners and Losers of EU Integration* (Washington, DC: World Bank, 2000).

2. For an example of the former argument, see especially Frank Schimmelfenning, "The Community Trap: Liberal Norms, Rhetorical Action, and Eastern Enlargement of the European Union," *International Organization* 55 (winter 2001): 47-80.

often emphasize that for the EU, enlargement will bring greater stability, security, and prosperity, allowing further consolidation of the gains of the European integration process and enhancement of Europe's position in the world. For the former communist countries, the enlargement process is seen as a vehicle to accelerate ongoing institutional transformations, lock in the political and economic gains achieved since 1989, and provide further economic assistance in the struggle to catch up with the more prosperous part of the continent. As Lena Kolarska-Bobińska puts it in her article, "People expect transfer and accumulation of knowledge and skills, strengthening of public institutions, and, more generally, a modernization of the whole country, which certainly will foster the consolidation of democracy" (p. 93). Moreover, there is fear of being condemned to a permanent peripheral status at the mercy of powerful neighbors and transnational forces. Even Euro skeptics in the region usually admit that it is better to be a coproducer rather than merely a consumer of EU policies.

Pragmatic considerations thus prevail also in Eastern Europe. However, it is not uncommon to hear the view that enlargement should be conceived as a historically just redistribution process in which East European societies are compensated for being left on the other side of the Iron Curtain and excluded from the benefits of five decades of postwar Western liberal economic and political development. These two sets of expectations, one moral and the other interest-based, may not be easily reconciled.

In general terms, it is easy to see enlargement as an opportunity to increase aggregate welfare. But if we go to a lower level of abstraction, the issue becomes more complex. First, enlargement will surely benefit some EU countries more than others. For instance, Austria, Germany, and Finland will enjoy security and economic benefits produced by enlargement more than Portugal, Spain, and Greece.<sup>3</sup> At the same time, reforms of the Com-

3. For a comprehensive analysis of the overall growth effects of EU enlargement on individual member states, see F. Breuss, "Makroökonomische Auswirkungen der EU-Erweiterung auf alte und neue Mitglieder," *WIFO Monatsberichte* 11 (2001): 655-666. See also C. Keuschnigg, M. Keuschnigg, and W. Kohler, *Eastern Enlargement to the EU: Economic Costs and Benefits for the EU Present Member States?* (Brussels: European Commission, 1999). Other cases have also been examined in this series produced by the European Commission.

mon Agricultural Policy and the structural funds prompted by enlargement are likely to bring serious disadvantages to Portugal, Spain, and Greece. Similarly, not all Eastern European countries will benefit from enlargement equally, if only because they will not all be admitted to the Union at the same time. Moreover, their specific situations and needs vary considerably, while they are expected to follow a unified set of recommendations and introduce almost identical packages of institutional and legal measures. Those left out from the initial round of accession can expect, for instance, that foreign investment will be diverted to those taken in earlier. The introduction of a hard border regime as envisaged by the EU regime of Schengen will only multiply negative economic effects on those initially left out.

Second, various social groups will be affected by enlargement in different ways. Within the Union, farmers are likely to lose their privileged position, and those industrial sectors in which Eastern Europe has a competitive advantage will also be on the losing side (steel, basic chemicals, textiles, and certain other low-value-added products). When cheap and relatively skillful Eastern European labor is allowed to enter the EU market, some Western Europeans are likely to lose their jobs. In Eastern Europe, the rapid restructuring of the economy and the state-building process prompted by enlargement will benefit young, mobile, and educated people living in big cities. Those who do not share these characteristics, especially in small towns and villages, will find it difficult to cope with the mounting changes and are likely to end up on the losing side. Also, there is no doubt that those employed in redundant heavy industries or within the huge but noncompetitive agricultural sector will be on the losing side. In short, enlargement may well magnify old, and create new, social inequalities and, at least in the short run, will produce a double economy syndrome.

And finally, people sharing different sets of values, visions, and expectations will also evaluate enlargement in different ways. For instance, those who believe in a loose, modestly integrated Europe are likely to be pleased with enlargement, because the admission of a large and diverse set of countries would probably preclude the creation of a European federal state. By the

same token, Euro-federalists aiming at a highly integrated EU will be disappointed and disadvantaged by enlargement (although they are trying very hard to convince others that enlargement demands much deeper integration). Likewise, those who believe that economic growth and modernization are the most important imperatives will be pleased with enlargement because accession to the EU is likely to help Eastern European countries to cope better with the challenge of globalization (although some American economists would argue that overly rigid European regulations might in fact produce the opposite effect). However, those who believe that democracy is the most important issue are likely to be disappointed because, as Peter Mair argues in his article, the EU as such is not very democratic and might well export its democratic deficit to Eastern European countries (although candidate countries would need to meet strict democratic conditions before being admitted to the EU). In fact, the whole enlargement process has evolved in a purely elitist and technocratic fashion with little involvement of the public at large.

This might explain why citizens in many European countries are less enthusiastic about enlargement than their officials. Ironically, German and Austrian public opinion is more skeptical about enlargement than public opinion in such countries as Greece and Spain, even though the former countries are likely to benefit from enlargement much more than the latter.<sup>4</sup> The public in the most EU-compatible Eastern European countries, Estonia and the Czech Republic, is less enthusiastic about joining the Union than the public in the least EU-compatible countries such as Romania and Bulgaria. Of course, good politicians do not necessarily need to follow opinion polls, but at the end of the day, they need to have the larger part of their publics behind their policies. This is especially important in view of the forthcoming EU accession referenda in all aspiring Eastern European candidate states.

The lack of sufficient information is often quoted as a reason for this prevalent skepticism toward enlargement, but the complex calculation of costs and benefits of enlargement shows that

4. See, e.g., *Eurobarometer 57: EU 15 Report*, (Brussels: European Commission, 2002): esp. 85.



the issue is not that simple. So far, however, no one has been able to present a credible alternative to enlargement for either the Western or Eastern part of Europe. Academics can well take the blame for this fact because, unlike politicians, they were in a position to speak and think freely about possible alternative solutions to enlargement. However, they utterly failed to respond to the challenge. Enlargement of some kind will therefore go ahead, and the public will make up its mind depending on its ultimate success or failure. So what is required for enlargement to be a success?

### **Prerequisites of successful enlargement**

At the early stage of the enlargement process, there was a broad consensus that successful enlargement requires two things: reform of the EU institutional structure and meeting of the so-called Copenhagen accession criteria by the candidate states. Both objectives have been met only partially. On one hand, the Amsterdam and Nice treaties failed to produce substantial reforms to prepare the Union for enlargement, especially as far as the decision-making system, financing, institutional structure, and democratic deficit are concerned. On the other hand, the candidate countries have been adopting EU legislation hastily and half-heartedly, and it may therefore take many years before this legislation is actually fully implemented in both letter and spirit.<sup>5</sup> But there is no need to shed tears about this partial readiness for enlargement. The world should be taken as it is, and postponing enlargement any further would only create resentment and conflict as well as seriously erode the credibility of the EU. Besides, the original criteria of success have been guided too much by the institutional logic and too little by the political one. Today, it seems that successful enlargement requires basically four things, all of them emphasized by individual articles in this issue. First, enlargement is doomed to produce disappointment

5. See *The Political Dimension of EU Enlargement: Looking Towards Post-Accession* (Report of the Reflection Group chaired by Jean-Luc Dehaene, rapporteur: Ania Krok-Paszowska) (Florence, Italy: European University Institute/European Commission, 2002), esp. 28-29, 45-47, 104-5.

and frustration if it creates a center-periphery syndrome. Second, enlargement can only be a success if it contributes to overcoming divisions in Europe rather than to creating new ones. Third, new ways for managing increased levels of divergence within the EU would need to be invented for enlargement to be a success. And finally, successful enlargement requires much more public participation and representation than has been the case so far.

Aspirants to the EU have always felt pushed or even humiliated when negotiating EU entrance. Andrew Moravcsik's and Milada Anna Vachudova's article explains why this has been so. The "bilateral" format of accession negotiations ensures that the agenda is totally controlled by the member states, and their interests always come first at the expense of the candidate countries. Candidates are usually confronted with a "take-it-or-leave-it" package even though the EU's conditions for entrance constantly multiply under pressure from parochial interests of individual member states. Of course, once admitted, the new member states try to renegotiate some of the unwanted arrangements, but this is never easy, as the British and Spanish cases clearly indicate. This time, the situation is even worse than usual because the candidate countries are much poorer and more fragile than candidates in previous rounds of enlargement. There is therefore a temptation on the side of the EU to use or misuse its enormous leverage and confront the candidate countries with a deal that would make them de facto second-rate EU members. This would represent a clear break with the long-standing "community model" that ensures equal rights and obligations of all member states. Certain transitional arrangements "imposed" on the candidate countries in the fields of labor movement, agriculture, or Schengen are a matter of concern, and there is a fear that some of them might be of a more lasting nature than is being claimed at present. The problem lies not only in formal arrangements but also in actual policies. The current member states should avoid the colonial temptation of treating Eastern Europe as merely a security buffer or a space for dumping heavily subsidized products. A minimum degree of partnership, let alone solidarity, is required for enlargement to become a success rather than a fail-

ure. Enlargement should not lead to the creation of what Stephen Holmes calls in his article a “European *Doppelstaat*.”

Enlargement is said to be about overcoming divisions in Europe. However, including only some countries from the postcommunist space will unavoidably create a division between those who are in and those who are out of the rich and stable EU. Moreover, the key aspects of European integration—the single market and the Schengen system—make it more rather than less difficult for outsiders to enter the integrated European space. While internal borders among EU member states are gradually being abolished, external EU borders are being tightened up. Hard EU borders cannot but become a symbol of exclusion of the poor and allegedly less civilized European nations by wealthy and arrogantly superior ones. Essays by Elemér Hankiss and Alina Mungiu-Pippidi rightly warn against such “fortress Europe” mentality. Hard borders will be seen as an effort to create or recreate unjust divisions in Europe and to perpetuate inequality on the continent.

Their practical implications cannot be underestimated either. Most notably, hard external borders would make it difficult to handle national minority problems in Europe. (And one should keep in mind that ethnic conflicts have proved to be the most salient factors behind migratory movements in post-cold war Europe.) This is most evident in the Balkans, where the policy of respecting existing borders but keeping them relatively open for those living on the “wrong” side is the only workable solution for avoiding further ethnic cleansing and bloodshed.<sup>6</sup> The threat of an ethnic conflict is not so imminent in Eastern and Central Europe, but most of the countries in the region also face thousands if not millions of co-nationals separated by existing bor-

6. Although most of the countries of the former Yugoslavia are not as yet official candidates to the EU, the situation is likely to change very soon with democratic breakthroughs in Croatia and Serbia. Croatia has in fact already embarked on a very active strategy of gaining membership in the EU and has even created a special Ministry for European Integration. In fact, some Western experts argue that the EU’s enlargement to Southeastern Europe may represent the optimal solution to cope with the export of migrants from the region. See, e.g., Michael Emerson and Daniel Gros, eds., *The CEPS Plan for the Balkans* (Brussels: Centre for European Policy Studies, 1999). At the same time, one should keep in mind that installment of a hard border in the region would unavoidably reinforce calls for creating a greater Albania, Croatia, or Serbia.

ders. Sealing these borders because of the anticipated EU membership is likely to generate political instability if not conflict. The problem of the Russian minorities in Estonia and Latvia and the problem of the Hungarian minorities in Romania, Slovakia, Serbia, and Ukraine seem to be the most acute. The introduction of a hard border would also frustrate intense cross-border social networks of respective nationals, curb flourishing economic relations, and even cause some legal problems.<sup>7</sup>

Enlargement can only be successful if countries initially left out will be offered substantial trade and travel possibilities and cultural cooperation as well as foreign policy and economic assistance. The Union should avoid the temptation of using enlargement as a means of insulating itself from the poor and unstable countries farther east. This also, if not especially, concerns EU policy toward Russia. As Ken Jowitt puts it in his essay,

If we are to prevent a new and unjustified barricade between a “gated” Europe and a “ghettoed” Russia—a Russia that could well become a malignant frontier that combines some of the most advanced technologies of power with some of the least desirable emotional feelings in one of the most disorganized societies—West Europe must do more than age and fear immigration. (P. 119)

Defining and reinforcing the EU’s borders should not imply closing them: if it does, enlargement is likely to cause many problems.

Enlargement would imply an enormous diversification to the Union that would need to be handled with skill, courage, and imagination. The applicant states from Eastern Europe are much poorer than the current member states from Western Europe. Their democracy and in some cases even their statehood is newly established and presumably more fragile. Their economic, legal, and administrative structures are less developed. The applicant states also have distinct histories, societies, and cultures. They

7. See André Liebich, “Ethnic Minorities and Long-Term Implications of EU Enlargement,” in Jan Zielonka, ed., *Europe Unbound: Enlarging and Reshaping the Boundaries of the European Union* (London: Routledge, 2002), 117-36; and *The Long-Term Implications of EU Enlargement: The Nature of the New Border* (Final Report of the Reflection Group chaired by Giuliano Amato, rapporteur: Judy Batt) (Florence, Italy: European University Institute/European Commission, 1999), 42.

may well aspire to join the Union, but their visions, interests, and priorities do not always converge with those of current EU members. In fact, in view of the numerous structural differences and imbalances between the current and prospective EU member states, it is difficult to expect a major and durable alignment of their policies after the enlargement. The danger is that enlargement will paralyze EU institutions and prevent the undertaking of any collective endeavors. However, current EU member states are also very diversified, and yet they have always been able to invent new ways of accommodating diversity through regulatory competition and mutual learning.<sup>8</sup> There is therefore no reason to demonize greater diversity within the Union.

Moreover, enlargement based on a system of strict conditionality and screening is a powerful tool for reducing diversity. It should also be acknowledged that the pattern of diversity and commonality in Europe is quite complex and does not necessarily correspond to the old East-West divide. That said, more efforts ought to be made to reduce diversity within the enlarged EU and to smooth the EU decision-making system. The former requires ongoing and even increased assistance to the poorer member states through the existing and hopefully reinvigorated EU cohesion policy.<sup>9</sup> The latter requires simplification of the EU's institutional structure and decision-making system, especially by increasing the scope for majoritarian decisions. This is easier said than done, of course, but enlargement would probably make it difficult for the Union to further postpone fundamental institutional reforms. However, the temptation to create a core group of more developed, coherent, and integrated states within the existing EU should be discouraged because it would unavoidably lead to conflict and resentment. Eastern European countries should join the EU as full and equal members. They would be terribly disappointed and frustrated to find that some other states have moved on to an inner EU chamber from which they are excluded.

8. See Adrienne Héritier, *Policy-Making and Diversity in Europe: Escaping Deadlock* (Cambridge: Cambridge University Press, 1999); and Peter Mair and Jan Zielonka, eds., *The Enlarged European Union: Diversity and Adaptation* (London: Frank Cass, 2002).

9. See, e.g., Robert Leonardi, *Convergence, Cohesion and Integration in the European Union* (London: Macmillan, 1995).

Successful enlargement would also require an improvement in the quality of democracy in the EU. The issue of democratic deficit can hardly be solved by simply presenting strict democratic criteria to applicant states from Eastern Europe. As Ralf Dahrendorf recently noted, “The Union has now laid down very serious tests of democratic virtue for so-called accession countries. If, however, it applied these tests to itself, the Union, the result would be dismal.”<sup>10</sup> How can the electorate in the enlarged EU support common policies if it is not very clear who the “consumers” and “producers” of these policies are, just as it is unclear what their broader strategic purpose is? The electorates in future member states from Eastern Europe are particularly sensitive to this problem because for decades they were deprived of any say on public policies. Paradoxically, the accession negotiations and EU conditionality produce largely the same problem, as Anna Grzymała-Busse and Abby Innes argue in their article. Giving more power to a rather “unrepresentative” European Parliament is not likely to enhance the EU’s democratic credentials. Probably the key to addressing the existing democratic deficit would be to adopt a European constitution that would clarify what are the Union’s basic objectives and what is to be regulated at the national level rather than the European one. Codifying a catalogue of basic human and civil, and possibly also social, rights of EU citizens would also be helpful. Finally, greater transparency of EU decisions and accountability of EU officials ought to be secured. The Union is a different kind of political actor than nation-states, and it is therefore unlikely to adopt a truly Madisonian type of democracy. But as the Union enlarges its geographic and functional scope, there is a danger that the gulf between its executive structure and the diverse *demos* will widen even further. This should be prevented by all possible means if enlargement is not to end up as a failure.

10. Ralf Dahrendorf, “Can European Democracy Survive Globalisation?” *The National Interest* 65 (Fall 2001): 17-22.

## **Conclusions: the academic agenda**

At the time this volume goes to print, we still do not know what will be the outcome of the ongoing accession negotiations; which countries will qualify; whether the electorates of the invited countries will endorse, in referenda, their governments' bids to join the Union; and whether the accession treaty will be ratified by all current members. Imagining the EU's future is therefore a highly risky enterprise, especially if one wants to adhere to academic standards. However, this should not justify academic complacency and benign neglect of the enlargement topic. The Europeanization process (or EU-ization, to be more precise) in several Eastern European candidate states has been well under way since the early 1990s, shaping laws, institutions, elite behavior, and popular culture to a remarkable degree. Moreover, it is safe to assume that some sort of enlargement is surely going to take place. And as we have argued throughout this introduction, this will have serious implications for all parties involved and also, if not especially, for those initially left out.

At the start of this article, we argued that it is difficult to comprehend the present and future Eastern Europe without studying the enlargement process. We now should add that it is difficult to comprehend the nature of the enlarged EU without an input from scholars specializing in Eastern European affairs. Their contribution seems indispensable in many important respects, some of them highlighted by individual articles in this issue. Specialists in Eastern Europe are able to look beyond the institutional agenda of enlargement and see the plethora of economic, social, and political problems prompted by the enlargement process. They are also in a good position to distinguish between various trends and models evolving in Eastern Europe. For instance, specialists in the EU often tend to forget that the Europeanization of postcommunist countries goes hand in hand with Americanization and globalization. Individual countries look for models and solutions not only to Brussels but also to Washington or even Sydney, Montreal, or Tokyo. Specialists on Eastern Europe might also see better than other academic groups whether enlargement helps or hinders the capacity of the new EU members to meet

major civilizational and ideological challenges. (This point is well illustrated by Elemér Hankiss's article.)

Without a contribution from students of Eastern Europe, it is difficult to empirically establish the evolving level of diversity within the enlarged Union and to envisage the adequate mechanisms for coping with this diversity. Without them, it is not easy to determine whether the European laws and rules are being implemented in practice. Without specialists on Eastern Europe, it is difficult to assess geopolitical implications of enlargement and understand anxieties of regional powers farther east: Russia, Belarus, and Ukraine. EU policies and institutional designs toward Eastern Europe would hardly work without the input of experts on East European affairs. Indeed, the entire pan-European integration project is doomed to fail if based solely on the expertise and insight of scholars knowing only the Western world. A simple transfer of Western habits, norms, and laws to Eastern Europe cannot but produce a disaster. In short, there are very good reasons for different groups of scholars focusing on the problems of Europe to get together and develop joint research programs. Enlargement and its implications make such a joint endeavor indispensable. This special issue hopes to encourage researchers specializing in Eastern Europe to use their time and talent to meet this opportunity and challenge. However, to be successful, they would need to cross disciplinary boundaries and overcome academic path dependencies created in the past decades. In our view, these boundaries and path dependencies have become a major obstacle to understanding Europe at present.



## The Challenges of Accession

David R. Cameron

In 1998, accession negotiations opened between the European Union and six states—Hungary, Poland, the Czech Republic, Estonia, Slovenia, and Cyprus. Two years later, accession negotiations opened between the EU and six other applicants—Latvia, Lithuania, Malta, the Slovak Republic, Bulgaria, and Romania. By the middle of 2002, those negotiations had reached agreement on all but a few of the most difficult aspects of the *acquis communautaire*, the corpus of treaties, court decisions, directives, and regulations that new members must adopt as their own.<sup>1</sup> The negotiations between the EU and ten of those states—all but Bulgaria and Romania—were completed at Copenhagen in December 2002. Assuming the accession treaty is ratified in 2003 by the fifteen current member states and those ten, the latter will enter the EU on May 1, 2004. Bulgaria and Romania are likely to enter in 2007.

As many have noted, its imminent enlargement to as many as twenty-seven member states will pose severe budgetary, administrative, and operational challenges for the EU. Indeed, it was in anticipation of the latter that the EU negotiated the Treaty of Nice in 2000 and agreed to changes in the composition of the Commission, the representation of the member states in the Parliament, the weights of the states in qualified majority votes in the Council, the scope of majority voting, and the extent to which states could participate in cooperative action with other like-minded members.<sup>2</sup> But as considerable as they are, the challenges of enlarge-

1. For purposes of negotiation, the *acquis* was grouped into thirty-one chapters. For a periodically updated summary of the status of the negotiations, see the European Commission's "Accession Negotiations: State of Play," available from [http://www.europa.eu.int/comm/enlargement/negotiations/pdf/stateofplay\\_July2002.pdf](http://www.europa.eu.int/comm/enlargement/negotiations/pdf/stateofplay_July2002.pdf).
2. The Treaty of Nice was ratified by all of the member states except Ireland, where it was rejected in a referendum in June 2001. After obtaining a declaration from the European Council at Seville in support of its statement that the common defense provisions of the treaty would not compromise the country's neutrality, the Irish government scheduled a second referendum for October 2002. In that referendum, 63 percent voted in favor of the treaty.

ment for the EU pale in comparison with the challenges of accession for the new members, especially those that until a decade ago were governed by communist parties that presided over centrally planned and predominantly collectivized economies. Here I shall discuss five of those challenges: (1) administering the *acquis*; (2) deepening and extending the reform and transformation of the economy; (3) reducing high levels of unemployment and large government, trade, and current accounts deficits; (4) financing accession in the face of the EU's budgetary constraints and financial provisions; and (5) coping with all of those challenges in the face of high levels of ambivalence about membership in a number of the candidate countries and low levels of support for enlargement in a number of the current member states.

### **Administering the *acquis***

As a result of the accession negotiations, the candidate countries will have agreed to adopt the entire *acquis* of the EU with only a few transitional phase-ins, such as those pertaining to the sale of land and the movement of persons. That *acquis*, accumulated over a period of up to a half-century, often represented the amendment or incremental adjustment of prior policy, and very often it resulted from protracted political negotiation among the member states and within the institutions of the EU. But on the day of accession, the new members will find themselves committed by treaty to implementing the entire *acquis* (except for the few elements for which transitional waivers were negotiated) and treating it as their own. As of that day they will, in effect, find themselves entirely transformed with regard to both the processes and outcomes of policy across virtually every domain of policy. It is not a great exaggeration to say that on accession, the new members will be re-created as states, committed to processes of policy making and policy outcomes that in many instances bear little or no relation to their domestic policy-making processes and prior policy decisions but reflect, instead, the politics, policy-making processes, and policy choices of the EU and its earlier member states.

The new member states will have agreed to accept that remaking of the state and its policy processes as the necessary price to be paid for the putative benefits of membership. But even if they do not find it objectionable to be committed to implementing tens of thousands of pages of directives, regulations, and policy requirements in the formulation of which they had no influence, the question arises as to whether the new members will be able to implement the *acquis*. It is by no means apparent that their governments—especially those formed by coalitions of parties or lacking a parliamentary majority—will have the political capacity to adopt the policies required by or consistent with the *acquis* in the face of domestic opposition. Nor is it apparent they will have the administrative capacity to implement the *acquis* and the policies that follow from it.

At Madrid in 1995, the European Council recognized that in addition to satisfying the criteria for membership articulated at Copenhagen in 1993—the stability of institutions guaranteeing democracy, the rule of law, and human rights; the existence of a functioning market economy; and the ability to take on all of the obligations of membership—the candidate countries would have to ensure that their administrative and judicial structures were capable of implementing the *acquis*. By mid-2002, the EU had negotiated “action plans” for creating adequate administrative and judicial capacity with all of the candidate countries. But will those “action plans” suffice? Will they provide the layers of national, subnational, and sectoral administrative expertise necessary to implement the *acquis* on a day-to-day basis? Can state capacity be created simply by implementing an “action plan”? And will those plans in fact be fully implemented prior to accession?

### **Extending the reforms**

In addition to implementing the *acquis*, the new members of Central and Eastern Europe will face the challenge of extending and deepening the reforms under way for the past decade that are designed to create the regulatory institutions, norms, and pol-

icies characteristic of a market-oriented economy. In domains such as trade, foreign exchange, and small-scale privatization, the reforms have progressed to such an extent that the economies are, or soon will be, comparable to those of the current members of the EU. But in other aspects of policy such as price liberalization, corporate governance and enterprise restructuring, the regulation of securities markets, and competition policy, reform has not progressed to the same extent.

Table 1 presents measures of the extent of reform in the ten Central and Eastern European candidate countries as of 2001 in eight aspects of economic and regulatory activity. These measures, reported by the European Bank for Reconstruction and Development (EBRD), consist of values assigned by the EBRD on 11-point scales ranging from 1, denoting little progress, to 4.3, denoting the existence of standards and performance norms comparable to those of advanced industrial economies.<sup>3</sup> The data in Table 1 indicate that all of the candidate countries except Romania had reformed their foreign trade and foreign exchange policies to such an extent that by 2001, they had attained the standards and performance norms of advanced industrial countries. And all of the countries that are likely to enter the EU in 2004 have attained that same standard with regard to small-scale privatization. But as one moves from those domains to the others—large-scale privatization, banking reform and interest rate liberalization, price liberalization, corporate governance and enterprise restructuring, the development of regulated securities markets, and competition policy—reform has progressed to a lesser extent. Even those countries that have experienced the greatest degree of reform to date—for example, Hungary, the Czech Republic, Estonia, and Poland—still fall well short of the standard and performance norms of the advanced industrial economies in those other domains.

If the governments of the candidate countries are to enjoy the same degree of regulatory authority vis-à-vis the market that exists in the other member states, the extent and pace of reform

3. The measures are presented and described in European Bank for Reconstruction and Development (EBRD), *Transition Report 2001* (London: EBRD, 2001), 11-16.

**Table 1.** *The extent of economic reform in the postcommunist accession candidates*

	EBRD transition indicators, 2001							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Czech Republic	4.3	4.3	4.0	3.7	3.0	3.3	3.0	3.0
Estonia	4.3	4.3	4.0	3.7	3.0	3.3	3.0	2.7
Hungary	4.3	4.3	4.0	4.0	3.3	3.3	3.7	3.0
Latvia	4.3	4.3	3.0	3.3	3.0	2.7	2.3	2.3
Lithuania	4.3	4.3	3.3	3.0	3.0	2.7	3.0	3.0
Poland	4.3	4.3	3.3	3.3	3.3	3.3	3.7	3.0
Slovak Republic	4.3	4.3	4.0	3.3	3.0	3.0	2.3	3.0
Slovenia	4.3	4.3	3.0	3.3	3.3	2.7	2.7	2.7
Bulgaria	4.3	3.7	3.7	3.0	3.0	2.3	2.0	2.3
Romania	4.0	3.7	3.3	2.7	3.3	2.0	2.0	2.3
Average	4.3	4.2	3.6	3.3	3.1	2.9	2.8	2.7

*Source:* European Bank for Reconstruction and Development (EBRD), *Transition Report 2001* (London: EBRD), 12-14.

*Note:* (1) liberalization of trade and foreign exchange, (2) small-scale privatization, (3) large-scale privatization, (4) banking reform and interest rate liberalization, (5) price liberalization, (6) corporate governance and economic restructuring, (7) securities markets and nonbank financial institutions, (8) competition policy.

will have to progress substantially, especially in the several aspects of policy in which progress to date has been slowest. Without that regulatory authority, governments in the new member states will lack the ability to promote effective corporate governance and enterprise restructuring, facilitate the development and maintenance of stable banking and nonbanking financial institutions that can provide capital and liquidity to enterprises, and maintain a competitive operating environment free of abuses of market power—all of which will be necessary to attract investment from domestic and foreign sources and enable firms to compete effectively in the single internal market of the EU.

Unlike the experience of most if not all of the current EU member states, which accumulated the regulatory institutions, norms, and policies appropriate to a market-oriented economy over a long period of time, most of the candidate countries have had to develop those institutions, norms, and policies in a very short period and without the benefit of a long prior accumulation of appropriate institutions, norms, and policies. Given the pace of regulatory institution building over the past decade, it seems most unlikely they will attain the standards and performance norms of the current member states by the time of accession. As a result, they will therefore confront not only the complex task of implementing the *acquis* but the even more difficult task of creating, without the normal long gestation period enjoyed by the current members, new regulatory institutions and policies in a variety of economic domains.

### **Reducing unemployment and the government and trade deficits**

In addition to facing the challenges of implementing the *acquis* and extending the institutional and economic policy reforms, the states that join the EU in 2004 or shortly thereafter will confront a serious macroeconomic challenge posed by the existence of high rates of unemployment and large government, trade, and current accounts deficits.

Table 2 presents the EU's most recent forecasts of several aspects of macroeconomic performance in the ten Central and

**Table 2.** *Forecasted economic indicators of the postcommunist accession candidates, 2002 and 2003*

	% unemployed		% GDP, government deficit		% GDP, current accounts deficit	
	2002	2003	2002	2003	2002	2003
Czech Republic	8.8	8.6	6.7	6.0	4.5	4.1
Estonia	12.5	11.9	(0.1)	(0.3)	6.8	6.5
Hungary	5.8	6.0	4.9	4.6	2.3	3.6
Latvia	12.5	11.2	2.8	1.8	9.4	8.7
Lithuania	12.1	11.6	1.8	2.3	3.7	3.5
Poland	19.9	19.6	6.3	5.6	4.3	5.1
Slovak Republic	19.0	18.8	5.0	3.7	8.1	7.1
Slovenia	6.3	6.2	1.3	1.2	0.2	0.2
Bulgaria	18.3	18.0	0.8	0.7	6.0	5.5
Romania	6.7	6.7	3.0	3.0	5.5	5.4
Average	13.4	13.2	5.1	4.6	4.3	4.7

*Source:* European Commission, "Economic Forecasts for the Candidate Countries, Spring 2002" (European Economy: Enlargement Papers No. 9, April 2002), available from [http://www.europa.eu.int/comm/economy\\_finance/publications/enlargement\\_papers/2002/elp09en.pdf](http://www.europa.eu.int/comm/economy_finance/publications/enlargement_papers/2002/elp09en.pdf).

*Note:* Numbers in parentheses are surpluses.

Eastern European candidate countries in 2002 and 2003.<sup>4</sup> The forecasts indicate that six of the ten countries will have rates of unemployment in excess of 11 percent of the civilian labor force in 2003, despite (except in Poland) rather robust and increasing rates of economic growth in 2002 and 2003. The Slovak Republic and Bulgaria will have rates of unemployment in excess of 18 percent, and Poland, recovering after the economic slowdown of 2001 and 2002, will have a rate of unemployment close to 20 percent. And despite enjoying unusually high rates of growth in both

4. The data are reported in European Commission, "Economic Forecasts for the Candidate Countries, Spring 2002" (European Economy: Enlargement Papers No. 9, April 2002), available from [http://www.europa.eu.int/comm/economy\\_finance/publications/enlargement\\_papers/2002/elp09en.pdf](http://www.europa.eu.int/comm/economy_finance/publications/enlargement_papers/2002/elp09en.pdf).

2002 and 2003—4 percent or more in 2002 and 5 percent or more in 2003—the three Baltic states will continue to have unemployment rates in excess of 11 percent.

One means by which governments in the candidate countries could provide an employment-creating stimulus to the economy involves increasing public spending and/or decreasing public revenues to such an extent that the size of the budget deficit, relative to the size of the economy, increases. Several of the candidate countries—most notably the three Baltic states, Slovenia, and Bulgaria—are expected to have quite modest deficits in 2002 and 2003 and therefore will be able to introduce a significant fiscal stimulus if they so desire. But several others—most notably the Czech and Slovak Republics, Hungary, and Poland—are expected to have considerably larger deficits. As the new member states chart a course toward participation in the Economic and Monetary Union (EMU) after accession, those high-deficit countries will not only find they have very limited latitude for an expansionary fiscal policy but will come under considerable pressure to *reduce* their deficits—despite the high levels of unemployment and the unemployment-generating effects of contractionary policy—to satisfy the EU's 3 percent deficit criterion for participation in the EMU.

In addition to high rates of unemployment and large government deficits, most of the Central and Eastern European candidate countries have unusually large trade and current accounts deficits. In Estonia and Latvia, for example, the trade deficits are expected to exceed 15 percent of gross domestic product (GDP) in 2003, and they will exceed 7 percent of GDP in Lithuania, Poland, the Slovak Republic, Bulgaria, and Romania. To some extent, the imbalance between imports and exports of goods is offset in the current accounts by inflows derived from short-term investments, tourism, and so on. But all of the candidate countries except Slovenia have substantial current account deficits that must be financed through the attraction of long-term investment from abroad or international borrowing.

The existence of large current account deficits that must be financed from international sources will inevitably create pressure in the new member states to reduce their trade deficits,



either by increasing exports or decreasing imports or both. One might think accession to the EU and its large market will allow them to repair their trade deficits by substantially increasing their exports to the current member states of the EU. However, the trade of most of the candidate states is already highly concentrated in the EU. Indeed, most of them already depend on EU markets for the purchase of more than two-thirds of their exports—a degree of trade concentration that, surprisingly, even exceeds that of such founding member states as Germany, France, and Italy. Yet despite the surprisingly high degree to which their exports are concentrated in EU markets, all of the candidates, with the notable exceptions of Hungary and the Slovak Republic, have experienced trade deficits—sometimes, as in the case of Poland and Slovenia, very substantial deficits—with the EU in recent years.<sup>5</sup> None of that precludes the possibility that the new members will be able to repair their trade deficits through an expansion of exports to the current EU. But it does suggest that accession is unlikely to provide a quick fix for the structural imbalances that exist in the economies of the candidate countries. And it suggests that to reduce their large trade and current account deficits, the new members will have to develop the ability of their enterprises to compete more effectively with those of the EU in both domestic and international markets—something that will require not only the continued reform of regulatory institutions and policies noted earlier but a substantial reallocation of production, investment, and employment between and within the sectors of the economy.

### **Financing accession**

If the challenges of implementing the *acquis* while also extending the economic reforms and dealing with the high levels of unemployment and structural imbalances in the economy were not enough, the new members of the EU will also confront a challenge in financing the costs of adjusting to membership. The EU

5. For data on candidate countries' trade with the EU, see International Monetary Fund, *Direction of Trade Statistics Yearbook, 2001* (Washington, DC: International Monetary Fund, 2001).

did not decide on certain aspects of the financial arrangements until the Copenhagen meeting of the European Council in December 2002. And when it did, it did not depart substantially from the parameters outlined by the Commission in early 2002<sup>6</sup>—parameters that suggested the new members will enter under terms that are far less generous than those provided in earlier enlargements.

The new members will be required to make full payment on the various funding resources as of May 1, 2004 and will not receive, as Greece, Spain, and Portugal did upon their accessions, a partial reduction of payments in the first several years of membership. Those payments are estimated to amount, in the aggregate, to some €3.4 billion in 2004 and €5 billion in 2005 and 2006. Some or all of the members are likely to receive lump-sum compensatory payments from the budget over several years similar to those received by Austria, Finland, and Sweden from 1995 to 1998.<sup>7</sup> But the payments are likely to be relatively modest and designed only to ensure that the new members do not experience a deterioration in their net budgetary position compared with the preaccession period. (In 2002 and 2003, the EU appropriated €3.328 billion for preaccession payments to the candidate countries. Beginning in 2004, those payments will, of course, be phased out.) According to Commission calculations, presented in Table 3, the maximum amount available for budgetary compensation for the new members from 2004 to 2006, given the budgetary ceilings for the 2000 to 2006 period established by the Berlin European Council in 1999, will be €800 to 816 million. That represents less than 1 percent of the total EU appropriations from

6. See European Commission, "Communication: Information Note: Common Financial Framework 2004-2006 for the Accession Negotiations," SEC (2002) 102 final, 30 January 2002, available from [http://www.europa.eu.int/comm/enlargement/docs/financialpackage/sec2002-102\\_en.pdf](http://www.europa.eu.int/comm/enlargement/docs/financialpackage/sec2002-102_en.pdf).

7. Greece received a five-year diminishing reduction, from 70 percent to 10 percent, in its payments on the value-added tax (VAT) resource. Spain and Portugal received six-year diminishing reductions, from 87 percent to 5 percent, on their payments on the VAT resource that were extended to the GNP resource when that was introduced in 1988. Austria, Finland, and Sweden received decreasing lump-sum payments out of the budget for four years that totaled €1.5 billion in 1995, €700 million in 1996, €200 million in 1997, and €100 million in 1998.

**Table 3.** *Proposed EU appropriations from 2004 to 2006 for programs in ten countries joining in 2004 (in millions of euros at 2002 prices)*

	2004	2005	2006
Agriculture			
Common Agricultural Policy (CAP) market policy	516	749	734
CAP direct payments	—	1,173	1,418
Rural development	1,532	1,674	1,781
Total	2,048	3,596	3,933
Structural and cohesion funds	7,067	8,150	10,350
Internal policies	1,176	1,096	1,071
Administration	503	558	612
Total appropriation	10,794	13,400	15,966
Berlin 1999 ceiling on 2004 to 2006 appropriation for enlargement (assumed six members from 2002)	11,610	14,200	16,780
Available for budgetary compensation (Berlin ceiling total appropriation)	816	800	814

*Source:* European Commission, “Communication: Information Note: Common Financial Framework 2004-2006 for the Accession Negotiations,” SEC (2002) 102 final, 30 January 2002, available from [http://www.europa.eu.int/comm/enlargement/docs/financialpackage/sec2002-102\\_en.pdf](http://www.europa.eu.int/comm/enlargement/docs/financialpackage/sec2002-102_en.pdf).

2004 to 2006, which range between €107 and 110 billion.<sup>8</sup> And given that those appropriations themselves represent only 1.1 percent of the aggregate gross national product (GNP) of the EU (the Berlin Council’s mandated cap of 1.27 percent of GDP minus a small contingency reserve), €800 to 816 million per year constitutes a truly infinitesimal amount, no more than a rounding error in the aggregate national accounts of the current member states.

In addition to requiring full payment of revenue obligations and providing, at best, only limited budgetary compensation, the

8. The EU’s budget for 2003 to 2006 is available from [http://www.europa.eu.int/comm/budget/pubfin/data/x\\_en13.pdf](http://www.europa.eu.int/comm/budget/pubfin/data/x_en13.pdf).

EU is likely to provide the new members considerably less in appropriations under the Common Agricultural Policy (CAP) than they would receive if they were treated in the same way as the current members will be treated in the 2004 to 2006 period. In its January 2002 “Information Note,” the Commission proposed an appropriations schedule that, in effect, deprives the new member states of full participation in the CAP until 2013. A major component of the CAP is the reimbursement of direct payments to farmers made by the member states in the previous year. The Commission proposed that the new members receive no reimbursement in 2004 for the direct payments they made in 2003, that they receive reimbursement in 2005 for payments in 2004 equivalent to 25 percent of the amount they would normally receive as members, and that they receive reimbursement in 2006 for payments in 2005 equivalent to 30 percent of the amount they would normally receive. That figure would gradually increase over the following seven years until finally reaching 100 percent in 2013.

In presenting its proposal for a protracted phase-in of CAP direct payments from a low initial base, the Commission claimed that such a scheme is necessary to avoid creating disincentives that would delay the restructuring of agriculture in the new members—a process that inevitably involves eliminating many small, marginal farms and shifting labor out of that sector. In addition, of course, the scheme is politically convenient for the EU, given the budgetary ceiling it established for itself for the 2000 to 2006 period. But whether a reflection of economic wisdom or political convenience, the scheme will not only treat the new members as less than full members of the EU in one highly important program for nearly a decade after their accession but will deprive them of a substantial amount of revenue—from the data in Table 3, at least €7 billion and possibly as much as €11 billion in their first three years of membership. As a result, while attempting to restructure the agricultural sector and indeed the entire economy, as well as developing their administrative capacity, extending the reforms, and dealing with high levels of unemployment and structural imbalances in the economy, the new members will find themselves having to divert funds that could

otherwise be used for those purposes to make payments that in the current member states would be reimbursed by the EU.

### **Public ambivalence about accession and enlargement**

As daunting as these challenges are, they are likely to be accentuated by yet another, one that is essentially political. As the governments of the new member states endeavor to deal with the several challenges posed by accession, they are likely to find their capacity to act effectively constrained by the considerable ambivalence about, if not opposition to, enlargement that exists in many of the current member states and, indeed, in their own publics.

That there is a considerable degree of ambivalence about or opposition to enlargement in the current member states is suggested by the growing electoral popularity in recent years of leaders and parties that are skeptical about, if not altogether hostile to, European integration—leaders and parties such as Umberto Bossi and the Lega Nord, Silvio Berlusconi and the Forza Italia, Jörg Haider and the Austrian Freedom Party, Pim Fortuyn and the party he founded in the Netherlands, Pia Kjaersgaard and the Danish People’s Party, and Jean-Marie Le Pen and the Front National. Whether or not those parties participate in government or form part of the parliamentary majority—and with the notable exception of the Front National all of them have participated in government or its parliamentary majority—the governments in those countries, and perhaps in others as well, are likely to be less willing than they otherwise might be to assist the new members in meeting the challenges of accession, either by increasing the EU’s appropriation for enlargement or reallocating appropriations under the existing ceiling to allow a more generous budgetary compensation and/or full CAP reimbursement of direct payments to farmers.

A more direct measure of the extent of ambivalence about or opposition to enlargement in the current member states is found in the Eurobarometer surveys. Table 4 presents the responses in the surveys conducted in the spring of 2002 to a question asking

**Table 4.** *Support for enlargement in the current member states of the EU, spring 2002 (in percentages)*

	For	Don't Know	Against
Denmark	68	10	23
Greece	67	17	15
Spain	64	22	14
Italy	61	20	19
Sweden	61	11	27
Portugal	57	25	18
Ireland	56	29	16
Netherlands	56	14	30
Finland	56	12	32
Luxembourg	55	11	34
Belgium	51	17	32
Austria	45	20	36
Germany	43	22	36
France	40	13	47
United Kingdom	38	28	35
EU	50	20	30

Source: European Commission, *Eurobarometer 57* (Bruxelles: European Commission, 2002), available from [http://www.europa.eu.int/comm/public\\_opinion/archives/eb/eb57/eb57\\_highlights\\_en.pdf](http://www.europa.eu.int/comm/public_opinion/archives/eb/eb57/eb57_highlights_en.pdf).

respondents about their views of enlargement.<sup>9</sup> Those data suggest that while there is substantial support of enlargement in several of the member states—most notably, Denmark, Greece (presumably in part because of Cyprus), and Spain—there is much less support in a number of other member states. In the entire EU, only one-half of all respondents said they supported enlargement while 30 percent said they were against. Less than one-half of the respondents in Germany, Austria, France, and Britain supported enlargement, and in those countries as well as in Belgium, Lux-

9. In each country, a national sample of respondents was asked, "What is your opinion on each of the following statements? Please tell me for each proposal, whether you are for it or against it: . . . The enlargement of the European Union to include new countries." The surveys for *Eurobarometer 57* were conducted between March and May 2002. The first results are available from [http://www.europa.eu.int/comm/public\\_opinion/archives/eb/eb57/eb57\\_highlights\\_en.pdf](http://www.europa.eu.int/comm/public_opinion/archives/eb/eb57/eb57_highlights_en.pdf).

embourg, the Netherlands, and Finland, at least 30 percent of the respondents were opposed to enlargement. In France, indeed, significantly more respondents said they were against enlargement (47 percent) than said they were in favor (40 percent). Should such patterns of support and opposition continue in 2003 and 2004, they are likely to give pause to governments in the current member states—even those in countries that have not experienced a surge in support for Euro-skeptic parties—that might otherwise be inclined to consider some further budgetary means of assisting the new entrants in coping with the challenges of accession.

Perhaps of even greater consequence for the governments of the new member states as they cope with the challenges of accession will be the considerable degree of ambivalence about the EU that exists in most of the countries and the vocal opposition that exists in some. The most obvious evidence of that ambivalence or opposition is found in the Thatcherite skepticism of the EU voiced by Václav Klaus and the Civic Democrats in the Czech Republic and, above all, by the unambiguous hostility of Andrzej Lepper and his Samoobrona movement in Poland. But as the data in Table 5 suggest, ambivalence about the EU and imminent membership is more pervasive and, indeed, exists in virtually all of the Central and Eastern European countries that are likely to join the EU in 2004.

Table 5 presents the responses to two of the questions asked in Eurobarometer surveys conducted in the candidate countries in the fall of 2001. One asked whether the respondent thought membership in the EU would be a good or bad thing; the other asked whether the respondent had a positive or neutral image of the EU.<sup>10</sup> In general, considerably more people in the candidate countries said membership would be a good thing than said it would be a bad thing. But other than in Bulgaria and Romania,

10. The national surveys were conducted in each of the candidate countries in October and November 2001. The results are reported in European Commission, *Candidate Countries Eurobarometer 2001* (Brussels: European Communities, March 2002), available from [http://www.europa.eu.int/comm/public\\_opinion/cceb/cceb20011\\_en.pdf](http://www.europa.eu.int/comm/public_opinion/cceb/cceb20011_en.pdf). The first question was, "Generally speaking, do you think that [country's] membership of the European Union would be a good thing, neither good nor bad, or a bad thing?" The second question was, "In general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative, or very negative image?"

**Table 5.** *Public support for EU membership in the postcommunist candidate countries (in percentages)*

	Membership is a good thing	Membership is neither good nor bad	Membership is a bad thing
Romania	80	11	2
Bulgaria	74	14	3
Hungary	60	23	7
Slovak Republic	58	28	5
Poland	51	27	11
Czech Republic	46	31	9
Lithuania	41	35	11
Slovenia	41	42	11
Estonia	33	38	14
Latvia	33	39	17
Current EU	48	29	13

  

	Image of EU is positive	Image of EU is neutral	Image of EU is negative
Bulgaria	70	17	5
Romania	70	13	7
Hungary	51	31	12
Slovak Republic	48	33	12
Czech Republic	46	24	23
Poland	44	32	18
Lithuania	39	36	15
Slovenia	38	42	15
Latvia	33	45	18
Estonia	24	47	21
Current EU	42	33	18

*Source:* European Commission, *Candidate Countries Eurobarometer 2001* (Brussels: European Communities, March 2002), available from [http://www.europa.eu.int/comm/public\\_opinion/cceb/cceb20011\\_en.pdf](http://www.europa.eu.int/comm/public_opinion/cceb/cceb20011_en.pdf).

and to a lesser degree Hungary and the Slovak Republic, the publics of the candidate countries appear distinctly underwhelmed by the prospect of membership. Only 51 percent of the Polish public and 46 percent of the Czech public thought mem-



bership a good thing. The figures are even lower—41 percent—in Lithuania and Slovenia and lower still—33 percent—in Latvia and Estonia. While the proportions saying membership would be a bad thing were not high, large portions of the Slovak, Polish, Czech, Slovenian, and Baltic publics saw membership as neither good nor bad. In fact, in Slovenia, Latvia, and Estonia, more people took that position than the view that membership would be a good thing.

If the Central and Eastern European publics are ambivalent about the value of EU membership, they are even more doubtful about the EU itself. In general, fewer people said their image of the EU was positive than said membership would be a good thing, and conversely, more said their image was negative than said membership would be a bad thing. In none of the Central and Eastern European candidates that will enter the EU in 2004 did more than 51 percent of the population have a positive image of the EU, and that figure dropped into the 40s in the Czech and Slovak Republics and Poland; the 30s in Lithuania, Latvia, and Slovenia; and the 20s in Estonia. Large portions of the respondents in Hungary, the Slovak Republic, Poland, Slovenia, and the three Baltic states had a neutral image of the EU, and significant numbers of respondents in the Czech Republic, Poland, and the Baltic states had a negative image.

The surprising degree of ambivalence in most of the Central and Eastern European candidate countries about EU membership and the EU itself does not mean they are likely to reject the accession treaties. But it does suggest that unless accession is accompanied by some as-yet-unforeseen groundswell of public support for membership and the EU, the governments of the new members will not be able to draw on an inexhaustible source of political support as they address the challenges posed by accession and may encounter significant resistance among those who are doubtful about the value of membership and the EU itself. That is likely to be true especially, of course, if the EU comes to be regarded as having been punitive or miserly in its terms of accession and if, in addressing the various challenges of accession, the governments are required to impose significant costs on their citizens. Whether they can persist in addressing those chal-

lenges in the face of the considerable and possibly increasing skepticism and opposition may constitute the greatest challenge of accession.

### **Conclusion**

This article has considered four challenges that will be faced by the Central and Eastern European states that join the EU in 2004 and thereafter. One involves the ability to develop the administrative capacity necessary to implement the *acquis*. A second involves the ability to extend and deepen the reforms that will eventually result in the transformation of their economies into market-oriented systems comparable to and competitive with those in the current EU. A third involves the ability to reduce the high levels of unemployment while also addressing the underlying structural imbalances that have given rise to large government, trade, and current account deficits. A fourth involves the ability to finance the transition to membership in the face of the less than generous terms offered by the EU.

To a considerable degree, the ability of the governments of the new member states to address successfully these challenges will depend ultimately on how well they succeed in addressing a fifth challenge—the political one of persisting in their efforts to address those challenges in the face of a high degree of skepticism about and even opposition to enlargement in the current member states and a high degree of ambivalence about the value of membership and the EU itself, and possible erosion in support, in their own publics. The success or failure of accession will ultimately depend on whether they succeed in addressing that challenge.

# National Interests, State Power, and EU Enlargement

Andrew Moravcsik and Milada Anna Vachudova\*

Some fifteen years after the collapse of communism, the uniting of Western and Eastern Europe through a substantial enlargement of the EU is perhaps the most important single policy instrument available to further a more stable and prosperous continent. Eight postcommunist states have concluded negotiations with the EU for full membership in 2002, and several more are poised to do so later. In this article, we seek to outline in the very broadest strokes the most important structural forces of national interest and influence underlying the dynamics of enlargement itself and its future consequences for EU governance. We do not claim our analysis is comprehensive, only that it seeks to capture the most significant of the underlying forces in play.

The apparent success of enlargement and the terms on which it is taking place have surprised many analysts and aroused many critics. Most commentators treat enlargement as a radical break in the history of the EU. They find the prospect of enlargement itself mystifying and invoke idealistic motivations on the part of European governments to explain it. At the same time, many criticize the EU for taking too long to enlarge and for imposing burdensome conditions on the candidates. Still others fear that enlarge-

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\* We would like to thank Thomas Oatley for his comments and to acknowledge the research assistance of Marius Hentea and Patrick Toomey. We have deleted many footnotes, including references to work by ourselves and others providing empirical support for the claims made below. The article draws in particular on Milada Anna Vachudova, "The Leverage of International Institutions on Democratizing States: The European Union and Eastern Europe" (Robert Schuman Centre for Advanced Studies [RSCAS] Working Paper No. 2001/33) (Fiesole, Italy: European University Institute, 2001); and Andrew Moravcsik, "Europe's Integration at Century's End," in Andrew Moravcsik, ed., *Centralization or Fragmentation? Europe Facing the Challenges of Deepening, Diversity, and Democracy* (New York: Council on Foreign Relations Press, 1998). A fully footnoted version is available online at <http://www.people.fas.harvard.edu/~moravcs/>.

ment without substantial federalizing reform will mean gridlock and crisis for the EU's institutions.

In this article, we challenge these conventional presuppositions. The EU enlargement process and its likely consequences for the future are hardly mysterious when viewed from the perspective of national interests and state power—and this viewpoint also offers a more optimistic prognosis for the future. Just as occurred in the past, leaders of current EU members are promoting accession because they consider enlargement to be in their long-term economic and geopolitical interest. While some interest groups in current member states oppose enlargement because they will bear a disproportionate share of the short-term costs, the EU bargaining process is working this out much as it has prior conflicts about the uneven distribution of the costs of integration projects that are beneficial overall. East European states take part in the laborious accession process because EU membership brings tremendous economic and geopolitical benefits—particularly as compared to the uncertain and potentially catastrophic costs of being left behind as others move forward. While the candidates have had to comply with the EU's requirements and acquiesce to certain unfavorable terms, EU membership has remained a matter of net national interest. On balance, the sacrifices demanded of them seem entirely in keeping with the immense adjustment, and the immense benefits, involved. Most requirements, meanwhile, have motivated East European governments to implement reforms that improve the state and increase aggregate economic welfare.

Looking forward to the consequences of enlargement, we find little reason to predict that enlargement will cause the gridlock of EU institutions or, indeed, that it will significantly change the course of European integration at all. The applicant countries are numerous, backward, and diverse—and indeed their bargaining power will increase once they are members. Yet as they are absorbed into the EU's decision-making process, new members are likely to do little more than reinforce existing trends in EU politics, such as growing conflict over the budget and increasing cooperation outside of the first pillar.

## Negotiating enlargement

Each previous round of EU enlargement has gone through a parallel and predictable negotiation process. In these rounds, applicant countries have consistently found themselves in a weak negotiating position vis-à-vis their EU partners and accordingly have conceded much in exchange for membership.

To see why, it is helpful to introduce a few insights from basic bargaining theory. In interstate negotiations involving the EU, relative bargaining power tends to track relative preference intensity—one key element in the “liberal intergovernmentalist” theoretical synthesis that undergirds many studies of major EU bargains and of international cooperation more generally. The logic is straightforward: those countries that gain the most by engaging in 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. They are thus willing to compromise the most on the margin to further it. In the language Robert Keohane and Joseph Nye introduced to international relations theory, interstate bargaining outcomes reflect patterns of “asymmetrical interdependence”—all other things equal, more “interdependent” countries tend to benefit more from liberalizing markets and are, thus, willing to make concessions to do so.<sup>1</sup> Within the EU, such beneficiaries tend to be (all other things equal) those countries that are smallest in gross national product (GNP) terms, for which the increased economies of scale of entering the European market are of greatest marginal significance. The existence of distinct comparative advantages in relevant export sectors further shapes their specific interests. Once the back and forth of negotiation is complete, the subjective sense for such countries is often of having bargained poorly, because they are forced to make disproportionate concessions during the negotiations. Yet in fact this is a function of the large overall net benefit to them, which also swiftly compels ratification and implementation of the resulting agreement.

1. Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (Boston: Little, Brown, 1977).

The negotiation of the original Treaty of Rome during the mid-1950s, one of us has argued, offers a striking illustration.<sup>2</sup> Just as the logic above would predict, the country whose foreign minister had initially proposed the customs union and that benefited the most per capita from its realization, the Netherlands, was forced to make the greatest concessions on the margin to achieve agreement. The result was that the treaty was viciously criticized by Dutch politicians and the public—more so, perhaps, than in any other of the six original member states, even though (or precisely because) nonratification by the Netherlands was never a realistic option. The obverse case in the 1950s was that of France, which, as Alan Milward and others have shown, achieved almost all of its negotiating goals in large part because, as a large and macroeconomically uncompetitive country, French nonratification was a realistic possibility up until the final moment.<sup>3</sup> Add to these structural economic realities a general German tendency to be somewhat more forthcoming to cement geopolitical alliances—a constant of European integration until, and beyond, 1989—and bargaining outcomes within the EU are close to what basic bargaining theory predicts.

Since the beginning, this same pattern has characterized EU bargaining over enlargement. Specific interstate concessions and compromises have tended to reflect the priorities of the EU's core countries, and disproportionately the most powerful among them, even as more peripheral countries benefit as much or more overall. Enlargement negotiations with Britain, Ireland, Denmark, Greece, Spain, Portugal, Sweden, Finland, and Austria track this pattern. In each case, bargaining demands by applicant countries for recognition of their particular circumstances were stripped away one by one until a deal was struck that disproportionately reflected the priorities of existing member states. Thus Britain in 1973, though relatively poor, ended up a large net contributor to the EU budget. Ireland, Denmark, Greece, and Spain were subsequently forced to accept agricultural arrangements

2. Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca, NY: Cornell University Press, 1998), 60-67, 86-158, 479-85.

3. Alan Milward, *The Reconstruction of Western Europe, 1945-51* (Berkeley: University of California Press, 1984), 220; Moravcsik, *Choice for Europe*, 148.

not particularly well suited to their particular comparative advantages, and often involving lengthy transition periods, and no special financial benefits. In the 1990s, the enlargement to include Sweden, Finland, and Austria imposed full membership on countries that initially sought greater market access in the context of a less comprehensive commitment.

So it has been, and so it is likely to remain with the current applicants from Central and Eastern Europe. EU member states and the eastern applicants will both benefit from the basic fact of EU enlargement, but the applicants will benefit more and thus desire it more. This asymmetry of interdependence and thus power is evident from the simple fact that the collective GNP of the next ten applicants for membership totals no more than 3 to 5 percent of the fifteen current EU members (the EU-15)—less than any other enlargement of the EU except lone Greece. This is roughly the weight of Mexico's economy as compared to that of the United States.

Since 1990, the expected political consequences of this fundamental asymmetry have been evident. They are clearest in the form of the preaccession process, in which applicants must satisfy the Copenhagen criteria and adopt the EU *acquis* in its entirety to qualify for membership. Until recently, the negotiations have been little more than a process of checking that the candidates have adopted EU law, chapter by chapter and page by page. The requirements are massive, nonnegotiable, uniformly applied, and closely enforced. The transition from communism has meant not only building a market economy from the ground up but also creating a modern regulatory state capable of implementing the EU's *acquis*, now far more substantial than during any previous wave of enlargement. This itself imposes a heavy burden in the sense that the EU compels new applicants to transpose and implement standards of internal democracy, state administration, and detailed regulatory protection that the EU-15 have had a half century to accommodate. It also imposes something of a double standard in a handful of areas, chiefly the protection of ethnic minority rights, where candidates are asked to meet standards that the EU-15 have never set for themselves. Some EU rules even appear ill considered, unsuited to transi-

tional economies, or ill suited for particular countries. And the intrusive verification procedures that follow these standards are a tough blow for national pride.

Yet for the construction of a well-functioning market economy and a strong, democratic state—long-term goals that are hardly contested—the requirements for EU membership have been, on balance, positive. They have promoted valuable reforms: creating an independent civil service, overhauling the judiciary, improving oversight of financial markets, and blocking bailouts of uncompetitive but influential sectors. To be sure, applicants have had to divert their meager public resources from health and education to implementing an *acquis* devoted primarily to the regulation of economic production. Still, locking the applicants into the EU legal and regulatory frameworks promises to limit corruption, improve administrative capacity, attract foreign investment, and altogether facilitate fuller insertion into the EU and global economy—thereby bringing substantial returns to the national budget over the long run. Entering the EU is expected to raise output and growth rates by stimulating entrepreneurship, foreign direct investment (FDI), and technology transfers. Studies indicate that because of raised investor confidence, FDI inflows have been concentrated in those postcommunist states that are on track to join the EU. One study forecasts long-term total gains to the new member states ranging from €23 to €50 billion.<sup>4</sup>

The economic reforms demanded by the EU, including the withdrawal of the state from many areas of the economy, do impose a large adjustment cost on economically and politically vulnerable countries. Applicants have had to expose industry to competition from Western firms; sharply decrease state subsidies to weak sectors; and privatize relatively quickly large enterprises, banks, and state utilities. Yet many of these reforms are an integral part of completing the transition to market capitalism and

4. Richard E. Baldwin, Joseph F. Francois, and Richard Portes, "The Costs and Benefits of Eastern Enlargement: The Impact on the EU and Central Europe," *Economic Policy* 24 (1997): 125-76. See also Heather Grabbe, *Profiting from EU Enlargement* (London: Centre for European Reform, 2001); and Bartłomiej Kaminski, "How Accession to the European Union Has Affected External Trade and Foreign Direct Investment in Central European Economies" (Policy Research Paper 2578) (Washington, DC: World Bank, 2001).



attracting foreign investment, particularly on the European continent. The absence of EU pressure might well mean much greater rent seeking by elites in control of “gradual” reforms. Twelve years on, the evidence is indisputable that the EU frontrunners that have reformed the most rapidly have also registered the highest rates of economic growth and suffered the lowest increase in income inequality—as compared to their eastern and southeastern neighbors that opted for more gradual reforms after 1989.<sup>5</sup>

In recent years, the EU has of course also imposed some more narrowly self-interested conditions. These are in precisely those areas where advanced industrial democracies have customarily crafted such exceptions, not just within the EU but also within the General Agreement on Tariffs and Trade (GATT), World Trade Organization (WTO), and North American Free Trade Agreement (NAFTA). The applicants have been forced, again in accordance with our theoretical expectations, to sacrifice some portion of the benefits of membership over the short and medium term. They will receive lower (albeit still substantial) subsidies from the Common Agricultural Policy (CAP) and from the Structural and Cohesion Funds than did the previous poorer applicants. Outlays from the EU budget to new members have been capped at 4 percent of their gross domestic product (GDP), far lower than their predecessors. This effectively limits their receipts and protects those of the richer existing members. The applicants will also have to accept special provisions related to some areas of European integration, including long transition periods for certain benefits such as the free movement of labor and equal access to the EU’s agricultural subsidies. Finally, elements of the Schengen Accord will be grandfathered into the treaty, effectively making any third-country citizens found to be illegally residing in EU countries the financial and legal responsibility of the states, generally new members, through which they entered the EU. Many of the special provisions reflect the demands of narrow special interests or the concerns of voting publics in the existing members.

5. Joel S. Hellman, “Winners Take All: The Politics of Partial Reform in Postcommunist Transitions,” *World Politics* 50 (January 1998): 203-34; World Bank, *Transition the First Ten Years: Analysis and Lessons for Eastern Europe and the Former Soviet Union* (Washington, DC: World Bank, 2002).

Many view these unfavorable terms of accession as *prima facie* unreasonable, but the logic of bargaining outlined above suggests a more nuanced conclusion. The applicants are forced into concessions precisely because the basic benefit offered to them—membership—is of such great value. This benefit so outweighs the costs—particularly those of exclusion—that applicants make concessions even when no coercion is threatened. Take structural funding, for example. In any other context except one in which even higher transfers have been made, a transfer totaling 4 percent of the recipient's GDP would be recognized as an almost unprecedented act of international solidarity. Such is the logic of "asymmetrical interdependence." The only circumstance we can envisage that could perhaps lead to absolute losses for enlargement countries is one in which the agricultural sectors of new members were both denied any effective subsidy and were entirely unable to withstand market pressures from subsidized products originating in Western Europe. Yet for the moment, a situation so extreme does not appear to be emerging from the negotiations.

The puzzle posed by enlargement is thus not so much why the accession countries are so anxious to enter but why the existing EU-15 are willing to let them in. Here, too, the final tally of enlargement's costs and benefits is the subject of considerable debate. Frank Schimmelfennig has argued that economic and geopolitical interests cannot account for the EU's decision to embark on such an ambitious and costly enlargement. Instead, confronted by the power of norm-based arguments, the West talked itself into a commitment to admit countries that share its liberal values—and this "rhetorical entrapment" has subsequently sustained enlargement despite the fact that mere association for East European states would have better served the EU's interests.<sup>6</sup>

6. Frank Schimmelfennig, "The Community Trap: Liberal Norms, Rhetorical Action, and the Eastern Enlargement of the European Union," *International Organization* 55 (winter 2001): 47-80. See also Rachel Epstein, "International Institutions and the Depoliticization of Economic Policy" (Paper presented at the European Consortium for Political Research [ECPR] Workshop "Enlargement and European Governance," ECPR Joint Sessions of Workshops, Turin, Italy, 22-27 March 2002).

Scholars who consider EU enlargement as a triumph of supranational entrepreneurship or of norms over interests point to the costs of making East European states full members as opposed to mere associate members. While there is no doubt that a measure of idealism played a supporting role in the decision to enlarge, we would do well to consider the context of national interests and power. Interstate idealism seems never to be as powerfully professed as when it runs parallel to material self-interest. Three points suffice.

1. The overall effect of enlargement is modest. The ten new members, we have seen, represent less than 5 percent of the current EU GDP and thus can have relatively little impact. Rhetorical idealism can flourish when the impact is marginal.
2. Distinct material benefits, however modest, accrue to the EU-15. The candidate countries will add to the internal market 100 million new consumers in rapidly growing economies. One study projects that the EU-15 countries will gain about €10 billion from enlargement over the long term, considerably more than the cost to the EU budget of having the new members.<sup>7</sup> Perhaps more important, the geopolitical stabilization and economic revitalization of the European borderlands is likely to dampen nationalist conflict and make illegal immigration more manageable. Some of a more “Gaullist” persuasion even believe that the EU will thereby gain greater clout as a geopolitical actor. Rhetorical idealism can flourish when measurable economic and geopolitical benefits are on offer.
3. These benefits come at a more limited cost to the EU-15 than some initially expected—though, of course, some member states and interest groups do bear a disproportionate share of those costs. Industrial trade, for example, already has been nearly fully liberalized with little disruption to the EU’s sensitive sectors, such as steel and textiles. The safeguard measures allowed for EU producers under the association agreements will thus disappear largely unnoticed. Agricultural trade also has been largely liberalized with few disruptions—indeed, it is the candidates that worry about the dumping of cheap produce after enlargement. Even for some of the key players that seem to have the most to lose, the costs do not outweigh the benefits. Germany, for example, with its high unemployment and proximity to eastern labor, may face adjustment costs in the short term, but along with Austria, it is predicted to have the highest overall permanent net increase in GDP from

7. Baldwin, Francois, and Portes, “Costs and Benefits of Eastern Enlargement,” 125-76.

enlargement. Rhetorical idealism can flourish when the economic costs are marginal or sunk.

There is, of course, the visible and controversial matter of sharing the EU's pricey financial transfers with new members. As we have seen, agreement on how to distribute monies from the EU's Structural and Cohesion Funds, and from the CAP, is almost certain to come largely at the expense of the candidates, whose poor regions and poor farmers will have to accept a phase-in of transfer payments. The EU will hammer out a compromise between recipients, contributors, and reformers, much as it has in past rounds of enlargement. Here there is, however, one wild card. One cannot exclude a scenario resembling that of Britain in 1975, when popular rejection of EU membership threatened to trump net national interest. Even if the new members are better off in absolute terms, getting into the EU in 2004 with new member farmers getting much lower payments, Poland in particular warns that in these circumstances, the referendum on entering the EU may not pass. This may well afford the candidates some extra bargaining leverage. To be sure, there will also be losers among traditional beneficiaries of the CAP in Western Europe. But here the pressure of enlargement dovetails with the long-standing trend (powered by the fierce desire of several existing EU members and the EU's trading partners) toward CAP reform—a trend that reflects, ultimately, the declining number of farmers in Western Europe and renewed pressure from net contributor countries like Germany. Again, only rejection by referendum, we believe, could derail the process.

As with the accession countries, the highest costs among the EU-15 may be political rather than economic. Enlargement is unpopular with EU voters, many of whom associate it with rising illegal immigration, international crime, and unemployment. While there is little evidence that enlargement will contribute measurably to any of these problems (to the contrary!), EU politicians have nonetheless had to satisfy restive publics. In the short term, the asymmetry of power between the EU and the candidates in the accession process has made such accommodation relatively easy: new members will not be allowed to lift their

internal Schengen borders for many years, they will be required to reinforce their external borders, and they will wait for up to seven years after accession before their citizens enjoy the right—at least in the abstract—to live and work anywhere in the EU. Before the decade is out, the issue may disappear, as stagnant population growth in the EU is likely to leave old members scrambling to attract workers from the new members or third countries.

Overall, there is little reason to believe that enlargement runs counter to the interests of either existing or new members. Each is acting in response to structural imperatives predicted by basic bargaining theory and revealed in the behavior of their EU predecessors.

### **Consequences for the applicant countries**

This is not, however, the end of the story. Once in, new EU members have tended to do substantially better for themselves, primarily because they can work more effectively within formal decision-making rules to promote their interests. Membership effectively reverses the power relationship between core and peripheral members of the EU. The broad trend in EU politics over the next two decades is likely to be heavily influenced by this shifting balance of power.

Again, basic bargaining theory provides an instructive guide. EU members can enact treaty change only by unanimity. In any such exercise, therefore, each EU member wields substantial bargaining power vis-à-vis its EU partners. While each is formally equal, the precise distribution of bargaining power depends on patterns of asymmetrical interdependence. Specifically, it reflects the extent to which various countries favor new reforms. (Here the threat of expulsion from the EU has but a fraction of the credibility of the threat of exclusion from joining at all.) Typically, the core members and the richer countries have proposed and most intensely favored new initiatives (e.g., the Single European Act, the single currency, strong regulatory protection, a common policy on immigration, foreign policy cooperation), thereby casting the newer and poorer member states in the role of effective veto

players. Small-country veto players, not least new members, are therefore likely to find themselves in a far more advantageous position. The result, theory predicts and history confirms, is likely to be a series of concessions and side payments from core countries in exchange for the support of others.

Over the years, this power has been wielded by successive applicants in different ways but with broadly similar consequences. In 1975, two years after the Tory government under Edward Heath had negotiated British entry—on terms so strikingly unfavorable that Britain, though never a wealthy country by per capita EU standards, has been a net contributor to the EU budget ever since—a Labour government under Harold Wilson called for a referendum. Afraid that the British would vote no, thereby embarrassing the entire institution and triggering a wholesale renegotiation, the French and Germans established a system of regional funding that transferred substantial resources to Britain. Public-spirited justifications were later concocted, but Helmut Schmidt was more brutally honest when he referred to regional policy as a bribe covered only by “swimming trunks with ‘regional policy’ written on them.”<sup>8</sup> In successive waves of negotiation, the Greeks, Spanish, Portuguese, and Irish benefited in similar ways. The “Club Med” countries threatened to block various initiatives—the Single European Act, the Maastricht Treaty—unless financial transfers were upped. The result was the construction of a set of international financial transfers on a scale unknown since the Marshall Plan. At their height, structural funds accounted for 8 percent of Portuguese GDP.

There is every reason to believe that the bargaining power of the eastern candidates will similarly improve once they become full members, and there is little reason to doubt that they will use it. Indeed, the veto threat is in many ways likely to be greater than in the past. The next twelve prospective new members are highly diverse, but they are also numerous and almost certain to agree that any financial advantages old members enjoy over them should be reversed. If they join forces, they will collectively have the ability to block unanimous votes, such as those on budgetary

8. Moravcsik, *Choice for Europe*, 258.

matters. Given that it will be difficult for the EU to settle the budget for 2007 onwards prior to enlargement, the candidates will already be full members by the time the EU starts the next epic round of budgetary negotiations. Moreover, they will also be able to block votes by qualified majority ( $108/345 = 31$  percent) in a quite unprecedented fashion—a reflection of the radical overrepresentation of smaller countries in the EU system. (If fewer new members enter in the first round, this threat of course recedes.) The long transition periods and unequal benefits currently being imposed on the applicant countries have instructed them that only by playing tough in EU bargaining can they get a better deal, just as they learned in the 1990s that only full membership would give them full access to the EU market. For all these reasons, new members are nearly certain to deploy their voting power in an effort to secure a greater share of EU spending. In the next section, we consider to what extent they will succeed.

### **Consequences for the European Union as a whole**

The conventional view is that the increase in the number of member states and the greater diversity of their views will not only create pressure for financial transfers, as we have just seen, it will also trigger breakdown or gridlock in the EU's decision-making process. The proper answer to this threat, many maintain, is more extensive use of qualified majority voting. While the precise level of transfer payments is difficult to predict, we argue in this section that wholesale pessimism about the viability of EU decision making with up to twenty-seven diverse members greatly exaggerates the pitfalls ahead.

Some believe that the prospect of gridlock increases with the number of actors because the threat comes from the random likelihood of an individual veto under unanimity, which increases exponentially as the EU enlarges.<sup>9</sup> Yet—the cases of Thatcher's

9. Interview with Michel Petite, 1998. This back-of-the-envelope argument recurs in many European Commission publications. For the similar political science orthodoxy on numbers, see Kenneth A. Oye, "Explaining Cooperation under Anarchy: Hypotheses and Strategies," in Kenneth A. Oye, ed. *Cooperation under Anarchy* (Princeton, NJ: Princeton University Press, 1986), 1-23. This argument, following the institutionalist paradigm, assumes high transaction costs—a widespread assumption that we have challenged elsewhere.

Britain under agricultural subsidies, Greece over Macedonia, and the Irish referendum notwithstanding—the binding constraint on EU policy making is not generally imposed by the probability of individual vetoes. Instead, it is imposed by the level of conflict of interest among blocks of states. Diversity of interest, not the number of members per se, is the real issue.

Can diversity be translated into an effective voting power by new members acting as a block? This scenario is widely viewed as the major threat to the functioning of the EU, and it is so viewed primarily because new members are unlikely to support great strides forward in European integration. This is indeed plausible. Even after joining in 2004, they will be working to satisfy the requirements for membership in parts of Schengen and in the EMU and will hardly be on the lookout for more *grands projets*. None, moreover, are particularly enamored with the EU's supranational institutions. Euro-skepticism is rising among applicant countries that have endured pressure for unpopular concessions in the negotiations and that have received stiff report cards from the Commission every autumn for almost a decade.

Yet this is unlikely to cause a logjam, let alone threaten the current achievements of the EU, for three reasons.

1. The new members are not all that unruly. Budgetary policy aside, there is little evidence that they will import divergent or destabilizing policy agendas into the EU. On most issues they will instead join existing coalitions. This of course means that certain voting coalitions will be strengthened. In some areas, such as immigration, new members and old members tend to see eye to eye: keeping foreigners out is popular, east and west. Elsewhere may be some fascinating twists and turns. Poland may turn out to be France's greatest nemesis in the competition for agricultural subsidies, but after entry, Poland could presumably also be France's staunchest ally in preserving a generous CAP. At most, however, this would mean a slowdown in further integration, not a threat to the existing *acquis*, since most existing EU policies are deeply enough embedded in both the laws and societies of the member states as to be effectively irreversible.
2. Current core member states have no consensual *grand projet* that could easily be stalled by the vetoes of unruly new members seeking budgetary side payments. This has been the lesson of three successive treaty amendment exercises over the past decade. Nor



would it be easy for new members to employ their voting power in qualified majority votes to block legislation, since the internal market is largely complete and legislation moves forward at a slower pace than ten years ago. Today, EU governments are instead prioritizing policy areas that lie partly outside of the first pillar, such as foreign policy, immigration policy, and monetary policy.

3. In precisely these areas of current interest outside of the first pillar—and some within it—flexible institutional mechanisms other than majority voting can be used to combat gridlock. In recent years, nearly every major initiative in the EU has involved only (or has provisions to involve only) a subset of EU members: EMU, social policy, foreign policy, environmental policy, and so on. The trend is toward differentiation, flexibility and ad hoc arrangements. In many of these areas—foreign policy and flanking policies to EMU being prime examples—uniformity is not required for effective policy making. From the perspective of collective action theory, the EU is more about coordinating “coalitions of the willing” than avoiding “free riding.” Isolationist new members can sit it out with neutral old members, countries with geographical interest and expertise can work together—and no harm is done. Finally, and most cynically, member governments no doubt favor flexibility, though they do not say so in public, as a means to avoid placing themselves in a position where poorer countries can extort financial side payments. Overall, as Heather Grabbe has argued, flexibility provides an institutional mechanism to ensure greater decision-making efficiency when “the ability and willingness of member-states to be integrated in the EU’s policies . . . vary much more than in the current Union.”<sup>10</sup>

It is tempting—and none too difficult—to construct scenarios whereby increased diversity will undermine domestic order in new member states of the EU and thereby undermine the EU’s common institutions, politics, and culture. But few of these scenarios withstand close analysis. Enlargement is in fact more likely to reinforce current EU trends toward slower legislative and reform output; greater budgetary conflict over structural funding; more pressure to reform the CAP; greater “pillarization” of governance; a stronger Council vis-à-vis the Commission; more recourse to flexibility and coalitions of the willing; a shift in focus from deepening to widening; and above all, an emergent “consti-

10. Heather Grabbe, “The Governance of the EU: Facing the Challenge of Enlargement,” *New Economy* 9 (June 2002): 115.

tutional compromise” in which the regulation of much of the economy is internationalized but social, cultural, educational, and other policies remain largely national. Die-hard federalists view this compromise as a prima facie sign of failure; they have provoked a constitutional convention to re-inspire Europeans to move the metaphoric “bicycle” of European integration forward. But it is not a failure. Instead of proving Europe’s constitutional compromise bankrupt, enlargement reveals its maturity and durability. This is true both in the sense that further deepening is no longer necessary to solidify prior reforms and that widening to include new members, for all of their diversity and backwardness, takes place with relative ease and without a major change of course. At the same time, the EU will have had a hand in building the most unified, prosperous, and free continent of Europe in modern history.

## Popular Democracy and EU Enlargement

Peter Mair

In June 2001, confounding both national and international expectations, Irish voters refused to ratify the European Union Treaty of Nice that formalized institutional adaptation to enlargement. As a result, the Treaty was stopped in its tracks. The rules of the Union state that all member states are required to ratify treaties, and if even one of the current fifteen says no, the process is halted. To be sure, the Irish were asked again to ratify the Treaty, in October 2002, and this time the campaign in favor was more intense and more costly. It was even persuasive, and Irish voters finally did say yes and so allowed Nice to go ahead.

But even though the Irish did change their minds, it is worth remembering how they managed to stop Nice in the first place. The decision came as the result of a referendum that was characterized by a low turnout and by a very narrow majority against the treaty. Fewer than 1 million people voted, less than 35 percent of the eligible electorate, and of these, just more than half a million—529,478 voters to be precise—said no. The majority against Nice was 76,017 votes. This was less than 8 percent of the total votes that were cast and less than 3 percent of the eligible and, as it happened, largely passive Irish electorate.

On the face of it, this seems an absurd way to go about things. There are almost 300 million voters in the EU today, and yet just 529,478 of these—0.2 percent of the total EU electorate—managed to block this important treaty and hence also block many of the formal elements of the enlargement process. The addition of at least ten new democracies to the existing EU was therefore threatened by what may well have been the whimsy of little more than half a million of the current EU electorate.

But if we stand back a little, then we realize that this is not where the real absurdity lies. For what is really striking about the whole situation is not that so few voters managed to block Nice; it

is that so few EU voters—in the case, only the Irish—were actually asked about Nice.

At first sight, there seems very little room for popular democracy in the contemporary EU. That is, there seems to be almost no moment during ongoing decision-making processes—and particularly those that deal with the constitution and shape of the Union as a polity—at which voters enjoy a decisive voice. The crucial Maastricht Treaty and the completion of the single market took effect with only a minimum of electoral consultation. The adoption of a single currency and the creation of an exceptionally independent European Central Bank required even less popular involvement. Nice, as we know, was subject to popular approval only in Ireland.

Among the current potential candidate members of the enlarged EU, there remains quite substantial room for popular democracy, of course. Indeed, each of the countries being considered for membership of the enlarged Union will first put the issue to a referendum—consultative perhaps in name, but binding in practice—in much the same way as was done by candidate members in earlier enlargement waves. But it might be worth emphasizing at this early stage that if the negotiations for entry prove successful, and if the decision is approved by referendum, then this may well be the last opportunity for these new democracies to invoke popular democratic control in a matter concerning the makeup of the European Union. The decision to join may well have been derived democratically. Thereafter, responsibility is likely to remain with the elites.

To be sure, the news for democracy in the EU is not all bad. Popular democracy may well be limited, but as the Union's defenders always point out, there is nevertheless ample room for a sort of “constitutional” or “Madisonian” democracy. The European people (or peoples) may lack the capacity to keep the European institutions and decision-making mechanisms in check, but this is more than compensated for by the capacity of the institutions themselves to keep one another in check. Ambition in Europe is regularly countered by ambition, and decision by codecision, with the Parliament keeping the Council in check, the Council keeping the Commission in check, and the Court

keeping everybody—including the member states—in check. And even should this process fail, there are always the mutual balancing acts and consensus-seeking mechanisms that are to be found in the much-heralded and quite distinctive system of European “multilevel governance.” Putting all of these competing and cooperating institutions together allows Europe to win a sort of government *for* the people. Government *by* the people, as Fritz Scharpf has pointed out,<sup>1</sup> was probably never going to be a realistic option in the European context, and it seems even more unlikely to be a runner after enlargement.

Might this be too pessimistic a view of the current and future EU setup? After all, and as is often pointed out, political leaders and their parties are actually involved in two electoral arenas in Europe, and in both it is likely that popular democracy can prove decisive. Both arenas will also remain important after enlargement. Thus, on one hand, the political leaders compete for votes in their own national elections, gaining a mandate for their programs by winning control of national government. In this way, they can influence the direction and content of EU policy by working in the various Councils and by nominating members of the European Commission as well as other interstate bodies. On the other hand, they compete for votes in elections to the European Parliament (EP), and through assiduous committee work, or through influence exerted in the parliamentary majority, they can gain a major codecisional voice in European policy making. Here we have two avenues, it seems, in which the scope exists for popular democratic control.

In practice, however, it is evident that this scope is often frustrated. Moreover, it even seems to be deliberately frustrated.<sup>2</sup> In the current competition for the EP, for example, voters are sometimes offered a choice between different visions of the European project, with both very pro-European and very anti-European forces competing for popular support. The Danish case offers a very clear example of this, in that the traditional and mainly pro-

1. Fritz W. Scharpf, *Governing in Europe: Effective and Democratic?* (Oxford: Oxford University Press, 1999), chap. 1.

2. See Peter Mair, “The Limited Impact of Europe on National Party Systems,” *West European Politics* 23:4(2000): 41-47, where this argument is developed at greater length.

European parties in Denmark are obliged to compete in EP elections against both the JuniBevaegelsen (June Movement) and the Folkebevaegelsen mod EU (People's Movement against the EU). These two groups remain very hostile to the deepening of European integration, and in the 1999 EP elections in Denmark, they together polled close to 25 percent of the vote. The same holds true in the French EP elections, for example, where the pro-European mainstream parties were forced in 1999 to compete against the sharply Euro-skeptical ad hoc alliance, Rassemblement pour la France.

Here, then, it seems that voters can have a voice regarding the direction in which Europe is traveling. But this is hardly a decisive voice, since whatever the issues debated in the EP elections, the EP itself has virtually no role in constitution making in the EU. The EP is reasonably important in terms of day-to-day policy making *within* the EU, of course. But it carries no weight in the discussion *about* the EU, since this is instead a matter for national politicians and national governments and, through these, for the Council and the Commission. Thus, although the pro- and anti-integration parties may well compete to claim a mandate from the EP elections, they will do so in the knowledge that any such mandate cannot be put into effect.

In national competition, by contrast, where any mandate with respect to the furthering of European integration could easily be put into effect, voters are rarely if ever offered a choice of positions. With the important exception of the United Kingdom, where the divide between proponents of integration and Euro-skeptics is also a mainstream partisan divide, voters in Europe are usually confronted with consensus or silence. That is, there is little to divide the principal parties on Europe, or, even where conflicts exist, they are rarely if ever voiced. Mandates are offered by national elections, but not about Europe.

What we see here, then, at least today, is political sleight of hand. Voters may line up either for or against Europe in elections to the EP, where the question is largely irrelevant to the institutional competences involved. But they fail to get an opportunity to line up for or against Europe in national elections, where the question really can be decided. In this regard, it is therefore strik-

ing to note that neither of the two Danish Euro-skeptic parties nor the French Euro-skeptic party presents itself at national elections. That is, all three parties deny voters a chance to support them in precisely that arena where this sort of mandate could prove decisive, preferring instead to compete in an arena in which no authority can reside.

The lack of involvement of ordinary citizens in decision making on Europe is sometimes referred to as “the permissive consensus.” Europe is too complex, it is argued, or too technical, or perhaps even too boring, to be of concern to ordinary voters, with the result that it is seen to become, by mutual consent, a matter for the elites. But although Europe may belong to the elites in practice, this is not because of some benign permissive consensus. Rather, it is because voters are simply denied a voice. And the more likely they are to say no, as the Irish did in June 2001, the more likely it is that such voice will continue to be denied.

In fact, this is how things have been done in the present EU for years. Taking advantage of the permissive consensus or, as in later years, fearing possible rejection of their plans by increasingly distrustful electorates, political and party leaders have tended to treat the creation and extension of the European Union as part of the politics of the back room. They have also been encouraged in this approach by observers and scholars who insist that the European politics is somehow different and *sui generis*, and hence that it need not follow conventional patterns of accountability and transparency. Or by those, such as Giandomenico Majone, who argue that since Europe is primarily about regulation, it should operate through so-called “non-majoritarian” institutions—that is, through experts, or judges, or bureaucrats—rather than through popular democracy.<sup>3</sup>

Moreover, the larger and more diverse the EU has become, the more emphatic has appeared the rejection of popular democracy. To put it another way, the further European integration has progressed to date, the more ordinary citizens have experienced a politics that lacks democratic accountability. This is obviously a

3. See, for example, Giandomenico Majone, *Regulating Europe* (London: Routledge, 1996).

matter of concern in the present EU. What is of more immediate relevance, however, and why this issue needs to be highlighted in this particular issue of the journal, is that the problem is likely to become even more acute in the enlarged EU. That is, within a bigger and more diverse EU, this process will almost certainly be accentuated. Certainly, with twenty-five member states negotiating policy, no political leader is going to want his or her hands to be tied by insisting on electoral consultation.

It is now commonplace to refer to the irony that is involved in the EU's setting standards for democracy for new entrants while at the same time failing to meet those standards itself. As Ralf Dahrendorf notes, "The Union has now laid down very serious tests of democratic virtue for so-called accession countries. If, however, it applied these tests to itself, the Union, the result would be dismal."<sup>4</sup> There is an even sharper irony that now becomes evident, however. Little more than ten years after celebrating their escape from communist control and their return to, or discovery of, democracy, the accession polities are likely to find themselves becoming encased in a system in which popular democracy has little or no role. Within the existing Union, this state of affairs can be seen as the product of years of attrition and of the accumulation of powers in Brussels on a slow, step-by-step basis. West European voters have lost their voice in Europe, but so slowly and so imperceptibly that it has never seemed to matter. At least up to now.

Voters in the accession polities are in a very different position, however. Not only have they recently acquired a voice for the first time, but they are now risking to have it removed at one fell swoop. This should be resisted. Democracy is too important to be taken for granted and thereby neglected, and with enlargement should come institutional reform. The Union may well be proud of its current mechanisms for constitutional democracy. With enlargement, it is necessary that these finally also be married to new mechanisms for popular democracy.

4. Ralf Dahrendorf, "Can European Democracy Survive Globalisation?" *Policy-Network Analysis*, 15 October 2001.



# Great Expectations: The EU and Domestic Political Competition in East Central Europe

Anna Grzymała-Busse and Abby Innes

## Introduction: Domestic effects of EU enlargement

In postcommunist East Central Europe, the promise of European Union enlargement has brought with it enormous potential for political and economic integration, new freedoms to travel and to work, and many other public benefits. It has also led to improvements in ethnic minority rights, freedom of press, and anticorruption efforts. But enlargement is not without its domestic costs—and not just in the inevitable concessions during negotiations between the member and candidate countries.

The scope of EU conditionality is far larger for the East European countries than for their Mediterranean predecessors. This set of “great expectations” that the EU has of the candidate countries regarding their conformity to its laws, regulations, and norms has preempted much of the public debate over the nature of policy in the region. As a result, it has had not only the benign effect of foreclosing the basic debates over desirable regime types (democracy and its alternatives), but it has eradicated both detailed and ideological debates over many areas of public policy. It is this perception that “there is no alternative” that also underpins the rise of anti-EU politicians who substitute populism in lieu of substantial debate over ideology or policy in the new democracies of East Central Europe. In short, the demands of enlargement have both constrained responsive and accountable party competition and, as the character of enlargement became apparent, encouraged populists and demagogues.

## Technocratic competition

The first consequence of the EU's expectations, as put forth in the accession agreements and subsequent negotiations, has been that the evolution of party competition in the region has continued to be overwhelmingly constrained by Western blueprints for public policy. These blueprints, as defined by international financial organizations and regional actors, consisted first of neoliberal strategies for liberalization and marketization shepherded by the lending banks and, more recently, also of new requirements for EU entry. Both are very demanding.

In the early 1990s, the region's political elites faced a radically shrinking public budget combined with increased demands on the state. Just as the economic crises were brought under some control (in the most successful states), a new set of policy dictates kicked in—namely, fulfilling the massive accession requirements for EU entry. Among its many political and economic expectations, the EU prioritized creating a functioning, regulated, and open competitive economy; new administrative structures for the receipt of EU funds; high administrative capacity in both the old public and new private sector; a clean judiciary; and cooperative interior forces. Each state must prove a good record on everything from banking and insurance regulation to legally encoded minority rights protection, must harmonize its relevant national legislation with EU standards, and must adopt in full the eighty thousand pages of *acquis communautaire*—the existing rules, regulations, and agreements of the European Union. All of these are to be integrated by the legislature with the highest possible priority (despite the fact that the rapidly changing societies of these states also require constant legislative adaptation on every front). In addition, the European Commission has made it clear that full implementation of the *acquis*, and not just legal harmonization, must be seen to occur before membership will be contemplated. Since EU entry has long been seen not just as a public good in the region but as public necessity, the candidate countries have begun to implement EU expectations, at great budgetary and political expense.

The necessity of these reforms has forced the region's most entrepreneurial parties to develop strategies of interparty competition that allow them to appear as electorally responsive as possible while administering what is basically a set agenda of reform and compliance. In effect, the effort to plough through reform blueprints in all the core public policy areas of the modern state resembles a form of dependent development, to the point of precluding the "organic" development of accountable domestic politics, and of public debate over the substance of potential alternatives to the EU's regulatory model.

These pressures have combined with domestic party development to eliminate much of the dialogue about state policy alternatives. Party politics in East Central Europe immediately after 1989 developed overwhelmingly from within the parliamentary arena and not from grassroots constituencies. This created an unusual opportunity for politicians to frame the new political debate from the top down.<sup>1</sup> However, the spectrum of this debate has been constrained by the international and domestic consensus for neoliberal market reform and EU entry. With so few choices in public policy to be had as a result, politicians in the region had little alternative to appeals to "who they are" and their own credible skills rather than to substantive policy commitments when distinguishing themselves from their competitors. The political party systems in the region have thus offered electoral accountability but not policy accountability, since the electoral system has been capable of getting rid of parties but not, it seems, of shaping policies in critical areas of government.

East European public policy is overwhelmingly dominated by valence issues, or by issues on which all parties declare the same objectives (e.g., open and competitive markets, balanced budgets, reduced public spending, and entry into the European Union). Consequently, elites have had little competitive leeway but to dispute each other's *competence* in achieving the desired result. They compete on the parties' *modus operandi* rather than

1. For an elaborated argument regarding the impact of blueprints on emergent patterns of party competition in the region, see Abby Innes, "Party Competition in Postcommunist Europe: The Great Electoral Lottery," *Comparative Politics* 35 (October 2002): 85-104.

over substantive programmatic alternatives or ideological commitments. Given the international pressures and the reform consensus, other alternatives have not been credible over time. (And where populists have attempted reckless public spending, they have only ushered in economic crises that only further accentuated the need for reform and enhanced the leverage of the lending institutions.)

The political headache for competing parties, then, has been how to manage governance and this agenda without destroying their own popularity. The successful competitive strategies have been those of technocracy, populism, and nationalism—the last two tending to be combined. These political discourses dominate because they offer politicians maximum flexibility to look as though they are competing, even if all governments face remarkably similar state policy pressures. Where an initial pro-reform consensus existed, parties began to compete over who is the better manager and the more efficient administrator rather than over the content of public policy. Such competition was intensified in Poland and in Hungary, where transformed communist successor parties made these claims their competitive advantage.<sup>2</sup> Where the political and economic preconditions for radical reforms were terrible from the outset and have remained so, as in Romania and Bulgaria, the most obvious strategy for competing politicians has been nationalism and populism, which only furthered the opportunities for rent seeking at the expense of the public good.

As a result, highly personalized debates over corruption, personal competence, property restitution, relatively trivial disputes within political parties or with neighbouring states, and disputes over who was on which side of the barricades in the communist period prevail, while the core public policy issues that affect daily life remain opaque. This kind of politics has serious consequences for the electorate's sense of agency. As public opinion polls in this region confirm, these battles have been doing little to inspire respect for political elites, let alone promote stable parti-

2. See Anna Grzymała-Busse, *Redeeming the Communist Past* (Cambridge: Cambridge University Press, 2002).

sanship. Ironically, the assumption has been that EU enlargement will stabilize this region just as it stabilized Spain and Portugal. Yet it is worth noting that voter volatility in Eastern Europe is not only higher than it was in the Mediterranean states at the same stage but in many cases actually rising. Thus, the pressures of EU enlargement have not only precluded real debate over policy but may have indirectly led to greater electoral instability.

Perhaps most ironically, the existence of constituencies with significant leverage, together with the high levels of self-interest of the EU member states as expressed in the negotiation process, has placed even the most committed reform politicians in Eastern Europe in a quandary. The politicians who wished to get into the EU first *and* genuinely to enhance the accountability and representative qualities of their domestic political system have found that the more they have listened to their domestic interests and constituencies—a *sine qua non* of legitimate representative government—the more they risk being considered uncooperative or ill prepared in EU negotiations.

Moreover, for many countries—Romania, Bulgaria, Lithuania, Latvia, not to mention Serbia, Ukraine, Moldova, and so on—the insistence on standards that most of these countries can hardly afford to implement creates a danger that the European Union will not be seen as supportive of reform at all, but as holding party governments to account for a raft of policies that they cannot achieve. In other words, the Union may increasingly be depicted as an actor that is *deliberately* trying to add further handicaps to a region that inherited enough structural disadvantages of its own. It is also worth noting that as the economic situation in countries such as Romania remains ill reformed, their political elites find themselves torn not only between their domestic and their international constituency but also between the International Monetary Fund (IMF) and EU. The costs and scope of the Union's *acquis communautaire* are huge, requiring the buildup of state administration and its capacity to process these laws, but the IMF's overriding conditionality for the continuation of essential loans remains a *deregulated* state model and, in general, continued reductions in public spending.

## The populist challenge

A second consequence of EU enlargement for domestic political competition has been its inadvertent promulgation of populism. In the initial consensus over reform, rates of public support for EU enlargement were very high, more than 80 percent in Poland and in Hungary and more than 70 percent in the former Czechoslovakia. As the costs of negotiations became every more apparent and the benefits ever more ambiguous, however, this public consensus wavered. Support rates since the countries began accession negotiations in the mid-1990s have become volatile, dropping below 40 percent in some cases.<sup>3</sup>

Given the technocratic political competition, elites that disagreed with the reform consensus were initially few and ignored. By the late 1990s, however, the lack of real debate, and the perception that these countries were kowtowing to an exploitative EU, began to create the opportunities for more populist leaders to arise and succeed, even where populism had earlier been marginalized or discredited. Thus, in its rightward shift, Viktor Orban's Fidesz in Hungary exploited popular discontent and blamed the EU. Similarly, former Czech prime minister Vaclav Klaus, once ousted from power, turned to Euro-skepticism as a way to regain popularity, speaking out against the EU's "creeping silent unification of the continent." In Poland, finally, a fourth of the seats in the fall 2001 election have been claimed by anti-Union parties, who range from the merely skeptical to the outright antagonistic. Ironically, these are all countries in the forefront of EU candidacies—and precisely because they have done the most to hew to the EU line and accept EU demands, they have been least able to debate the future of their state.

This is not to say that the populists do not have a point, as EU enlargement is proving an increasingly costly proposition. The immediate costs of joining the Union are becoming clear: both the familiar expenses of overhauling industries and inefficient sectors of the economy, such as agriculture, and the unexpected costs that were initially unanticipated by either side. For exam-

3. *Eurobarometer* data. See also reports by the following public opinion polling agencies, which confirm the trend: IVVM, Focus, OBOP, CBOS, Szonda Ipsos.

ple, establishing border security carries with it not only the direct costs of building new infrastructure but the opportunity costs of lost trade and labor movement.<sup>4</sup> In addition, the atmosphere of the accession negotiations has not helped to build support for the EU project. Domestic critics in East Central Europe (ECE) have pointed out first-wave new member countries (Spain, Portugal, and Greece) have benefited far more than their eastern neighbors ever will. And these are the very countries that are least likely to support extending the benefits. For example, Spain receives 63 percent of the EU's structural and cohesion funds but has refused to sacrifice any of this largesse for the benefit of the new candidate countries.<sup>5</sup> At the same time, some of the older member countries, such as Germany, are seen as demanding the right to buy land in East Central Europe but refuse to reciprocate by permitting full labor mobility. In short, just as the costs of joining the EU become clearer and clearer, the benefits recede and become even more far off and uncertain.

However, even if their anger is justified, the populists do little to advance constructive debate over state policy beyond name calling and demands. The result is a potential vicious spiral, where populist elites exploit and inflame the drop in public support for the EU project, leading to further public dismay with the EU, which in turn breeds further opportunities for populist (and often instrumental) opposition to the EU enlargement. If the populations of this region actually get a direct say in the matter of membership—in the ratifying referenda in each country—they may even, given the costs of preparation, vote no.

### **The EU and the domestic state**

One major area where we can see how the public debate has been affected by the twin pressures of technocratic competition and populism has been that of state policies. Such policies con-

4. For example, Poland will have to secure its eastern border, which also happens to be a major trading area, with more than 4.4 million individual border crossings. Not only will Poland have to erect a stronger border, which is expensive in and of itself, but bear the opportunity costs of lost trade.

5. See Milada Vachudová, "The Trump Card of Domestic Politics: Bargaining over EU Enlargement," *East European Constitutional Review* 10 (spring/summer 2001): 93-97.

sist both of *what* the state does—regulation, privatization, rule of law, redistribution—and the *form* it takes—decentralization, administrative reform, civil service codes. In Eastern Europe, the EU has curtailed many practical notions of what the state can do and can become.

Though the ECE candidate states valiantly swallow the technocratic regulatory state model of the EU, it is already clear that that model is not coherent as a model of a state; nor, more to the point, is it even tenuously rooted—in its parts or as a patchwork whole—in an evolved domestic consensus (built in Western Europe through postwar party competition) about what the role of the state should be. The model—or rather muddle—of the state that emanates from the *acquis communautaire* is one of a bureaucratic labyrinth of norms and standards to regulate a competitive open market. The lobby power of existing member states' industrial sectors, moreover, has meant the strength of EU standards and regulation varies considerably from one economic sector to another—regardless of the sectoral structures and prior interests of the new member states.

As noted earlier, this dampening down of the debate is especially evident in the discussions over the main implementer and enforcer of the new regulations—the state and its administrative structures. For their part, the commissioners and EU member states insist that what they are exporting is not a “model of the state” at all (because that would be close to imperialism) but simply technical “best practice,” which happens to cover almost all areas of public policy. For Eastern Europe, however, a region in which the main approach to the state in the early 1990s was to roll it back, the elaborate patchwork of the *acquis communautaire* has nevertheless been the dominant benchmark of state-modifying legislation in the past five years. That the *acquis* is internally inconsistent—and that it requires structures (such as “devolved” and “efficient” administration for the disbursement of structural funds)—without specifying how those structures should be constituted should not be mistaken as facts that leave Eastern European states considerable room for manoeuvre.<sup>6</sup>

6. See also Jacques Rupnik, “Eastern Europe: The International Context,” *Journal of Democracy* 11:2(2000): 115-29.



Thus, from 1999 to 2002, Poland, the Czech Republic, and Slovakia have passed legislation to overhaul the civil service, regional administration, and corruption fighting measures—and the more such reforms had been delayed earlier, as in Slovakia, the more EU pressure was the main force behind their legislation.

Moreover, how do we expect the rule of law—a sense of organic ownership of the law by the people—to thrive in a region where vast swathes of the laws that they have had to adopt in recent years have been imported and where core issues of public policy are ceded to the often more powerful EU? In the summer of 2002, the EU announced that it will implement monitoring and fines for the nonimplementation of the *acquis communautaire* in the candidate countries even *before* the negotiations are closed. Compliance to EU norms and standards in Eastern Europe, therefore, is to be enforced (by many noncomplying members states) before the candidates have formally agreed to join anything. In this light, one is tempted to comment that the new Europe will get the skeptics it deserves.

## Conclusion

In the end then, the domestic costs to political competition of joining the EU may be less obvious than the expensive concessions made during the enlargement negotiations but no less significant. By indirectly tamping down on public discussions in the name of efficient and effective enlargement, the EU has encouraged both technocratic competition and its populist response. In the meantime, in Western Europe, the increasingly technocratic quality of political debate, the Left's embrace of markets, and the impenetrable transformation of the European Union are all said to be alienating voters from both their domestic and European political systems and to be causing apathy and nonvoting, in particular among the young. Politics in Western Europe, it is said, has become so technical and pragmatic—and even boring—that charismatic characters of the far Right can thrive, while only the most politically obsessive can keep a grip on their more conventional partisanship. Imagine then, how much more serious this

predicament will look in the candidate countries once (if) they are members.

In an enlarged European Union, then, these pressures are likely to continue. Given the continuation of policy demands and the complaints of second-class membership, both technocratic competition and the populist ascendancy can continue to structure domestic politics. The state, for its part, will continue to change its form to comply with EU directives—but its capacity, responsiveness, and even public legitimacy are likely to lag behind, especially in light of the political competition engendered by the enlargement.

## Who Counts? Supranational Norms and Societal Needs

Laszlo Bruszt and David Stark\*

In the months and years immediately following the collapse of communism, the postsocialist societies of East Central Europe (ECE) were visited by economists from universities and international financial institutions bringing therapies, formulas, and blueprints for how to get from communism to capitalism. These neoliberals proposed an agenda for de-statization and deregulation. Marketization was not the business of states; state functions should be reduced to protecting freedoms.

Instead of Chicago, Cambridge, and Berkeley, the traffic in expertise now flows from Brussels, and the message is clear: market making is about the remaking of the state, not its decomposition. Whereas the Washington consensus offered recipes for getting prices right, the prescriptions for European accession are about getting the rules right. The definition of success is not reduction of the state but an increase in its regulative, administrative, and (*horribile dictu*) planning capacity. State capacity, moreover, becomes increasingly defined as the capacity not simply to regulate but, in fact, to adopt specific regulations emanating from Brussels. Europeanization is, thus, a kind of *normalization*—a process of meeting norms and standards numbering in the tens of thousands.

Comparison across the postsocialist world indicates that a regulated order is more likely also to show a market order. Those countries that are adopting the demanding criteria of Europeanization as set by the Copenhagen criteria are those that are further on the road to functioning market economies. Meanwhile, other countries that are still struggling with the problem of how to build up state capacities are those that are almost entirely

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lacking in processes and practices that we would call a market economy. No regulation, no market.

We do not challenge the notion that regulations are necessary. Our question is whether they are sufficient for achieving improved competitiveness and for maintaining social cohesion. If adopting regulatory standards is the path to market integration, indeed, European integration, does social integration follow directly from these processes and practices? Does meeting the requirements for “European enlargement” enlarge the scope of social actors that are included in a development strategy? When domestic political elites are accountable, by new accounting rules, to supranational bodies, how does this shape the forms and mechanisms by which they are accountable to their citizens? Who counts? That is, when supranational bodies and transnational actors are involved in the accounting, whose interests are taken into account and how? In this short essay, we briefly examine these problems, exploring the processes and practices of European normalization in several topic areas and pointing to promising lines of research.

### **Dangers of dissociation**

Regulatory institutions associate heterogeneous interests. They establish mandatory rules about which diverse interests and values should count within a given domain of activity; often implicitly more than explicitly, they also rule on what interests and value frameworks should or can be excluded. The strong national regulative states that developed in the twentieth century were robust mechanisms for coordinating (some might say balancing) diverse interests and considerations by establishing binding associations, of varied temporality, among the local and the national, producers and consumers, employers and employees, the requirements for participating in external competition and the requirements for fulfilling internal needs. Within such “organized capitalism,” strong groups within the economy and within civil society, meanwhile, contributed to this coordination—first by pressuring regulative states to take diverse interests into

account and second by establishing a host of nonstate mechanisms whose aim was the creation of win-win coalitions.<sup>1</sup>

The dilemma of the ECE countries most advanced in building up strong regulative states is that the more they succeed in meeting the standards of Europeanization and the more they succeed in including their economies in the European regime of competition, the more limited might become their room for maneuver to take the diversity of local interests and considerations into account. In meeting the European standards, they must act, more often than not, as *transmitters* of supranationally established norms. These norms and standards are the outcomes of associating/balancing the diversity of interests of the EU “insiders.” As a consequence, their introduction poses a challenge for the governments of the ECE countries: how to manage these externally mandated regulations (themselves balancing diverse interests) while simultaneously balancing a different and divergent set of diverse local interests. A difficult balancing act to be sure. At the same time, the more deeply the ECE countries’ economies become involved in the European competitive regime, the greater will be the pressure on their governments to use regulation more as a means of *adjustment* to the short-term requirements of increasing global competitiveness and less as a means to create newly enlarged, more inclusive, alliances coordinating diverse local considerations.

In short, the dilemma of the ECE countries is that regulative regimes—developed elsewhere for the purpose of continuously producing orderly *associations* among diverse interests—might have the outcome, under the pressure of supranational standardization and regulative competition, of *dissociating* the local from the European and the global. While meeting the requirements of inclusion to the European Union, regulative states in these countries might act as agents of social and economic exclusion.

1. Peter A. Hall and David W. Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001); Dietrich Rueschemeyer, *Capitalist Development and Democracy* (Chicago: University of Chicago Press, 1992); Alexander Hicks and Lane Kenworthy, “Cooperation and Political Economic Performance in Affluent Democratic Capitalism,” *American Journal of Sociology* 103:6(1998): 1631-72; and James Hollingsworth, Philippe C. Schmitter, and Wolfgang Streeck, eds., *Governing Capitalist Economies* (Oxford: Oxford University Press, 1994).

This outcome, we emphasize, is far from predetermined.<sup>2</sup> Although their room for maneuver is likely more constrained, the ECE countries can learn from the experiences of various West European countries in managing broadly similar challenges. To anticipate: at the core of this strategy of flexible adaptation, we see an important role for institutions that are neither markets nor bureaucracies to reframe identities and “re-present” diverse conceptions of value and worth. In our book, *Postsocialist Pathways*, we referred to such institutions as “deliberative associations.”<sup>3</sup> Subsequent to its publication, we have been developing a conception of “heterarchical” forms characterized by distributed intelligence (lateral accountability) and the organization of diversity (generative rivalry of heterogeneous evaluative principles).<sup>4</sup>

During the 1990s, West European countries faced the daunting task of meeting the demanding criteria of joining the European Monetary Union; increasing the flexibility of their labor markets; improving the competitiveness of their economies; and at the same time developing their regional economies, halting the growth in unemployment, and remaking elements of their social security systems. For various reasons, Italy and the Netherlands, together with Ireland, Spain, and Portugal (the latter countries at the periphery of the EU) offer useful lessons for how to accommodate the requirements of supranational norms while fostering competitiveness. In these cases, the weakening of the regulative autonomies of national states went hand in hand with preserving, and in some cases strengthening, various nonstate institutions of economic governance at the national, sectoral, regional, local, and workplace levels. Examples include the renewal or introduction of national and regional social pacts in various countries; the extension of social dialogue at national, subnational, and supranational levels in many of the EU countries; the (re)emergence of

2. In this brief article, we must forgo a discussion of the changing bargaining position of the East Central Europe (ECE) actors vis-à-vis their EU counterparts.

3. David Stark and Laszlo Bruszt, *Postsocialist Pathways: Transforming Politics and Property in East Central Europe* (New York: Cambridge University Press, 1998).

4. David Stark, “Ambiguous Assets for Uncertain Environments: Heterarchy in Postsocialist Firms,” in Paul DiMaggio, ed., *The Twenty-First-Century Firm: Changing Economic Organization in International Perspective* (Princeton, NJ: Princeton University Press, 2001), 69-104; Laszlo Bruszt, “Market Making As State Making: Constitutions and Economic Development in Post-Communist Eastern Europe,” *Constitutional Political Economy* 1 (2002): 53-73.

various institutions of developmental partnerships at sectoral and regional levels; and the creation of new forms of cross-border collective bargaining.<sup>5</sup> Linking diverse groups of nonstate actors with diverse metrics of success in economic development, these cooperative institutions helped achieve the task of simultaneously conforming to supranational norms, improving competitiveness, and increasing inclusion of social partners by combining these with a wider range of developmental goals.

The greatest obstacle to putting these lessons into practice in the ECE countries is that whereas the new regulatory framework has strengthened states, the past decade has witnessed the weakening of nonstate actors and forms of economic coordination. In particular, trade unions and business associations are weak and fragmented in most of the ECE countries.

### Developmental associations

What are the long-term economic developmental consequences of European “normalization”? The introduction of supranational norms in the form of binding regulations restructures the relationships between domestic actors and between them and international actors. These regulations redefine who and what counts, restructure the distribution of economic opportunities among the different economic actors, remake the rules of the game, and rearrange the roles these actors play in the domestic and the global economy.

5. For a general overview, see Marino Regini, “Between Deregulation and Social Pacts: The Responses of European Economies to Globalization,” *Politics & Society* 28 (2000): 5-23. For specific country cases, see Philippe Pochet, ed., *Monetary Union and Collective Bargaining in Europe* (Brussels: Peter Lanf, 1999); and Michael F. Kluth, *The Political Economy of Social Europe: Understanding Labour Market Integration in the European Union* (London: Palgrave, 1998). On the Irish case, see especially, Charles F. Sabel, *Ireland: Local Partnership and Social Innovation* (Paris: Organization for Economic Cooperation and Development [OECD], 1996); on the Italian case, Marino Regini, “Still Engaging in Corporatism? Recent Italian Experience in Comparative Perspective,” *European Journal of Industrial Relations*, 3:3(1997): 259-279; for the Dutch case, Jelle Visser and Anton Hemerijck, “A Dutch Miracle” *Job Growth, Welfare Reform and Corporatism in the Netherlands* (Amsterdam: Amsterdam University Press, 1997). For studies on the workplace, see Kathleen Thelen and Ikuo Kume, “The Effects of Globalization on Labor Revisited: Lessons from Germany and Japan,” *Politics & Society* 27 (1999): 477-505; and Robert Boyer, Elsie Charron, Ulrich Jurgens, and Steven Tolliday, eds., *Between Imitation and Innovation: The Transfer and Hybridization of Productive Models in the International Automobile Industry* (Oxford: Oxford University Press, 1999).

Anthropologist Elizabeth Dunn is examining these questions in a study of how European food safety regulations are restructuring the meat-packing industry in Poland, the sixth largest producer of pork in the world.<sup>6</sup> As a condition of EU accession, Poland is adopting rigorous regulations that will apply to all meat processors (i.e., for the domestic market as well as export). These regulations include detailed specifications for the physical plans of abattoirs and processing facilities—from the layout of rooms to the color of walls and the number of washbasins. Just as important as these requirements for physical infrastructure are the reporting standards for documentation, tracking, and audit: each farm, abattoir, and processing plant—in fact, each animal and piece of meat—must have a number so that each item can be traced by auditors from farm to table. The problem for Polish meat packers, as Dunn shows, is not that their products are unsafe but that the computerization necessary to meet the reporting requirements will involve high levels of infrastructural investments that are economically viable only for very large producers (where foreign-owned firms overwhelmingly predominate). Dunn suggests that the smaller domestic producers might respond by evading regulation to produce for local markets in a gray or shadow economy. In that case, Europeanization would produce its own second economy where meat is even less regulated than before. Thus, standardization would not only restructure opportunities to the detriment of the vast number of smaller domestic producers but could also have negative consequences for Polish consumers as well.

One of the most important lasting economic developmental effects of the introduction of supranational norms in the less developed ECE countries might be to assign a stable peripheral role to these economies in a hierarchically ordered European division of labor. At the extreme, parts of these economies might not be integrated at all, and other parts might be marginalized or confined to a position on the lower landings of the stairways of the rapidly internationalizing and globalizing chains of produc-

6. Elizabeth C. Dunn, "Trojan Pig: Paradoxes of Food Safety Regulation" (Paper presented at the workshop on "Oikos and Anthropos: Rationality, Technology, Infrastructure," Social Science Research Council, Prague, Czech Republic, 26-27 April 2002).



tion.<sup>7</sup> These roles, it should be stressed, are not fixed once and for all. Here, too, ECE countries can learn from economies that “upgraded” their position in the distribution of roles by upgrading the capabilities of domestic producers. For example, Taiwan’s systematic use of its diasporic network of engineers to transfer skills and capital to develop its hardware sector might be a model for Hungary (a leading exporter of highly skilled software engineers).<sup>8</sup> As Saxenian and Hsu show for Taiwan and Sabel shows for Ireland,<sup>9</sup> to be successful, these strategies depend on government-sponsored programs that create developmental associations among domestic actors at local, regional, and sectoral levels.

### Digital crossroads

Alongside politics and the economy, the sphere of civil society is also being shaped by Europeanization. In this case, more so than supranational norms, the external forces are transnational actors and new communication technologies. With the creation of a “global civil society,” transnational nongovernmental organizations (NGOs) can provide domestic NGOs’ various resources, know-how, ties, and norms that might further strengthen the positions of domestic civic organizations as agents of social change. On the other hand, the transnationalization of this sector might weaken ties among local grassroots organizations and domestic NGOs in other sectors or in other ECE countries, dissociating them from the local and contributing to the further fragmentation of domestic public spheres.

NGOs in the region are emerging as new types of actors—new not simply because they are making new types of representa-

7. For general discussion of different roles in transnational commodity chains and the possibilities of industrial upgrading, see Gary Gereffi and Miguel Korzeniewicz, eds., *Commodity Chains and Global Capitalism* (Westport, CT: Greenwood, 1994); Gary Gereffi, “Commodity Chains and Regional Divisions of Labor in East Asia,” *Journal of Asian Business* 12:1(1996): 75-112; see also the working paper series by the Berkeley Roundtable on the International Economy (BRIE) at <http://brie.berkeley.edu/~briewww/pubs/wp/>.

8. Annalee Saxenian and Jinn-Yuh Hsu, “The Silicon Valley-Hsinchu Connection: Technical Communities and Industrial Upgrading,” *Industrial and Corporate Change* 10:4(2001): 893-920.

9. Saxenian and Hsu, “Silicon Valley”; and Sabel, *Ireland*.

tional claims outside of electoral politics but also because they exhibit new organizational topographies, frequently involving regional, transnational, even global networks especially facilitated by intensive use of information and interactive technologies. The postsocialist societies of Eastern Europe provide an extraordinary laboratory for exploring the coevolution of organizational forms and interactive technology: the emergence of voluntary associations in the region coincides with the digital revolution. Prior to 1989, there were almost no NGOs in the conventional sense in Eastern Europe, and the Internet was in its infancy. Before 1989, the small number of beleaguered voluntary associations communicated by *samizdat*, frequently circulating texts that were literally in manuscript, some even in the handwriting of elementary school children who had painstakingly copied a parent's writings so it could circulate more widely. Today, both NGOs and the Internet are experiencing exponential growth throughout the region. In little more than a decade, the technological framework in which voluntary associations are operating has gone from the limitations of a pre-Gutenberg setting to the opportunities of advanced communication technologies.<sup>10</sup>

As NGOs take advantage of a new medium of representation in a virtual public sphere, questions arise about the basis of these representation claims. To whom are NGOs accountable? To constituents? To clients? To donors? And according to which performance criteria (efficiency, solvency, mission, participation, mobilization, etc.)?<sup>11</sup> As they move beyond their existing roles as safety nets (to mitigate the new social problems of marketization) and as safety valves (to give voice to social groups underrepresented in the newly competitive polities), NGOs might function as sources of innovation.<sup>12</sup> As the postsocialist societies face the challenge of regional and global integration,

10. Laszlo Bruszt and David Stark, "Technologies of Civil Society: Organization, Representation, Accountability" (Paper presented at the annual meetings of the Society for the Advancement of Socioeconomics, Minneapolis, MN, 27-30 June 2002).

11. Jonathan Bach and David Stark, "Innovative Ambiguities: NGOs Use of Technology in Eastern Europe," *Studies in Comparative International Development*, forthcoming.

12. Jonathan Bach and David Stark, "Link, Search, Interact: The Co-Evolution of NGOs and Interactive Technology" (Paper presented at the Conference on Information Technology and Global Security, Social Science Research Council, New York, 28 February 2002, available from <http://www.coi.columbia.edu/workingpapers.html#lsi>).

NGOs serve as digital crossroads—boundary-spanning networks linked in transnational webs enabled by interactive technology.

## **Conclusion**

During previous waves of enlargement to integrate Europe's semiperiphery, the EU made several attempts to address issues not dissimilar to those we have posed above. Among these, social and economic cohesion programs and, in the first place, the decentralized institutions of development planning, proved to be the most successful. As a result of recent changes in the rules governing the distribution of EU funds, however, by the time the ECE countries become eligible for these resources, these same programs might turn out to become mechanisms for the aggrandizement of central budgetary authorities. In place of *decentralized* regional development planning, for example, in the ECE countries these funds might be controlled by national governments. Instead of waiting for a change of policies in Brussels, ECE governments would do better (and recent announcements in Budapest and Warsaw indicate that such moves are being considered) to reject recentralization in favor of decentralizing strategies. They would not be the first governments to learn that giving up direct control and widening the sphere of participation can increase their room for effective management of social and economic development.

## Of Dark Sides and Twilight Zones: Enlarging to the Balkans

Alina Mungiu-Pippidi

In April 2002, the Dutch government of Wim Kok, driven by a virtuous environment minister, resigned over the 1995 failure of Dutch troops to prevent the slaughter of more than seven thousand Muslims in the small Balkan town of Srebrenica. The distance in space and time from the initial event that triggered this development to the final outcome is considerable. So is the novelty. Governments have resigned over failures in foreign policy before but never over one with no direct impact to their own security. The Dutch case is the first in which a national government paid the symbolic bill of the international community to the international public opinion.<sup>1</sup> The guilt being in no way theirs alone, the Dutch paid tribute, however, to the new European *awareness* that the whole geographic Europe is the responsibility of the European Union (EU) and, therefore, of each and every member. Apart from conscience, however, European leaders need some *instruments* to be able to do more than just resign now and then, when new evidence emerges that between will and act the gap is still too large to fill over a major crisis. And those are missing.

South-East Europe is Europe's main test of strength. The European Monetary Union may well be a success; enlarging to ten countries may prove less costly and smoother a process than skeptics have expected; but ever since Adam Smith famously asserted in 1776 that "defence is more important than opulence," we tend to measure the strength of a state by its capability to cope with threats to its security. In this respect, the EU has often been described as an "economic giant but a political pygmy."<sup>2</sup> After

1. "The international community has failed to protect the people in the UN safe areas (in Bosnia)," Mr. Kok said in a short explanation of his resignation in parliament (BBC World Service, Tuesday, 16 April 2002, "Dutch Government Quits over Srebrenica").
2. See Gareth Harding, "EU bids for bigger role," *Washington Times*, 23 May 2002.

September 11, the U.S. interest in the area collapsed dramatically. Engaged on more important fronts, the Americans left once again the Balkans to Europeans. But to what Europeans? First, to the EU executive, Javier Solana in the newly created post of High Representative for Common Foreign and Security Policy, competing with Foreign Affairs Commissioner Chris Patten and the foreign minister of the country holding the EU's rotating presidency. Second, to virtually every member state, through assistance programs that are solidly nationally owned and tend to reflect national philosophies and traditions. Third, to the 1999 Stability Pact for South-East Europe (SP), which was supposed to coordinate all of the above when it comes to the Balkans but managed to become just another office, often faced with unfair competition when not totally marginalized by powerful states or the European Commission (EC) itself. As a Balkan saying goes, a newborn with too many midwives risks remaining undelivered.

Europe is eager to prove itself in the Balkans, and Brussels at least—though not many member states' capitals—shows clear understanding of the fact that no wall can protect enlarged Europe from trouble in the Balkans. So far, however, the two essential threats to the peace of Europe after the end of the cold war, Serbian nationalism and Russian imperialism, have both been momentarily tamed due to considerable American involvement, using NATO as the main, although not sole, instrument. After the EU failed to manage former Yugoslavia, a few Western European leaders have pushed ahead with the European Defense Initiative, meant to boost Europe's defensive status. The need to have an increased European defense capability is beyond doubt, but the underlying assumption that Europe is a weak international actor due merely and fundamentally to its inability to deploy enough combat troops is highly questionable. The main reason is political, as the political will to create a decision-making body able to reach a collective decision in a reasonable time frame has clearly been missing. As Tony Judt has put it,<sup>3</sup> the European edifice being “fundamentally and selfishly obsessed

3. See Jan Zielonka, *Explaining Euro-Paralysis: Why Europe Is Unable to Act in International Politics* (London: Macmillan, 1998), 177-218.

with fiscal rectitude and commercial advantage,”<sup>4</sup> it is simply improper to deal with foreign policy. In other words, the EU was never meant to be about anything other than management of prosperity, and when pushed to undertake other tasks, such as management of radical transformations or warlike environments, it cannot but show its limits. Not that the European leaders are not aware of this general problem: Romano Prodi sent to the European Convention, the wise men planning the future constitution, a strong proposal making the Commission the sole driving actor of foreign policy in Europe. It may not pass, but France, Britain, and Spain have an alternative proposal to create a powerful EU president from a EU Council member, thus entrusting one national leader with pan-European authority over foreign policy. The convention itself is rumoured to plan a merge between the offices now occupied by Javier Solana and Chris Patten. Any of these is better than the current situation.

The reality on the ground shows indeed that current instruments are under great strain. The EU decision to enlarge by ten countries, without Romania and Bulgaria, has again pushed the Balkans into their negative definition, creating a unique class of laggards distributed in three poorly separated waiting rooms. First, Romania and Bulgaria, already advanced in the negotiation process, and who expect, quite optimistically, to be ready to join by 2007; second, signatories of Stabilization and Association Agreements with the EU (a preliminary step before the invitation to join) who are more advanced economically and without state-building problems, such as Croatia, who show confidence they will join even before Eastern Balkan countries; third, the non-standard entities, some still international protectorates, such as Kosovo and Bosnia, others not yet fully stabilized or legal states, such as Macedonia and Montenegro, with Serbia caught in an intermediate position between the last two waiting rooms. This makes a mixture of “twilight zones” where predictability is still difficult, with purely “dark sides” of Europe, where no one can foresee an end to international intervention yet. The two EU

4. Tony Judt, “Europe: The Grand Illusion,” in Ronald Tiersky, ed., *Euro-Skepticism* (Boston: Rowman and Littlefield, 2001), 285-97.

approaches toward this area, treated, for cognitive convenience probably, as *one region*, are on one side stabilization via multilateral cooperation programs managed by the weakling SP and, on the other, enlargement country by country as soon as individual countries are ready to join Europe.

They may have to wait for a while. First, the former Yugoslav entities still run as international protectorates have encountered tremendous problems of state building, and their economies destroyed by war and ethnic cleansing have not been revived. In case of Kosovo, it is too early to decide even what the final political target is. Then the “strong” successors of Yugoslavia, Serbia and Croatia, still have unsettled borders and refugees with no real perspective of returning. Armed Albanian guerillas and national armies still including war criminals, all connected in various transborder traffic schemes from guns to cigarettes (but humans as well), and including also Macedonia and Albania, complete the picture. This area has clearly a common set of priorities. Finally, Bulgaria and Romania, which proved able to manage well their multiethnic societies and face mainly one problem, historical economic underdevelopment, call for a totally different set of priorities. The twofold approach to the Balkans was therefore justified as a starting point, but the two sets of policies—stabilization and enlargement—have not been pushed toward congruency with each other at a later date; nor has their reciprocal influence been at least given enough concern. Delay in solving this riddle—how to make bilateralism of accession match regionalism of stabilization—may cause losing the momentum created by the first wave of enlargement. To give only two examples of contradiction between the two EU policies, it is enough to look at regional trade and borders management. The SP is supposed to create incentives for regional exchange and cooperation. Yet the new would-be Schengen borders cut more recently Slovenia from Croatia and Macedonia from Bulgaria, and those borders will be more, not less divisive as some countries accede to the EU. On the other hand, countries know they have to prepare for competing with the EU market, so they push to trade more with the EU, not regionally. The most powerful incentives of one policy, enlargement, relegate the other (regional coopera-

tion) to an insignificant status. Bulgaria and Romania have been competing more than cooperating on EU accession, superficially united only by the fear that their destinies will be tied with the former Yugoslavia. The example of Slovenia, the most advanced EU candidate, acts as a powerful incentive to Croatia, which longs to be seen as an “accession” country, not a “stabilization and association” one. Western Balkans and eastern Balkans were hardly forming one region ten years ago, and despite improving regional networking on SP money, they are not coming together in one region even now.

Beyond the internal contradictions of this twofold approach, the question remains to what extent the instruments that worked with the first wave of EU applicants can succeed in solving the chronic poverty in the twilight zones and the state building of the dark sides. The institutional *acquis*, which countries are supposed to adopt and then enforce, has never been designed as a transformational strategy. It merely sets targets, which are the same regardless of the local conditions. For the *acquis* to work, a country needs a strong state and clear formal institutions enjoying widespread acceptance. Neither exists in the Balkans. The *acquis* brings about a fantastic multiplication of formal institutions in countries where the already existing ones do not work and both people and organizations are guided more by unwritten rules than written ones. The strategy on how to bring contents to match forms is left to countries, which have to deal with it as they struggle to complete the basics of their transition or state building. In some fortunate areas, the transition and the *acquis* help each other. In others, the *acquis* can actually hurt transition. The European Bank for Reconstruction and Development warned in a recent annual report that the reform efforts in the regions could be stalled without a clear perspective of EU membership and that customs union with the EU can cause commercial losses to the candidate countries, calling on the EU to take into consideration the interests of the candidate countries.<sup>5</sup>

Compared to Central Europe, which has seen serious flows of foreign investment, South-East Europe, which was historically

5. The European Bank for Reconstruction and Development, *Transition Report*, 20 November 2001.



the poorer of the two, has seen only the dark part of the reform, and negative forecasts by the EC only reinforce the vicious circle. EU accession acts as a catalyst for administrative reform and adoption of free market legislation, but it cannot help with curbing poverty in the short run, not in the absence of strong redistribution policies of the type Greece or Portugal benefited from in the previous enlargement wave. Nothing like a Marshall plan for the Balkans is likely to happen, and as long as it does not, the poor of the eastern Balkans will topple their reformers from office, as happened with Romanian Emil Constantinescu in 2000 and Bulgarian Petr Stoyanov in 2001. Furthermore, leaders of these countries are afraid to see their entrance relegated to after 2007. This means that the enlarged Europe will decide it, and the ten new entrants, already postponed by the EU on the delivery of real goods—ten years for agricultural funds and three for regional funds—may join the old members who would prefer these funds to be spent somewhere nearer to their constituencies. The EC tries to ease these fears, leaving room for an early signature of the treaty by the end of 2004, even if the real integration starts only after 2007. The argument for postponing Romania and Bulgaria is twofold—first, their economies are not ready to join, but doubts were also expressed about Lithuania and Poland; and second, even more to the point, the already budgeted enlargement money can cover only ten countries. The latter argument is not said openly, but as every bureaucracy has its leaks, which help make it comprehensible, a leaked memo of Gunther Verheugen's to the Danish Parliament touches on this rather essential point.<sup>6</sup> This only scares further the governments of eastern Balkan countries, enforcing the idea that their doom flows out of a vision of Europe without the Christian Orthodox, in line with Sam Huntington's "civilization" border to the east, which cuts Orthodox Europe out. Hearing what many Brussels bureaucrats have to say about Greece, it becomes harder to discard this idea as fully paranoid, as it would deserve at first sight.

To be certain, the enlargement policy initially started as a stabilization policy itself, driven by the fear that failure of political and

6. According to the Romanian daily "Cotidianul," 11 June 2002, p. 2.

economic transformations of Eastern European states might prove costlier in the long run than the cost of integrating these countries in the EU. As such, it was initially an antirisk policy with considerable security implications before turning into what Helen Wallace labeled as a “deceptively conventional process.”<sup>7</sup> The task was great, but as it showed later, less difficult than tackling the Balkans. It worked by adjusting slightly the old enlargement policy. Still, it leaves Europe presently with battles on three fronts: to integrate the 2004 new entrants simultaneously with its internal reform, not to lose tempo in eastern Balkan countries, and somehow to reinvent a region in the western Balkans to integrate at a later date. Does the last one border on utopia? Maybe. But as Albert Camus once wrote in another circumstance, the choice is between utopia and war.<sup>8</sup>

If these challenges would not be enough, new entrants may have their own ideas on foreign policy, quite different from those of Western Europeans. Some were already voiced, to the great concern of some European leaders. The Poles are notoriously pro-American, and to some extent this view is shared among other new entrants as well; the Balts have proven in the past decade that nation building at the same time as state building is not only still possible but also desirable for new states, and they have stoutly resisted Western criticism over their treatment of Russian minorities; the Czech Prime Minister Milos Zeman, a potential future EU president, has recently compared the West European attitude toward the Israelis to the 1938 Munich one over the Czechs; and the whole crowd remains more anti-Russian than the West would want. Not that all Eastern European original ideas should be discarded without some consideration: Europe may still need to take more from the American model than is currently accepted; demanding Western standards of treatment of minorities in places where the state is too weak to protect anyone’s rights is an unworkable policy; and the “balanced”

7. Helen Wallace and Ulrich Seidlmeyer, “Eastern Enlargement. Strategy of Second Thoughts,” in Helen Wallace and William Wallace, eds., *Policy Making in the European Union* (Oxford: Oxford University Press, 2000), 454.

8. Albert Camus, *Actuelles* (Paris: Gallimard, 1960), 168.

approach to the conflict in Palestine is often dangerously close in Western Europe to moral relativism when terrorism is concerned.

God only knows what the ideas of newcomers on the Balkan issue might be—if they have any. That some do not favor further enlargement is already known. Socializing them into more refined forms of egoism by older Europeans will take a while. But it is worth the effort. Meanwhile, NATO enlarged to all EU negotiation partners in 2002, including Romania and Bulgaria from South-East Europe. This means that somebody, somewhere, evaluated the prospects of the EU becoming a self-sufficient actor and found them still distant. The more distant this perspective, the stronger American unilateralism will become. This threat haunts the dreams of European leaders, so it should also prompt a more integrated European foreign policy. In another leaked memo, Commissioner Chris Patten argued precisely that what Europe needs to balance the influence on the two sides of the ocean is to be “seen to do more for itself.”<sup>9</sup> Seen from Washington, no doubt. Seen from Srebrenica, it needs to do something considerably more substantial than that if it is to manage the Balkans.

9. Quoted in Steven Events, *Unilateral America, Lightweight Europe?* (London: Centre for European Reform, February 2001), 24.

# The EU Accession and Strengthening of Institutions in East Central Europe: The Case of Poland

Lena Kolarska-Bobińska

In the long run, the EU enlargement will reinforce democracy in the present accession countries and in those countries that aspire for membership but will remain the EU's neighbours for years or even decades. In the short run, however, enlargement would strengthen antidemocratic or populist movements both in the current and new member states.

In the countries of Central and Eastern Europe, Poland in particular, the process of democratic consolidation has been slower than was expected in 1989. At the beginning of the transformation period, the development of a market economy seemed more challenging and time-consuming than the introduction of democracy. After all, freedom and democracy were widely and commonly desired, while competition and privatisation were treated with awe and apprehension. After twelve years, one could argue that the market economy is quite stable and its institutions work quite effectively, despite the fact that the current economic growth is relatively low and the unemployment rate considerably high. Yet what causes anxiety is the quality of democracy. Sociologists describe the nature of the current political system as ostentatious or decorative democracy,<sup>1</sup> which is unable to work out new solutions or to foster compromises, while society has demonstrated a growing tendency to withdraw from public life. At the same time, the disillusionment with the functioning of public institutions intensifies.

During the transformation period, the Polish elite underestimated the role of stabilisation, strengthening and protection of the public character of many institutions, on which any democratic order is ultimately based on their effective and legitimate

1. Paweł Śpiewak, "Decorative Democracy," *Res Publica Nova* 10 (July 2002).

functioning. Political parties focused on enhancing their own power, influence, and financial resources. As the years went by, the public institutions became increasingly politicized. Currently, instead of regulating and stabilising the situation, they generate uncertainty and precariousness. This is especially dangerous in the situation of low economic growth and high unemployment that reinforces egalitarian attitudes and high expectations for states' protectionist policies in society. In addition, the state institutions are responsible for the implementation of the extensive EU regulatory framework and have to accelerate restructuring of troublesome sectors of the economy in preparation for the accession.

The following phenomena both reflect and are the result of the weakness of the institutional order and the growing dissatisfaction with the ways it functions:

1. Poland has an unconsolidated system of political parties. In all elections in the past twelve years, new parties entered the parliament winning a significant number of seats, while others perished. Similarly, the electoral law is constantly changing, reflecting changing interests of parties, their power, and electoral fortune.
  2. The regulative role of the law is diminishing and there is increasing legal "disorder."<sup>2</sup> In 2001, out of some 150 acts approved by the parliament, more than 80 were amendments. The same acts are usually amended several times and in the same year. In 2000, the civil procedure was changed thirteen times. Every year, some 2,000 new items are published in the *Journal of Laws*. In result, the law, which should provide stable framework for social, political, and economic activities, is full of ambiguities and inconsistencies.
  3. The administration of justice is plagued by ineffectiveness that together with poor access to the courts generates both a decrease in confidence in the capacity of the state and an increase of believers that the system is ridden by corruption. In June 1998, 35 percent of the respondents evaluated the functioning of courts as satisfactory and 42 percent as poor, whereas in April 2002, only 22 percent were satisfied with the functioning of courts and as many as 54 percent were discontented. The opinions on the functioning of the public prosecutor's office were similarly negative.<sup>3</sup>
2. The report of Andrzej Zoll on the activity of the Commissioner for Civil Rights Protection for the year 2001 with the notes on observing the human and the civil rights, the Sejm, 24 July 2002.
  3. *Opinions on the Functioning of Public Institutions* (Warsaw, Poland: CBOS [Social Opinion Research Centre], May 2002).

4. The confidence in public institutions declined significantly over the past few years, although the standing of the president, media, church, army, and police was less affected. Thus the institutions that either protect the law and public order (including moral norms) or provide information and entertainment are most trusted. In contrast, there is little confidence in main democratic institutions. For example, public confidence in the Parliament (Sejm) decreased from circa 44 percent in 1998 to 20 percent in June 2002,<sup>4</sup> and confidence in the local authorities dropped from 62 percent to 49 percent.<sup>5</sup> Moreover, during the past few years, the belief that local officials represent the interests of the citizens has considerably weakened. In 1993, only 19 percent of the respondents claimed that the councillors represented their own interests, but in 2002, this figure grew to 29 percent, and this category was mentioned by the survey respondents most frequently.<sup>6</sup> The decline of confidence in elected local authorities is especially harmful for the development and consolidation of the democratic order. After all, it has been said that all democracy is local.
5. The confidence in the political class is also decreasing. Since 1993, the percentage of respondents who claim that it is greed for power and money that motivates people to run for public office has grown considerably. In 1993, 22 percent of respondents declared that it was willingness to help others that incited people to get involved in politics; today, merely 6 percent are of the same opinion. As many as 89 percent of respondents think that the politicians in the parliament represent their own interests or those of their parliamentary clubs, and only 8 percent disagree with this statement.<sup>7</sup> There is also a strong conviction that the politicians and public servants are generally corrupted. According to the prevailing social opinion, it is the impostors and the foreign capital that take advantage of the privatisation of the state property. Recently, this group of “suspects” includes also civil servants.
6. Surveys reveal that the belief in widespread corruption is growing. Particularly alarming is the fact that the professions that need public confidence, such as doctors, teachers, or judges, also figure high on the list of “suspects.” At the same time, there is a considerable social acquiescence to the low effectiveness of courts that generates an impression of impunity of those involved in illegal activities. Paradoxically, those who have the highest tolerance for

4. *Opinions on the Functioning of Public Institutions* (Warsaw, Poland: CBOS, June 2002).

5. *Opinions on the Functioning of Public Institutions* (Warsaw, Poland: CBOS, June 2002).

6. *My Village—Opinions prior to the Self-Government Elections* (Warsaw, Poland: CBOS, February 2002).

7. *Psychological Portrayals of Party Electorates* (Warsaw, Poland: CBOS June 2002); *Public Opinion on Politics and the Motives of the Politicians' Actions* (Warsaw, Poland: CBOS, May 1992).

corruption are the opinion makers, people with higher education, and the rich.<sup>8</sup>

7. There is a growing dissatisfaction with the incompetence and ineffectiveness of the state apparatus. During the first few years of transformation, when the state was overburdened with a constantly growing number of new tasks, there was a belief that the state apparatus was a leftover from the old regime and, thus, its role should be limited to a minimum. Successive governments, however, were not particularly effective in improving the quality and effectiveness of the state apparatus. In fact, political majority parties purposefully avoided major changes because they treated the state apparatus as their base for resources, influence, and support. Apolitical, independent, effective, and strong state apparatus would largely impede both political and individual corruption. The political character of the state apparatus, its inadequacy for new tasks, low salaries, and qualifications of state officials have led to a situation where the executive power does not fulfil its fundamental tasks in traditional state domains, not to mention in preparation for the EU integration.
8. In Poland, there is usually low participation in the parliamentary and self-government elections (circa 35 to 50 percent). Recently, other forms of civic activities have also declined.<sup>9</sup> Thus, the expected strengthening and expansion of civil society is not taking place. A part of the problem is the fact that the social group that constitutes a natural base for civic activities, that is, the middle class, has been gradually withdrawing from public life. Many representatives of this group criticize the quality of public life and its domination by private and party interests<sup>10</sup> and not public concerns. Their withdrawal is also correlated with mounting unemployment and the effort of maintaining their life standards. In short, the group that once belonged to unquestionable winners of the transformation period and was seen as a foundation of the new democratic order is losing its political and economic position.
9. Since 1990, Polish society has been increasingly convinced that education, individual skill, and abilities facilitate social and professional advancement. Recently, however, other factors, such as political or family influence, are believed to be important. Thus, the meritocratic rules that are the foundation of democracy and market economy are being eroded.

8. Anna Kubiak, *Corruption in Everyday Experience: Report on Survey* (Warsaw, Poland: Institute of Public Affairs and the Programme Against Corruption, 2001).

9. *Condition of Polish Civil Society* (Warsaw, Poland: CBOS, February 2002).

10. Śpiewak, "Decorative Democracy."

In sum, there is a growing conviction of the inadequacy of newly established democratic institutions. They fail to fulfil people's expectations, and many believe that they are ill equipped to confront the tasks faced by the country. One of the reasons for this state of affairs, apart from politicisation of public institutions, is the significant slowdown of the economic growth (from 8 to 1 percent) and the rise of unemployment (from 10 to 19 percent). Thus, public institutions poorly perform tasks expected from them in the period particularly difficult for the society and the country as a whole. In the context of accession negotiation, the duties of the state apparatus, or more generally, of the public sphere, include not only the traditional welfare and security concerns but also the implementation of *acquis communautaire*, the acceleration of reforms, and the preparation of the society for new challenges. The public perception of low effectiveness of the institutions and their politically biased activities engenders low legitimacy and public apathy. Such a situation is conducive to the development of populist and antidemocratic attitudes and movements. These movements as well as their leaders usually attack the institutional order of the state, which is quite easy to do, considering its overwhelming weakness.

The enlargement and the integration into the European Union will provide a stimulus for strengthening the institutional order in the countries of Central and Eastern Europe. The adoption and implementation of the EU legislation will certainly require reforms and an increase in the capacity of nearly all public institutions, which will certainly spill over to all domains of state activities.

The state administration will face new tasks—planning and stimulating the economic and social development in many areas—while dealing with the legacies of the past. Poland still needs to restructure whole branches of the economy, including mining, metallurgy, agriculture, and the shipbuilding industry. This double task will force the state to increase its administrative capacity, professionalism, and effectiveness. Similarly, the need to make appropriate use of the EU funds, especially structural funds, will reinforce the activities on the local level and the ability



to work out compromises between the local and central interests. The strengthening and consolidation of the institutional order in the countries of Central and Eastern Europe will exert an enormous influence on democratic institutions and practices in the countries outside the new EU borders. If enlargement is successful, such countries as Ukraine or Byelorussia or those of South Europe can benefit not only from institutional and policy models tested in Central and Eastern Europe but also from the hope of possible future membership.

The strengthening of administrative capacity and efficiency of states in the candidate countries attracts special attention from the European Commission. The necessity to improve the jurisdiction, to reduce corruption, to build up the civil service, and more generally the public administration, has been emphasised in the annual reports of the Commission. Brussels is afraid that the candidate countries will adopt the EU legislation but, subsequently, will not implement it. To protect the quality of Union governance, the implementation rules and norms will be monitored. This, in turn, makes legal and state reforms in candidate countries more urgent and certain.

The greatest hopes are placed on the direct, horizontal contacts that should unleash a transfer of skills and knowledge. Such experiences should facilitate adoption of new policy models and improve the quality of the functioning of different public institutions that exist in the immediate social environment of the citizens. Horizontal contacts and cooperation of specific institutions or regions will certainly reinforce the civil society in the countries of Central and Eastern Europe. The functioning of this sector and its influence on the governments depends to a large extent on knowledge of and acquaintance with existing repertoires of collective action and bargaining. Direct contacts will also have the demonstration effect. Polish farmers, although they are afraid of the EU integration, have begun to compare the situation of their families and households to that in the European Union.<sup>11</sup> The conditions offered by the European Union to Polish farmers (ini-

11. Lena Kolarska-Bobińska, ed., *Inhabitants of Villages on the EU Integration: Opinions, Knowledge, the State of Being Informed* (Warsaw, Poland: Institute of Public Affairs, 2002).

tially 25 percent of the amount allocated to the EU farmers) are a source of a considerable frustration and generate a conviction that Poland, and the farmers in particular, will be treated as second-rate citizens. But similarity of interests across the future European space will promote the diffusion of various models of self-organisation and bargaining that in the long run may decrease the most glaring inequalities among similarly situated social groups.

The coming EU integration generates much anxiety among Polish society. The Poles are afraid of further increase in unemployment, bankruptcy of small and medium enterprises, collapse of large farms, and difficulties with sales of farm produce. At the same time, they hope that the integration will enhance the international security of Poland, secure protection of human rights, and provide the opportunity to work and live abroad. Poland will adopt new technologies and knowledge and make greater use of international contacts and co-operation, and children will have a better future. As a result, Poland's position in the modern world will largely improve.<sup>12</sup> Thus, the research results refute a common stereotype suggesting that Polish patriots are mainly afraid of the loss of sovereignty, whereas they are quite willing to take the economic advantage of the integration. The popular expectations on the eve of enlargement seem quite reasonable—people expect transfer and accumulation of knowledge and skills, strengthening of public institutions, and more generally, a modernization of the whole country, which certainly will foster the consolidation of democracy.

The success of enlargement depends not only on the ability to make proper use of the opportunities provided to candidate countries but also on political developments in the present member states. Growing nationalistic and populist tendencies in the West exert pressure on the negotiations, whose outcome—unfavourable for the candidate countries—only intensifies the feeling of unequal treatment. But the East is not immune from populist and nationalistic pressures that similarly undermine the basis of the

12. Lena Kolarska-Bobińska, ed., *The Poles in the Face of a Great Transformation: Poland's Integration into the European Union* (Warsaw, Poland: Institute of Public Affairs, 2001).

enlargement process. Emerging populisms weaken the notion and practice of solidarity that provides the foundations for the future, enlarged Europe.

# Reinventing Europe

Elemér Hankiss

## The changing framework

The year of the Convention is, or should be, the year of reinventing the European Union and partly also Europe. The Convention will, hopefully, do a good job and will come up with a plan of important reforms. I have the impression, however, that the scope of the debate about Europe's future is dangerously limited. Too much attention is being paid to the internal problems and institutions of the Union and, if I am not mistaken, too little to the global context in which an enlarged Union will have to live and succeed in the coming decades.<sup>1</sup>

Some of the external factors—the development of the global economy, growing problems of international security, the issue of migration, and so on—are, of course, thoroughly studied. But the complexity of radical changes that are transforming the world with perplexing rapidity is played down if not ignored. But how can the institutions of the Union be reformed, if we do not know in what kind of future world the enlarged Union, and Europe as a whole, will have to find its place. To be successful in coming decades, one has to develop different institutions, or at least a flexible and responsive system of institutions, that may cope with the problems and challenges of widely divergent worlds.

September 11 has dramatically accelerated the global processes of change and rendered it even more difficult to predict future developments. In this article, I shall give a few examples of unfolding global trends and comment on (1) how the European

1. After the heydays of futurology and social forecasting in the 1960s and 1970s, (Alvin Toffler, John Naisbitt, Rainer Waterkamp, W. I. Thompson, and others), there have been relatively few attempts at trying to predict global developments. September 11, and its aftermath, may give a new momentum to this field of research. Let me quote here only a few recent titles. Gilles Bertrand, Anna Michalski, and Lucio R. Pench, *Scenarios Europe 2010. Five Possible Futures for Europe* (Forward Study Unit Working Paper) (Brussels: European Commission, 1999); David P. Calleo, *Rethinking Europe's Future* (Princeton, NJ: Princeton University Press, 2001); Paul M. Kennedy, Dirk Messner, and Franz Nuscheler, eds., *Global Trends and Global Governance* (London: Pluto Press, 2002).

Union could be affected by these changes and (2) how the process of enlargement could increase or decrease the ability of the Union to positively respond to these changes. If one assumes that the Union, in its present form, is well prepared to respond to the challenges of this changing world, then the eastward enlargement could be a handicap. It could weaken the Union's resilience and its ability to adapt itself to a changing environment. In the opposite case, the process of enlargement could offer a unique opportunity for enhancing the Union's ability to cope with the uncertainties of the future that are difficult to predict. Needless to say, I subscribe to the latter view.

### **New world order or new world disorder?**

If I remember correctly, it was former president Bush who promised us a new world order. September 11 was one of the latest warnings that a new world disorder has also been in the works.<sup>2</sup> Would it not be important to discuss—at the Convention, in the media, and in the schools—the various scenarios of emerging new world orders or disorders? Should we not also discuss the question of how the Union could and should prepare itself for these various worlds, various challenges? What kind of Europe would have the best chances to survive and fare well in possible future worlds? How should European institutions be devised to maximize her chances to prosper? It would also be necessary to examine the process of enlargement in the light of these new challenges. The crucial question is whether this process could weaken or strengthen the “immune system” and the dynamic adaptability of the Union. If enlargement is likely to slow down the decision-making process and increase the political inertia of the system, then it could seriously jeopardize the Union's ability

2. James N. Rosenau and Ernst-Otto Czempiel, eds., *Governance without Government: Order and Change in World Politics* (New York: Cambridge University Press, 1992); David Held and Anthony McGrew, eds., *The Global Transformation Reader: An Introduction to the Globalizing Debate* (Cambridge: Polity Press, 2000). See also the following 2002 Social Science Research Council (SSRC) works: Luiz Carlos Bresser-Pereira, *Beyond Conflicting Powers' Politics*; Bruce Cumings, *Some Thoughts Subsequent to September 11th*; Riva Kastoryano, *The Reach of Transnationalism*; and Saskia Sassen, *Governance Hotspots: Challenges We Must Confront in the Post-September 11 World* (available from the SSRC Web site, “After September 11 Archive,” <http://www.ssrc.org/sept11/essays/>).

to successfully respond to the challenges posed by emerging contours of the new world.

The process of enlargement could be seen as an excellent opportunity to question vested institutional interests, break up the rigidity of existing institutions, and implement those changes that would increase the Union's flexibility, dynamism, and responsiveness.

September 11 has transformed the world, almost overnight, out of a world of relative safety and predictability into a world of uncertainty, contingency, unpredictability. I do not see yet the efforts, the institutions, and the thinking process that would enable the Union to successfully cope with the uncertainties of this new global situation. The process of enlargement could justify and prompt the establishment of new institutions in the Union. I think, for instance, of setting up an early warning system, an institution with observation posts in and outside the Union, that would monitor processes of social, economic, and cultural change (processing and interpreting the data in a complex, interdisciplinary way). Such an institution could reduce the amount of uncertainties in the Union's environment and would thereby help devise adequate policies in time.

### **Old and new centers of the world**

In the past few decades America has undoubtedly become the center of the world. All, or almost all, important foci of global power and influence have been situated in the United States. Even a short list of American institutions and places can illustrate this point: the U.S. dollar is the global symbol of wealth and economic power; Wall Street is a real and symbolic center of global financial power; the White House is a global center of political power; the Pentagon is global center and symbol of military power; Silicon Valley is center and symbol of digital power and technical development; American universities such as Harvard, Yale, or Stanford are global centers of knowledge and scientific research; American media, and above all CNN, are the global center and source of information. California and Hollywood are the centers of contemporary myths and divinities and new lifestyles.

Most of these centers and symbols of power have been shaken or weakened by the events of September 11. Does it mean that in the coming years or decades, some of these centers are likely to shift to other parts of the world? What could be the advantages and dangers for Europe of such a redistribution of the various centers of power and influence on the global map? What are the opportunities for Europe in such a case? Which of the centers could move to Europe? What kind of strategies should be developed to enhance Europe's position and influence in the world?<sup>3</sup>

The process of enlargement expands the size of the Union, and in the long run, it will also increase its geopolitical and economic weight, its intellectual capacity, and its cultural influence. This would improve Europe's chances in a friendly (or unfriendly) competition for the reallocation of the various centers of the world. I think that the Union, and Europe, cannot be reinvented without seriously debating the issue of the American versus European model of economic and social institutions. The present crisis of the American model<sup>4</sup> and the process of enlargement could offer a unique opportunity to restate and reinvent the European model of the twenty-first-century welfare state. It would be a serious mistake to miss this historical opening to reassess Europe's unique model of capitalism.

### **Pax Americana, Pax Europeana, or Bellum Americanum?**

After the end of the Second World War, the world entered the era called by some Pax Americana, which brought prosperity and

3. Paul M. Kennedy, *The Rise and Fall of Great Powers* (New York: Random House, 1987); M. Svetlicic and H. W. Singer, eds., *The World Economy, Challenges of Globalisation and Regionalism* (Basingstoke, UK: Macmillan, 1996); Geir Lundestad, *No End to Alliance: The United States and Western Europe: Past, Present, and Future: Nobel Symposium 105* (New York: St. Martin's, 1998); Chalmers Johnson, *Blowback: The Costs and Consequences of American Empire* (New York, Holt, 2000); Robert O. Keohane and Joseph S. Nye *Power and Interdependence*, 3d ed. (New York: Longman, 2001); Joseph S. Nye, *The Paradox of American Power: Why the World's Only Superpower Can't Go It Alone* (New York: Oxford University Press, 2002). See also these 2002 SSRC works: Steve Smith, *The End of the Unipolar Moment: September 11 and the Future of World Order*; and William Wallace *Living with the Hegemon: European Dilemmas* (available from the SSRC Web site, "After September 11 Archive," <http://www.ssrc.org/sept11/essays/>).

4. Think of the scandals of Enron, Arthur Andersen, Worldcom, and so on.

democracy to a number of nations in the world, peace and the hope for social and economic development to some others, but growing frustration and desperation to the rest. September 11 may have been the end of this era, and we do not know yet if we are entering the era of *Bellum Americanum*, that of a war between the North and the South, or a bush war between terrorists and security establishments in developed countries. How to prepare the Union for these various scenarios? What kind of institutional systems and security policies within the Union could best cope with these problems and play an important and positive role in this field? The process of enlargement would substantially increase the chances for a possible *Pax Europæana*. By extending the Union's frontiers toward East and South-East Europe, the European territory, free from civil wars, poverty, and potential terrorism activities, would be expanded and peaceful cooperation with neighboring countries enhanced.

### **A free world or Fortress Europe?**

Since the end of the cold war, political and economic freedom has expanded around the world. The events of September 11 may have slowed down, or even reverted, this process. We have been concerned with the gloomy perspective of the Western world's closing its borders and surrounding itself by fortified walls since this may be the only possibility of protecting its freedom, its affluence, the rule of law, and its culture in the sea of global hostility bred by poverty and destitution. Should Europe start (or continue) to erect the walls of its future fortress? Or what could and should be done to keep European space open and EU policies friendly to all the other nations? How to prevent the situation in which *ad hoc* decisions driven by electoral politics and random world events define the Union's policy toward the world? How should the European institutional system be transformed to make it more responsive to this kind of challenges? What kind of new institutions would promote long-term thinking and interests in the daily decision-making process? If Europe starts, or continues, to build its fortress, then the process of enlargement would do nothing else than to push the walls of the



fortress farther to the east and southeast. And this would not change the nature of the problem since a bigger fortress is not necessarily more defensible than a smaller one. A better solution might be to divide the roles between the various regions and countries of the enlarged Union.<sup>5</sup> The countries of Central Europe could be charged, for instance, with the role of building bridges between the Union and its Eastern and South-Eastern neighbors, helping them to develop their economies, democratic institutions, and the rule of law to extend the sphere of order, peace, and opportunities to these regions. This would keep the gates of Europe open without incurring too high security risks.

### **A multicultural world or the clash of civilizations?**

In the past two or three decades, we convinced ourselves that the age of murderous ideologies was slowly coming to an end and that the age of enlightened pragmatism was dawning upon us. We may have been mistaken. After September 11, ideological passions overwhelmed even some of the most enlightened and pragmatic nations of the world. Both Western and Central Europe are less infected with this new, ideological revival than some other regions of the world. The growing diversity and the peaceful interaction of various countries within an enlarged Union could reinforce this relative immunity of the region and could play an important role in radiating pragmatism and tolerance into a passions-ridden and turbulent world.

The Union should do much more than it actually does to articulate and promote this new European model of tolerance, coexistence, and cooperation among nation-states. We worry too much about the prospects for a common European identity and do not devote enough time and energy to present the Union as a plausible model that could help other regions of the world to reinvent and reorganize themselves.

5. This would open a new dimension in the study of regionalism in Europe. See C. Harvie, *The Rise of Regional Europe* (London: Routledge, 1996); Michael Keating, *The New Regionalism in Western Europe* (Cheltenham, UK: Edward Elgar, 1998).

In the 1980s and 1990s, there was an almost general belief that we were progressing toward a multicultural world of peaceful coexistence.<sup>6</sup> September 11 came as a dramatic warning that the next decades could be marked by a global clash of civilizations. A chain reaction of irresponsible and hasty decisions by several global actors could strongly increase the probability that such a destructive scenario becomes the reality. In the wake of enlargement, the European Union could become an even more convincing model of peaceful multicultural coexistence. It could be the meeting point of various civilizations; of the Anglo-Saxon and Mediterranean worlds; of West European and Central European cultural traditions; of Catholic, Protestant, Orthodox, and Islamic creeds; of wealthy and relatively poor nations; of peoples that had been one another's enemies for centuries. It could set an example for the rest of the world suffering from convulsive ethnic and cultural conflicts. The world needs new hope and reassurance that the better system is possible and that it works. To become the model and center of multicultural tolerance and coexistence would be an important mission for enlarged Europe. It would, in turn, enhance the global importance and influence of the Union. Thus, the process of enlargement tests the Union's ability to develop institutions and policies that may bring about and sustain a vibrant and free multicultural community.

### **The global victory of democracy or an authoritarian backlash?**

After the collapse of the Soviet Union, democracy has continued its triumphal march across the globe. We have been inclined, however, to underappreciate how fragile the new democratic systems are in a great number of countries. After September 11,

6. Samuel P. Huntington, *The Clash of Civilizations and the Remaking of the World Order* (New York: Simon & Schuster, 1993); Will Kymlicka, *Multicultural Citizenship* (Oxford: Clarendon, 1996); Benjamin Barber, *Jihad vs. McWorld* (New York: Ballantine, 1996); Shireen Hunter, *The Future of Islam and the West: Clash of Civilizations or Peaceful Coexistence?* (Washington, DC: Center for Strategic and International Studies/Westport, CT: Praeger 1998); Martin Riesebrodt, *Die Rückkehr der Religionen: Fundamentalismus und der "Kampf der Kulturen"* (München, Germany: Beck, 2000); Dieter Senghaas, *The Clash within Civilizations: Coming to Terms with Cultural Conflicts* (London: Routledge, 2002).

the signs of revived authoritarian temptations have emerged even in some of the highly developed and democratic countries. Democratic institutions and political culture in Western and even in Central Europe have proved to be more resistant to the virus of authoritarianism than political systems in many other parts of the world. How could this resistance be enhanced through the restructuring of the Union's institutional system?

The process of enlargement provides a unique opportunity to discuss, beyond important technicalities, the question of how and in which direction the democratic systems in the member states and in the Union as a whole should be developed. The range of possible forms of democracy and types of democratic institutions is rather wide, so the choices are real, and they will have important consequences for the quality of postenlargement democracy.<sup>7</sup> The democratic experiences of member and applicant countries could prove to be extremely helpful in this process of strengthening European democracy.

In a world of dramatic changes and growing uncertainties, the enlargement of the Union is not a process without serious hazards. Yet it might also present a unique opportunity for reinventing the Union in a genuine way. It could strengthen Europe's ability to successfully respond to new challenges and to redefine the Union's position and role in the future global politics.

7. To mention only a few of them: Democratura; formal democracy; democracy without democrats; electoral or parliamentary democracy; patrician democracy; majoritarian, pluralistic, consensual, consociational, contractual, neocorporatist, liberal, nonliberal, grassroots, interactive, deliberative, discursive, postmodern, postnational, supranational, multilayered, polycentric democracy; democracy by numbers; democracy by intensity; and so on. For references, see, among many other titles: Richard Rose, William Mishler, and Christian Haerpfer, *Democracy and Its Alternatives: Understanding Post-Communist Societies* (Oxford: Polity Press, 1998); S. N. Eisenstadt, *Paradoxes of Democracy: Fragility, Continuity, and Change* (Baltimore: Johns Hopkins University Press, 1999); Larry Diamond, *Developing Democracy: Toward Consolidation* (Baltimore: Johns Hopkins University Press, 1999); Philippe C. Schmitter, *How to Democratize the European Union . . . and Why Bother?* (New York: Rowman and Littlefield, 2000); Claus Offe, *How Can Old Democracies Assist the Consolidation of New Ones: Observations on the Building of Civil Societies in Post-Communist Societies* (Berlin: Humboldt University, 2001); Larry Siedentop, *Democracy in Europe* (London: Penguin, 2001); Ralf Dahrendorf, *Can European Democracy Survive Globalisation?* (London: Policy-Network, <http://www.policy.network.org>, 2002).

## A European *Doppelstaat*?

Stephen Holmes

The constitutional reform debate is not the only open-ended process muddying the future of the European Union. The full effects, in particular, of eastern enlargement on the contours and internal dynamics of the EU after 2004 remain dimly perceived. But in Eastern Europe itself, partly under the influence of nationalist-populist politicians, a clear but unappealing picture of an enlarged EU has begun to crystallize. Fears of being marginalized inflame worries of a last-minute decision to block enlargement. But the same fears also fuel concern that the postcommunist applicant countries will, indeed, accede to the EU as expected, but under especially unfavorable or unfair terms. The new Europolity, according to this perhaps alarmist line of thought, will be a dual state, with the new wave of entrants being treated like second-class citizens whose interests are handled just as cavalierly after entry as before. This distressing image corresponds more or less to Hubert Védrine's nightmare of an EU made up of concentric circles: "ce serait l'Enfer de Dante à l'envers, avec les privilégiés au centre et les laissés-pour-compte à la périphérie, sans esprit de changement."<sup>1</sup> Such a two-tier EU, if it comes about, may service the material interests of myopic Western constituencies with good access to Brussels. But it may also inadvertently undermine the security interests of Western Europe as a whole by politically destabilizing the EU's eastern flank.

I

Insistence that eastern enlargement represents an *altruistic* gesture by privileged Europeans toward their disadvantaged relatives languishing in the periphery does not alleviate but rather compounds East European fears. For if the Europe of fifteen

1. Hubert Védrine and Dominique Moïsi, *Les cartes de la France à l'heure de la mondialisation* (Paris: Fayard, 2000), 96.

really has no palpable interest in admitting five or ten new states with weak public administrations and gross domestic products (GDPs) well below the West European average, will it not seek some compensation in the way it configures the terms of accession? True, previous latecomers to the EU have also been unfairly burdened to some extent. (For instance, the United Kingdom is the second largest net donor to the EU budget even though it ranks ninth of fifteen in per capita GDP.) But the East European applicant countries have palpably less leverage than earlier waves of entrants because they offer less than the current membership believes it needs or wants. The bargain they receive is therefore likely to be considerably worse, even if the original decision to enlarge was based on altruism, guilt feelings, or norms of consistency. For their part, East European leaders cannot bargain compellingly for favorable terms of accession after having broadcast to the world that no conceivable fate would be worse than exclusion from the EU.

Not all signs of the inferior status of the applicant countries are scheduled to disappear upon accession. Indeed, certain features of the transitional period, unfavorable to the applicant countries, risk becoming embedded enduringly into the rules of the new EU. Technically, the new members will not be allowed the same opt-outs as current members, for instance, so that East European sovereignties will be more thoroughly “pooled” than West European sovereignties. And of course, the exclusion of new members from the eurozone, although it may make sense economically, will remain a badge of inferiority for years to come. But the postponement of labor mobility from Eastern Europe, even after enlargement, is by far the most wounding of the conditions of accession, suggesting darkly that the West Europeans have not finished dreaming up ways to keep the East Europeans down. It breeds so much resentment because the promise of membership has always been the promise of “liberty,” and liberty, at least to some East Europeans, means the promised chance to work occasionally in the West. And of course, no one believes that the condescending and imperious attitude of EU officials charged with monitoring East European compliance with the directives of Brussels in the run-up to accession will disappear overnight, to

be replaced suddenly with a sincere offer of equal partnership in a common project. The haughty tone with which Brussels excoriates corruption and the ill treatment of minorities in Eastern Europe certainly suggests a willingness to apply stricter standards to the applicant countries than to the current member states, where corruption and discrimination, after all, are hardly unknown.

## II

The drift of the Europolity toward a two-tier system, it should be said, is just that, a hapless and untheorized development, not a sinister conspiracy or plot. It is mostly due to the lack of strong political leadership in Europe, at least since Helmut Kohl disappeared from the scene. In the absence of overall political direction and some sort of “public philosophy” to guide policy, it is not surprising that the enlargement process has been unduly influenced by historical accident and the jockeying of special interests.

Bizarrely, the decision to enlarge has never been clearly explained to, much less discussed by, West European electorates. But some organized interests in Western Europe nevertheless see clear advantages in eastern enlargement. These include, above all, investors and exporters who will presumably benefit from increased trade flows. Because the Commission itself has been charged with managing the drawn-out process, and has probably been using it to gain power relative to the Council of Ministers and the European Parliament, it has had good reasons to support enlargement. And finally, enlargement will confirm Germany’s political (rather than merely economic) centrality to the EU, no longer a front-line state and no longer politically subordinate to France.

On the other side, hostile to enlargement, stands a different set of organized interests. Anti-immigrant parties and movements, first of all, are gathering strength throughout Western Europe, and they somewhat irrationally associate enlargement with an uncontrolled influx of refugees and foreign-born criminals. Workers fear that competition with East European labor will

lower wages and increase unemployment in the West. Other important constituencies worry that scarce rural development funding will be transferred from, say, Spain and Portugal to more backward regions in Eastern Europe. An expanded membership will not help the EU speak on foreign affairs, as everyone contends it must, with more of a common voice. And last but not least, the Commission itself is torn about enlargement, eager to manage the accession process, as mentioned, but also wary of losing leverage over the applicant countries once they accede as well as fearing that the induction of so many new members may paralyze EU decision making. They also worry that the norms guiding collective self-governance may not survive the sudden import of so much bureaucratic incompetence and cultural heterogeneity.

Unable to formulate a clear political rationale for enlargement, in any case, Europe's political leadership has allowed the accession process to be dominated by an uncoordinated back-and-forth between these conflicting groups and coalitions, some favorable to enlargement and others hostile. This tug-of-war helps explain why accession criteria have tended to oscillate capriciously over time, to the considerable annoyance of the applicant states. And it also illuminates some anomalies in the conditions for entry, especially the deplorable postponement of labor mobility for seven years after accession, a period that may just possibly be extended on the say-so of Germany and Austria.

### III

When Greece, Spain, and Portugal accepted EU rules, and thereby gave up their natural advantage of low-cost and laxly regulated production, they were compensated, among other ways, by cash transfers in the form of structural adjustment funds. While the new East European members will pay the same price, they will apparently have to forgo the same level of compensation. For one thing, there are too many of them, and they are all too poor. The example of the former DDR reveals the almost unlimited capacity for formerly communist nations, burdened with decades of deferred maintenance, to absorb Western capi-

tal. For another thing, the upcoming enlargement is taking place after the end of German penitence, or the decision of Germany's political leadership that it no longer needs to keep paying hidden reparations in the form of disproportionate net contributions to the EU budget, to earn its place among civilized European nations.

For some of the East European applicant countries, the most dramatic disappointment will no doubt involve the Common Agricultural Policy (CAP). Poland's negotiators, against all odds, are still struggling to narrow the discrepancies between expected CAP transfers to East and West European farmers and to shorten the transition period before the two groups reach an ideal parity. But they are very unlikely to succeed. The CAP may or may not be nationalized. (This refers to the proposal that future farm subsidies inside a country be funded by that country's own taxpayers.) But it is very improbable that the other members will take up the burden that Germany sheds and begin subsidizing East European farming on an equitable basis. An EU unwilling to pay for defense is even less likely to pay for enlargement.

East European states, such as Poland, with a large percentage of their workforce still on the farm, desperately need CAP transfers as well as structural readjustment funds to cushion the transition to more modern agricultural systems. Thus, their slow realization that they will probably be excluded from the EU's only major redistributive program (first in the name of transition and later when the program is simply phased out) has substantially dampened their enthusiasm about accession. But things may still get worse. A well-designed free trade regime—whereby Western Europe removed all protective tariffs discouraging the import of East European agricultural goods, textiles, and steel—would obviously have had greater benefits for East European economic development over the past decade than small grants in aid. But such a European NAFTA (North American Free Trade Agreement) was successfully derailed by well-connected political constituencies in Western Europe. And these constituencies have not gone away. One East European nightmare is that these same economic groups, seemingly innocent of larger political concerns, will surreptitiously manipulate the conditions of accession in



their own narrow self-interest. Not content with refusing CAP transfers to Polish farmers, they could conceivably forbid domestic Polish transfers to the country's farmers, even while flooding the Polish market with subsidized West European agricultural products. The predictable result would be the massive bankruptcy of Polish farming and the consequent purchase of Polish farmland at auction prices by, say, German agribusiness. The domestic political repercussions in Poland of this nightmare scenario are far from pleasant to contemplate.

The East European public's tendency to associate accession with unfair treatment is not confined to farm policy. At the time this article is being written (summer 2002), Brussels is negotiating with Budapest to close the competition chapter of the accession accords. At stake in these negotiations are the tax breaks and other incentives by which Hungary has been attempting to lure industries to move to the country and create jobs. The EU, naturally, wants to eliminate these subsidies, ostensibly to create a level playing field but actually to ingratiate influential interests back home in Western Europe. For Hungary, by contrast, the EU's unseemly enthusiasm for job destruction in Eastern Europe seems to fit into a larger beggar-thy-neighbor pattern. Accession means that Western Europe is exporting its own health and safety standards, product quality standards, environmental standards, and auditing standards to Eastern Europe. All of these may look neutral on their faces but in fact work prejudicially to favor West European producers, who not only have greater access to the kind of credit needed to make the necessary investments but who are already substantially in compliance. Even after accession, EU officials will retain considerable discretion in drawing the distinction between permissible and impermissible subsidies. And what strong political constituencies or coalitions will prevent them from tolerating West European subsidies while outlawing East European ones? Such a biased practice, calculated to shift unemployment from west to east, would bear out the grim prediction of postenlargement favoritism inside the EU, with two sets of member states laboring under two sets of rules.

Western Europe's evident unwillingness to make massive cash transfers to Eastern Europe also has important implications for

the design of decision making in an enlarged EU. Pseudo-democratization often involves a devious shifting of venues. When previously excluded groups are finally admitted on equal terms to a decision-making forum, the range of issues controlled by that forum suddenly shrinks; and important issues are quietly transferred to a parallel, behind-closed-doors forum, where the original restricted set of players continue to predominate on truly essential matters. In the case of an enlarged EU, “flexibility” and “variable geometry” (whereby subsets of the membership can act together within EU institutions) seem tailor-made to disenfranchise new members selectively, restricting their formally equal influence to a range of relatively inconsequential issues. Along with shrewdly designed voting rules, flexibility could also be used to prevent East Europeans from wielding their veto power to extract transfers. This at least is one area to watch carefully to substantiate or rebut the charge that an enlarged EU will be, in essence, a dual state, with a puissant inner core and a negligible periphery.

#### IV

The consolidation of an internally discriminatory Europolity would no doubt have a seriously negative influence on the domestic politics of the new member states. The Commission’s proclivity, during the accession process, to work directly with executive agencies in the applicant states, bypassing the legislature, has done little to improve already weak parliamentary oversight in the region. And the prestige of the domestic lawmaking function has plummeted due to the mandatory extension of the *acquis communautaire*, a code of law *octroyé* from abroad, without serious input from domestic constituencies. The accession process, in fact, has deprived the incompletely democratized East European states of that most important “school of democracy,” namely, the necessity, under the pressure of events, to hammer a coherent policy out of a cacophony of domestic interests and opinions. Incentives for the development of robust political parties and other mechanisms to articulate group interests disappear when large swaths of domestic policy are effec-

tively dictated from a foreign capital.<sup>2</sup> And voting starts to resemble a pointless act of protest when policy remains unchanged even after incumbents are tossed out by a disappointed electorate.

Brussels has a tangible interest in creating states in Eastern Europe that can easily say no to domestic vested interests while being unable to say no to Brussels. This undemocratic or quasi-colonial arrangement can perhaps be justified by the theory that enlargement is a modernizing project and that modernizers have no choice but to silence the voices of those who lose from reform. But promoting indifference to domestic protest may be bureaucratically convenient in the short run without being politically prudent in the long run.<sup>3</sup> Quite apart from the accession process, the legitimacy of most East European governments has been severely strained because cutbacks in public services, the collapse of health care, and reductions in the purchasing power of pensions have not been accompanied by the sort of economic growth that generates many well-paying jobs. East European publics also believe that their urban and relatively Westernized leaders have personally enriched themselves while presiding over the elimination of economic security for the vast majority. Elected leaders who travel frequently abroad and seem personally well off also seem suspiciously unable to protect the interests of their own citizens, by responding quickly and effectively to catastrophic flooding, for example.

Such perceptions do not help stabilize democratic governance. But the most poisonous interpretation of enlargement makes matters worse, implying that the accession process has compelled the applicant countries to siphon funding away from public provision that serves impoverished domestic constituencies to enhance a regulatory state that serves affluent foreign constituencies. Even if it does not create a revolutionary situation or catapult extreme right-wing parties to power, such an interpretation of enlargement as a Trojan Horse for foreign exploitation

2. Alina Mungiu-Pippidi, "Romania" and Albenaz Azmanova, "Bulgaria," special feature on "The Ordeal of EU Enlargement," in *East European Constitutional Review* 9 (fall 2000): 77-81, 86-90.

3. Arista Cirtautas, "Corruption and the New Ethical Infrastructure of Capitalism," *East European Constitutional Review* 10 (spring/summer 2001): 78.

and domination may reinforce already widespread political alienation and contempt for competitive elections, thereby further undermining state capacity and regional stability.

## V

Ongoing negotiations on the justice and home-affairs *acquis* also stoke suspicions that the conditions for accession are being designed to benefit foreign interests at the expense of domestic interests. Poland and Hungary, for instance, are being asked to curtail immediately human and economic contacts with countries to their east without simultaneously being able to increase human and economic contacts with countries to their west. This combination of haste for closure and delay of opening does not seem either sensible or fair. True, Czechs may feel as hostile as Austrians toward migrants from the east, and such antiforeigner sentiments may also mobilize some domestic political support elsewhere in Eastern Europe for the EU's rule that no one can transit the territory of new member states without a Schengen visa. But in general, the perception that Western Europeans are pursuing enlargement as a function of Schengen rather than the other way around does not improve public attitudes toward enlargement in the applicant countries.

For the East European states, Schengen is supposed to be a two-stage process. Although they will become members of the Schengen convention at the moment of accession, they will be allowed to open their borders with Western Europe only at an unspecified later date, after a favorable vote by the current membership. Could this second stage keep being postponed indefinitely, no matter how well the new members reinforce their external borders? Buffer states, if that is what we are talking about, will actually decrease the permeability of the borderless core of current EU member states only if a double wall remains in place even after accession, with a hard and even militarized outer shell, keeping out organized crime, narcotics smugglers, and now presumably terrorists; and an inner wall, less imposing but still able to obstruct easy access by the unwanted. A double wall of this sort may be prefigured in the rule grandfathering current

immigration policy into postenlargement relations, so that an illegal Ukrainian found, say, in Germany, will become the legal and financial responsibility of the last state through which he or she transited, which probably means Poland.

So far, East European negotiators have reacted coolly to the EU's proposal of creating an all-European border guard corps, which would allow, for instance, the Polish-Belarus border to be manned by German troops. But even if eastern border guards remain wholly national and the western borders of new members become unexpectedly open, the West European obsession with hardening the outer borders of an enlarged EU will have important domestic effects in Eastern Europe.<sup>4</sup> Not only will it destroy the shuttle trade in the borderlands, which contributes substantially to the economic viability of depressed regions; it will also enhance, inside fledgling posttotalitarian democracies, the prestige and resources of secretive and lethally armed law enforcement organs. By pouring funds, equipment, and training disproportionately into coercive agencies, the EU may unwittingly reactivate malevolent regional traditions that have still not been fully vanquished by ten years of incomplete democratization.

## VI

The EU has not even begun to contemplate the merger of its fifteen national diplomatic establishments, since residual trappings of sovereignty, such as separate national embassies in Washington, are obviously tricky to discard. But such a merger is off the agenda for a more specific reason as well, namely, because the EU, rhetorical flourishes aside, cannot seem to get serious about a common defense and foreign policy. Whatever its origins after WWII, the EU is not really a security community but rather a network of consumers and producers managed by technocrats. The debacle in Bosnia should have been proof enough that the EU has great trouble formulating and implementing a coherent foreign and defense policy, even in emergency conditions. The same lesson has been recently confirmed by feckless EU deci-

4. Arista Cirtautas, "Poland," in *East European Constitutional Review* 9 (fall 2000): 70-76.

sions that may have a negative impact on Turkey and Russia, troubled neighbors whom the EU obviously has no interest in gratuitously injuring or insulting. Under a Greek threat to torpedo the entire enlargement process, the EU has agreed to admit Greek Cyprus before relations between the Greek and Turkish communities on the island have been clarified in law or practice. Similarly, the Commission, apparently acting on bureaucratic autopilot, has decreed that after Lithuanian and Polish accession, Russians (not possessing the requisite Schengen visa) will be banned from traveling by land between European Russia and Kaliningrad. Neither of these decisions was necessary, and both are politically inept. Together, they suggest why EU enlargement policy has been so confused and unstable. Namely, enlargement is an aspect of EU foreign and defense policy, and foreign and defense policy is something that the EU handles with fairly consistent ineffectiveness.

If the EU were more of a security community, it would probably aim to bolster those participatory and redistributive functions of East European states that serve domestic constituencies. If successful, such a shift of emphasis would help legitimate the regulatory and coercive functions of these states, functions that serve Western constituencies. That at least was the path followed by the United States, after 1945, in funding and managing the reconstruction of the West German social contract. In tune with local Catholic and social democratic traditions, Washington was even content to hamstring German industrialists, tainted by collaboration with the Nazis, by effectively building labor unions into the structure of postwar corporate governance. But Washington supported the creation of a strongly participatory and redistributive political system on the territory of its former enemy mostly for geopolitical reasons, to strengthen the Western security alliance. To buy social peace between capital and labor, to immunize West German workers from the communist temptation, and to rally the German public to the Western cause in the cold war—these were the principal reasons for channeling substantial Western resources to enhance the participatory and social functions of a rebuilt West German polity. No one at the time dreamt of imposing conditionality, that is, of refusing to admit the Federal Republic to the West-

ern club unless it vaulted through some exceedingly high hoops. Instead, Washington's own compelling security interests inspired its resolute and unflagging efforts to get a politically stable West Germany back on its feet and integrated into the West.

Needless to say, Western-sponsored state building after 1989 proceeded on quite a different basis. For one thing, Western countries did not pour cash into Eastern Europe, the former DDR aside; nor did they encourage employers to make generous concessions to workers. Instead, Western lenders, public and private, unhelpfully called in many of the debts contracted under the defunct communist regimes. The dramatic contrast between Western attitudes toward these two cases of posttotalitarian state building can partly be explained by the different historical legacies of the states being rebuilt. But it is also relevant that Washington, fixated on its own national security, made a sustained commitment to create a politically legitimate state in postwar West Germany. To the extent that it focuses on the issue, Brussels seems unconvinced that political legitimacy in Eastern Europe serves any important West European interest. This may be shortsighted, however, since politically rickety new members may prove undependable buffers, providing paltry protection to the prosperous and easily permeable states of the current EU. The shape of the EU after 2004 remains uncertain, but it will no doubt reflect the strong desire of current members to minimize the fiscal, social, and administrative costs to themselves of eastern enlargement. If they get only what they pay for, they will almost certainly get less than they need.

## May the Boundaries Fall . . .

Ken Jowitt

In 1945, most of Europe was a political “frontier,” its territorial and political boundaries blurred, turbulent, and within a very short time, contentious. In an atmosphere of political suspicion and potential violence, fragile governments and chaotic economies were contained by the only genuine powers and authorities—the American and Soviet armies.

By 1948, Europe’s “frontier” quality had been dramatically and decisively altered. During the cold war, a military, ideological, political, economic, social, cultural, psychological “barricade,” an “Iron Curtain,” divided Europe into two categorically different, distant, and antagonistic Europes. Between West and East Europe, hard political edges replaced blurred political margins. West and East Europe confronted each other as hostile “castles,” most strikingly and dangerously in Berlin where the “Wall” made the “Iron Curtain” a physical reality.

Beginning in the mid-sixties, efforts were made by both sides to lower the “drawbridge” and partially drain the “moat” separating these two radically different Europes. Khrushchev’s idea of *Détente*, Brandt’s *Ostpolitik*, and then, most ambitiously, Gorbachev’s description of the Soviet Union as part of a common European home, were all designed to replace the “barricade” with a “boundary,” to replace estrangement with engagement. Gorbachev failed in his attempt to politically relativize what Stalin had absolutized, “socialism in one country.”<sup>1</sup> The disappearance of the neotraditional Soviet Union and Empire meant the de facto creation of a new “frontier” reality in Eastern Europe. This reality presents the United States and European Union with an unanticipated opportunity and problem: how to “name and bound,” reorganize, and characterize the whole of Europe as region and idea.

1. Ken Jowitt, *New World Disorder: The Leninist Extinction* (Berkeley: University of California Press, 1992), chaps. 6, 4, and 8.



In the third century, B.C., the Confucian scholar Xunxi asked, “What is it that makes man a human?” He answered, “. . . it lies in his ability to draw boundaries.”<sup>2</sup> Even earlier, the original organizer, God, in Genesis, set Himself only two tasks: naming and bounding the world. In fact, He spent six days doing nothing else but naming and bounding “night and (from) day,” that is, authoritatively giving the earth its definition and organization. Coming up with authoritative “names” and “boundaries” is difficult work; even God had to take the seventh day to rest. The end of the cold war did not end history; it created a mystery akin to Genesis: how to name and bound a new Europe and West.

The immediate Western responses to the Soviet Empire’s collapse were utopian euphoria and dogmatic certainty. Western liberal capitalist democracy would flow across the unbarricaded East European frontier like a baptismal flood from East Berlin to Moscow. For the first time since the sixteenth century, Europe would be more than shared geography; it would be shared identity, no longer a West and East Europe, rather a Europe that would be Western and in the first instance American.

However, in the course of the past decade, differences have arisen over how to relate to Russia and the eastern parts of Europe, to a range of countries that for decades had developed and defined themselves not as equivalents to or variants of but as hostile substitutes for the Western way of life. Those decades of rule never produced legitimacy; they did leave a troublesome legacy. What initially appeared to be a question of gradual, difficult, but inexorable integration has now become a matter of political contention. Ten years ago, I suggested that the “Leninist Extinction,” far from being self-limiting, would have a global effect on political boundaries and identities; it has.

Many academics and journalists, for example, Fukuyama, Kaplan, Huntington, and Friedman, have felt an imperative and competitive call to theoretically name and bound this Genesis-like post-cold war world; in the case of Europe, one finds a comparable terminological swirl and an indecisive competition of images and prescriptions in the attempt to define Europe.

2. John Hay, ed., *Boundaries in China* (London: Reaktion Books Ltd., 1994).

Deepen, broaden, deepen first, broaden first, federal, confederal . . . how much will it cost to enlarge, how much will it cost politically not to enlarge? More pages have been written about Europe's future and relations with Russia and the United States than the number of pages and provisions in the "Acquis." The Tower of Babel complexity and perplexity surrounding the discussion and approach to Europe's future may prove to be as exhausting as God's experience in Genesis, but with no guarantee of being as fruitful.

Still, in all of this there are some fairly well-delineated images, if not doctrines; doctrines, if not ideologies. There are Atlanticists and Europeanists. One can distinguish two types of Atlanticists: the "monks" and the "missionaries." The "monks" want to erect a new barricade between an Anglo-American monastery and a hedonist Continental Europe. As far as "Atlantic monks" are concerned, the EU is little more than a high-end shopping mall that can deepen, broaden, or disappear as long as American and British tourists can on occasion visit Tuscany. There are also "missionary" Atlanticists. In their version, America acts like a "Knight Templar," leading a timid merchant EU and stretching the NATO-EU/West eastward until it encounters a "pagan" culture, that is, Russia, whose Leninist legacy is still too strong. A striking example is Brzezinski's literal Genesis view, which explicitly states that only when Russia's leadership no longer has a family genealogy such as Putin's that connects it to the imperial Soviet past can one trust Russia enough to include it in Europe.<sup>3</sup> Only when a healthy Russian "civil society" displaces the power of the Russian state, that is, Russia becomes Italy, can it join Europe.

There are different Europeanists as well. Some like Huntington are Augustinians, seeing the West(ern), that is, Protestant and Roman Catholic "City of God" cultures surrounded and threatened by a "City of Man" world made up of nonbiodegradable alien cultures from which the West must separate, not integrate with. In the case of Europe, Huntington and Brzezinski agree on the exact location of the new "barricade," the Polish-Russian border. Presumably, the only way Russia can become European is

3. Zbigniew Brzezinski, "Living with Russia," *The National Interest* 61 (fall 2000): 5-17.

indeed to become Italy, that is, set about further disorganizing its state-governmental apparatus (particularly its tax collection capacity) and convert to Roman Catholicism.

In contrast to the “Augustinians,” there are “Aquinian” Europeanists. They want a bounded, not “barricaded,” set of relationships with the United States, Russia, and the countries of Eastern Europe. Theirs is an ecumenical, not dogmatic, view of Europe as region and idea, an ecumenicism that requires a core of shared liberal, capitalist, and democratic features and rules out both institutional-cultural homogenization and institutional mimicry.

How different all this is from 1945! Then, like now, the tasks confronting Europe and the United States were daunting, immense, and unprecedented. Then the Western approach was heroic and majestic; today it is shrill and mundane. Then, in the midst of a devastated Europe, two victorious nations, with leaders convinced of their historical calling, displayed their political and ideological convictions by powerfully and authoritatively laying out a design and purpose for their respective Europes. For all their fundamental differences in moral purpose, ideological design, and political action, the United States and the Soviet Union conceived and acted on their task in heroic terms. Like Mnethus’ men in the Aeneid, “They [were] strengthened by success, they [had] the power, because they felt they [had] it.” But then, World War II ended with a bang; the cold war (fortunately) ended with a whimper. In such an environment, a majestic course of action is highly unlikely. But something more than a mundane course of action is both necessary and possible.

Europe is self-intimidated by the “I” word—Ideology. However, a revitalized and recast liberal ideology is indispensable to the creation of a newly named and bounded West and Europe, whose members will play various, overlapping, cross-cutting, bounded roles rather than distancing themselves internally and externally as autarchic wholes.

To build on the trinity of similar, not identical, revolutions that gave birth to the West—English, American, and French—the EU must jettison its fear and avoidance of ideology, its one-dimensional acceptance of a mundane Sancho Panza approach

to European integration, and its reluctance to recognize the new contours of world politics.

Why ideology? After all, has not the EU's success been due precisely to its rejection of ideological Quijotes and adoption of pragmatic approaches? What is wrong with emphasizing economics, training accountants, and dealing with the issue of agricultural subsidies, that is, as Schumpeter once said, substituting the stock market for the Holy Grail?<sup>4</sup> What is wrong is that the cold war ended a decade ago, and by now it should be clear that the obstacles facing an EU wishing to "deepen" and "broaden" are not susceptible to procedural and technical solutions or to utopian illusions about the allegedly natural, universal appeal, intelligibility, and practicality of liberal capitalist democracy.

To adopt the idea that ideology, all ideology, is by definition bad or evil is to do several highly irresponsible and costly things: (1) Deny the crucial and strategically positive ideological ingredients of American and West European history. (2) Disarm Western liberal capitalist democracy by abandoning the terrain of ideology to proto-ideological movements of resentment such as Le Pen's and Haidar's, thereby allowing for the emergence of de facto sociocultural frontiers within which more powerful anti-Western movements of rage can develop. (3) Above all, to fear the ideological realm is to remove the necessary partisan and passionate basis for transcending or, at least, relativizing the EU's obsession with economic costs, administrative difficulties, and domestic political considerations. The latter sets of concerns are real and really parochial. No EU cost-benefit analysis will ever inspire the sober risk taking necessary to act on this world historical opportunity: to reconfigure Europe as radically and positively as under Norman auspices in the eleventh century.

This task of liberal ideological recasting and innovation rests primarily with Western Europe. If the West is to avoid an internal "Atlantic" barricade that ensures the failure of a broader, Western and European democratic project; if we are to prevent a new and unjustified barricade between a "gated" Europe and a "ghettoed" Russia—a Russia that could well become a malignant frontier that

4. Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper Torch Books, 1962), 137.

combines some of the most advanced technologies of power with some of the least desirable emotional feelings in one of the most disorganized societies—West Europe must do more than age and fear immigration.

The best antidote to European fears of a dogmatic, “Roman Catholic,” liberal capitalist America, acting arrogantly and unilaterally in the world, is the appearance of an ideologically “Lutheran” West Europe. Such a Western Europe will be capable of redefining and appropriating a liberalism consistent with its own liberal, capitalist, and democratic traditions.

The current categorical division of labor between America, acting like the Norman aristocracy, and the EU, being little more than its Brussels bureaucracy, will guarantee a liminal status for Eastern Europe; Russia’s effective exclusion from Europe; a lower threshold for the emergence of anti-Western movements of rage within Europe; and an increasingly condescending America irritated by and dismissive of an increasingly spiteful, self-absorbed, and timid Western Europe.

Continental Europe needs to reclaim its status as an ideologically innovative and articulate part of the liberal, capitalist, democratic project, intelligible to the eastern parts of Europe and admirable in the eyes of its Anglo allies. The European Union must recapture some of the Holy Grail ethos that characterized Western Europe’s eastern extension between A.D. 950 and 1350.<sup>5</sup> Only then will the words of Psalm 16 apply to the American and European project of the twenty-first century: “The boundaries have indeed fallen in pleasant places.”

5. In this connection, see Robert Bartlett’s brilliant *The Making of Europe* (Princeton, NJ: Princeton University Press, 1993).

## Review of Orenstein's *Out of the Red*

*Out of the Red: Building Capitalism and Democracy in Postcommunist Europe* by Mitchell Orenstein.  
Ann Arbor: Michigan University Press, 2001. pp. 166.

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Hilary Appel

More than a decade has passed since the countries of Eastern Europe and the former Soviet Union began their transitions to a new political and economic system. For some of these countries, the past decade brought about a transition to growing capitalist economies and vibrant democratic orders. In other countries, the transformation has meant painful social dislocation, plummeting standards of living, and political instability. In still others, such as regions within the former Soviet Union and Yugoslavia, the transition from socialism has meant civil war and economic deprivation. With more than ten years of experience to draw from, it is now possible to begin to analyze the varied trajectories of postcommunist states and assess the transformations that have unfolded. Why are some countries better able to develop and implement effective transition policies and attain positive levels of growth while others have failed to sustain 1989 levels of production? What strategies of reform have proved most effective in revitalizing the economy and ensuring democratic legitimacy? Which political institutions provided the best support to leaders trying to implement destabilizing economic reforms?

Identifying the determinants of success and failure in the postcommunist world has been elusive at times since some states that appeared to be the early successes of transition turned out to be disappointments later on. Similarly, states that seemed to be mired in political chaos and economic stagnation sometimes proved to be much better performers with time. Two countries that represent this unpredictability well are Poland and the Czech Republic. The Czech Republic was initially seen as the successful

model of political and economic transformation. Its articulate, well-dressed, liberal-talking leaders were the darlings of the international policy community. During the first years following the Velvet Revolution, Czechoslovakia was able to liberalize prices and trade, adopt a radical mass privatization program, maintain a stable currency and a budget surplus, all the while sustaining political legitimacy and popular support by keeping unemployment low and welfare protections high. Even more remarkable was that the Czech Republic remained true to its path of capitalist and democratic development despite the dissolution of Czechoslovakia into two national entities in January 1993.

During Poland's early years of transition, the implementation of a shock therapy program helped to achieve trade liberalization and currency convertibility, but it also led to a more painful than expected recession, replete with soaring inflation, persistently high deficits, and double-digit unemployment. The political backlash that formed against the shock therapy approach led to the collapse of successive liberal governments, with the country seeing six prime ministers fall within the first six years of democratic development. Political instability was blamed for Poland's difficulty in moving ahead with major structural reforms, like its main large-scale privatization program, which was delayed until 1996.

Yet after six years of the Czechs enjoying their positions as the beacons of success and the Poles as the laggards of the region, postcommunist political and economic realities shifted, and the two countries' reform records took a surprising turn. By the second half of 1996, the Czech Republic developed severe balance of payments problems and the economy suffered from currency instability and bank failures, culminating in a deep recession in 1997. The Czech center-right coalition government collapsed in November of that year, and all of the country's major political parties were mired in party financing and corruption scandals, especially the dominant right-wing party, ODS (the Civic Democratic Party). In contrast, Poland's economic transformation appeared to be progressing well in the late 1990s, with consistently positive rates of growth and major structural reforms under way in the financial and industrial sectors. What accounts for

these unexpected developments? How can we make sense of this reversal? These questions point to a larger area of inquiry, namely, what ultimately accounts for successful institutional reform?

One of the most convincing explanations of policy success and failure in postcommunist transition, and in Poland and the Czech Republic in particular, can be found in Mitchell Orenstein's impressive book *Out of the Red: Building Capitalism and Democracy in Postcommunist Europe*. This book grapples with fundamental issues of transition; it evaluates competing perspectives of capitalist reform fairly and succinctly and provides a insightful way to assimilate the unexpected twists and turns in postcommunist political and economic development.

Orenstein argues that the transition in Poland was ultimately more successful than in the Czech Republic because there was more turnover in Poland's government, which prevented doctrinaire approaches or flawed policies from being pursued too long. Instead, vigorous alternation between parties with the same overarching goal meant that Polish incumbents could learn from their opponents' past policy mistakes and carve out an improved program that would promote economic transformation and preserve social cohesion—two necessary ingredients for successful reform.

In the first chapter, Orenstein analyzes the neoliberal economic blueprint that was widely employed to design the new capitalist institutions in Eastern Europe and reviews its main critiques. He challenges the common wisdom from the early transition literature, and from mainstream theories of political economy, that democratic forces detract from successful policy making by discouraging the adoption of necessary structural reforms. Without suggesting that democracy simplifies the job of reformers, Orenstein contends that electoral competition and frequent party turnover enhances the quality of policy making because it facilitates learning and the modification of ineffective strategies. Capitalist and democratic transitions were thereby more successful, not when one transformation strategy was pursued consistently and without interruption, but when a range of policies were explored and tested.



In the following two chapters, Orenstein traces the evolution of political and economic reforms in Poland and the Czech Republic, respectively, providing the empirical background necessary to advance his argument. Each chapter includes a useful survey of the rise and fall of parties and leaders and a thoughtful analysis of their evolving styles and strategies for building a capitalist economy. These chapters juxtapose the technocratic style of Leszek Balcerowicz, the two-time Polish finance minister, with the political savvy of Václav Klaus, the Czech finance minister turned prime minister—identifying the latter as a quintessential “technopol,” a term Orenstein borrows from Jorge Dominguez. Orenstein notes that although Balcerowicz and other Polish reformers were tempted initially to circumvent parliamentary opposition and avoid political compromise to realize their narrow blueprint of neoliberal reform, they lacked the institutional means and the moral authority to do so. Eventually they learned to revise their approach and broaden the range of policies they would consider to regain access to the policy-making arena.

In contrast, the Czech liberal reformers under the leadership of Václav Klaus recognized from the beginning that they must include measures to soften the impact of transition to maintain their control over economic reform and elicit compliance from different political groupings. However, as Klaus increasingly consolidated his power, he began to pursue a much more rigid neoliberal reform agenda. According to Orenstein, the political stability that Klaus enjoyed ultimately undermined his government’s ability to identify and undertake effective strategies and abandon faulty ones. The continuation of one group of reformers and the dominance of the ODS through 1997 allowed policy mistakes to persist and rent-seeking interests to capture the Czech state. Orenstein argues that only with the rise of the new centrist and then left-wing governments did the Czech Republic begin to advance banking privatization and securities markets regulation and to correct for important policy mistakes.

The two country studies are followed in chapter 4 by an in-depth comparison of the Czech and Polish privatization experiences. Here Orenstein demonstrates how party turnover and policy alternation in Poland led to surprisingly positive results in Pol-

ish property rights reform, whereas the persistence of the Czech mass privatization model and the dominance of one coalition government for years generated perverse economic effects. In his retrospective evaluation of privatization, Orenstein correctly characterizes the dissipation of the initial enthusiasm for Czech-style voucher privatization in the international policy community, although he overstates the emergence of a “revisionist consensus” in its place. Scholarly assessments of privatization in Central Europe, including the Czech Republic, are much more ambivalent than the author acknowledges. He is convincing, however, in his more important point, namely, that the uncertainty surrounding institutional reforms in the early 1990s meant policy makers’ knowledge of the most appropriate and effective means to privatize was necessarily incomplete. Since policy making would become better informed with experience and time, environments in which governments could respond to new information and change course when necessary proved to be more conducive to successful policy making in the long run. The implication of this finding is that a democratic arena in which meaningful electoral contestation occurs is more supportive of reform than one in which political officials are insulated from democratic pressures or one in which governments remain in office too long.

In the conclusion, Orenstein elaborates further why democratic policy alternation facilitated capitalist development in East Central Europe. In addition to the effects of uncertainty on policy design, he explores the international and domestic policy constraints that were both geopolitical and ideological in nature. He notes first that the goal to join the European Union limited the range of possible policies leaders could implement. Furthermore, within this range, only some policies were ideologically acceptable to leaders. A variation in leadership over time therefore allowed for a broader spectrum of acceptable policies to be considered, but without any truly radical proposals emerging. Thus, Orenstein is careful to specify that his model of policy alternation may not apply in environments that are prone to polarization or radicalization. Indeed, since there was a consensus

among the main parties as to the goal of EU membership, alternation between parties never risked a repudiation of the overall aims of democracy and capitalism. In sum, domestic conditions and foreign policy goals prevented more extreme policies from being part of the policy alternation cycle, a condition that may not be replicated in other contexts.

The most important finding of Orenstein's *Out of the Red* is its strong affirmation of the compatibility of political and economic liberalization, thereby undermining a common assertion in the field of political economy that democratic conditions detract from structural adjustment or economic reform. Equally important are his findings that maintaining one group of reformers in power too long is problematic, not (simply) because it could be a sign of corruption and an entrenchment of interests, but because this precludes learning through policy alternation. Certainly, one could still conclude that stability is a good thing when leaders get the policies right in the first place. However, given the uncertainty that surrounds most periods of fundamental institutional reform, the likelihood that leaders will adopt the full set of effective policies the first time around is necessarily small.

While *Out of the Red* is persuasive in identifying the conditions responsible for policy success and policy failure, there is some uncertainty as to the policy lessons that can be taken away from the particular case studies. After all, the argument suggests that if leaders were to follow a social-liberal approach that cushioned the public against the shock of reform (as in Orenstein's 1990 to 1993 Czech example), then the stable political environment that ensued would prevent party turnover and hinder policy learning. Should one then conclude that radical or narrow policy approaches that generate political backlash and multiple collapses of governments are preferable since they facilitate alternation and thus learning? This question points to a tension in the book: it effectively explains a phenomenon, but it raises new questions and points to certain ironies. Thus, although the book is effective in describing a series of developments and persuasive in explaining an important political phenomenon, it is less helpful in prescribing any strategy or course of action. While normally

one would not expect this from political science scholarship, the focus of the book—evaluating policy success and failure—lends itself to such practical questions.

In sum, *Out of the Red* evaluates competing perspectives on market reform clearly and thoughtfully and provides a convincing explanation of the unexpected developments in postcommunist political and economic development. Despite a tremendous amount of detail in a small number of pages, the argument is easy to follow since the book is well organized and the writing is clear and disciplined. The attention to detail makes this book useful as a reference, even for a specialist. At the same time, the book is written in a way that is sensitive to readers without the basic background, making it also suitable for undergraduate courses on transition. The book is an impressive piece of scholarship and is of value and interest to a wide range of readers.

## ***Review of Janos's East Central Europe in the Modern World***

***East Central Europe in the Modern World: The Politics of Borderland from Pre- to Post Communism* by Andrew C. Janos. Stanford, CA: Stanford University Press, 2000. pp. 488 + xvi.**

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Paul Dragos Aligica

This book is a bold attempt to explore both from an analytical and a historical perspective the complex issue of political change in modern East Central Europe. Given its success in meeting the highest standards of both perspectives, the book is undeniably an important contribution to the great tradition of macro-sociological analytical narratives defined by the works of authors such as Barrington Moore, W. W. Rostow, or Samuel Huntington. That

comes as no surprise, as the author is one of the preeminent scholars of the domain. His published work includes both many insightful studies of the region and one of the most perceptive analyses of the theories associated to the social change literature (*Politics and Paradigms*, Stanford University Press, Stanford, CA, 1986).

*East Central Europe in the Modern World* is the natural outgrowth of his previous works and as such it pivots around the issue of “backwardness,” a problem that, Janos argues convincingly, is one of the main defining features of the region. The study is designed on two levels. On one hand, the author is building an analytic framework geared toward capturing in a meaningful way the political dynamics of the region, while on the other hand, he systematically applies this framework against the political history of East Central Europe.

Janos’s analysis is anything but predictable, conformist, or tedious. After expressing his skepticism regarding the explanatory power of the traditional models and theories with their excessive focus on modernization, institutions, culture, and internal factors, he starts to develop a synthetic approach in which several forgotten but topical theories reflecting the experience of “borderland countries” come to fore. In articulating this synthesis, Janos is not proposing another grand theory but a complex and flexible approach “that can strike a reasonable balance among these competing explanations.” The effort of going through almost five hundred pages of dense historical analysis is amply rewarded by the fresh and challenging image of the historical dynamics of the region that emerges as the book draws to an end.

One of the most important conclusions deriving from this new image is that in spite of the current perception, the current reforms and the process of profound social change taking place now in the region are not at all unparalleled or unique once they are viewed from the perspective of nearly two centuries of East Central European politics. The advantages of combining the long view and a well-balanced analytical framework is to highlight the broader historical pattern, the grand cycles of the rise and decline of liberalism, fascism, and communism. Hence, the historical pre-

cedents for dramatic social and political change abound. From the first liberal experiment, the abolition of feudalism, to the communist experience and to the current “reform and transition,” a paradoxical element of continuity in change is revealed by Janos’s clever analysis.

The first aspect of continuity in change is the preeminence of backwardness as a pivotal and defining issue for all these political regimes. Indeed, once seen through the lenses offered by Janos, the backwardness and the reforms are clearly two faces of the same deep structural pattern of the dynamics of the region during the past two hundred years. The second is that the “reforms,” that is, radical social change imposed from above by the state, have always been undertaken under the shadow of an element of foreign, external origin. Identifying this thought-provoking issue and focusing on it leads us to the key component of Janos’s analysis.

For Janos, the uniform failure of the great variety of institutional models and arrangements developed over years to reverse the process of economic marginalization clearly show that analysts and policy makers have greatly overemphasized the institutional and political constructs while they have underestimated the international conditions and the forces located in the external world. In seeking an accurate balance among the competing explanations, three such external “forces” occupy preeminent positions in his approach.

The first and most persistent has been the international demonstration effect of the material culture that grew out of the ongoing consumer revolutions of the West: “the endemic sense of relative deprivation generated by images of the material progress of the countries of the advanced West.”<sup>1</sup> The geographical proximity and the close cultural identification with the Christian and European peoples of the West helped even more to convert economic differences into expectation and entitlement. The effect of these expectations at the level of East Central European societies and states was an aggregate increase in the propensity to consume and a decrease in the propensity to save. Faced with declin-

1. Andrew Janos, *East Central Europe in the Modern World* (Stanford: Stanford University Press, 2000), 414.

ing savings, the regional states were forced to try various programs of coercive accumulation, programs that increased the discontent of the population even more. Thus, the sense of relative deprivation set into motion the vicious circle of resentment and instability typical for the region.

Second among the external conditions was the role of the international market. Janos emphasizes the *structural* instability of the market as opposed to the *cyclical* one typically discussed in mainstream economics. The author persuasively demonstrates that although the international market is depicted in the mainstream economics as a constant (to which states can “adapt” by choosing the proper institutions), in reality it has been changing constantly throughout the modern period. The example he uses to illustrate his point is more than illustrative.

In the 1870s, the countries of the region, which were already integrated into the international economy on the basis of their agricultural exports, were making their first bold moves to diversify their economies through productive reinvestment. At that moment, cheap land and the transportation revolution put U.S., Argentinian, and Canadian producers in command. Whether a sustained boom in cereals might have been enough to solve the region’s underdevelopment problem might be a good subject for an interesting counterfactual analysis, but Janos is not going in that direction. Instead, he simply and judiciously points out the more general lesson that relative deprivation alone may not abort the take off of development but “when it is combined with adverse market trends in historical moments of great vulnerability it is almost certain to do so.”<sup>2</sup>

Finally, the third major external factor determining the dynamics of the region is the international political system or, to be more precise, the issue of regional hegemony. Indeed, Janos’s point that the process of economic drift has received an additional push from political forces from outside the region’s boundaries is amply illustrated in the book: during their entire history, the small powers of East Central Europe were “not only economically backward peripheries of the modern world economy but

2. Andrew Janos, *East Central Europe in the Modern World*, 410.

also borderlands among great powers fighting over continental hegemony.”<sup>3</sup> Janos makes the compelling point that this circumstance affected both economic and political development, as well as the hegemon(s) shaping the choice of institutions or directly imposing institutional designs and ideologies. His point is again a forthright challenge to the typical political sociology and political economy approaches that usually attribute these institutional arrangements to “underlying” internal socio-economic structures. From the beginning of their existence, the small powers of East Central Europe were conscripted into grand historical projects whose logic was determined in the regional hegemon’s capitals. Being part of these projects contributed further to the marginalization and peripheralization of the region in the world economy.

The conclusions of this spectacular tour de force are rather challenging: if one reexamines the region’s history of institutional change and link it not to modernization but to the changing structures of power in the larger, external context, a complex view emerges, one of an institutional dynamics strongly conditioned by hegemony and tutelage, at the mercy of a structurally volatile international market and under the psychological pressure of an internationally driven sense of relative deprivation. In an oversimplified nutshell, this is the core of Janos’s analysis. By itself, that would be enough to make *East Central Europe in the Modern World* an outstanding work. But true to the promise of a synthetic nature for his analytical framework, the author goes further and adds new explanatory layers to this core. In this respect, the way he inserts into the discussion the much debated problem of “culture” very well illustrates his achievement.

Culture is for Janos a “habitual residue of traditional religious injunctions,” a residual constant that accounts for some of the particularities in the subregional reactions to the external factors. As such, it has an explanatory role to play, and he skillfully defines the proper dimensions of this role by recalling the historical divide between the cultures of legalism and those of communalism. The way culture matters, he points out, is clearly

3. Andrew Janos, *East Central Europe in the Modern World*, 410.



exemplified in the contrast between the reactions of the different societies of East Central Europe to liberalism and communism. Whereas communism faced “intellectual dissent and mass resistance by the cultures of legalism it enjoyed at least a grudging acceptance in communal cultures where, even at its worst it represented something that was in some respects familiar.”<sup>4</sup> On the other hand, liberalism, with its emphasis on contractual relations and the legal state, “has proven to be bearable if inadequate, in the cultures of legal impersonality but has stumbled upon considerable resistance in the cultures of communalism.”<sup>5</sup> This, he concludes, seems to be as much true in the postcommunist present as in the precommunist past.

Once the forces that have in the past contributed to the region’s increasing backwardness are identified, Janos’s analysis leads implacably to a concluding assessment of the current outlook of the region. The method is simple: all one has to do is examine whether and to what extent the aforementioned forces are present in the contemporary international environment. That being done, the picture emerging is one of mild but justified doubts about the current optimism regarding the region.

If the first, and perhaps foremost, factor underlying the region’s backwardness was “the endemic sense of relative deprivation generated by images of the material progress of the countries of the advanced West,”<sup>6</sup> nothing today in the social psychology of the people of the region justifies the current optimism. Second, insofar as the international market upon which the fate of the East Central Europe countries so much depends continues to be the same highly variable entity, there is no guarantee that in the future it will not turn again against them as it did several times in the past. Finally, the same logic may apply to the international political system: the current beneficial influence of the hegemon and of an international milieu that, unlike its predecessors, is not just benign but actively favors the causes of democracy and development, may falter. The balance of forces in the world and on the continent may, as it has in the past, undergo significant

4. Andrew Janos, *East Central Europe in the Modern World*, 413.

5. Andrew Janos, *East Central Europe in the Modern World*, 413.

6. Andrew Janos, *East Central Europe in the Modern World*, 414.

change, with countries such as Russia, for instance, challenging again this status quo.

Janos's cautious conclusions regarding the prospects of the small East Central European powers might not be shared by many readers, influenced as they might be by the currently optimistic mood about the fortunes of the region. Nevertheless, very few will fail to be impressed by his marvelous analytic and interpretive achievement. Indeed, *East Central Europe in the Modern World* is undoubtedly a path-breaking book. It does more than provide a fresh and challenging look at the political history of the region from the perspective of an inventive analytical framework. In the process, it revives several classical but forgotten social theory models; innovatively relinks the fields of comparative politics, international relations, and economic history; and opens up a wealth of new themes and potential research directions. Thus, this book is somewhat paradoxical: it starts by announcing a conceptual and historical synthesis, while in the end, it seems to look more like a starting point for a new and challenging research program on the ever-fascinating "borderland" states and societies of East Central Europe.

## **Review of Connelly's *Captive University: Sovietization of East German, Czech and Polish Higher Education***

***Captive University: The Sovietization of East German, Czech and Polish Higher Education, 1945-1956* by John Connelly. Chapel Hill: University of North Carolina Press, 2000. pp. 448.**

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Roumen Daskalov

To what extent was East German, Czech, and Polish higher education uniformed on the Soviet model during the Stalinist period?

What national differences were there, and how significant? How can they be explained or made comprehensible? What does the study of such differences tell us about certain post-Stalinist developments in those societies?

These are the broad questions addressed by John Connelly in his recent book. Based on a painstaking research and comparison of three “case studies” of higher education systems in East Central Europe, the author concludes that the “return to diversity” trope (of Joseph Rothschild) is not quite true, as there was great diversity in the region already before 1956. Is he overstating the diversity, as some scholars kept telling him during the years of the research, or is he creating a straw man of uniformity as ironically some of those very people told him after the appearance of the book?

The obvious impracticability of measurement and the strong influence of the present moment (to which the above irony attests) makes the magnitude of diversity and divergence a largely vain question. What matters, however, is the proper description and understanding of the differences and peculiarities of the systems of higher education. Here one can just give an indication of the roads traveled in the book. In spite of overtly similar educational policies and institutional reforms, the three cases differ as to the dis/continuity of the professoriat (hence of the formative influences), the prevailing social background of the students, the consistency and energy with which the educational policy was pursued, the degree to which education was made to bear on the career chances of the individuals, the kind of new intelligentsia that emerged as a product of the system, and so on. There is in the Polish case a basic continuity of the old professoriat, a relatively cohesive milieu united by shared values and culture as well as personal ties. This made an impact on a student body largely changed to a peasant-worker outlook by way of “affirmative action” admission policies. In the Czech case, a professoriat largely passive under the Nazi occupation was harassed by revolutionary students and replaced from 1948 onwards. But a Communist Party leadership contemptuous of education was slack in pursuing a policy of forming a new educated class by massively drawing students of worker-peasant

background into higher education. The professors were also poorly rewarded, less than some categories of menial workers, and that reduced incentives. Finally, in the East German case, a Communist Party very much conscious of the role of education in the formation of a loyal new elite succeeded in completely eliminating the old professoriat and in creating a student body of predominantly worker-peasant background, thus ensuring a loyal educated class grateful to the party for its social ascent.

How are such differences to be explained? As remarked by the author, the strong political pressure for Sovietization (higher education included) creates quasi “laboratory” conditions for testing the strength of such “variables” as society, culture, and historical tradition (politics playing the role of “control”). Moreover, the new institutions and policies being more or less the same, one may hope to isolate the influence of national (political) culture. Combining the (hard science type) “explanation” this suggests with in-depth analysis and comprehension, John Connelly offers a fascinating analysis of the various circumstances at work in producing the three different educational outcomes. Here are some of the “factors” reconstructed and made to account for the differences.

In the Polish case, it was mostly “culture,” that is, a unique intellectual milieu plus a national identity defined historically against Russia that influenced the Communist Party itself and put limits to Sovietization. In the Czech case, it was primarily “social structure,” that is, a highly developed, class-conscious, and better off working class loath to enter higher education en masse, especially as material rewards were inadequate. In the East German case, it was the ideological role of antifascism (which for obvious rehabilitation reasons was here especially strong) combined with making status, power, and prestige largely conditional on education (with rewards for intellectual services very much higher than those of a worker). More immediate and “contingent” factors are also taken into consideration, such as the performance of the professors and students during the Nazi rule, the outlook of the communist leadership and its respective appreciation of education in particular, or the open border to the West serving as a “social safety valve” in East Germany.

By revealing the features of the educational systems and their way of functioning, the author goes a long way in making intelligible the outlook and attitudes of the new educated classes so produced, the relationship between intelligentsia and political power (cooperation and support, internal emigration, critique, public protest, etc.), the state-society relations, and so on. This and the specific national circumstances also help explain subsequent developments in the post-Stalinist period and especially the differential “propensity to crisis”—the significant intellectual dissent and popular pressure for change issuing from the “partially transformed” universities in Poland and the Czech lands as opposed to the complete loyalty of professors and students from the East German universities. In the final chapter, the author spells out in a succinct manner the peculiarities of the three cases: the “Polish exception” of (loose) party policies toward the professoriat, the “Czech exception” of (loose) party policies toward students, and the “German exception” of merging unwavering policies toward professors and students (caught in real “webs of dependency”) and embedding them in a broader set of incentives (from stipends to well-paid jobs) linked to performing services for the party or the “mass organizations.”

John Connelly presents us with a nice blend of statistical data, party and state educational documents, letters, memoirs, essays, and personal recollections. He also goes into the “subjectivity” of the intelligentsia under Stalinism, its various reactions to the ideology and to the regime ranging from enthusiasm through pragmatic accommodation to outright rejection. Based on writings by important intellectuals (of whom Czesław Miłosz, Leszek Kołakowski, and Christa Wolf are perhaps best known), many of them first attracted to, and then disillusioned with, communism, the author reflects why communism could for a time appeal to intellectuals.

All in all, one can say that John Connelly succeeds in making a fascinating study out of a topic that was seen as rather “uningratiating” by many specialists on East Europe, especially scholars coming from the region. In fact, it is probably from an “outsider” perspective that this work could be accomplished best, not least in order not to be hampered by the inner resistance

that someone “processed” by the educational system of Eastern Europe might have. I hasten to add that in many ways, John Connelly is also an “insider,” having lived for long periods of time in the countries of his study and mastered the languages of them all. This is felt in the subtle irony with which he employs the communist jargon to render a more vivid picture of the spirit of the times. The close intimacy between author and subject, achieved in a yearlong work conducted in various sites, together with a broad comparative dimension and methodological rigor, makes this book a truly remarkable achievement.

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