

ARTICLE

Prioritising Democracy? EU enlargement strategy at a crossroads

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The EU enlargement strategy has fundamentally changed over the last ten years. This has major implications for today's applicants from the Western Balkans. This article offers a historical analysis of the EU enlargement after the collapse of communism. What are the lessons learnt one decade after the big bang enlargement of 2004-2007?

The collapse of communism and the disintegration of the Soviet sphere of influence in Central and Eastern Europe (CEE) after 1989 prompted a reaction from the European Union (EU) commonly referred to as its enlargement strategy. This strategy basically consisted of three elements: the gradual liberalisation of interregional trade, a financial assistance programme and preparatory steps to absorb (some of) the CEE countries as full members. The first two elements of this strategy respectively boiled down to a form of 'managed multilateralism', introducing free trade while continuing the protection of vital EU interests, and symbolic financial assistance presented as 'incentive to self-help'. The third element, i.e. the prospect of integration into the European Union, proved to be the most effective weapon of the EU in disciplining the governments of the candidate members.

Only ten years after the revolutions of 1989 a historical summit of EU leaders, held in Helsinki in December 1999, decided to extend the number of candidates for membership to thirteen countries, i.e. ten CEE countries, Cyprus, Malta and, most strikingly, Turkey. As to the inclusion of CEE, the most important geopolitical interests and priorities were represented: for Germany, enlargement without the four Visegrád-countries would have been unacceptable; France considered itself fortunate with the inclusion of Romania and Bulgaria; and the Scandinavian member states were assured of the entrance of all three Baltic states. In addition, Greece was hoping for the settlement of a number of long-term conflicts with Turkey. 'A better close of the millennium', according to the then Dutch Prime Minister Wim Kok, 'was unthinkable.'^[1]

For obvious reasons, big bang enlargement did not extend to the Western Balkans. Throughout the 1990s, the successor states of former Yugoslavia, with the exception of Slovenia, and Albania were embroiled in war activities that resulted in more than 100,000 casualties and many more people displaced. It was only in the course of the 2000s that the EU was able to unfold its so-called Stabilisation and Association Process towards Serbia, Bosnia and Herzegovina (BiH), Macedonia, Montenegro, Kosovo and Albania (see below).



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Throughout the 1990s, the successor states of former Yugoslavia were embroiled in war activities.

The Copenhagen criteria

The Helsinki decision, which came as a surprise in light of the European Commission's proposal two years earlier, to start accession negotiations with only five CEE countries: Hungary, Poland, the Czech Republic, Slovenia and Estonia. As part of the Commission's *Agenda 2000* report of July 1997, individual opinions on each applicant country were presented. These opinions in turn were inspired by the so-called Copenhagen criteria, formulated at the Copenhagen European Council of June 1993. Membership, it was then stated in extremely broad terms, was conditional upon

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

In addition, it was stated that 'the Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries'.²¹ In other words, an eastward enlargement of the EU could take place only after the process of consolidating and deepening the Union was completed.

One year later, at the Essen Summit in December 1994, two initiatives were launched: a structured dialogue between the EU members and the associated countries and a strategy to prepare the latter countries for their future incorporation into the Single Market. To this end, a

Commission's White Paper was published in May 1995. The main objective was 'to provide a guide to assist the associated countries in preparing themselves for operating under the requirements of the European Union's internal market'.

The Paper identified the key measures in each sector of the internal market to be taken by the applicant countries and suggested a sequence in which the approximation of legislation should be tackled. However, and in the words of the Commission:

“ *a merely formal transposition of legislation will not be enough to achieve the desired economic impact or to ensure that the internal market functions effectively after further enlargement. Accordingly, equal importance is attached to the establishment of adequate structures for implementation and enforcement, which may be the more difficult task.*^[3]

EU's transformative power?

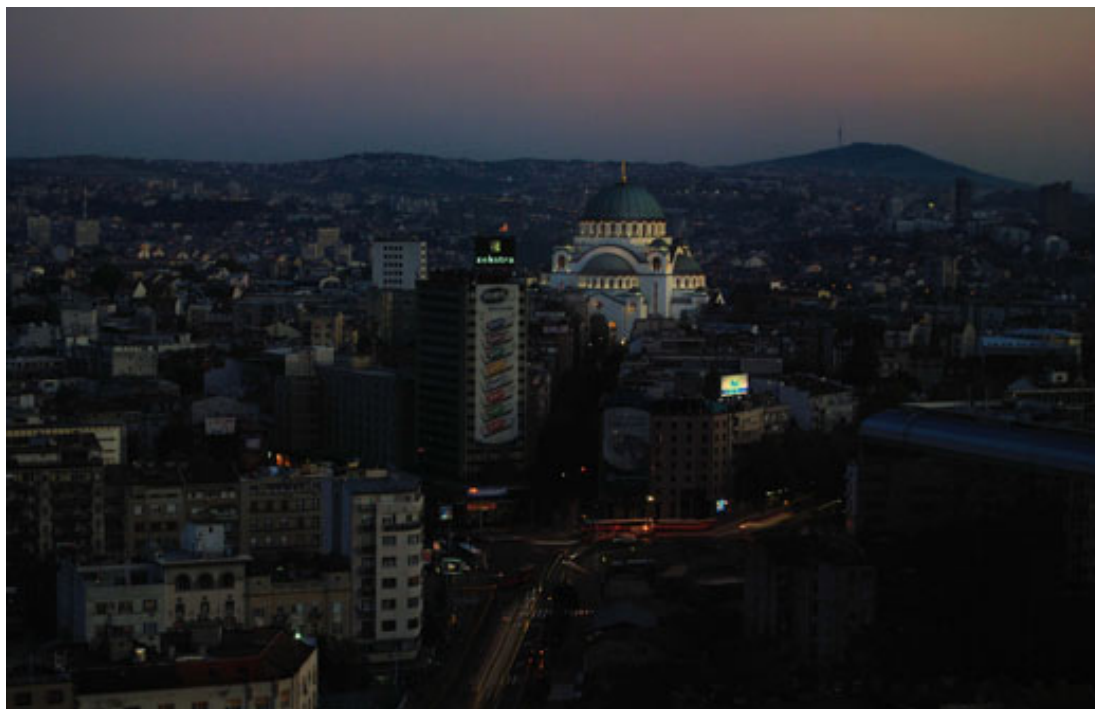
Two conclusions can be drawn from the above. First, the Union's enlargement strategy theoretically resulted in a differentiation of integration. That is, on the basis of yearly progress reports it was decided whether the candidate members could start negotiations and whether they were suited for full membership. Decisions were supposed to be made on an individual basis (i.e., same conditions, individual testing). But the Helsinki compromise to start a catch-all or big-bang enlargement made such an individual differentiation virtually impossible. In the end, only Bulgaria and Romania were excluded from the 2004 enlargement. But it was France again who pushed for accession of these two countries only three years later, in 2007.

Second, a closer look at the Commission's 1997 opinions and its subsequent progress reports clearly shows the primacy of economic criteria over political ones. More concretely, the existence of a functioning, competitive market economy and the ability to take on the obligations of membership were the two criteria on which most of the attention was concentrated.

The EU's enlargement strategy failed to understand the role of rent-seeking elites in the double transformation in Central and Eastern Europe

Of particular importance in this respect was the adjustment of administrative structures in the applicant countries so that European Community legislation could be implemented effectively. And since most of this legislation was related to the single market and its 'four freedoms', it is no exaggeration to conclude that the Commission's pre-accession strategy basically boiled down to a disciplining of the candidate members in terms of free market integration.

In this respect the distinction between transition and transformation becomes a salient one. The former process refers to the formal institutional changes necessary for the establishment of a democracy and market economy, the latter process also refers to the structural and behavioural changes that are required for the functioning of the new system in accordance with the rules and regulations of a democracy and a marked economy.



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Belgrade by night. Serbia is one of the first two countries that have actually started accession negotiations.

This distinction captures quite well the differences between the rather vaguely formulated Copenhagen criteria on the one hand, and the double transformation – from authoritarian rule to parliamentary democracy and from command economy to a capitalist system based on private ownership and liberal markets – on the other. Moreover, these criteria can be subject to different interpretations and interests. This is particularly true for the political conditionality and the absence of hard and measurable indicators.

The EU's enlargement strategy failed to understand the role of rent-seeking elites in the double transformation in CEE. Rapid privatisation, liberalisation and deregulation came with the massive inflow of foreign direct investment, the transfer of entire sectors (like banking, utilities and telecommunications) into foreign hands, the abolishment – sometimes overnight – of social protection schemes, rising unemployment rates and levels of socio-economic inequality. The social effects of economic transformation were by and large ignored, and particularly the risk of social deprivation hampering political transformation.

In short, economic transformation created not only winners but also losers and a fertile breeding ground for populism and populist parties. Structural and behavioural changes at the economic and elite level were much more profound than structural and behavioural political changes among the different populations in the region. This conclusion is confirmed by recent research on the effects of enlargement on new entrants.

Beyond conditionality

Following the big bang enlargement of 2004-2007, a second-generation literature focused on the transformative power of the EU after enlargement. Under the catchy heading of *beyond conditionality*, this literature studies the consequences of enlargement in three different ways: the transformative power of the EU *vis-à-vis* old and new neighbours for whom Copenhagen conditionality does not apply; the effectiveness of EU's conditionality, and hence transformative power, *vis-à-vis* today's candidate and potential candidate countries (i.e. the Western Balkans) in light of growing opposition to further enlargement among EU citizens and politicians (a topic to which we turn in the next section); and the post-accession compliance with EU's conditionality among the new CEE member states.

A major finding of the latter research is that the new entrants complied surprisingly well with single market rules and regulations, at times even better than some of the older member states, but that the EU did not have the same transformative impact in political terms.^[4] In fact, democratic consolidation was put on hold in at least four new entrants: Poland, Hungary, Romania and Bulgaria. In the absence of credible and effective sanctions, i.e. in the absence of a political *acquis*, we are witness of a paradoxical situation in which political leaders can turn a blind eye to (or actually promote) illiberal political practices while their functionaries continue to implement Single Market related EU law.

Can we blame the EU for this? It should be emphasised of course that recent political developments in Poland and Hungary, or the on-going failure to fight corruption in countries like Romania and Bulgaria, are first and foremost the responsibility of national political elites. But these elites do not act in a vacuum and to a certain extent react to the angers and fears in their own societies.

And here EU responsibility enters the scene. The EU too easily assumed the political transformation for completed and underestimated, or simply ignored, processes of social and political exclusion concomitant to economic transformation. It did not incorporate a serious state-building agenda into its enlargement strategy and it did realise too late, in the words of Heather Grabbe, that 'EU influence dwindles on politically hot topics' after accession.^[5]

Western Balkans: enlargement and security

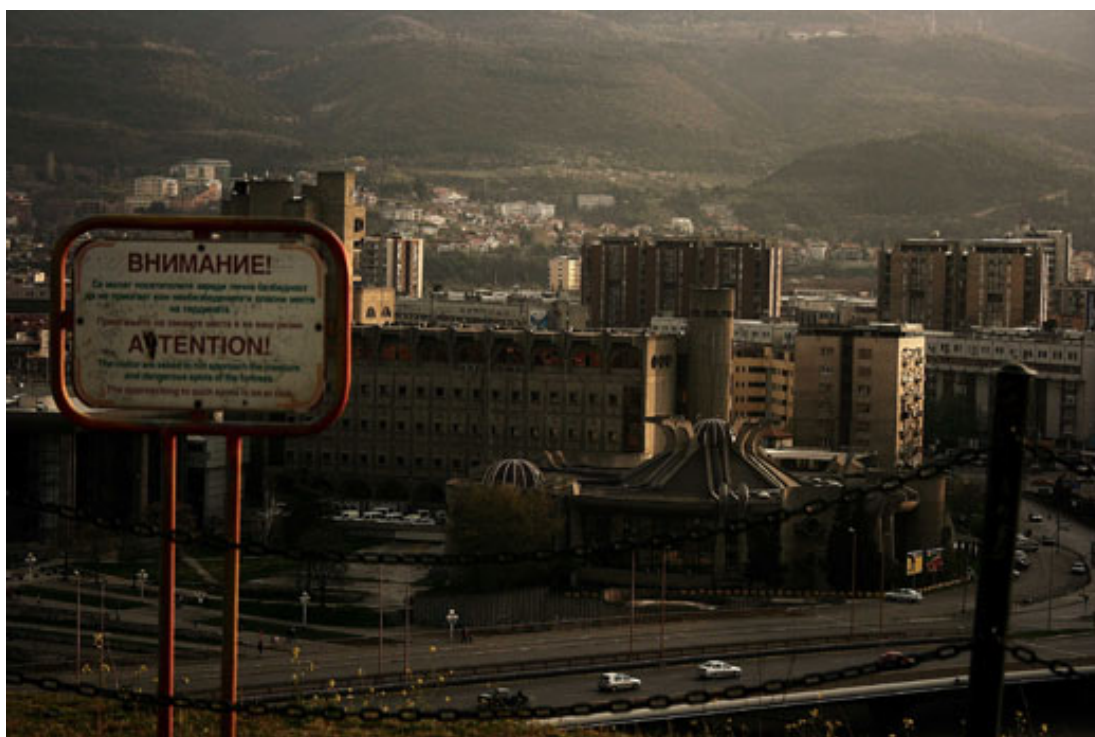
This last quote points at one of the lessons learnt one decade after the big bang enlargement of 2004-2007. One could indeed argue that the EU is focusing much more explicitly on democratic governance in today's candidate and potential candidate countries in the Western Balkans. One could also argue that administrative and judiciary failure, *inter alia* in combination with economic fragility and ethnic tensions, is so obvious that even a Union centred on free market integration cannot ignore politics.

This is the first conclusion we can draw if we look at today's applicants: the enlargement strategy has fundamentally changed. Also, a geopolitically inspired catch-all approach similar to the big bang accession will probably never happen with respect to the Balkans.

Secondly, public opinion within the EU has dramatically changed too. Arguably, intra- and extra-European migration flows have been the single most important political factor behind the rise of Euroscepticism. Enlargement fatigue is widespread, national constituencies will probably have a vote on any next accession and, as a result, further enlargement will be difficult to realise for the foreseeable future.

A direct effect of delaying and postponing enlargement, and thirdly, is that public moods in the Western Balkans are changing too. Disillusionment with the lack of national progress in economic and political terms is easily turned into Euroscepticism, paradoxically fuelled by local elites who are responsible for this lack of progress in the first place.

Closely related, and fourthly, a more general tendency of declining expectations outside the EU can be discerned of lately. Crisis induced divisions within the EU have dramatically decreased its normative power, its capacity to define the ‘normal’ in international relations. ‘Do we want to become members of this conflict-prone family’ is an ever more pertinent question outside today’s EU and among candidate countries.



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Skopje 2007. Macedonia is one of the four countries that have received candidate member status.

And, finally, Russia’s new post-2008 assertiveness poses an alternative and a challenge. In a way similar to China’s overt rivalry for influence in Africa and Latin America, Russia is more than willing to use – and where possible to fuel – anti-EU sentiments in the Western Balkans. This in turn poses an important security challenge at the borders of the EU.

The EU may assist in public administration reform or support the rule of law but it can do little about troubled states with limited statehood like Kosovo, BiH, Albania and Macedonia

How will the EU respond to this challenge? NATO enlargement in the second half of the 1990s created the possibility for the EU to focus on market integration. In the likely absence of a similar NATO-scenario, the EU is confronted with a dilemma: learning from the big bang lessons it should take political conditionality serious even to the extent that it could prohibit accession of the Western Balkans. On the other hand, however, infinite delay could drive these countries into the arms of Russia and prompt the EU to turn enlargement into a security project. The latter scenario would then imply that democracy be offered at the altar of EU geopolitics.

Balkan enlargement: state of play

For the time being the EU is holding on to its Stabilisation and Association Process, which was formally launched in 1999 but came only into full operation in the course of the 2000s. As part of this process additional conditions for membership were set out, particularly (and logically) aimed at intra-Balkan cooperation and good neighbourhood relations. An Instrument for Pre-accession Assistance was created with a budget of 11.5 billion euro for the period 2007-2013 (IPA I) and 11.7 billion euro for the period 2014-2020 (IPA II).

To date, four countries have received candidate member status: Serbia, Montenegro, Macedonia and Albania; yet, only the first two countries have actually started accession negotiations.^[6] Negotiations are issue-specific and divided into 35 chapters but little progress has been made in provisionally closing individual chapters.

Several reasons can be put forward to explain this lack of transformative power. The EU lacks state-building capacity. It may assist in public administration reform or support the rule of law but can do little about troubled states with limited statehood like Kosovo, BiH, Albania and Macedonia. As long as rent-seeking elites in these countries consider compliance costs – particularly with respect to democratic reforms – as prohibitively high, limited progress will be made. Continuous pro-reform pressure from national constituencies and civil society organisations is essential but additional EU conditionality in terms of compliance with various peace agreements and cooperation with the International Criminal Tribunal for the former Yugoslavia may contradict and neutralise these pro-EU sentiments.

Finally, limited progress in accession negotiations will reduce the credible prospective of full membership and subsequently EU's leverage as transformative power in the region. In short, and slightly reformulating the above quote from Heather Grabbe, in the case of the Western Balkans EU influence dwindles on politically hot topics even before accession.

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Noten

[1] Quoted in *NRC Handelsblad*, 13 December 1999.

[2] See press release (http://europa.eu/rapid/press-release_DOC-93-3_en.htm?locale=en) European Commission (accessed on 3 June 2017).

[3] European Commission, *White Paper: Preparation of the Associated Countries of Central and Eastern Europe for Integration into the Internal Market of the Union*, Com(95) 163 final, Brussels (3 May).

[4] See, e.g., Ulrich Sedelmeier, 'Is Europeanization through Conditionality Sustainable? Lock-in of Institutional Change after EU Accession', *West European Politics* 35(1), 2012, pp. 20-38; and the special issue of the *Journal of Common Market Studies* 52(1), 2014, titled 'Eastern Enlargement Ten Years On'.

[5] Heather Grabbe, 'Six Lessons of Enlargement Ten Years On: The EU's Transformative Power in Retrospect and Prospect', *Journal of Common Market Studies* 52, Annual Review, 2014, pp. 40-56.

[6] Individual progress reports by the European Commission are published yearly, i.e. in November. For the latest summary report, see European Commission, *2016 Communication on EU Enlargement Policy*, Brussels, 9.11.2016, COM(2016) 715 final.

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