

## **The Eastern Enlargement of the EU: Effects – Challenges – Visions 18 - 20 June 2014, St. Gallen**

### **Conference Report**

The 10<sup>th</sup> anniversary of the European “Big Bang”, the enlargement of the European Union by ten new member states at once, marks a good opportunity to look back and draw lessons. As one of very few institutions, the Center for Governance and Culture in Europe at the University of St. Gallen, used this anniversary to invite senior as well as younger scientists and experts to St. Gallen from June 18<sup>th</sup> to 20<sup>th</sup> to discuss the effects, challenges and visions of the eastern enlargement of the European Union (EU).

The conference hosted scholars with remarkably diverse scientific backgrounds. Representatives from half of the new member states and from candidate countries gave first-hand insights to the attendees. The multidisciplinary and multinational perspectives on 10 years of eastern enlargement made the conference a successful and unique event.

Prof. Günter Verheugen, former Commissioner of the General Directorate for Enlargement in the EU Commission and now a professor at Viadrina University in Frankfurt/Oder, opened the three-day conference with a keynote speech on his memories and views of the enlargement process. His “insider views” focused on the historic moments of the enlargement process.

History could have taken a somewhat different course, had the EU followed Henry Kissinger's advice and created a buffer zone between Europe and the Soviet Union. After initial enthusiasm and joy, the break-up of the Soviet Union and the fall of the iron curtain were indeed followed by fears, uncertainty and an unwillingness to accept the new situation. This was reflected in the rather hesitant steps towards enlarging the EU. Even though the formal conditions for accepting new members and membership criteria had been defined in 1993, the actual accession negotiations with six countries (Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia) only started at the end of 1997.<sup>1</sup>

Verheugen, who became EU Commissioner for Enlargement in 1999, did not know how strong the level of support from the EU institutions would be. The pace of development considerably accelerated after the outbreak of the war in Kosovo. This bloody event reminded European leaders that the EU is a peace project and convinced them that enlargement is a tool to promote peace and stability in Europe. In December 1999, accession negotiations were supposed to be held with 12 countries at the same time (Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovenia, Slovakia, Romania).<sup>2</sup> Only 18 months later, Verheugen proudly stated that by 2004 ten new member states would join the EU simultaneously.<sup>3</sup> Another 18 months later, the negotiation processes with these ten countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Poland, Slovenia, Slovakia and Romania) had been completed.<sup>4</sup> What do these

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<sup>1</sup> Luxembourg European Council 12 and 13 December 1997, Presidency Conclusions, <[http://www.europarl.europa.eu/summits/lux1\\_en.htm](http://www.europarl.europa.eu/summits/lux1_en.htm)>

<sup>2</sup> Helsinki European Council 10 and 11 December 1999, Presidency Conclusion, <[http://www.europarl.europa.eu/summits/hell1\\_en.htm](http://www.europarl.europa.eu/summits/hell1_en.htm)>

<sup>3</sup> Verheugen sees EU enlarging to ten countries in 2004, in: Euractive, 29.6.2001, <<http://www.euractiv.com/enlargement/verheugen-sees-eu-enlarging-countries-2004/article-110850>>-

<sup>4</sup> Copenhagen European Council 12 and 13 December 2002, Presidency Conclusion,

heterogeneous new member states look like ten years after their accession to the EU and what does the EU look like?

The presentations shed light on a deepening North-South divide in Europe, in contrast to a seemingly diminished East-West divide in economic and developmental terms. The presentations covering the developments of the new North-Eastern European member states reflected a rather confident and optimistic perspective of these countries and their success stories during transformation.

This view prevailed in Ringa Raudla's (Tallinn University for Technology) account of Estonia's development as a poster boy and its crisis management, Vladimir Bartovic's (Europeum, Prague) account of the catching-up of the Carpathian Tiger, and the presentation on the Polish success story by Rafał Riedel's (University of Opole), who discussed how Poland evolved from a problem child to the Eastern European front-runner in times of crisis.

Despite these successful transformation records there are still issues to be dealt with. Estonia, for example, currently still has a largely destroyed industrial basis and is heavily dependent on foreign direct investment and the banking sector. In Slovakia, shock therapy seemed to diminish any willingness for further reform. The Polish success story also has to be seen in light of a massive migration out of Poland, which almost cut the number of unemployed (19% – 10%) in half and produced thousands of so called "Euro-orphans".

The accounts of the progress of the South-Eastern European member states exposed rather mixed feelings on the past developments and future prospects. The current situation has led to a sense of incomplete membership among "half-Europeans" (Diana Mishkova, Center for Advanced Studies, Sofia). Anti-mainstream, anti-European and anti-liberal developments are clearly visible today in Bulgaria and Hungary and seem to be spreading beyond this region.

Sylvia Morton (University of Bucharest) gave insights into the weak state capacity of Romania due to wide-spread party patronage. State capture eliminated autonomous state institutions and any independent bureaucracy. Patronage seriously affects institutions and even governments, which is reflected in high political migration rates. The consequences are anti-political and populist developments in Romania.

The situation is even worse in Hungary, where the state capture by one party (which has a super majority control of decision making) fostered wide-spread anti-liberal developments in society. Half of the population agrees today to a reduction of personal rights in exchange for better economic prospects, as Balázs Trencényi (Central European University, Budapest) explained. He illustrated the weakness of political integration in stabilizing democratic development using the example of EU funding for civil society. As this funding for Hungary completely vanished mostly because of lacking state support to receive EU funds, most NGO's have left Hungary. This makes the rise of a new nationalism, an increasing role of identity politics and even "Putinist tendencies" an even more serious phenomenon, as countervailing forces have diminished.

The latter also applies to the case of Bulgaria, which Roumen Avramov (Center for Advanced Studies, Sofia) labels as today's "outpost of Russia in the EU". The feeling of backwardness in the "rich club" has strengthened doubts over the feasibility of democracy (Mishkova). This creeping Anti-Europeanization within populist, xenophobic and nationalist attitudes is increasing. In line with Anti-European tendencies in Western Europe, Mishkova spoke of an "Eastern-Europeanization of Europe". These tendencies were further explained by Verheugen as reactions to perceived threats to people's identities. Changes are anticipated as too quick and fuel people's demand for stability.

This rather sobering mood from South-Eastern Europe cannot outweigh the positive consequences of European integration for all new EU member states. Many experts stress political as well as economic stabilization, along with possibilities for local development through regional funding. The

development of all these countries would have been less progressive in many ways without European monitoring and membership incentives.

Despite challenges, difficulties and Eurosceptic tendencies within the EU, the continuing attractiveness of the European Union for those outside the club is unbroken. As Ulrich Schmid (Center for Governance and Culture in Europe, St. Gallen) pointed out in a comparative analysis, Ukraine, Moldova and Georgia all stress their European history and focus their foreign policy on the EU, even though these efforts are jeopardized by Russian attempts to destabilize these countries by controlling parts of their territories - Transnistria in Moldova, South Ossetia and Abkhazia in Georgia and the ongoing destabilization of Eastern Ukraine.

Maria Shagina (University of Lucerne) shed light on the rather unknown and underestimated effect of party cooperation between Europarties and parties in non-EU countries, which has resulted from the promotion of Europeanization and European norms (*acquis communautaire*) beyond EU member states. Based on a study of Georgia, Ukraine and Moldova, local parties are eager to increase their legitimacy and international recognition and have adopted EU norms to some degree. Additionally, these parties have been driving forces in the transition of their countries. The partners of the European People's Party (EPP), for example, were active forces during the Rose, Orange and Twitter Revolutions.

Danijela Jacimovic (University of Podgorica) shared her hopes and doubts on the ongoing accession negotiations with Montenegro and gave insights into the current “bureaucratic exercise” (Verheugen) of these negotiations. Jacimovic raised some skepticism on the EU’s true will to further enlarge, while outlining several local challenges, which might be reasons for ongoing negotiations regarding almost one hundred benchmarks.

Further input focused on the changing nature and efficiency of the EU and its institutions after the big bang enlargement. Dirk Leuffen (University of Constance) concluded in a quantitative study that the eastern enlargement had no influence on the functioning and decision making of the EU. The enlargement, moreover, proved the success of the EU as a “diversity accommodating system”. Concerning the future success of the EU as a convergence promoter, Rachel Epstein (University of Denver) sounded rather pessimistic. Her studies show the limited capacities for further catching-up, especially among the new Eastern-European member states.<sup>5</sup> This is mainly due to high dependence on foreign direct investment, which is not directed into innovation, productivity or an increase in competitiveness, but mainly to Eastern European Banks. This reinforces the relative backwardness of Eastern Europe. A new approach towards further integration and the catch-up process could be the promotion of transfers of know-how and technology.

The impressions given by the conference speakers provided insights into the current state of affairs of the European Union and many of its new member states and future candidates. Each new member state underwent its own transformation process, depending on historical trajectories, legacies and external factors. As Romana Careja (University of Odense) pointed out in a study on coherent policy making during the transformation to a market-economy, the differences in coherent policy making largely depended on external factors like IMF conditions or the existence or absence of an economic crisis.<sup>6</sup> By contrast, Roumen Avramov stressed that many of these young states were not familiar with the different varieties of capitalism, which would have made it possible to choose more individual paths of economic transformation based on their own history and experience. This point is supported by Verheugen, who calls for a greater acceptance of diversity and difference between the member states, which Dirk Lehmkuhl, head of the Center for Governance and Culture in Europe at the University of St. Gallen, labeled in his concluding remarks as “Unity in Diversity 2.0”.

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<sup>5</sup> See: Epstein, Rachel A. and Jacoby, Wade (2014): Eastern Enlargement Ten Years On: Transcending the East–West Divide?, in: *Journal of Common Market Studies*, Vol. 52, No. 1, pp. 1–16.

<sup>6</sup> See: Careja, Romana (2011): Paths to Policy Coherence to Create Market Economies in Central and Eastern Europe, in: *International Political Science Review*, Vol. 32, No. 3, pp. 345–366.

Although many presentations revealed weaknesses in the political integration of the European Union and its ability to strengthen democratic statehood, the eastern enlargement has been a truly historic achievement. Günter Verheugen, who termed the enlargement “a historically overdue process”, reminds the EU that the idea of European integration cannot be monopolized by it. Enlargement is a matter of historical justice and not national interests.

Christoph Laug  
e-mail: [christoph.laug@uni-konstanz.de](mailto:christoph.laug@uni-konstanz.de)