

THE EASTERN ENLARGEMENT OF THE EUROPEAN UNION

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## ABSTRACT

The idea of an eastern enlargement of the European Union has been the topic of much recent discussion and it is fast becoming a reality as the end of the Twentieth Century approaches. Previous attempts at integration failed to unite Europe mainly because they relied on force. Negotiations are about to begin that will allow some East European states to become members of the EU. This enlargement will not be without its difficulties, but it is generally agreed that the long term benefits are too great to warrant postponement.

Economically and politically the long term benefits of an eastern enlargement are enormous. After this enlargement the EU will be the largest trading bloc in the world. What is even more significant is that the EU will have successfully united Europe through peaceful and democratic means. It is the ability of the EU to act as democratizing force in Eastern Europe that is of most significance. By directly aiding in the consolidation of democracy in the East, the EU is fulfilling its founding principles of creating a peaceful and democratic Europe. After this enlargement the EU will have accomplished something no war ever could, the successful unification of Europe and the removal of the political East-West division.

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## INTRODUCTION

The European Union (EU) has undergone tremendous change since its inception as the European Coal and Steel Community (ECSC) in 1951. Initially it was only an economic arrangement dealing with two strategic commodities. In the subsequent decades it developed into a broad and complex economic and political arrangement involving some supra-national institutions similar in function to those possessed by federal nation states. The economic and political progress of Western Europe was not matched by Eastern Europe and a huge economic and political divide developed between the two parts of the continent. The true extent of this divide was not fully realised until after the collapse of communism in Eastern Europe. Almost immediately after that collapse the Central and East European Countries (CEECs) announced that they intended to seek membership in the EU. It is the purpose of this thesis to examine the prospects for the successful eastern enlargement of the EU.

The first chapter provides a theoretical foundation for the discussion. It analyses the applicability of the concept of democratization to the prospects of eastern enlargement of the EU. The initial goal of the EU was the creation and maintenance of political security in Europe. Economic arrangements were regarded as a means to this end rather than just as ends in themselves. Indeed, the primary reason for the creation of the ECSC was the prevention of future wars among the member states. The economic benefits, while important, were a secondary objective. The collapse of communism opened up the possibility of further enhancing political security in Europe by removing the east-west divide and having the Eastern European nations return to the democratic fold, as well to the Western economic sphere. This chapter discusses what democratization means in the European

context, the extent to which a desire for democratization motivates both the nations of Eastern Europe and the nations of the EU in their efforts to expand the EU eastwards, the extent of the commitment to democratization on the part of those involved, and the practical difficulties encountered in the process of democratisation.

The second chapter provides an historical account of the development of a divided Europe in the post Second World War era. It explores the nature and extent of the divide and how it created difficulties for the subsequent attempts to reintegrate East and West. It is argued that the ideological struggle between communism and democracy was primarily responsible for splitting Europe. While the Soviet Union is regarded as having played the dominant role in isolating Eastern Europe, it is maintained that Western governments must bear some of the responsibility. The chapter also argues that, whatever the appropriate apportionment of blame should be, the political and economic gulf that developed between East and West was so profound that it created enormous difficulties for those now trying to reintegrate the two parts of the continent.

The third chapter discusses the advantages and disadvantages of an eastern enlargement to the nations of the EU. For the EU an expansion to include the Eastern European states involves political and economic considerations of a far greater magnitude than those involved in earlier expansions. The most recent expansion involved the accession to the Union of Austria, Finland and Sweden. This could be accomplished relatively speedily because these nations were democracies whose economies were in many ways similar to those of the then current member countries. An expansion of the EU to include Eastern European countries involves incorporating nations with much less familiarity with democracy and economies that are all far weaker than those of previous new members - even of Portugal and Greece.

The fourth chapter examines the current situation of the CEECs and discusses the practicalities that would be involved in an enlargement of the EU eastwards. Ten nations have applied for membership in the EU: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. They are commonly referred to as the CEEC-10. These states all view membership of the EU as way of clearly distancing themselves from their communist past and of rapidly expanding their economies and standards of living. However, the practical difficulties involved in incorporating such a large number of applicants with great differences in political and economic development among them has led to eastern enlargement becoming a two stage process. At their summit in Luxembourg in September 1997 the EU governments agreed with a recommendation of the European Commission that talks would open first with five East European nations: Poland, Hungary, the Czech Republic, Estonia, and Slovenia. The five others will go through a screening process and receive billions of dollars in aid to prepare them for accession later. The practical difficulties faced in both stages involve not only political and economic adjustments in the Eastern nations but also political and economic adjustments in the institutions of the EU to accommodate the prospective new members. It is argued in this chapter that these practical difficulties are so many and so great, especially for the countries in the second stage, that they may well prevent all of the CEECs becoming full EU members for many years.

The final chapter concludes that despite all of the difficulties and uncertainties involved, an eastward expansion of the EU is both desirable and necessary. It argues that a phenomenal opportunity has been afforded both West and East to develop a relationship that could ensure political and economic security in Europe for many decades. An eastward expansion may take some time and may slow the pace of integration among the member states of the EU as well as involve huge

short term costs. However, no enlargement, or a botched one, could well create new divisions within Europe that could threaten the security and well being of the entire continent.

## 1. THEORETICAL CONSIDERATIONS: DEMOCRATIZATION

### 1.1 Introduction

The CEECs view membership in the EU as a way of effecting and solidifying a transition from communist to democratic forms of government. The EU also views enlargement as a means of expanding and consolidating the sphere of democracy in Europe, thereby enhancing security. However, the majority of studies of the prospects for eastern enlargement of the EU focus on economic issues and theories and rarely deal in any depth with political issues and theories. This chapter presents a brief theoretical discussion of the process of democratization which will provide a foundation for the subsequent analysis of the advantages and disadvantages of enlargement and its long term significance.

### 1.2 Democratization

The early literature on democratic transitions focused on Latin America and the rest of the world. These transitions are now often compared with those currently underway in Eastern Europe.<sup>1</sup> The validity of such comparisons is the subject of much debate. However, the process of transition from an authoritarian regime to a democratic regime is much the same in both regions, even if the end results are likely to be different.

Early attempts at analysing democratic transitions globally used what was called the preconditions approach. That is, they argued that certain preconditions had to be met before

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<sup>1</sup>TerryLynn Karl and Philippe C. Schmitter, "From an Iron Curtain to a Paper Curtain: Grounding Transitologists or Students of Postcommunism?" *Slavic Review*, no. 4, vol. 54, 1995, 970-71.

democratization could occur. Emphasis was placed on the preconditions and not upon the process of transition itself. Trying to calculate the necessary preconditions proved to be a very difficult task, for the preconditions applicable to one state did not necessarily apply to another. The preconditions approach provided information about possible outcomes but it could not foretell whether or not a transition to democracy would happen.<sup>2</sup> Moreover, states that met many of the preconditions and began a transition to democracy often slipped back under authoritarian rule after a few years. It became clear that to take the analysis further greater attention had to be paid to the process of transition itself.

More recent attempts at analysing democratic transitions use what is called a procedural approach<sup>3</sup>. They argue that the process of transition involves a series of stages each one of which may be problematic and which will not necessarily lead to the next. It is further argued that all nations undergoing transition to democracy experience much the same stages in much the same sequence. However, it is recognised that the stages may vary somewhat in their detailed characteristics and their length. The main stages are commonly described as liberalisation, extrication, constitution, and consolidation. Each one of these will be briefly looked at in turn.

### 1.3 Liberalization

The first stage in the transition to democracy is usually referred to as the liberalization phase. Essentially it is defined as an acceptance by an authoritarian regime of organisations in the nation that are separate from the regime. Such an acceptance usually is a response to a crisis, either domestic

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<sup>2</sup>Georg Sorensen, Democracy and Democratization (Boulder: Westview Press, 1993.), 28.

<sup>3</sup>Adam Przeworski, Democracy and the Market (New York: Cambridge University Press, 1995), 51-3.

or foreign.

Liberalization is usually classified into two types, top down and bottom up. When liberalization occurs in a top down fashion it is usually as a consequence of a split in the ruling party, often between "reformers" and "hard-liners." Hungary is often cited as an example of the top down liberalisation process. Divisions within the Hungarian leadership led to experimentation with economic and social reforms in the 1950's. These reforms then set the conditions within which various organisations developed that had a certain autonomy from the regime and amounted to an unofficial opposition. The Hungarian uprising of 1956, which Soviet forces ultimately crushed, can be viewed as a result of liberalization policies. While the immediate results had a negative impact on democracy in Hungary, they paved the way for later negotiations between the communist government and the opposition forces that ultimately led to the removal of the communist government and the establishment of a democratic one.<sup>4</sup> When liberalization occurs in a bottom up fashion it is usually because some form of popular mobilisation forces a regime to make concessions which, in time, open up the possibility of democratization. Poland is often cited as an example of the bottom up liberalization process. In fact, the history of popular mobilisation and demonstrations in Poland gave the democratic transition in that country a more revolutionary appearance than in some others.

Whether or not the liberalization occurs from above or below Adam Przeworski maintains that four factors account for the change.<sup>5</sup> These are, firstly, that the authoritarian regime has fulfilled its

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<sup>4</sup>Michael McFaul, Post-Communist Politics: Democratic Prospects in Russia and Eastern Europe (Washington, D.C.: Centre for Strategic and International Studies, 1993), 9.

<sup>5</sup>Adam Przeworski, "Some Problems in the Study of the Transition to Democracy." Guillermo O'Donnell, Philippe Schmitter and Laurence Whitehead, eds. Transitions from Authoritarian Rule: Comparative Perspectives. (Baltimore: Johns Hopkins University Press, 1986), 50.

reason for being and it is no longer necessary or possible for it to continue. Secondly, the regime has lost its legitimacy and hence disintegrates. Thirdly, internal divisions within the ruling bloc lead to the cooperation of some ruling factions with outside forces. The ruling bloc then ceases to be the ruling bloc. Fourthly foreign pressures lead to democratic concession which reduce the ruling ability of the regime.

Przeworski further maintains that even when these four factors are present and are weakening an authoritarian regime this does not signal its impending collapse. He argues that the regime will only be in imminent danger of losing control when there is a real and viable alternative to its power. If no alternative exists there is little hope that the regime will collapse. Moreover, even if alternatives do exist those in power still may be able to exercise the option of returning to old ways and using force to end public opposition. Tiananmen Square illustrates how successful the determined application of force can be in halting the democratization process in its early stages. A smaller, weaker state might not be able to resist international pressures in the way that China did nor might one that is surrounded by democratic regimes supportive of reforms. The CEECs are examples of states that are relatively small and weak and which are in close proximity to many democratic regimes that supported the idea that they be transformed into democratic nations.

If repression is not a viable option in the face of popular mobilisation in opposition to the regime then negotiation and compromise with opposition forces usually are. In the case of the German Democratic Republic, demonstrations in major centres such as Leipzig eventually led to dialogue and negotiations. In the case of Poland the Solidarity movement was so large that it forced the government to compromise with it before it was able to carry out its economic program.<sup>6</sup>

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<sup>6</sup>McFaul, 5.



However, negotiation and compromise normally only delays the downfall of the authoritarian regime, although that delay may last for many years.

Both top down and bottom up liberalization can occur over a few or many years. If it is top down the speed of the process of liberalization depends upon the size of the split in the ruling group. If it is bottom up the speed of transition depends upon whether or not the regime resorts to repression, cooptation, or power-sharing. If the last option is the one chosen, or the only one considered viable, then it can be said that the beginning of the end is near for the authoritarian regime. Once the process of liberalization has progressed to the point that the regime can no longer rule by force alone then the state has entered the next phase of democratization, that of extrication.

#### 1.4 Extrication

The second stage in the transition to democracy is usually referred to as the extrication phase. The manner in which a country moves from authoritarianism to democracy strongly influences the future of that nation. If the extrication involves a strong backlash against the old regime it is likely to be violent and chaotic. In these circumstances the likely success of the new democracy is lessened as the radical reformers run the risk of becoming authoritarian themselves. A good example is provided by the recent experience of Romania. The brutality of the regime led to its violent overthrow and the execution of Ceaucescu. However, much of the former system of government remained intact and the regime has been very authoritarian.<sup>7</sup> It has frequently been accused of abuses of state power and continues to deny provincial and municipal governments the ability to

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<sup>7</sup>Juan Linz and Alfred Stepan, Problems of Democratic Transition and Consolidation (Baltimore: Johns Hopkins University Press, 1996), 358.

create their own policies. The central government justifies its control of local property and finance by claiming the local authorities are not yet capable of carrying out their appointed roles.<sup>8</sup>

The role of the military is of critical importance in the extrication phase. Even if the military is supportive of the reformers it may well seek some significant concessions in return for staying out of the process, and even larger concessions for acting on behalf of the reformers. If the old regime continues to be supported by the military the extrication process will be very difficult indeed. Since it would be virtually impossible to get rid of the military by means of popular mobilisation, huge concessions are likely to have to be granted.<sup>9</sup> A good example here is that of Poland, where a compromise was made to permit the communists to retain some influence while permitting the armed forces to proceed with reforms. This compromise guaranteed the communist party 35% of the seats in the more important house of the parliament (Sejm) and gave its allies another 30%; it assured the military that the election of General Jaruzelski as president would be unopposed and that matters of external defence and internal order remained under communist control.<sup>10</sup> Under such conditions the lingering influence of the old regime creates an unstable situation and hinders the creation of a functioning democracy.

### 1.5 Constitution

The third stage in the process of democratization is usually referred to as that of the

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<sup>8</sup> Adrian Campbell, "Local Government and the Centre in Romania and Moldova." John Gibson and Philip Hanson, eds. Transformations from Below. (Cheltenham: Edward Elgar, 1996), 87-89.

<sup>9</sup> Myron Weiner, "From Authoritarianism to Democracy." Roy Macridis and Bernard Brown, eds. Comparative Politics: Notes and Readings (Pacific Grove, CA: Brooks/Cole Publishing, 1990), 140-1.

<sup>10</sup> Adam Przeworski, Democracy and the Market, 78.

constitution of democracy. This occurs when the democratic institutions of the new regime are created and their relative powers are determined. There is usually considerable tension in this phase. Some of the tension results from arguments over the degree of continuity or change that should be embodied in the new institutions. Inevitably there are those who want there to be a clean and decisive break with the past. However, there are usually also those who would prefer a more evolutionary approach.<sup>11</sup> Some of the tension also results from the important choices that have to be made. One of the most basic of these is whether or not to adopt a parliamentary or a presidential system of democracy. Both have advantages but most of the Eastern European nations regard the parliamentary system as offering better opportunities for establishing democratic regimes. This is because the presidential system is regarded as having two major drawbacks. The first of these is that it tends not to promote a multi-party system, something often desired in the wake of an extended period of authoritarian rule. A presidential system promotes a two party system which limits political choices and therefore limits the chances moving away from authoritarianism. The second is that it is regarded as vulnerable to authoritarian temptations because it places too much power in one office.<sup>12</sup>

## 1.6 Consolidation

The fourth, and final, stage in the process of democratic transition is usually referred to as the consolidation phase. Consolidation is a term that refers to the process of creating comfort and familiarity with democracy so that the chances of reverting back to authoritarianism are reduced by

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<sup>11</sup>Jacques Rupnik, "The Post-Totalitarian Blues." *Journal of Democracy*, ( April, 1996), 62-3.

<sup>12</sup>Rupnik, 68-69.

ensuring that "none of the major political actors, parties, or organised interests, forces or institutions consider that there is any alternative to democratic processes to gain power."<sup>13</sup> Generally the longer the process of consolidation the more likely it is that democracy will become entrenched. It has been argued by Helga Welsh that democracy will only truly be consolidated after "reform of the electoral system; reform of the structure of government to decentralize power; selection or creation of a new political elite; prosecution and purge of authoritarian officials, and reform of the media sector."<sup>14</sup>

Historical and geographical factors both play a role in determining whether or not the consolidation phase is likely to be successful, as the political and economic pressures that can be applied by outside powers. In the case of the CEECs the outside powers are the members of the EU. One of the major historical factors is a nation's record of exposure to democratic practices. Nations with little or no recent experience of democracy will face greater difficulties than those with some recent experience. If there has been little or no recent experience with democratic institutions and practices there may be few or no politicians and bureaucrats with the necessary experience to run the country on truly democratic lines. In such circumstances many members of the old political and bureaucratic elites may have to be retained. This opens up the possibility of conflict and competition between the old and new elites. It also opens opportunities for the old elites to block or disrupt the application of new democratic policies and practices. In the case of Romania the harsh and restrictive nature of its totalitarian regime combined with its short and violent extrication limited its ability to develop competent democratic parties. As a result the first elections in Romania witnessed former

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<sup>13</sup>Sorensen, 45.

<sup>14</sup>Helga Welsh, "Political Transition Processes in Central and Eastern Europe." *Comparative Politics*, (July, 1994.), 383.

communist officials winning in every major city.<sup>15</sup> Romania's problems with democracy can be directly linked to its inability to elect officials without a communist past.

Geographical factors also play a role in determining the success of the consolidation phase. In the case of the CEECs it is clear that those countries with a closer geographic location to, and economic ties with, the West are experiencing a more successful consolidation phase. The leading transitional states, Poland, Hungary, the Czech Republic, and Slovenia, all share a border with EU members. Their close proximity made it easier for their opposition forces to receive support and encouragement from the west. In contrast, those further from the Western European democracies, such as Bulgaria and Romania, are still struggling to make democracy work.

Actions taken by outside powers in the political realm can play a significant role in the process of democratization. In the case of the CEECs the EU has applied pressure upon them by making accession to the EU conditional upon the adoption of democratic reforms. Since they want to join the EU this is a powerful motivating force. The EU has also influenced the consolidation process by actively cooperating with the new regimes and assisting them in building up domestic support for democratic institutions and practices. The main method employed has been that of the pre-accession treaty. These prepare the CEECs for eventual integration with the EU by intensifying the bilateral links so that the newly democratic state is entrenched within an operating framework where there is little chance of democratic collapse.<sup>16</sup>

The EU has also been helping the CEECs in the consolidation phase by providing a considerable amount of political know-how, advice, support, and technical assistance. When the

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<sup>15</sup>Linz and Stepan, 358-9.

<sup>16</sup>Geoffrey Pridham, ed. Encouraging Democracy (London: Leicester University Press. 1991), 1-2.

CEECs do actually join the EU democracy will be consolidated further as acquiring membership signifies acceptance by the international community which, in turn, will create internal legitimacy for the new institutional structures and practices.<sup>17</sup>

Actions taken by outside powers in the economic realm can also play a significant role in the process of democratization. While democracy and economic well being are not synonymous it is clear that democracy is more likely to be consolidated if there is economic stability and prosperity. The consolidation phase in the CEECs is proving to be difficult because of two economic factors. The first factor is the run down state of their economies and the dislocations that are occurring as a consequence of the need to transform command economies into free market ones. The economic steps that have to be taken to create a health market democracy are extensive and have the potential for being quite disruptive. They include the reform of monetary policies, price reform, privatization, the reform of banking and the legal structure, as well as sweeping educational reforms.<sup>18</sup> The second factor is the strong association of democracy with economic wealth on the part of most of the citizens of the CEECs. This means that if the new regimes fail to deliver improvement in economic well being the domestic legitimacy of the fledgling democracies might well be thrown into question, thereby opening up the possibility of a reversion to authoritarianism. The EU has provided economic help to the CEECs in their consolidation phase in a variety of forms. Technical assistance has been provided to assist with most aspects of the transition to market economies, short term economic aid or relief has been granted, large loans have been made, and trade agreements have been concluded. The trade agreements, especially, are intended to link, or associate, economic opportunities and the

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<sup>17</sup>Pridham, 7.

<sup>18</sup>Welsh, 382.



possibility of an improvement in economic well being with democratization.<sup>19</sup>

## 1.7 Conclusion

The CEECs have made great progress in the seven years since the collapse of communism. Most have moved through the various phases of transition described above to reach the consolidation phase. However, many of them continue to need assistance. The EU is currently offering many forms of assistance, and is trying to integrate the CEECs ever more closely with the rest of Europe. However, it is membership in the EU that is regarded by all as the ultimate means by which democratic rule in the CEECs can be consolidated. The next chapter gives some historical background intended to provide an understanding of why and how a supranational body has become so identified with the future of democracy and economic prosperity in Europe.

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<sup>19</sup>Laurence Whitehead, "International Aspects of Democratization." Guillermo O'Donnell, Philippe Schmitter and Laurence Whitehead, eds. Transitions From Authoritarian Rule: Comparative Perspectives (Baltimore: Johns Hopkins University Press, 1986), 22-3.

## 2. THE HISTORY OF EU-CEEC POST-WAR RELATIONS

### 2.1 Introduction

Following the Second World War Eastern and Western Europe followed very different political and economic paths. An understanding of the reasons for this divergence and of the nature of the often unfriendly relations between the two parts of Europe is essential if one is to understand the difficulties currently being faced in extending membership in the EU to the nations of Eastern Europe.

### 2.2 Immediate Post-War Developments

The Second World War left the European continent in ruins. Consequently reconstruction was a major priority. However, there was an even higher priority, that of trying to create lasting security in Europe. Efforts were made to avoid the repeated bloodlettings and periods of reconstruction that had plagued Europe for generations. During the Yalta conference of February 1945 the allied leaders attempted to establish a framework for lasting peace for post-war Europe. However, the conference ended with mutual suspicion among the allies. Stalin's insistence on there being a communist Eastern part of the continent, and the growing fear on the part of the United States and Britain of further communist expansion led the Americans in particular to support and promote cooperation among the Western, non-communist nations of Europe. As a result, Europe was essentially divided into two camps by war's end.

Nevertheless, initial efforts at reconstruction were intended to be pan-European in nature with the primary political aim of containing any future threat from Germany. The Western powers initially



thought that the Soviet Union could be a valuable ally in this effort. Even as late as 1947 and the inauguration of the European Recovery Program (otherwise known as the Marshall Plan) efforts were made to involve the Soviet Union and the CEECs. The Marshall Plan was open to them and, indeed, some of the CEECs were willing to participate in it. However, the Soviet Union vetoed participation because it was unwilling to provide the required detailed information about economic matters<sup>20</sup>. This led to massive American economic assistance flowing to the beleaguered Western European nations but little to the Eastern European nations.

The split between East and West steadily developed in the years immediately after the end of the war. The Soviets seemed intent on placing their own national security concerns ahead of all other considerations. Even their efforts to expand the number of communist governments in Europe seemed related to this one overriding objective as much as to a desire to expand the reach of a preferred ideology. In this context the Soviet Union perceived any suggestions of West European, or broader, integration as a threat to their own security. Early talks concerning the possibility of an Anglo-French treaty fuelled Soviet suspicions, as did the repeated suggestions for greater economic and political cooperation among the European nations that were made in the immediate post-war years.

The Soviet attitude was so uncompromising that in 1946 Winston Churchill declared that an Iron Curtain was descending across Europe. The following year the American President, Harry Truman, began what became the American drive to contain communism. East and West pulled even further apart after the Allied Conference of Foreign Ministers held in Moscow during the Spring of 1947. Stalin's demands at this conference, which included large reparations from Germany, were too

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<sup>20</sup>Peter M.R. Stirk, A History of European Integration since 1914 (London: Pinter, 1996), 89-90.

much for the Western nations. Any lingering hopes of cooperation were eliminated in 1948 with the coup in Czechoslovakia. When elections in Czechoslovakia threatened to produce a non-communist government, the Soviets sent in agents to replace the non-communist officials.<sup>21</sup> This action clearly demonstrated to the West that Stalin had no intention of allowing non-communist governments in Eastern Europe. This stubbornness on the part of the Soviets resulted in an impassable divide in Europe, drove the French toward cooperation with Britain, and opened the way for the creation of new security and cooperation treaties among just the West European countries.<sup>22</sup>

The division of the European continent was not the intent of the United States, nor of the Western European nations, but when cooperation with the Soviets no longer proved to be possible such a division became inevitable.<sup>23</sup> Up until at least the Moscow conference of Foreign Ministers American desires for European integration were quite muted. However, after that conference it became clear that the Soviets were not interested in the security and welfare of the whole of Europe but simply in their own security. Consequently America and the Western European nations began to seriously explore the possible benefits of closer economic cooperation between the nations of Western Europe. Such cooperation appealed to the Western European powers in particular for several reasons. First, it would provide Western Europe with a united front with which to resist Soviet expansionism. Secondly, it would overcome nationalism, which was hampering economic

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<sup>21</sup>William L. Kleine-Ahlbrandt, Europe Since 1945: From Conflict to Community (St. Paul, MN: West Publishing Company, 1993), 148-9.

<sup>22</sup>Peter Van Ham, The EC, Eastern Europe and European Unity (London: Pinter, 1995). 21.

<sup>23</sup>Western policy was largely influenced by the writings of one man, George F. Kennan. Kennan was a major proponent of the idea of containment which later became the basis for western policy. This belief was that the USSR and its satellite states in Eastern Europe needed to be contained in order to prevent any further increase in communist influence and power. It did not take long before this theory was widely accepted. Once accepted as policy, the Soviet Union and therefore Eastern Europe were isolated for the next four decades.

reconstruction. Thirdly, it would help integrate the German economy more closely with the West thereby both reducing any the future threats from Germany and creating conditions in which a radical nationalism was unlikely to again emerge. Fourthly, it provided a possible alternative to American plans for multilateralism or even a non-integrated Western Europe.<sup>24</sup>

Although the division of Europe was not the intent of the Western powers they did not try very hard to accommodate Soviet concerns and quite rapidly adopted a fiercely anti-communist position. Nevertheless it was an intransigent communist government of the Soviet Union which ignored invitations to cooperate that was largely to blame for the growth of the divide. This division of Europe was perhaps inevitable in view of the completely different approaches taken to the post war situation by the Soviets on the one hand and the Americans and British on the other. America and Britain largely aimed at containing Germany by rebuilding its economy and tying that economy, and the country generally, to the other European nations. The Soviets wanted huge reparations from the Germans that would have prevented the recovery of the German economy, and instead of wanting to integrate the German and all of the other economies together they wanted to establish total Soviet hegemony in much of Europe by using the device of divide and rule. That is, they wanted to create a network of communist satellite states that would not be linked with each other but which would each be directly linked to, and dependent upon, Moscow. It was this determined Soviet focus on controlling Eastern Europe and converting the nations of the region into economic and political satellites that permanently restricted the chance of east-west cooperation.

Given this Soviet attitude it was not surprising that they refused to participate when in 1948 the Congress of Europe was created to try and develop a framework for cooperation among the

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<sup>24</sup>Van Ham, 19-20.

European governments. The Congress called for a united federation of European states with the ultimate goal being a united Europe. However, the Congress made it virtually impossible for the Eastern European states to become involved for it limited participation only to those nations with democratic governments. Thus the combination of Soviet expansionism and western opposition to communism yet again prevented the states of Eastern Europe from integrating with those of Western Europe.

Many East Europeans thought there was much more that the west could have done to prevent their domination by the Soviets. The CEECs initially looked to the West for support but were promptly and repeatedly disappointed. There was a feeling that the West was ignorant of East European issues and that there was an attitude in the West that held that the loss of the CEECs to communist domination would be of no serious consequence.<sup>25</sup> Czeslaw Milosz's writings reflect the feelings of many East Europeans who viewed the post war division of Europe as the consequence of their abandonment by the West. Indeed, the general attitude in the East soon became one of disappointment and anger toward the West. East Europeans felt trapped between a West that could not or would not help, and the Soviets who were determined to install communist governments and control the East in their own interests.

From 1948 onwards the gulf between East and West widened quickly and considerably. The Western allies created a new West German state in 1948, which led to the Soviets to blockade West Berlin. Then in 1949 the nations of the west formed the North Atlantic Treaty Organization (NATO) with the clear intent of resisting Soviet expansionism, but only as that affected the nations of Western Europe. By the time of the formation of NATO the Truman doctrine of communist containment was

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<sup>25</sup>Czeslaw Milosz, The Captive Mind (New York: Vintage Books, 1981), 44.

clearly established and it had become evident that only military might would force the Soviets to relinquish their control of Eastern Europe. By 1950 Europe had been divided into two opposing armed camps. That division and the psychological one, were to last nearly half a century and create a huge economic and political gulf between the two parts of Europe. A brief look will now be taken at the different paths of economic and political development followed in Western Europe then Eastern Europe. This is done to give an idea of the extent of the gulf that developed and, thus, why present efforts at reintegration are so complex.

### 2.3 Western European Integration

The path to recovery taken in Western Europe was one of cooperation and integration among the nations of the region. This was a path that, despite many difficulties, eventually led to an increase in the number of democratic governments and a period of unprecedented economic growth in the market economies of Western Europe. In fact, by the end of the Cold War many of the Western European nations were among the wealthiest in the world.

In earlier centuries there have been several attempts to unify Europe by force in the interests of a single state or ruler. The most notable examples being those of successive Roman Emperors, Charlemagne, Napoleon, Hitler and Stalin. It is only in recent decades that some individuals have advocated cooperation and integration as a mean of bringing peace and prosperity to a continent plagued by repeated devastating wars. One of the more important of these was Richard Coudenhove-Kalergi. He wrote a book in 1923 entitled Pan Europa, in which he rejected war as the road to integration (the one normally taken) and argued that a united Europe of equal partners and citizens

ought to be created.<sup>26</sup> He envisaged an intergovernmental union with branches modelled directly upon the constitution of the United States.<sup>27</sup> His ideas were important because they achieved a certain popularity and represented a turning point in the concept of European unity. Some people began to think of European unity as something that was achievable through cooperation and negotiation rather than bullying and armed conflict. Other important figures advocating European integration were two prominent French politicians, Aristide Briand and Eduard Heriot. They were much influenced by Coudenhove-Kalergi's thinking. In 1929 Briand called for a federal link between the nations of Europe and arranged for a meeting of European Foreign Ministers to discuss the matter. The meeting revealed many differences and had no outcome. Heriot published a lengthy and detailed study in support of Briand's plans entitled Europe. By the 1930's Coudenhove-Kalergi and others who wanted to see some form of federated Europe were having to fight a rear-guard action against the increasingly popular nationalistic philosophies of nazism and fascism. Hitler, in particular, attacked ideas of a federated Europe as Jewish inspired efforts to subvert the German people and create a racial mixture on the continent. Such concepts ran counter to his intent to unite Europe by force for the purpose of cleansing it of non-Aryan elements. The Nazis frequently and quite cleverly used the concept of a wider "Europe" in their propaganda before and during the Second World War but for them only a Germanic Europe, or a German controlled Europe, was the real Europe, and the Slavs were to be either annihilated or expelled.

After the Second World war the concept of a united Europe was revived, but in two forms. It has already been observed that one form of this revival was for a Europe militarily united against

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<sup>26</sup>Stirk. 26.

<sup>27</sup>Stirk, 26.

the Soviet threat and linked to North America both in military terms and in economic terms in the form of the receipt of considerable aid for the rebuilding of the Western European economies. The Marshall Plan did indeed help stabilize and integrate Western Europe against the Soviets. Such a transatlantic approach was acceptable to the British but not so much so to the French. They adopted a second form of the concept of a united Europe which was to reconcile Franco-German relations and then from this core develop a united Europe without such strong ties to the United States.

The French emphasis on settling their differences with Germany was a logical, and perhaps even predictable position, given that the two nations had gone to war three times in seventy years. Jean Monnet, an entrepreneur, and Robert Schumann, a Foreign Minister, were the men at the fore of this French approach. Jean Monnet was an entrepreneur and Robert Schumann a Foreign Minister. Together they are now regarded as the fathers of the European Union. Both believed in the need to ultimately create a political entity encompassing all of Europe, a "United States of Europe." While the idea was not new, as was just observed, they deserve the credit for starting a process that achieved a degree of integration that had never been seen before. The key to their success was that they realised that the best way to accomplish the task was to take small steps toward the goal, one at a time. In this manner the people of Europe would become accustomed to the idea of a European federation, or, at first, just cooperation. This gradualist idea was first suggested by Robert Schumann and is usually referred to as "creeping federalism" or "spillover."<sup>28</sup>

The emphasis placed upon the initial need for a reconciliation between France and Germany and upon gradualism can be seen in the Schumann Declaration which states, in part, that

The coming together of the nations of Europe requires the elimination of the age-old

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<sup>28</sup> John McCormick, The European Union (Boulder: Westview, 1996), 16-17.



opposition of France and Germany... With this aim in view, the French government proposes that action be taken immediately on one limited but decisive point. It proposes that Franco-German production of coal and steel as a whole be placed under a High Authority, within the framework of an organization open to the participation of the other countries of Europe.<sup>29</sup>

A number of countries other than France and Germany accepted this concept and began negotiations to develop such an arrangement. In April 1951 the Treaty of Paris was signed by France, Germany, Belgium, Italy, Luxembourg, and the Netherlands. The treaty created the European Coal and Steel Community (ECSC). The creation of the ECSC was important for many reasons. First, and most importantly, it laid the foundations for future integration, indeed the Treaty of Paris is now regarded as the initial step leading to the present European Union. Secondly, it represented a major step towards the prevention of another war in Europe as it integrated an industry vital to warfare. Thirdly, it represented a willingness by the member states to give up some of their national authority to a supranational body. While the power relinquished was not that great its symbolic importance was considerable and it was a very useful precedent. Fourthly, the structures set up under the ECSC ( the High Authority, the Common Assembly, and the Court of Justice) set a precedent for the structures of the European Economic Community and the European Union<sup>30</sup>.

Following upon the initial success of the ECSC two other European bodies were suggested by integrationists, a European Defence Community (EDC) and a European Political Council (EPC), but they failed to materialise, largely because they were too grandiose in design to be accepted at the time. Although the EDC and EPC failed the six signatories to the ECSC

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<sup>29</sup>Quoted in McCormick The European Union, 48.

<sup>30</sup>Robert Jones, The Politics and Economics of the European Union (Cheltenham, UK: Edward Elgar Publishing, 1996), 15.



were anxious to expand economic cooperation beyond coal and steel and were prepared to put aside military and political integration if this interfered with the possibility of such expanded economic cooperation. Thus, in 1955 a meeting was held in Messina, Italy, to discuss expanded economic cooperation. This eventually led to the signing, in 1957, of the Treaty of Rome. This is the generic title for the two agreements that created the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). The main objectives of these treaties were to eventually create a common market involving the free movement of goods services, capital and labour; to promote harmonious economic development and higher living standards; to remove all tariffs and quantitative restrictions on imports and exports between member states; to establish a common external tariff and a common commercial policy towards third countries; to establish common policies for agriculture and transport; and to create a European Social Fund and a European Investment Bank<sup>31</sup>. However, the EEC was not entirely about economics for the treaty created new supranational political structures, the Council of Ministers, the European Parliament, and the Court of Justice. In so doing the EEC kept alive the idea of a politically united Europe and, indeed, helped to advance it.

Throughout the next three decades Western Europe became increasingly integrated and increasingly wealthy in comparison to Eastern Europe. However, progress was by no means easy or continuous. Although the EEC Treaty detailed a 12 year timetable for the gradual introduction of a common market, the target was not met by 1969. All that was achieved by that date was the free movement of goods via the establishment (actually ahead of schedule) of a customs union. Free movement of persons, services, and capital was not achieved. Moreover, despite the

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<sup>31</sup>Jones, 15.

introduction of policies such as the Common Agricultural Policy, and the Common Transport Policy, the planned convergence between the national economies floundered, especially in the face of the recession of the 1970's. Moreover there was, and continues to be, tension between those countries wanting a predominantly intergovernmental arrangement and those wanting a more supranational one.

New political impetus for greater integration was not achieved until the mid-1980s when Commission President Jacques Delors outlined a plan to complete the single market by 1992. This goal was embodied in the EEC Treaty in 1987 in the form of the Single European Act and achieved in 1992 in the form of the Maastricht Treaty which created the European Union. The Maastricht Treaty established a timetable for the establishment of a single European currency and it appears that this will be achieved for many of the EU members by the target date of 1999. Throughout all of these developments, and partly because of them, the institutions of the EU have gained power and authority. EU legislation has become increasingly binding on the member states and those who fail to comply are answerable to the European Court of Justice (ECJ). This increased accountability to EU laws demonstrates both the increasing degree of integration among the Western European nations and the growth of the supranational authority of the institutions of the EU. By the late 1990's the Western European nations had become among the wealthiest in the world with the GDP per capita in several EU nations (Germany, Austria and Denmark) actually exceeding that of the United States.

While the West European states were having success in integrating and expanding their economies developments in Eastern Europe were not so positive. Moreover, relations between East and West became minimal and very difficult.

## 2.4 Eastern European Isolation and Subjugation

The developments that took place in Eastern Europe were a stark contrast to those undertaken in Western Europe. The Soviets extracted huge reparations from Eastern Germany and consolidated communist rule throughout Eastern Europe by the overthrow of democratic regimes. In the economic realm they not only established command economies but they also broke the traditional trading patterns of the Eastern European nations between themselves, and between themselves and the West. In its place they established largely only trade between each satellite nation and the Soviet Union. By so doing they entrenched an economic system and a pattern of trade that would make the reintegration with the west very difficult. Moreover, the command economies of the East failed to create much economic growth and this led to the nations of the region becoming among the poorest in the world at the close of the Cold War. This different level of economic development is also creating huge difficulties in the process of reintegration that is now beginning.

The era of Soviet control over Eastern Europe was quite unstable. There was often tension between the CEECs leaders and their Soviet masters. At times the tension erupted into violence as East Europeans occasionally tried to escape from Soviet control. Two of the most prominent examples are Hungary in the Fall of 1956 and Czechoslovakia in August 1968. In both cases the Soviet Union quickly re-established its control through force. Once cut off from the West the CEECs lost their trading partners in the West. Much of Eastern Europe had strong historical links with Western Europe and especially Germany and Austria. Indeed, close interaction between the German speaking states and Eastern Europe had existed for hundreds of years. In 1937 almost seventy five percent of total exports leaving the CEECs went westward,

but by 1989 the West only accounted for twenty-four percent.<sup>32</sup>

In an effort to ensure their control over Eastern Europe and to ostensibly integrate the CEECs the Soviets created the Council for Mutual Economic Assistance (CMEA) in 1949. The Soviets hoped to create an economic organization that would strengthen the position of the communist bloc in relation to the West. In the end the CMEA did not make the CEECs any more resilient or efficient. In fact, the CMEA amounted to a means of controlling Eastern Europe and making it heavily dependent on the Soviet Union. The CMEA was an interesting organization because of what it could have been. Had it been a multilateral organization it could have been an important vehicle for integrating the economies of Eastern Europe. A more closely integrated Eastern Europe might have been more efficient and, if so, perhaps the present gap between East and West might now not be so wide. Unfortunately the Soviets were never willing to experiment with this approach and the CEECs were forced into a position of either trading almost exclusively with the Soviet Union or relying upon themselves. In this system there was a strict hierarchy in which, author Zbigniew Brzezinski notes, the CEECs occupied a position of "feudal subordination and obligation" with almost no chance of independent action.<sup>33</sup>

Even with the restructuring of trade relations, the early years of communist rule showed some promise of rebuilding Eastern Europe. Through the 1950's and 1960's output in the CEECs measured in terms of Gross Domestic Product (GDP) grew at an average of 7% as opposed to 4% in the Western European countries.<sup>34</sup> The economic gains made by the CEECs can also be

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<sup>32</sup> Andras Köves, Central and East European Economies in Transition (Boulder: Westview Press, 1992), 86-7.

<sup>33</sup> Zbigniew Brzezinski, The Soviet Bloc: Unity and Conflict (New York: Praeger, 1961), 136-7.

<sup>34</sup> Derek Aldcroft, The European Economy 1914-1990 (New York: Routledge, 3rd edition, 1993), 173.

observed in their increase in the share of world trade. In the early 1950's the CEECs accounted for 18% of world trade but by 1970 they accounted for nearly 30% of it.<sup>35</sup> However, this growth was not sustained and economic growth stalled all across Europe in the latter half of the 1970's. Western Europe was able to recover from this recession but Eastern Europe was unable to do so, largely because of Soviet economic decline and the closed nature of their economies. In the late 1970's and early 1980's per capita income in some of the CEECs was comparable to that of some of the poorer Western European states. For example, in 1980 Hungary's GNP per capita was US\$1,930 and Portugal's was US\$2,380. However, by 1989 Hungary's GNP per capita had only increased to US\$2,630 whereas Portugal's had increased to US\$4,490.<sup>36</sup> The end result was a steady relative deterioration in the position of the CEECs relative to the nations of Western Europe, to the point where the differences are now greater than they were in the 1950's and 1960's. If one looks at Gross Domestic Product per capita as a percentage of the EU average Portugal is at 67.3% and Greece at 65.4% whereas the CEECs are all much lower than this: Czechoslovakia is at 50.9%, Estonia at 24.8%, Poland and Hungary at 32.1%, and Slovenia at 34.6%.<sup>37</sup>

It is conceivable that had there been more cooperation between East and West the current differences in economic well-being might not be so vast. However, throughout the Cold War the links between the Western European nations and the CEECs were very limited. When the two

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<sup>35</sup>Aldcroft, 192. These statistics are unusually high which are in all likelihood the result of inaccurate Soviet data. United Nations statistics quoted in John McCormick, *The European Union*. Boulder: Westview, 1996, calculate the Soviet bloc's world share of exports at a more modest 14% by 1970.

<sup>36</sup>World Bank, *World Tables 1994* (Baltimore: John Hopkins University Press, 1994).

<sup>37</sup>Economist, July 17th, 1997.

sides did attempt negotiations and cooperation, which was largely towards the end of the Cold War, the result was limited to small scale economic arrangements. The one area in which there were real possibilities for trade was in agriculture products. Agriculture remained a major industry in most of the CEECs after the outbreak of the Cold War and it offered good export prospects. Unfortunately for the CEECs, the creation of the European Union's Common Agricultural Policy (CAP) so increased Western agricultural output and imposed so many restrictions on trade that the CEECs were unable to substantially expand agricultural trade with the EU. A complicating factor was that despite the CEECs having membership in international trade organizations, such as the GATT, the EU never developed a consistent policy concerning relations with the CEECs.<sup>38</sup> In fact, Germany and France adopted different approaches. Germany believed that a policy of cooperation with the CEECs would be best and sought reconciliation and East-West detente. France largely ignored the CEECs and sought to direct efforts at greater integration within the western nations.<sup>39</sup>

## 2.5 The Enlargement of the EU

The European Union not only grew more integrated and wealthier during the post war period but it also grew larger in several stages. The first enlargement occurred in 1973 when the original 6 became 9 with the accession of the United Kingdom, Ireland and Denmark. Later in 1981 Greece joined, and then in 1986 Spain and Portugal. Most recently, in 1995, Finland, Sweden, and Austria joined to make the EU a grouping of 15 nations. The manner of these

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<sup>38</sup>Czechoslovakia joined the GATT in 1947, Poland in 1967, Romania in '71, Hungary in '73 and Bulgaria was granted observer status in '67.

<sup>39</sup>Van Ham, 106-7.

expansions created a framework for accession embodying a set of criteria for membership which affects the current debate about yet another possible expansion, or set of expansions, to include the CEECs.

One of the criteria established in connection with the earlier accessions is that the applicant should be a "European" state. Since there is no definition of the term and the cultural and geographical boundaries of "Eastern" Europe have always been vague enlargement eastwards may present problems. It should be noted that Morocco was turned down for membership because it was not European, and some argue that Cyprus and Turkey (which are both applicants) are also not European. Another criterion that was established in the earlier accessions is that prospective member nations have to be democracies in which human rights are respected and guaranteed. The EC refused to admit Spain under Franco and Portugal under Salazar. It also "froze" discussions on accession with Greece for the seven years that the generals were in power there. Since many of the CEECs are new and struggling democracies this creates another set of considerations when dealing with an eastward expansion. In addition new members had to accept the "acquis communitaires" or the whole range of principles, practices, obligations, laws, and objectives that have been agreed to by all previous members. This was not a huge problem for the earlier members because the principles and practices were all extensions of patterns already familiar to them. However, in the case of the CEECs the principles and practices are new and relatively strange. Another criterion was that the applicant nation should be able and willing to meet the economic obligations of membership. This was not a problem with the early accessions because the countries involved were all relatively close in terms of economic well-being and political systems. However, a problem arose when poorer members began to join, notably Greece, Spain

and Portugal. However, this was dealt with by having fairly long transition periods for entry, and by giving these nations significant assistance in specific areas prior to joining. Here again, previous accessions created a precedent which has relevance to an eastward expansion for, as has been noted, the CEECs are far poorer than Spain, Portugal, and Greece.

## 2.6 The End of the Isolation of the CEECs

By the late 1980's it became evident that the Soviet Union was in steep economic decline and having difficulty maintaining its strong control over the CEECs. This was the start, in 1988, of a normalization of relations between the EC and some of the CEECs. Various bilateral agreements were signed between the EC and Hungary in 1988, Poland in 1989, and Czechoslovakia in 1990. However, it was really only the collapse of the communist regimes and the ending of Soviet control that allowed the CEECs to break out of their isolation. Once free from Soviet domination the CEECs rapidly began to re-establish their relations with the Western world and with the nations of the EU in particular. The Western nations grabbed the opportunity, even while the revolutions in the East were underway. The G-7 group of nations developed a program that involved closer cooperation between Eastern Europe and the IMF, the World Bank, and the OECD and an agreement that the Eastern nations could negotiate with the EC as a whole rather than with specific members only.<sup>40</sup> This last agreement enabled the CEECs to communicate with all of the EC members at once rather than on an individual basis only. In turn this enabled the EC to develop its own policies in regards to the CEECs. Soon after the EC set up a program called PHARE (Poland Hungary Assistance for Restructuring Economies) which was later

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<sup>40</sup>Van Ham, 169.



expanded to cover all of the CEECs. The assistance offered under this program was very wide ranging and included the supply of food aid, the facilitation of access to EC markets for CEEC goods, the ability to access the European Investment Bank and other EC financial institutions, the provision of training in market style management, and the provision of assistance in the area of environmental protection.<sup>41</sup>

It was not long after the collapse of Soviet control that the CEECs made it known that they intended to apply to join the EU. The willingness of the EU member nations to rapidly come to their assistance gave the CEECs reason to believe that their applications would be rapidly and favourably received. While the members of the EU were in many ways anxious to try to reintegrate the CEECs back into the broader European fold the difficulties this presented were daunting. The potential and problems of the latest, and possibly largest, enlargement of the EU will be detailed in the next two chapters. Chapter three explores the effect that enlargement is likely to have on the EU and its current members. Chapter four explores the effect that the effort to achieve entry is likely to have on the CEECs.

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<sup>41</sup>Van Ham, 170.

### 3. ENLARGEMENT: THE VIEW FROM THE WEST

#### 3.1 Introduction

The relations between the EU and the CEECs have undergone tremendous change following the demise of communism. Both East and West recognise that an historic opportunity to reunite the continent has occurred. Both also agree that expanding the EU to encompass the CEECs is probably the best way to effect reunification. Overall, an expansion of the EU is likely to be beneficial but it is evident to all involved that there are some serious disadvantages and that the process of expansion will not be easy or short. This chapter analyses the advantages and disadvantages of the eastern enlargement to the existing EU countries. It opens with an assessment of the basic argument within the EU concerning whether or not priority should be given to widening or deepening the Union. This is followed by an analysis of the advantages of expansion to the current EU members. There is then an analysis of the disadvantages. Finally the chapter concludes by arguing that, on balance, the advantages outweigh the disadvantages.

#### 3.2 The Fundamental Issue: To Widen or to Deepen the EU

The possibility of expanding the EU to include the CEECs highlights the differences between those within the present EU which would rather "deepen" the union, that is further integrate the existing members, and those which would rather "widen" the union, that is, add more member nations to the EU. Britain and Germany want to widen the union whereas France, Spain, Greece, Ireland and Portugal are more inclined to favour emphasis on deepening it. The reasons for these positions are somewhat different in each case.

Britain tends to want the EU to be fundamentally an intergovernmental body, thereby protecting a much cherished national sovereignty. Britain tends to regard the pace of European integration as being all too rapid and likely to endanger national sovereignty. Britain is particularly concerned about the rush toward monetary union (EMU) by the year 2000 and has stated that it will not be among the first group of countries within the EU to agree to a common currency. Thus Britain supports priority being given to the widening of the EU as that would clearly slow down the pace of political integration. The addition of new members would dilute the gains already made in integrating the EU and would place future steps in that direction on hold until the new members caught up with the old. Moreover, more members would necessitate reforms to EU institutions which might lead to a decrease in the power of the EU relative to the individual member states, or at least the opportunity to manoeuvre for such a result.

Germany supports priority being placed upon the widening of the EU, but not because it is against deepening. Germany is for priority being given to the widening of the EU because it has historically had close links with many of the CEECs, because some have a common border with Germany, and because it would increase the economic and geopolitical centrality of Germany to all of Europe. A widening of the union towards the East would clearly mean that Germany would increasingly become the gateway to the East for the entire union.

Those in favour of placing priority upon widening over deepening also argue that not to do so would be "to betray the principles upon which the EU was founded."<sup>42</sup> One of those basic principles was that any European democratic state was free to join. Moreover, it is argued that

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<sup>42</sup> Robert A. Jones, The Politics and Economics of the European Union (Cheltenham, UK: Edward Elgar Publishing, 1996), 279-80.

not to include the CEECs in the union might jeopardize the continuance of democratic reform in those countries and lead them to turn away from the West with a feeling of having been rejected.

Those nations that tend to favour the deepening of the EU over the widening of the EU take the view that any enlargement, and certainly a major one, would undermine the successes that have already been achieved in integrating the current member states. They recognise that those nations, like Britain see widening as a way of slowing the integration of the union and maybe even of placing it on a new intergovernmental rather than federal track. In short they fear a weakening of the powers of EU institutions relative to those of the member states. Thus they have tended to argue that the EU would be better served by a period of increased integration, coinciding with a solidification of relations with the CEECs, before a widening of the EU were attempted.

One of the main reservations about enlargement is that it might lead to a new form of regional rivalry within the EU. France is clearly worried that enlargement will diminish French influence within the EU relative to German influence. Thus France tends to take the view that integration must continue to be pushed in order to "create strong foundations for the EU before allowing others in."<sup>43</sup> The poorer southern, or Mediterranean, countries that are currently EU members receive substantial EU monies intended to bring their economies and standard of living closer to the EU norm. They clearly worry that an expansion eastwards to include numerous countries even poorer than they are will mean a significant reduction in, and maybe even loss of, their EU development monies. Moreover, they worry that the centre of gravity of the EU might shift eastwards and result in their concerns being placed behind those of the CEECs, in short they

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<sup>43</sup>Jones, 279-80.

worry that internal EU regional competition may break out.<sup>44</sup>

The argument over whether or not the EU should be widened or deepened was resolved in 1997 in the form of a compromise. That compromise was that the widening would take place in two stages and over a period of many years to allow for adjustments to be made, both within the EU and the CEECs, to accommodate the expansions. Five of the CEECs ( Poland, the Czech Republic, Hungary, Slovenia and Estonia) can begin accession negotiations directly but the remaining five CEECs (Bulgaria, Rumania, Latvia, Lithuania, and Slovakia) need further economic stabilization and democratization before accession discussions can commence. Even those nations that start the accession negotiations first may not become full members of the EU for quite some time. Even the fastest of the southern applicants, Greece, required almost six years for its application to be approved and for it to become an EU member.<sup>45</sup>

### 3.3 The Advantages of Enlargement to the EU

There are considerable benefits to an eastward expansion for the current members of the EU. There are economic benefits in the form of an expanded market and an expanded labour force. There are also political benefits in the form of the consolidation of democracy in Eastern Europe, the enhancement of political stability across the continent, and an enhancement of the prestige and influence of the EU in international affairs.

The eastward expansion of the EU, when complete, would add over 130 million people to the EU, thus vastly expanding size of the EU's market. This increased market size would be a

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<sup>44</sup>Miroslav Jovanovic, European Economic Integration (New York: Routledge, 1997), 22-3.

<sup>45</sup>See appendix 2 for a list of application lengths for all successful entries into the EU.

great boost to EU businesses and would be likely to lead to greatly increased production as the eastern economies expand and catch up to those of the current EU members. It is certainly likely to provide a great boost to the German economy, as is indicated by the considerable growth of German exports to the CEECs in recent years, even though they are not yet EU members. German exports to the CEECs already constitute 42% of total EU exports to the region.<sup>46</sup>

Another economic benefit of the eastward expansion of the EU to the current EU members is the large, cheap, industrialized, and relatively well educated labour force that would be added to the Union. This, along with the removal of barriers to trade and the movement of capital and labour, would allow for some relocation of industries to potentially more profitable locations in Eastern Europe. These benefits would likely be seen at the macro-economic level over the entire union but they would come at a price to the labour force in the current EU member countries. There is already high unemployment throughout the EU and any shift of employment eastwards would likely meet with stiff resistance from labour groups in the West.

The political benefits of a eastward expansion may well outweigh the likely economic benefits. By absorbing the CEECs into the EU their infant democracies are likely to be preserved and enhanced. This consolidation of democracy is itself a benefit to the current EU members as it represents an expansion of the number of similarly organised nations throughout the continent and the world. Moreover, the increase in the number of democracies also has the effect of enhancing the likelihood of political stability in Europe. It will effectively wipe out the old East-West divide, it will create a buffer zone of democracies between the current EU members and a much

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<sup>46</sup>Richard Baldwin, et. al., "The Costs and Benefits of Eastern Enlargement: The Impact on the EU and Central Europe". *Economic Policy* ( no. 24, April, 1997.), 131.

diminished Russia, and it will increase the size and political influence of the democracies in Europe and thereby increase their ability to collectively resist any likely external aggression. Moreover, enlargement will enhance the influence and prestige of the EU in international affairs. When all the CEECs are included the EU will consist of 25 nations with a population approaching 470 million stretching from Portugal to the Russian border. Size alone would give the EU important influence on the world stage. It would constitute by far the most populous trading bloc on earth and other countries and regions would be very anxious to obtain access to that market. The expanded EU would truly be a European Union and not just a western European union and this is likely to lead it to place considerably greater emphasis on joint foreign and security policies, especially as the expanded union would have a border with Russia. Such an expanded union might also find itself increasingly less reliant on the transatlantic connection for its defence.

### 3.4 The Disadvantages of Enlargement to the EU

While there are considerable advantages to an eastward expansion of the EU there are many disadvantages or, at least, difficulties. Especially in the short run the cost of including many new, relatively poor, nations into the EU might well be immense. Expansion will also necessitate numerous structural changes to the institutions of the EU, notably, the Commission, Parliament, and Court. In addition it will involve radical change in many of the main policy programs of the EU, such as the Common Agricultural Policy (CAP) and the structural funds. An eastward expansion may also bring with it migration problems. Finally, an eastward expansion is likely to result in a shifting of the overall political balance within the EU, something that might not be readily accepted by all.

It will cost the EU a great deal to incorporate the CEECs into the union. The European Commission estimated in 1995 that the cost of expanding the EU to include just the first five nations would cost the EU budget an extra US\$50 billion a year if then current EU policies were extended to them.<sup>47</sup> The problem is caused by the relatively poor nature of the economies of the CEECs (the per capita GNP of the CEECs ranges from one sixth to one third that of the average of the current EU members) and by the need to improve transport and communications facilities, as well the need to do things such as clean up the environmental damage done by heavy industries under the former communist regimes. Moreover, an expansion eastwards would likely increase costs by increasing the size of the EU bureaucracy, increased translation costs alone are likely to be significant. The nations that are the major contributors to the EU's revenues are unlikely to agree to cover the costs of anything so expensive. Germany is especially cautious about costs after having experienced the expense of incorporating the former German Democratic Republic (GDR). Three years after unification in 1993 German transfer payments to the former GDR accounted for approximately 5% of total GDP and unemployment was at a steady 14%.<sup>48</sup>

The expansion of the EU eastwards also means that the composition of all of the major institutions of the EU will change. This, in turn means that there will have to be agreement reached on such things as voting procedures and voting weights within the Council of Ministers and the Commission. These matters have already been discussed but no agreement on possible solutions has yet been reached. In fact, at the Amsterdam Summit, which was intended to solve these issues, the difficulties were so great that the matter was postponed. It is unlikely to come

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<sup>47</sup>Economist, "The EU Goes Cold on Enlargement." (Oct. 28th, 1995), 57.

<sup>48</sup>Robert Corker, et al., United Germany: The First Five Years (Washington, DC: International Monetary Fund, 1995), 62-3.



up again for some time, but it is something that has to be resolved before the accession of the first five CEECs takes place. The issues involved are many and include such things as the appropriate voting weights and influence that should be given to small states relative to large states within the Union, and to poor states relative to wealthy states. For example, under current voting rules the CEECs and the four current poor members of the EU would have almost 50% of the votes in the Council. Such a large block of votes might allow the poor nations to block legislation if they felt it would preferentially benefit the wealthier northern and western EU nations. The institutions of the EU were designed for six members and have been adapted to accommodate 15. Fundamental reform, rather than adaptation, is what is needed to eventually accommodate another ten members and this will not be easily accomplished.

The expansion eastwards, especially if it were to include all ten applicant nations, would place incredible pressure on some of the EU's two main existing policies, so clearly they will have to be changed. If all ten CEECs were added to the EU this would double the number of farmers in the EU and place intolerable pressure on the Common Agricultural Policy (CAP). However, the economic burden of that policy is such that it is in line for revision anyway, even without the possibility of an eastern expansion of the EU. Because the CEECs are so relatively poor they will need large amounts of structural aid to enable them to compete in a single market. This either means that huge new sums have to be found or that the Mediterranean countries that currently receive the bulk of the structural funds might have to give some of them up.<sup>49</sup> However, even before expansion the effectiveness of the structural funds is being questioned and the matter of whether or not they should continue in perpetuity has been raised.

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<sup>49</sup>Economist, "Arguments for Enlargement" (August 3rd, 1996), 41.

Another disadvantage of eastward expansion from the point of view of some the current EU members is the migration flows that might result from the elimination of border controls and restraints on labour mobility. The ability to move freely within the EU might well threaten major EU cities with unwanted migration by large numbers of unemployed workers from the CEECs. The current EU members are already suffering from very high unemployment rates and some resulting social unrest so a substantial migration from the CEECs to the West would only exacerbate the problem.

An eastward expansion of the EU is clearly likely to shift the balance of political influence within the Union away from France and the United Kingdom to Germany. This is unlikely to be looked upon with equanimity by either France or Britain. The French worry that the initial logic of the Union, the tying of France and Germany together so tightly that they were unlikely ever to go to war with each other again, would be weakened. The stronger the German ties with the East the lesser the hold of the French/German link. For centuries the British have tried to prevent the rise of a single dominant nation on the continent of Europe so an eastward expansion that much enhances the centrality of Germany in European affairs is a cause for concern about enlargement being destabilizing in some respects. These internal divisions over political and economic domination as a result of expansion could create new or more internal and external divisions. The potential of poor vs. wealthy could cripple the daily operations of the EU. If economic benefits take too long to materialize there could be political backlash in the East. External relations with other East European states could also be strained if some of the CEECs are admitted and the others must wait for too many years. Russian opposition to such a large EU could potentially renew East-West tension and increase concerns over regional security. These potential problems

are considerable but both sides are working hard to avoid them. The accession negotiation process is quite long and is designed to prevent these internal divisions from arising. Although efforts to avoid these problems are being made they are still very real and caution must be exercised to prevent them.

### 3.5 Conclusion

Although the short term costs of expanding the EU will be considerable it is clear that most current members believe that there are likely to be significant long term benefits to an eastern enlargement. Not the least of these is the increase in stability on the EU's eastern flank. Moreover there is a sense that although there is no certainty as to the balance of costs and benefits an historic opportunity to remake Europe has been granted and it should not be lost.

Adding several economies with considerable growth potential may have long run dividends. The costs of enlargement can be contained by negotiating transition periods with the new members. The widening of the Union need not be a complete barrier to some deepening of the Union, after all, the economic and monetary union (EMU) will proceed in spite of enlargement. As for changes to the CAP and the structural funds, these are desperately needed whether or not there is enlargement. Adding new members in the East may even provide a needed impetus to change that might otherwise not have occurred.

## 4. ENLARGEMENT: THE VIEW FROM THE EAST

### 4.1 Introduction

This chapter begins by discussing the application status of the CEECs. It then proceeds to analyse the differences between the two groups of applicant states and the different arrangements that will have to be made between each group and the EU. This is followed by a discussion of the significance of enlargement to the two groups of CEECs. The chapter concludes by arguing that although enlargement may take a long time, and may not be on the same generous terms as earlier enlargements, the benefits of working towards eventual EU membership are considerable for both groups of CEECs.

Membership offers the hope to overcome previous and existing divisions in Europe. This process will be difficult but important to the CEECs' future as there are four areas of separation. First, there is the historical pattern of the CEECs' subordination to outside powers. Second, there is a cultural divide which has developed largely along religious lines (the CEECs are predominantly of Eastern Orthodox faith). Cultural differences could create problems if there are large scale migrations to Western centres. Third, there is a significant economic divide. The CEECs are so poor that they would require much assistance for many years which again would reduce their level of equality with incumbent EU members. Fourth and finally there is a lingering psychological divide that distinguishes East from West. It is through membership that the CEECs hope to overcome these differences. It will take some time to eliminate these divisions but the potential of doing so appears to be enough to motivate the CEECs to consider EU membership.

## 4.2 Application Status

As soon Soviet control over the CEECs ended they began to re-establish their historic trading patterns with Western Europe. This happened so rapidly that the EU is now the main trading partner for all of the CEECs. Between 50% and 60% of the exports of each CEEC go to the EU.<sup>50</sup> The change in trading patterns has been so marked that Russia is no longer even in the top five trading partners of the CEECs.

Wishing to encourage this reorientation of trade, realizing that the CEECs would wish to revamp their economies after decades of communist rule, and recognizing that the CEECs might one day want to apply for membership, the EU began to extend aid to the CEECs so that they could accomplish these objectives. EU aid began in 1989 with Poland and Hungary (the PHARE Program) but this was later extended to the Czech Republic, Slovakia, Romania, and Bulgaria. The PHARE program funds such things as the restructuring of state enterprises, the development of a private sector, agricultural reform, reform of public administration and public institutions, the reform of social service, job training, infrastructure repair and development, environmental clean-up, and much else. The PHARE program expanded quickly, involving expenditures of US\$600 million in 1990, US\$1.2 billion in 1992, and over US\$5 billion by 1995.<sup>51</sup>

The 1993 Copenhagen meeting of the European Council recognized membership as a long term goal for all former Eastern bloc countries willing and able to join the EU. Membership was conditional upon the applicants having stability of institutions guaranteeing democracy, a functioning market economy, and the ability to take on the obligations of membership - including

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<sup>50</sup>Baldwin, "The Costs and Benefits of Enlargement", 140.

<sup>51</sup>McCormick, European Union, 290.

adherence to the aims of political, economic, and monetary union. At the Essen European Council meeting of December 1994, the EU decided to establish a comprehensive strategy for preparing the associated countries for membership which would include not only enhanced financial assistance but also the signing of Europe Agreements with all of the CEECs. At the time of the Essen Council meeting agreements had been signed with only six of the ten CEECs. The Europe Agreements established a forum for discussing progress in preparations for membership at a ministerial level and senior official level. By 1997 Europe agreements were in force with all ten of the CEECs. The signing of such an agreement gives the nations in question associate status, which means they are recognized as potential EU members by the existing members. The agreements are of unlimited duration with the transition periods for the removal of economic and commercial barriers ranging up to ten years.

Throughout the 1990's political cooperation between the EU and the CEECs increased markedly in many fields. However, the most notable indication of enhanced political cooperation, and also of the dramatic changes occurring in Europe, was the admission of Poland, Hungary and the Czech Republic into NATO in 1997. Although membership in NATO has no direct bearing on accession to the EU, it does symbolise the progress that has been made in establishing closer ties between the CEECs and the Western nations. The very idea that these states could ever enter into a military alliance with Western nations was unthinkable just a few years ago. It also has some practical advantages in that it gets the CEECs increasingly used to operating within Western institutions and it gives them a much enhanced role and status in Europe and in international affairs.

In 1994 Hungary and Poland became the first of the CEECs to formally apply for entry

into the EU. The following year Romania, Slovakia, Latvia, Estonia, Lithuania, and Bulgaria applied. Then in 1996 the Czech Republic and Slovenia applied. The European Commission was asked by the European Council to prepare an opinion on the applications. When it submitted its opinion in 1997 the Commission recommended, and the Council agreed, that accession negotiations should begin with five of the applicant nations in the first instance. These five nations were Poland, Hungary, the Czech Republic, Estonia, and Slovenia. The accession discussions will begin in March of 1998 and, based on previous experience, could last as long as three years. The remaining five nations, Romania, Bulgaria, Slovakia, Lithuania, and Latvia will continue to receive billions of dollars in aid, as well as much advice, to prepare them for accession at an unspecified later date. The reasons for the division of the applicants into these two groups, and the effect of the division on the various countries, will now be explored.

#### 4.3 The Five that Received a Favourable Opinion

Each of the five countries that received favourable opinions possess similar characteristics in terms of their economic and political progress. They all had functioning democracies and functioning market economies, and all were combatting corruption, coming to an accommodation with the officials of the old regime, and were beginning to tackle land reform and environmental clean-up.

It is one of the prime conditions of EU membership that an applicant state be a properly functioning democracy. Each of the nations that received a favourable opinion was one in which democracy appears to have not only taken root but become well entrenched. In fact, the Commission's opinions on political development did not dwell on the actual establishment of

democracy but more on the manner of operation of existing democratic institutions and the degree to which the rule of law is accepted and applied. In these nations it was the opinion of the Commission that the rule of law was generally accepted and being applied appropriately. Elections have generally been free and fair and their populations are becoming accustomed to the day-to-day practices of a democratic society. Most significantly elections have resulted in the peaceful transition of power between different political parties. It was also the opinion of the Commission that human rights abuses were decreasing and had become quite minimal.

Another major concern of the Commission is the ability of applicant nations to operate a market economy able to withstand the highly competitive forces that exist within the EU's single market. In the opinion of the Commission each of the nations that received a favourable opinion have all managed to establish functioning market economies that need little outside support. After the initial opening up of their economies and the reorientation to free market economics the CEECs experienced very high inflation rates. However, they have managed to reduce inflation rates and also create growth in their economies over the past four years. One of the main reasons for this growth has been the ability of these nations to attract direct foreign investment. This, in turn, has enabled them to develop sounder infrastructures and restructure their economies. Moreover, governmental controls over the economy have steadily been reduced and privatisation is beginning to be undertaken, although large portions of industry continue to be operated by the state. Privatisation and economic growth have also enabled these nations to reduce their budgetary deficits and even reduce their national debts.

Although the Commission recognized that progress was being made in the area of combatting corruption in the nations that received a favourable opinion this is an area where more



progress is needed. Corruption of both a political and economic nature is still quite widespread in these nations and is largely, but by no means entirely, a hangover from the practices of the previous communist regime. If there were any unwillingness or inability to tackle the issue of corruption even these nations might have great difficulty in the accession negotiations and might not be allowed to become full members of the EU.

The nations that received a favourable opinion are all ones that have made some kind of working accommodation with the functionaries of the previous regimes. There are many citizens of these nations who want these people to be punished and to pay reparations. However, they are still needed to run the countries. Finding a middle ground on this matter has been difficult, but it has been a necessary step in the overcoming of the past.

The nations that received a favourable opinion all have problems in the area of agriculture and land reform, although they are making some progress. The CEECs are far behind the EU nations in terms of agricultural standards. Their technology is outdated and so are their methods and policies. At present the CEECs would find it very difficult to incorporate their agricultural systems into the Common Agricultural Policy (CAP). Massive restructuring is necessary before this can happen. In addition very large percentages of the workforces of these nations are still employed in the agricultural sector compared with the rates in the EU, despite some decline in recent years.<sup>52</sup>

The nations that received a favourable opinion also all have problems in the area of

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<sup>52</sup> Among all of the CEECs agriculture is still the dominant industry. As discussed in chapter 3 this dominance of agriculture is a major problem in accession. Most CEECs hover around 7-9% of their workforce being employed in agriculture. Poland is an extreme example maintaining approximately 27% of its total workforce in the agricultural sector. Policy and Legislation: Agenda 2000 [On-line data base]; available from <http://www.eurunion.org>, 22.

environmental and energy policies. Their environmental record has not been a good one. The Soviet system was infamous for its lack of environmental concern, especially in connection with its nuclear energy programs. The effort to restructure environmental and nuclear policies will require a massive effort, especially since nuclear power remains a prime source of energy in a number of these states. The nuclear facilities are old, inefficient, and unsafe. Even outside the nuclear field the continuance of energy monopolies and price fixing may hinder the ability of these states to take on the responsibilities of membership.

#### 4.4 The Five that Received an Unfavourable Opinion

The five nations that received an unfavourable opinion from the Commission are not as similar in their characteristics as are those that received a favourable opinion. The Commission indicated that while these states had made notable progress in reforming their political and economic systems there was still much work that needed to be done before accession talks could begin.

While these nations have created democratic institutions, including ostensibly free and fair elections, their stability is open to some question in the opinion of the Commission. In some countries there are severe conflicts in the operation of political institutions, for example, in Slovakia there are tensions between the President and the legislature. In addition there is concern over the general degree of respect for the rule of law and with the actual practice of the law in these nations. Abuse of minorities also continues to be a problem in those nations that did not receive a favourable opinion from the Commission. In some countries minorities are not

recognized as citizens and are, therefore, denied equal treatment under the law. In some of these countries the protection of civil liberties is problematic even for average citizens. Considerable improvements are needed in all of these nations before they will meet the democratic test for entry to the EU.

The economies of the nations that received an unfavourable opinion are much weaker than those of the nations that received a favourable opinion. In the view of the Commission they are not yet ready to withstand the highly competitive market that prevails within the EU's single market. The gross domestic product of these nations is generally much lower than it is in the others. Some of the nations, such as Bulgaria, have only just begun to restructure their economies. In fact, Bulgaria only began to seriously discuss economic reforms in 1997 and still exhibits some resistance to adopting the reforms needed for a favourable consideration by the Commission. Others, such as Latvia, have begun the reform process but are having difficulties because of banking or budgetary crises. In general privatisation has moved relatively slowly in these five nations, banking is quite weak, and there is a lower level of foreign investment. In addition much of the industry in these nations is obsolete and too dependent upon heavy industry, workforce skills are low, and little research and development is undertaken. Thus the Commission says of Romania, for example, that the state of its economy "suggests that the economy needs a number of years of sustained structural reform."<sup>53</sup>

All of the nations that received an unfavourable opinion have graver problems with corruption than is the case with the nations that received a favourable opinion. In addition they all have had greater difficulties with coming to an accommodation with the members of the old

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<sup>53</sup> Agenda 2000, 31.

communist regimes. In fact, in some of these nations it is really the old communist leaders who are in charge but with new non-communist titles. Of course, this partly explains why democratic ways and free market practices meet with some resistance in these nations. It may also explain the high level of corruption, since it had been endemic within the old communist structures.

The nations that received an unfavourable opinion have greater difficulties in the agricultural and land reform area than even those nations that received a favourable opinion. Agriculture employs over one third of the workforce in Romania, 24% in Lithuania, 20% in Bulgaria, and 18% in Latvia.<sup>54</sup> Even Slovakia, with 10% of the workforce in agriculture, has substantially more people employed in this sector than is the average for the current members of the EU.

In the energy sector many of the nations remain heavily dependent upon nuclear power supplied by energy monopolies. Many of the nuclear plants are quite old and have poor safety records. Most of the nations also have a very large problem with nuclear waste disposal.

#### 4.5 The Accession Negotiations

In the forthcoming accession negotiations the membership status of the five nations that received a favourable Commission opinion is likely to be limited in several respects. This is so that they can be incorporated without derailing attempts to also deepen the Union. Access to the CAP is likely to be limited, access to the structural funds will probably be restricted, and voting privileges within EU structures might also be limited in some fashion.

Since the CEECs are heavily dependent upon agriculture, full access to the CAP would

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<sup>54</sup> Agenda 2000, 2, 15 and 18 respectively.

mean huge expenditure increases to help subsidize these agricultural economies. Such subsidies are already high within the EU, indeed CAP payments account for over 50% of the total EU budget. Huge increases would not be welcomed by the current EU members and neither would a redistribution of the current amount, as that would heavily favour the new members. Thus, if the accession process is to proceed smoothly, access to CAP funds by the new members would have to be restricted until such time as the program is adequately reformed.

The situation is much the same in relation to the structural funds. The difference in economic well-being between the current EU members and even the first five CEEC applicants is considerable. Thus if the new members had equal access to these funds it would result in a substantial redirection of them away from current members to these new members. The current members would naturally resist this. However, the new members have great need for these funds to help them readjust and rebuild their economies. Moreover there is already considerable expectation that access to these funds is one of the major advantages of membership in the EU. It seems likely that in the accession negotiations a compromise will be found by restricting the access of the new members to the structural funds but extending increased PHARE funding to them.<sup>55</sup> In this way the new members could receive a substantial amount of funding without disrupting the core Union budget and without alienating the present members, especially the poorer four.

A third limitation on the new members might be a restriction of their voting rights within EU structures. This is because accession under the current voting rules would grant the CEECs more votes than a number of incumbent members. Unless those incumbents were appeased in

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<sup>55</sup>Economist, "Europe: Arguments for Enlargement"(August 3rd, 1996), 42.

some manner they might well block the accession of the CEECs. Any restrictions imposed on the CEECs are likely to be short term as a new voting formula has to be agreed upon in any event. The CEECs have not made a major issue of this point so far, largely because they do not wish to disrupt the current workings of the EU and because overall change is imminent.

#### 4.6 Conclusions

If the limitations just referred to do prove to be acceptable to all concerned then it is likely that the accession negotiations for the first five new members will proceed relatively smoothly. From the point of view of the CEECs membership of the EU in any form is likely to be valuable and desirable. First and foremost they will be afforded an opportunity to "rejoin" Europe. Secondly, they will receive reinforcement for the consolidation of democracy in their countries. Thirdly, they will receive considerable aid to reform their economies.

The fact of the matter is that in the final analysis the CEECs have no truly viable alternatives to EU membership, whatever the terms. Their economies are so weak that they would be unlikely to prosper on their own. Even if they formed their own trading bloc it would be an alliance of the weak with the weak. Moreover, none of them really wants to contemplate a renewal of economic cooperation with Russia, even if the Russian economy were to rebound.

## 5. CONCLUSIONS

There is a real possibility that Europe will begin the new millennium in a more united and peaceful state than ever before in its history. It is clear that enlargement of the EU to include the CEECs will now take place. The process of incorporating the CEECs will be a lengthy and costly one but the long term economic and political benefits are generally seen to outweigh all the difficulties and the costs.

The negotiations that are set to begin in March of 1998 with the first tranche of prospective new members are likely to be lengthy and complex. The agreed upon procedures involve as many as thirteen separate steps, several of which demand unanimous approval by the current 15 members of the Union. Even if the negotiations proceed well it will likely take about three years to complete negotiations and another year to ratify the entry of the prospective new members. Thus it is unlikely that the first new members will join the Union until January 1st of 2002 or 2003. This will allow some time for the CEECs to further democratize as well as to further reform their economies so that the adjustment needed at the point of entry will be reduced. The negotiation and ratification period will also allow some time for the current EU members to adjust their major policies and their voting practices in a manner that will more easily facilitate the entry of the CEECs.

The long term economic benefits of the enlargement of the EU to include the CEECs are potentially enormous. For the CEECs it holds out the possibility of obtaining aid to undertake reforms that will modernize their economies and help with items such as the clean up of the environmental mess left by the old economic structure. In addition the newly modernised



economies will be reformed such that they have the capability of competing in a single market with the economies of the current EU members. That is, they will become an integral part of the wider European economy. Moreover, it holds out the possibility of a steady enhancement of standards of living, thereby bringing them closer to the EU average.

For the EU the economic benefits, while not as significant as those for the CEECs still hold great potential. With the addition of such a large region the population of the EU will rise over 400 million. Such a large common market will leave many outside of Europe desperate to gain access to the most populous trading bloc in the world after China. The removal of trade barriers will allow EU industries to more easily and quickly profit from the reconstruction efforts in the CEECs. Eastern enlargement promises to boost the economies of EU members involved in the rebuilding of the East and also to increase the international economic power of the EU.

The long term political benefits are even greater than the economic benefits. The establishment or reestablishment of democracy across the continent by means of an expansion of the EU eastwards constitutes a development of profound historical significance. EU enlargement and EU membership are based upon democratic conditions within the applicant state. The possession of democratic values and democratic government is key to an applicant successfully entering the Union. The chief political benefit of an eastern enlargement is the creation of a stable, democratic Europe. Democracy is extremely important to both sides. The problem with this lies in the fact that the CEECs must be democratic to achieve membership but without membership the chances of their democracies surviving are limited.

For the CEECs the most important long term benefit of EU membership is its ability to aid in the consolidation process. There is a great concern about the future of democracy within these



states and membership in the EU is seen to be the only means to democracy's survival. The CEECs recognize the role the EU is able to play in the consolidation process by looking to the EU's success in Southern Europe. For the states of Southern Europe who entered into the EU after making the transition to democracy, enlargement gave them great opportunities to consolidate their democracies and that is what the CEECs are trying to duplicate.

The EU's role in creating peace and stability is truly a great one. The democratic life of the CEECs outside of the EU is questionable. In the process of consolidating new democracies, external actors can exercise considerable influence. It is in this manner that the EU has the opportunity to solidify democracy in Eastern Europe and across the continent. The fact that this establishment of democracy across the continent is likely to create favourable conditions for an extended period of peace within Europe after so many devastating wars and a dangerous Cold War is of even more profound significance.

All previous attempts to unite Europe, by men such as Charlemagne, Napoleon, and Hitler, employed force as the method to accomplish the objective. By directly assisting in the democratization of the CEECs the EU is proceeding to fulfill its fundamental goal of creating a united and democratic Europe. Eastern enlargement creates a clear break from the failures of previous attempts at integration. This event holds the promise of removing the long standing East-West division of Europe. For the EU the greatest achievement of eastern enlargement seems likely to be the uniting of Europe by democratic and peaceful means.

## Appendix 1.

### The Application Process

The application process is comprised of several different stages with no definite time frame. The application process begins with a European country submitting an application to the EU Council and progresses in the following order:

- the Commission delivers an opinion about the application to the Council
- the Council must then unanimously decide to open negotiations for accession
- the Union, represented by the Council President, conducts negotiations with the Applicant.
- Agreement is reached on a Draft Treaty of Accession
- Accession Treaty submitted to the Council and the European Parliament
- Parliament approves Accession Treaty by an absolute majority
- the Council approves the Accession Treaty unanimously
- EU members and the Applicant formally sign the Accession Treaty
- EU members and the Applicant ratify the Accession Treaty
- After ratification, the Accession Treaty Agreement goes into effect.<sup>56</sup>

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<sup>56</sup> Source: The European Commission, DG 1A, 1997.

## Appendix 2.

### Application Lengths for Successful Candidates.<sup>57</sup>

<u>Applicant Country</u>	<u>Duration of Application, from application to Accession.</u>
United Kingdom	Five years, seven months
Denmark	Five years, seven months
Ireland	Five years, seven months
Greece	Five years, six months
Portugal	Eight years, nine months
Spain	Eight years, five months
Austria	Five years, five months
Sweden	Three years, six months
Finland	Two years, nine months

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<sup>57</sup> Source: The European Commission: DG 1A, 1997.

## Appendix 3

### Dates of Application for the CEECs<sup>58</sup>

Hungary	March 31st, 1994
Poland	April 5th, 1994
Romania	June 22nd, 1995
Slovakia	June 27th, 1995
Latvia	October 13th, 1995
Estonia	November 24, 1995
Lithuania	December 8th, 1995
Bulgaria	December 14th, 1995
The Czech Republic	January 17th, 1996
Slovenia	June 10th, 1996

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<sup>58</sup> Source: The European Commission: DG 1A, 1997.

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