9 Economic explanations of eastern enlargement

Introduction

There seems little doubt that the gradual deepening of the European integration process, leading to a cumulatively more unified political and institutional environment, has been underpinned to a very significant degree by the willingness of the member states to pool sovereignty in the economic sphere. Just as specific steps such as the Single European Act and the 1992 programme advanced the process of economic integration, so each successive enlargement of the EU has had its own important economic logic and in different ways also changed the contours of EU economic activity and contributed to the process of institutionalizing supranational decision-making. This was no less true of the eastern enlargement than the three previous expansions of the EU. This chapter examines the economic dimension to eastern enlargement, and more specifically, the different economic motivations that influenced the EU's approach to enlargement. It investigates the nature of economic power and how it manifested itself in EU decisions. It analyses the importance of key economic issues in the enlargement process, ranging from agriculture and the EU financial framework to the challenges posed by cross-border environmental externalities and EU perspectives on future immigration from Central and Eastern Europe. All of these issues featured strongly in EU enlargement debates, even if they were interpreted differently depending on the jurisdiction and the context. The chapter relies heavily on the theoretical framework developed by Andrew Moravcsik in his contributions to European integration theory.[1] It begins by outlining the importance of economic power within the eastern enlargement process.

Economics and power

Consideration of the geopolitical dimension to eastern enlargement reminds us of the ongoing importance of power and security in international politics, but no less important is the domain of economic power. For some indeed the international political economy follows the same logic of power competition and rivalrous coexistence as does the international political system. This approach asserts that material resources such as oil, natural gas, nuclear power, and financial strength

represent an indispensable component of the national resource base and that the state pursues foreign economic policies in order to maintain and strengthen its autonomy, security and position in the international power structure.[2] Economic organization then serves much the same purpose as military alignment. The greater the economic power and influence of the state the safer and more prominent it is in a competitive world system. Or, as Christopher Hill puts it when analysing the EU, 'even without the development of a single military policy economic power cannot avoid being political in its use and implications'.[3] Whatever the arguments about the EU as an emerging global political power, it is inarguable that the Union constitutes the world's foremost economic bloc.

Viewed in this way, the EU's motivations for eastern enlargement centre on the protection and enhancement of the Union's position in the world market and augmenting and enhancing its economic power relative to peer competitors. Extending the economic community eastward would, first, guard against cheap competition from Central and Eastern Europe, in what are perceived to be vital economic sectors in the EU.[4] These include agriculture, steel, and textiles – the so-called 'sensitive sectors' – the sectors most protected within the EU and, also, during the early negotiation process with the candidate countries, the most contentious. The enlargement process would ensure that CEE producers would gradually become subsumed into EU regulatory structures, thus ensuring that CEE advantages in respect of the costs of inputs would dissolve over time. As chapter 2 demonstrated, much of the evidence from the early 1990s and, in particular, during the negotiation of the Europe Agreements with the CEE states, suggests that this was indeed the EU position. Markets had to be protected even if it meant retarding EU–CEE relations and weakening the overall commitment to eastern enlargement.

Another important economic power explanation for eastern enlargement may be found in the EU's positive expectations of increased market share in emerging CEE markets. The opportunity for EU firms and industries to take advantage of the great possibilities presented as Central and Eastern Europe began to realize its growth potential and generate new business for EU companies seems obvious. In this respect it should hardly surprise that large and medium-sized European and global corporations were among the most enthusiastic supporters of Eastern enlargement.[5] Similarly, Helene Sjursen points out that access to primary resources and low cost labour in the CEE states further strengthens the competitiveness of the EU, even if there is uneven distribution of benefits in the short to medium term.[6] By transferring some labour-intensive production to CEE, EU companies made sure they stayed competitive on a global scale and continued to expand in home markets. Foreign Direct Investment (FDI) in CEE therefore helped to some extent to preserve jobs in Germany, France and the UK.[7] Potentially, the trade creation effects of eastern enlargement outweigh those of trade diversion within the EU and act to boost EU economic power in the world economy, vis-à-vis both existing rivals and emerging trade competitors such as China and India. In addition, enlargement boosts the EU's negotiating muscle within institutions of international trade such as the World Trade Organization (WTO). Already the EU can claim to be the most significant economic

bloc in the world; in the medium to long term, eastern enlargement would solidify and enhance that position.[8]

If we analyse the extent of economic integration between the EU15 and the new member states it is striking to note the extent of economic liberalization which had taken place in CEE even prior to accession in 2004. EU–CEE trade grew exponentially throughout the 1990s. Czech exports, for example, grew by 230 per cent after 1993 and Hungarian exports by more than 400 per cent. By 2000 the accession countries were trading with the EU just as much as the EU members were trading with each other.[9] Further, in the decade preceding accession growth in the CEE states, at an average of almost 4 per cent per year, was double that of the EU15 area. While the EU increasingly threw open its markets to CEE goods, it also exploited growing export opportunities in the candidate states. In fact by the time of accession the EU sold much more to the newcomers than it bought in return. The result has been consistently large EU trade surpluses with CEE. According to the Osteuropainstitut, a German research institute, this trade surplus created as many as 114,000 jobs in the EU during the 1990s.[10]

EU companies not only sold their goods in the new markets but they also bought existing businesses there and launched new ones. Since 1990 the new members have received about €130 billion in FDI. Most of this came from the large eurozone countries.[11] The Osteuropainstitut calculated that German FDI alone created almost 450,000 jobs in CEE. But crucially this did not come at the expense of existing German jobs. FDI was largely directed at the new emerging businesses in CEE and not displaced across EU borders. Where Coca Cola set up new bottling plants to service the Hungarian market it retained such plants in Germany and Austria. Financial institutions bought banks and insurance companies exclusively to service emerging domestic markets in CEE rather than as cost-cutting or downsizing measures. So most FDI came in addition to, not instead of, investments in the existing EU. By investing abroad, EU companies mostly sought to access new and fast-growing markets rather than to cut costs at home.[12]

Eastern enlargement also offered the possibility to revisit (and reform) existing EU policies. If enacted, the reforms would render the EU more efficient and competitive in the global economic market. This was especially the case with the CAP, where enlargement-inspired reforms, although threatening to reduce the power of important producer interests within the EU, equally promised to enhance the efficiency of the notoriously wasteful agricultural regime. Enlargement would thus provide another significant transformative dynamic which potentially boosted the EU's global economic power and influence. And although WTO-related pressure was at least as important in triggering ideas about CAP reform, it was only the prospect of eastern enlargement which prompted the substantive moves to streamline the CAP in 2002.

At official level the EU consistently presented arguments justifying eastern enlargement as boosting EU power vis-à-vis competitors in an increasingly competitive global market. EU documents on enlargement or specific sectoral aspects of the process consistently stressed the beneficial effects of expansion over time. Frequently it was described as a 'win–win' process, as economically positive for both incumbents and incoming states, and as a potential boon to the EU's macroeconomic performance.

These assertions seemed hollow to many who pointed to the yawning gap in economic performance between insiders and outsiders, which, it was frequently asserted, could not be easily overcome, even through accession of the outsiders. Enlargement after all added about one-third to EU territory, slightly less in population terms, but crucially, less than 10 per cent to EU GDP. Even the most optimistic assessments suggested that the average CEE 'catch-up' with Greece, Portugal and Spain would take at least 20 years to achieve. The internal EU debate on the economic merits of eastern enlargement, however, was much more diverse and wide-ranging than such simplified measurements suggest. It needs to be understood in more nuanced terms encompassing consideration of winners and losers in important economic sectors within the EU, regional variations in levels of interdependence with the countries of CEE, the degree of embeddedness of specific EU policies such as CAP and regional policy and different national attachments to each, and also, the distribution of bargaining power among EU member states and transnational interest groups. All these issues are best understood viewed through a key body of integration theory – Andrew Moravcsik's liberal intergovernmental model.

The liberal intergovernmental model of European integration

In the neoliberal perspective the international system is characterized by complex patterns of economic interdependence. States are concerned about the implications of such interdependence and international institutions are therefore instituted as functional regimes, for the purpose of transnational management of common problems.[13] Andrew Moravcsik's application of neoliberal theory to the European integration process – liberal intergovernmentalism (LI) – represents a sophisticated model of EU preference formation and bargaining, predicated on the assumption of the crucial importance to state behaviour of domestic interests (principally domestic producer interests). Bargaining power is determined by the relative intensity of member state preferences and not by military or other material power considerations. Economic issues and interstate economic competition dominate all others in the international political arena.

Moravcsik's theory is a tripartite one. It assumes rational behaviour on the part of the state; it asserts a liberal theory of national preference formation; and it utilizes an intergovernmental analysis of interstate negotiation where the distribution of power among the member states is a key determinant of outcomes.[14] Combining the three constituent elements, Moravcsik explains how the costs and benefits of economic interdependence primarily determine national preferences on EU issues. Governments act as domestic gatekeepers and aggregate those domestically generated preferences and then deliberate on and negotiate those preferences at EU level. The most important negotiations are those which fall under the flagship of what Lee Miles terms 'super-systemic' Intergovernmental Conferences (IGCs), which pave the way for the so-called 'grand bargains' of the integration project.[15] And where neofunctionalist approaches to integration argued for a so-called 'spillover motor' which drove the integration process

forward, Moravcsik asserts the centrality of interstate bargains and the convergence of domestic preferences at international level as crucial to the unfolding of the integration process.

In *The Choice for Europe* Moravcsik posits the notion that 'economic (and) in particular, commercial interests have been the "drivers" of European integration' and that 'the foreign policy goals of national governments are viewed as varying in response to shifting pressure from domestic social groups'.[16] The social groups that receive most attention are business organizations such as the Confederation of British Industry (CBI), the Bundesverband der Deutschen Industrie (BDI), the trade union organizations. and agricultural producer lobbies. All are concentrated in the economic sphere in national settings. Moravcsik then presents European integration historically as:

> a series of rational adaptations by national leaders to constraints and opportunities stemming from the evolution of an interdependent world economy, the relative power of states in the international system, and the potential for international institutions to bolster the credibility of interstate commitments.[17]

The question then is whether we might view EU enlargement policy in such a light. If one were to trace the evolution of the process would we observe a 'series of rational policy adaptations' arising out of rising interdependence between the EU and CEE, and mediated at EU level by bargains which resulted from disparities in relative power? Was the politics of eastern enlargement a battle between competing producer groups? If enlargement was dominated by such interstate clashes what then of the role played by the European Commission in the process?

It is worth noting that analysis of previous enlargement rounds hardly features in *The Choice for Europe*, save for extended commentary on British efforts to join the Community and French policy of obstructing Britain. In a 2003 paper on eastern enlargement, however, Moravcsik and Milada Ana Vachudova present three reasons to support an LI perspective on enlargement. In the first place they argue that the overall effect of eastern enlargement is rather benign from the EU's perspective. Second, distinct material benefits, even if modest, and only likely to kick in over the medium to long term, do indeed accrue to the EU15. The addition of 100 million new consumers to the EU market, and, in addition, the macro stability garnered through the management of EU–CEE interdependence, guarantee at least a benign and potentially a positive outcome for the EU. Third, the EU managed during the negotiations with the CEE applicant states to limit the costs to itself even if some member states and groups would bear a disproportionate share of the costs of enlargement.[18] In addition, they argue that the role of ideas and norms was only important in a subordinate context. Only when the normative ran parallel to and supported EU material self-interest did normative arguments influence key decisions. Thus in contrast to some interpretations of enlargement, the LI view is that eastern enlargement was only of marginal importance to the EU. A deeper application of liberal intergovernmentalism seems apposite, however, and in particular, an investigation of the dynamics of national preference formation

and both EU internal bargaining and the inside–outside bargaining that followed during the actual negotiations.

Domestic enlargement preference generation and aggregation

The LI model suggests that governments in each member state of the European Union aggregate domestic preferences and establish positions on individual issues of interstate economic governance as a result of a competitive intra-state bargaining process. Important economic interest groups compete to shape national preferences on everything from fishing quotas to telecoms regulation. Moravcsik's theory offers the benefit of a parsimonious model of domestic preference formation. We should expect that national preference formation on enlargement follows the pattern and that national preferences will primarily derive from each state's dominant economic interest groups and from relative expectations of 'exogenous increase in opportunity for cross-border trade and capital movements'.[19]

Although a full analysis of all 15 member state enlargement debates and modes of preference generation lies beyond the scope of this book, there is potential in a more limited application of LI that examines preference formation and aggregation in key member states. Among the key issues to be considered are the differential impact of enlargement arising from perceptions of positive and negative interdependence with Central and Eastern Europe; geographical proximity and its relation to levels of economic interdependence; and variations in socioeconomic structure among the EU15, in the context of the uneven distribution of costs associated with enlargement. The distributional consequences of eastern enlargement fall on member states rather differently and crucially influence national preferences.[20] Enlargement threatened to create particularly high costs, resulting from trade and budgetary competition, for the poorer, less developed and more dependent member states such as Greece, Portugal and Spain.[21] This is because these states largely specialize in the same traditional and resource-intensive industries as many of the CEE states and were thus more likely to be adversely affected by trade diversion effects than more developed member states. A second key distributional issue was the expected recalibration of structural and cohesion funding, where the prospect of competing for subvention in a much enlarged Union meant that those same states stood to suffer disproportionately from any redirection of funds to the accession states, especially in a context where the net contributing states were now consistently stating their opposition to the idea of any increase in the size of the EU budget. But eastern enlargement, equally, presented challenges and opportunities to the larger and wealthier EU states, challenges which crucially influenced attitudes to enlargement in those member states.

British and German enlargement preferences

Analysis of the macroeconomic implications of eastern enlargement demonstrates that it is the net contributors to the EU budget that stand to gain the most. It seems

hardly surprising then that Germany, the UK and the Nordic states all consistently supported enlargement, if indeed they simultaneously held some doubts about certain implications of the process.[22] From a German perspective, analysis suggests that the argument of economic gains is especially apparent. This is also the case with Finland, which has close economic ties with the Baltic States, and also for Austria whose geographic proximity to CEE makes it an important economic player in the region.[23] Germany is the main trading partner for all of the CEE states and the largest contributor of humanitarian aid as well as the largest foreign investor in the region.[24] One survey conducted in 2004 found that 40 per cent of all German manufacturing firms had already diversified into CEE, and 90 per cent were planning to institute production over the next five years.[25] German FDI alone was responsible for the creation of 450,000 jobs in CEE by 2004. Crucially, this was not a case of job displacement as most investment was aimed at the construction and development of domestic markets in the accession states rather than shifts in production from Germany. A study by Baldwin, Francois and Portes demonstrated that, among EU member states, Germany had much more to gain in terms of increased trade than any other EU state.[26] This was confirmed subsequently in numerous studies, including those conducted by the European Commission. Thus interdependence with CEE was and is much more of a fact for Germany (and Austria) than for any other EU15 state. For German governments that meant that eastern enlargement did not present any fundamental conflict, at least in terms of the trade effects anticipated.

Given the underlying factors encouraging the expected increase in trade it is hardly surprising that a powerful network of German multinational corporations headed by Volkswagen and Siemens, and financial institutions such as Deutsche Bank, which had invested substantially in the candidate countries in advance of accession, made for a significant corporate influence on German policy. Indeed Bohle points out that in the run-up to accession the Audi plant in Győr, Hungary, contributed around 12 per cent of the group's entire turnover, and with a generous Hungarian government tax break, 74 per cent of Audi profits.[27] Management of important negative externalities such as environmental problems and migration flows associated with increased interdependence also helps explain German advocacy of enlargement. As Zaborowski points out: 'EU and NATO enlargements to the east represent a stabilization of (Germany's) external environment, therefore an improvement on its own security.'[28]

Notwithstanding these factors, however, German governments consistently adopted a schizophrenic attitude to enlargement. This anomaly is understandable perhaps in the context of a balancing act between the 'high politics' and 'low politics' of enlargement, with Germany particularly fearful of having to bear a disproportionate part of the cost of the extension of EU distributive policies. German governments also worried about negative public opinion toward eastern enlargement. As accession approached the German public increasingly linked high and persistent domestic unemployment and the generally depressed economic climate in their country with such issues as low labour costs and unfair tax competition in CEE. All of this made for a difficult balancing act in German attitudes to

enlargement. Neoliberal approaches, while very useful in highlighting the issues mentioned here, also have difficulties in explaining German enlargement policy, and in particular the consistent normative framing of eastern enlargement by German policy-makers.[29] For Germany enlargement was not simply, or even primarily, about the extension of markets but a matter of historical justice and moral retribution.[30] So while acknowledging the influence of important German producer interests it is important to emphasize how this complemented rather than singularly framed German policy.

In the UK case the economic gains from eastern enlargement are expected to be lower. It does not have the substantial local trade interests in Central and Eastern Europe that Germany does. Having said that, there is no suggestion that the UK would be a significant loser from enlargement, at least not in economic terms. If the argument were to turn to institutional issues and the question of whether widening, as a matter of course, produces further deepening, then one might expect a different attitude from the UK. It may also be that the UK's neoliberal economic outlook is important here. The extension of the internal market and the market creed may have proved decisive for the UK in encouraging deregulation, privatization, and the vigorous pursuit of microeconomic reform in the candidate countries. Certainly the CBI and the Institute of Directors consistently promoted early and wide enlargement. The change in government from Conservative to Labour in 1997 produced no appreciable change in direction. In some ways, in fact, the Labour government was even more attached to the neoliberal model of economic development. While some commentators continually sought to paint British support for enlargement in negative terms as support for a diluted form of European integration (that further widening would effectively cripple the Federalist project), the evidence suggests more that UK governments evaluated national preferences in terms of economic benefits to the UK and the normative benefit of ensuring peace and prosperity in Central and Eastern Europe. Prime Minister Tony Blair in particular was conspicuous in publicly supporting the candidate states and calling for the acceleration of the enlargement process at important junctures.[31]

In one important respect the prospect of eastern enlargement did bring about a convergence of German and British preferences. Both countries sought to change the shape and financial burden of the CAP and saw eastern enlargement as a golden opportunity to pursue their national preferences by arguing that the CAP in its present design simply could not be transferred to the new member states without bankrupting the EU. In fact British and German attachment to CAP reform was so strong that in the final negotiations with the candidate states both countries set out their stall against paying direct income subsidies to the new member states because this would slow down the reform of the CAP.[32] This presented an extraordinary paradox in that, at a vital period in the negotiations, both countries appeared to be the main obstruction to achieving a deal, when both had in fact been unwavering supporters of enlargement throughout the process. Both the UK and Germany also consistently pushed the goal of reining in spending on the EU budget. In both jurisdictions the dominant interest groups that influenced governmental enlargement positions were industrial conglomerates which saw enlargement as a significant

opportunity for market expansion and investment. Their positions were based on arguments that stressed the size of the new markets, the availability of relatively cheap pools of skilled labour, and economies of scale to be realized from transnational production processes. But against those arguments, in both Britain and Germany, different normative logics also influenced policy-makers to quite a degree. The enlargement discourse of state representatives stressed the importance of securing peace and stability in Central and Eastern Europe as much as market share and financial gain.

French enlargement preferences

If expectations of economic gain and the influence of important domestic producer groups significantly influenced British and German enlargement preferences, then one can plausibly argue that the reluctance of successive French governments to embrace eastern enlargement resulted from the ability of French agricultural interests in particular to shape national preferences. Smaller states such as Ireland were quite content to have the French fight the major battles on agriculture in the knowledge that no major change in the status quo could be effected without French consent. The prospect of a radical overhaul in the CAP drove the French government to protect French interests at the expense of the normative desire to expand the EU's democratic club. Later on, opposition to the European Commission's proposed services directive, which would have liberalized the provision of services across the enlarged EU, was again based on a French fear of domestic service providers being undercut by *arriviste* Easterners, who would accept far lower rates than local architects or plumbers, for example, for the same work. The attachment of the CEE states to the Anglo-Saxon rather than European social model meant that the fabric of French socioeconomic structures would inevitably fray as CEE influence began to assert itself within the Council of Ministers. In early 2005 President Chirac (in an offhand comment) suggested that 'ultra-liberalism is the communism of our times'. For many in Central and Eastern Europe this jibe seemed targeted at them rather than the allegedly neoliberal-obsessed Barroso Commission. They made a direct connection with Chirac's earlier insult about them behaving 'in an infantile manner' in their earlier support for the American-led invasion of Iraq. If nothing else the episode represented the culmination of a pattern of French behaviour demonstrating 'how out of sympathy is France with the newly enlarged EU'.[33] The rejection of the Constitutional Treaty on 29 May 2005 was in some measure a rejection of eastern enlargement, or at least a demonstration of serious concern at its impact on France.

French obstructionism manifested itself in different ways but French fears about the impact of enlargement on the nature of the integration project were regularly aired, not least after the Helsinki decision to open up the process to Bulgaria, Romania and Turkey in 1999.[34] Earlier, in September 1998, the French government had sought to delay the beginning of negotiations by requesting that the Commission draw up a full political assessment of the accession process, including an analysis of the Cyprus situation. According to the then French Minister for

European Affairs, Pierre Moscovici, the accession process should be 'under political control', not on 'automatic pilot'.[35] This was a less than subtle reference to the role and influence of the Commission within the accession process. The French requests were viewed as an attempt to postpone the beginning of substantive negotiations and to delay enlargement. The French government, however, angrily denied any suggestions that it wanted to delay enlargement. Instead, it claimed that it was merely trying to get its fellow member states to focus on the real problems created by enlargement.

There is little doubt that the French Presidency of 2000 did much less than other EU Presidencies to advance the enlargement timetable and agenda. In the dispute between Germany and Spain over the future financing of the structural funds, for example, France hardened its position on agriculture rather than seek a compromise solution.[36] Notwithstanding the difficulties presented by the unique characteristics of the French foreign policy machinery (*Cohabitation*), and the normal large state EU presidency juggling of national and collective interests, outside observers could not but conclude that defending French interests overrode the collective desire to progress the enlargement process.[37] Such a perspective also had a distinctive geopolitical dimension in the shape of French fears that eastern enlargement would produce a more German Europe by moving the centre of gravity of the new EU eastward with Berlin at its core. In short, enlargement changed the fundamental dynamic that had powered the integration process, namely the Franco-German relationship. Liberal intergovernmental theory therefore, although it does capture the essential basis for French preferences on eastern enlargement, also falls short in its relative neglect of geopolitics. Rather, a complex interplay of economic and geopolitical issues crucially influenced French policy on eastern enlargement.

Spanish and Irish enlargement preferences

With regard to the states that were consistently identified as the most reluctant to embrace eastern enlargement, liberal intergovernmentalism might most usefully be applied to Spain. Spain for long held major concerns about the impact of enlargement on the existing arrangements for regional spending and agriculture and at various important junctures argued against producing a timetable for accessions, and against the provision of financial appropriations that would disadvantage Spain or reduce the levels of subvention it enjoyed from the EU budget.[38] Before taking over the presidency in 2001 the Swedish foreign minister attacked Spain as especially 'irresponsible' in blocking negotiations by demanding guarantees for its national interests.[39] And Spain 'did not refrain from manipulative and forcing strategies' even during the course of its own EU Presidency in 2002.[40]

In the first place Spain stood to gain much less from the expansion of trade which accompanied enlargement. As late as 2000, Spanish exports to CEE amounted to only 2 per cent of the EU total exports. And this amounted to less than 8 per cent of Spanish exports outside the EU. This pattern was as evident in CEE exports to the EU, which showed that Spain only accounted for about 2.5 per cent of the total, making it one of the least important trading partners for the accession states within

the EU bloc. The relative paucity of economic contact was also evident in the figures for FDI, which showed that Spanish investment in CEE was very low, and had barely increased as CEE had opened up to new investment.[41] Spanish preferences also turned on the consequences of enlargement for EU structural funding. By 1999 Spain had become the highest net recipient of structural funds, and the fourth largest recipient of CAP monies leaving it with a net EU financial balance of €6 billion.[42] The 2000–6 financial framework guaranteed Spain €55 billion from the EU budget. This represented more than double the amount distributed to all of the CEE states combined. Thus the redistributive consequences of any reorganization of the existing structural fund regime particularly threatened Spanish subvention.

A determination to protect Spanish prerogatives was in evidence as early as 1989 when Spain vetoed the EC budget in order to force agreement on doubling the structural funds as a compensatory side payment for accepting the Single European Act. A similar strategy was employed in the Maastricht negotiations, which eventually yielded the Cohesion fund agreed at Edinburgh in December 1992.[43] This massively boosted Spanish receipts from the EU budget. In November 1991 the Spanish government had threatened to veto the conclusion of Europe Agreements with Poland, Hungary, and Czechoslovakia because the agreements included provision for aid to CEE iron and steel production which could negatively affect the Spanish sector, which was undergoing a troublesome restructuring process at home.[44] Former Prime Minister Felipe Gonzalez put it forcefully in an interview with the *Financial Times* in 1992: 'we should not pull the wool over our own eyes. I don't think Lech Walesa realizes that Western Europe is not going to foot the bill for forty years of Communism. Just like it didn't pay for forty years of Franquismo. No one feels obliged to pay this bill.'[45] Again, during the Amsterdam negotiations, Spain sought to prevent any decision that would harm Spanish subsidies. It fiercely opposed the extension of Qualified Majority Voting (QMV) to Structural and Cohesion funding, for example, and in 1999 it again blocked the reform of the cohesion funds and claimed further financial compensation for its less developed regions to counteract the negative impact of prospective eastern enlargement on its financial position.[46]

The Spanish argument, formally expressed in a 2001 memorandum to Romano Prodi, President of the European Commission, stated that the admission of 12 or 13 countries would lower average per capita incomes across the EU, and 'enlargement will therefore produce an artificial acceleration of economic convergence of those states and regions which do not match average incomes in the European Union of today'.[47] Spanish policy was to 'minimize' or 'neutralize' this effect and Spanish negotiators did not refrain from forcing and manipulative bargaining strategies.[48] The Barcelona Process was one important concession wrung from the EU for accepting eastern enlargement. Thus Spanish enlargement preferences seem to fall much more favourably into Moravcsik's framework than do those of Britain or France.

The Spanish case, however, also demonstrates how political élites also conceived of enlargement in normative terms and struggled to balance their commitment to the process with the need to defend important national economic interests. Piedrifita Tremosa shows that Spanish policy-makers were extremely concerned throughout the eastern enlargement process with their reputation within the EU. They considered enlargement as much an issue of justice and legitimacy as economic utility. In particular Spanish élites felt they could not legitimately oppose eastern enlargement 'given the similarity of its own accession to the moral foundation – peace, stability, and support for democracy – of this round of enlargement'.[49] Whereas EFTA enlargement was deemed different in that the candidates were rich countries which did not need accession as a means of consolidating democracy, to block or threaten to veto the eastern enlargement was morally unacceptable to successive Spanish governments.[50]

Similarly, Portugal and Greece were faced not just with a potential reduction in subvention but also the prospect of serious competition from CEE producers in certain industries and redirection of FDI. Along with France and Italy they were also inclined toward the protection of existing privileges over the collective pursuit of enlargement objectives.[51] Ireland was also identified as one of the states most reluctant to accommodate the preferences of the candidate states. Indeed Schimmelfennig and others categorize Ireland as one of the 'brakemen' along with Spain, Portugal and Greece.[52] Ireland had benefited quite disproportionately from the EU budget over the years and largely succeeded in protecting its subvention even as it shot up the EU wealth table from about 1995 on. For some the rejection in 2001 by Irish voters of the Treaty of Nice was viewed as deriving from unwillingness on the part of the Irish electorate to offer substantial economic support to the applicant countries and general fears regarding the economic implications of enlargement. Will Hutton, for example, made an explicit link between the No vote and enlargement: 'Italy's Berlusconi is openly sceptical about the costs of enlargement; the Irish voted against it in their referendum for the same reason.'[53] George Soros, in an address in Budapest, suggested that one of the reasons Ireland rejected the Nice Treaty was 'over fears aid to EU states would dwindle after eastern candidates joined'.[54] Conservative MEP Daniel Hannan argued that 'asked to endorse a Treaty that would turn them into net contributors, Irish voters were unimpressed'.[55] Another editorial asserted that 'there is no reciprocal sense that Irish GDP having ballooned, a similar effort should now be made on behalf of Eastern Europe. Geo-politics and geo-gratitude do not go together, it seems'.[56]

Irish preferences on eastern enlargement, however, did not only flow from determinations of economic interest. While Irish governments sought to protect EU subvention flows they also offered consistent support for enlargement. And while one might argue that the radical change in its economic position after 1995 may have led to a more benign outlook on enlargement, it is clear that normative considerations also crucially influenced Irish governments. Indeed the Irish government effectively turned the second referendum on Nice in October 2002 into a referendum on enlargement. The question mutated from 'Are you in favour of the ratification of the Treaty of Nice?' to 'Are you in favour of eastern enlargement?'. To argue against enlargement would be to deny to the countries of Central and Eastern Europe all the benefits of membership that had flowed to Ireland since it

acceded in 1973. It would be hypocritical and morally unacceptable to deny the CEE states the same opportunities to prosper. This suggests that ideational or normative issues were at least as important as material issues in the construction of Irish enlargement preferences.

More convincing support for Moravcsik's view is provided by analysis of the role of the European Roundtable of Industrialists (ERT), which was forceful in arguing for a full and substantive EU commitment to enlargement from the beginning and actively lobbied for acceleration in the pace of negotiations in the late 1990s. For the ERT (and other such nationally located groups also), enlargement meant access to new production facilities, comparatively cheap labour and well educated workforces and opportunities to reorganize production chains on a more effective and rational trans-European basis, thus increasing global competitiveness.[57] Enlargement meant that foreign investors could gradually and more fully exert control over strategic sectors of CEE economies and provide a reliable and consistent regulatory framework which made investment attractive.[58] The EU also employed different forms of conditionality in its relations with CEE to ensure the direct transposition of its deregulatory economic framework while withholding commitment to the great subventions granted its own poorer member states. In contrast to the Mediterranean round, where the acceding member states were expected to open their markets on entry to the EU or thereafter with exemptions granted, EU treatment of CEE was very different and consistent with views which sought to support EU industry at the expense of a level playing field. In sum, therefore, liberal intergovernmental analysis is well equipped to account for the preferences of transnational capital in the eastern enlargement process.

The interstate level: internal EU bargaining and EU–CEE bargaining

In its third part Moravcsik's framework focuses on the strategic state interaction and bargaining which takes place in Brussels. *The Choice for Europe* revolves around the key interstate 'grand bargains', which, Moravcsik asserts, decisively shaped the trajectory and form of the European integration process; these were, respectively, the Common Market, the CAP, the European Monetary System (EMS), the Single European Act, and the Maastricht Treaty including European Monetary Union (EMU). If Moravcsik's central thesis regarding interstate bargaining is to hold then there is no reason one cannot identify similar 'grand bargains' which characterized the development of enlargement policy, encompassing as it did every conceivable aspect of the wider integration process. The 'grand bargains' which stand out in the eastern enlargement process include crucial summit meetings such as Copenhagen (June 1993), Essen (December 1994), Cannes (June 1995), Luxembourg (December 1997), Helsinki (December 1998), Gothenburg (June 2001), Brussels (October 2002) and Copenhagen (December 2002). If Moravcsik is correct those European Council summit meetings should have proved crucial to enlargement outcomes. Intergovernmental bargaining should have proved consistently more important than supranational entrepreneurship. Interstate negotiation should have been

relatively straightforward with governments having aggregated preferences at domestic level and pursued them in intergovernmental settings. Enlargement outcomes should reflect the distribution of power at EU level and result in so-called 'side payments' to those member states who held a veto on enlargement but for domestic reasons were not supportive of expansion and needed to be 'bought off' to ensure their cooperation. The EU enjoyed a significant bargaining advantage over the candidate states and outcomes should reflect that also.

Moravcsik and Vachudova argue that, consistent with past enlargement rounds, EU leaders promoted eastern enlargement because they considered it to be in their long-term economic and geopolitical interests. They see the same bargaining patterns, which have for long characterized the bargaining process within the EU, similarly evident in the enlargement negotiations. In particular, specific interstate concessions and compromises have 'tended to reflect the priorities of the EU's core countries, and disproportionately the most powerful among them'.[59] In previous enlargement rounds, bargaining demands by applicant states were effectively 'stripped away one by one until a deal was struck that disproportionately reflected the priorities of existing member states'.[60] Further, they see in the asymmetry in power relations between the insider (EU) and outsiders (CEE applicant states), evidence that the distribution of power impacts on the enlargement negotiations in much the same fashion as LI suggests with respect to the integration process. The Copenhagen criteria for membership were non-negotiable and reflected the deep chasm of power between the EU and the outsiders who simply had to accept the demands made upon them. Financial aid to the candidate states compared very poorly with that awarded the EU's Cohesion four.[61]

The EU was unrelenting in defending its interests in the negotiations with the candidate states and the final outcome was clearly reflective of the yawning power gap. In addition they cite the imposition, in the course of the eastern enlargement process, of additional requirements to be met by the candidate states. This is in keeping with the core of LI thinking about the integration process. EU conditions were narrowly self-interested in their design and intrusive in their implementation. Applicants were forced to forgo, at least in the short to medium term, some of the significant benefits of membership available to member states. Moravcsik and Vachudova cite the outcome of negotiations in late 2002 in support of their contention. They argue that the acceding CEE member states will receive 'lower (albeit still substantial) subsidies from the CAP and from the structural and cohesion funds than did the previous poorer applicants'. In this instance they cite the fact that transfers to the CEE states will be capped at 4 per cent of GDP, far lower than their predecessors, some of which received up to 8 per cent per year of GDP through EU funds. The authors argue that not only does this limit potential CEE receipts from the EU. It also protects the prerogatives of both richer and poorer EU15 members.[62] The richer states succeeded in the negotiations in limiting the amount of aid to be transferred to the new member states whilst Cohesion states such as Spain managed to protect their subventions going forward. Thus the interstate context in which the enlargement negotiations reached a conclusion chimes perfectly with LI predictions.

While it is not difficult to assert that the sheer asymmetrical power of the EU vis-á-vis the applicant states proved important throughout the process, and certainly in the final negotiations, one could also argue that the outcome of the Brussels and Copenhagen negotiations in the autumn of 2002 did not entirely coincide with LI expectations. After all, the CAP was extended to the applicant states, albeit in a reduced form and after delays. The budgetary deal struck also suggests that the applicant states did not simply have to take what was being offered to them. They bargained and in some cases (such as Poland) managed to pull off a better than expected outcome. Against LI one might also ask why it was that, with the extraordinary asymmetrical advantage enjoyed by the EU (regarding material bargaining capacity) vis-à-vis the applicant states, the option was for full integration of CEE into EU structures? Neoliberal theory would suggest that something short of outright enlargement, such as a preferential free trade arrangement, a customs union or even association status would be the EU's preferred option. Yet the EU–CEE relationship moved quickly from trade and cooperation agreements (early 1990s), through Association agreements (mid 1990s), and advanced political dialogue and impending accession (late 1990s), to eventual accession. This evolution cannot be accounted for satisfactorily by liberal intergovernmentalism.

Liberal intergovernmental theory proves better able to account for the internal EU bargaining and decision-making, which accompanied and facilitated eastern enlargement. Even if eastern enlargement prompted new thinking about important EU policies such as CAP, the outcome of negotiations suggests, first, that the usual EU vested interests succeeded in protecting their transfers and, second, that the decisions on CAP reflected as much external and ongoing pressure for reform, which Moravcsik argues, has been a longstanding one. This has been in evidence through WTO reform proposals and from pressure from EU member states such as the UK and Germany. Thus enlargement-influenced or related CAP outcomes coincide exactly with what LI would predict – the protection of resources and privileges by dominant producer interests within the EU, postponement of any radical decisions on the recalibration of the CAP and an EU outcome that was reflective of the distribution of power in bargaining and negotiations.

Migration

Because economic interpretations of eastern enlargement revolved largely around perceptions of positive and negative interdependence with the candidate countries, two particular types of economic externalities played an important part in the calculations of EU actors. These were expectations about how enlargement would impact on migration flows into EU member states and, second, the considerable challenge posed by the candidate states' environmental degradation. EU fears about the possibility of large flows of migrants from east to west in the wake of accession were not consistent across the member states but were crucial in the determination of some member state preferences such as Austria and Germany. West European publics increasingly viewed crime, asylum and immigration, although quite separate issues, as inseparable. Migration thus became a dominant theme in

a large number of European countries just in the period when eastern enlargement was reaching a critical negotiating point. In many EU member states alarmist projections relating to an influx of 'eastern hordes' were propagated. At the extreme margin of this discourse the United Kingdom's viciously xenophobic tabloid press hysterically claimed that after 1 May 2004, millions of East European 'scroungers' or welfare tourists would come to Britain.[63]

These existential fears derived to some degree from the fact that people in Europe seem to harbour an unfocused, general anxiety about frontiers no longer providing the protection they once did. Some might even look back to the Cold War days with nostalgia. Organized cross-border crime, drug and people trafficking, smuggling and prostitution seemed to indicate that frontier controls are no longer as effective as they once were.[64] In some states such as Germany and France, eastern enlargement was increasingly viewed through the prism of the immigration threat as accession loomed. Further migration threatened domestic wage levels, welfare expenditure and the domestic socioeconomic compact, it was frequently stated. In addition, in the aftermath of the 11 September attacks, the new salience of international terrorism means that in many jurisdictions 'foreigners' were now viewed with unrelenting suspicion. Thus the debate on eastern enlargement became entangled with the various strands of debate on transnational migration.

In their analysis of the enlargement negotiations Moravcsik and Vachudova argue that the inclusion in the accession treaties of special provisions including transition measures on inward migration to the EU15 'reflect the demands of special interests or the concerns of voting publics in the existing members'. Their argument is that the outcome of the accession negotiations closely follows that which LI would have predicted. Candidate states found it difficult to have their preferences accommodated by the EU and in most instances found themselves having to accept less than favourable terms. The costs of non-membership were simply too great not to compromise on the EU's terms. Thus applicants made concessions even where no coercion was threatened.[65] Back in 2001 in the run-up to the Gothenburg summit, a number of EU member states, led by Sweden, Denmark, and the Netherlands, had announced that they would unilaterally deviate from EU policy by granting unrestricted access to their labour markets for job seekers from the new member states after accession. The three countries announced they would not apply the seven-year transition period which had been proposed by Austria and Germany in the negotiations.[66] By late 2002, however, all member states except for the UK, Ireland, and Sweden had insisted on some restrictions being placed on free movement.[67] This was entirely consistent with LI expectations in that even those member states which had earlier displayed a benign attitude to CEE labour migration changed their stance as accession loomed. The German and Austrian governments were the most active in insisting upon a protectionist stance as they considered themselves to come under the most serious threat.[68]

Where migration featured strongly in the calculation of EU actors in the direct sense of legislative iniatives and constitutional safeguards, it also mattered in other informal ways. The EU, for example, sought to connect the Pact on Stability to its

Justice and Home Affairs *acquis*. Unlike previous enlargements, eastern enlargement was the first to include a specific JHA *acquis*, which covered asylum, migration and border controls, organized crime, terrorism, drug and people trafficking, as well as police, customs and judicial cooperation. The *acquis* also included the Schengen Agreement on the internal EU removal of border controls.[69] All of this suggests an EU which viewed enlargement, at best, nervously, and sought the most substantive legal protections against mass inward migration. This was despite all the economic evidence from the Mediterranean enlargement (the only comparable expansion on this issue), which showed that even after the lifting of restrictions on free movement, out-migration from Greece, Portugal and Spain to the rest of the EU simply did not materialize.

EU attitudes hardened as the enlargement process unfolded; officials from the member states routinely presented cross-border organized crime in particular as an important existential threat to the integrity and legitimacy of the integration process. The interesting observation here is that the EU offered little or no flexibility to the candidate states during enlargement negotiations. The Union was the 'regime-maker' and the candidate states the 'regime-takers'. This, of course, created serious difficulties for many CEE states, especially those such as Hungary, which had large ethnic diaspora communities in neighbouring states that were not part of the enlargement process.[70] CEE states resented the Schengen-related demands in particular, as they had no part in designing the rules of the Schengen regime.[71] Implementation of tough new border rules often came with a real economic cost. This was certainly the case with the Polish re-bordering of its frontier with Ukraine.[72] Although one might view this as purely a security-related issue, the nature of globalization meant that the EU also looked at these issues from a pronounced economic and welfare perspective and as a problem of domestic governance rather than external relations. The huge flows of money generated by human trafficking, prostitution rackets, narco-transportation and other forms of organized crime were seen as a destabilizing phenomenon. Ensuring these did not become an even bigger problem for the EU after enlargement was thus a key concern of policy-makers. Thus the liberal intergovernmental framework also helps account for attitudes to migration externalities within the enlargement process.

Environmental externalities

While control over migration flows represented one key negative externality, the issue of transnational and cross-border environmental problems also occupied EU policy-makers throughout the eastern enlargement process. Environmental problems, because of their transnational nature, are by definition classic collective action problems. As Hill points out, eastern enlargement promised the opportunity of institutional regulation of the environmental problems associated with the old smokestack industries in Eastern Europe, and created new possibilities for protecting the peoples of both candidate states and existing member states from any future environmental disasters on their borders.[73] The candidate states

inherited daunting environmental challenges, however. Before 1989 air pollution was a major problem, particularly in the northern region (Poland, the Czech Republic and former East Germany), due to heavy industries and reliance on brown coal for energy. Water pollution in the form of hazardous substances and nutrients affected all CEE countries, and soil degradation was also part of the negative inheritance from the past. As the transition process took hold economic and social restructuring presented new environmental problems, arising from particularly mass consumerism, the increase in all forms of transportation and sharp rises in waste disposal. In addition, the candidate states, faced with multiple economic challenges, did not prioritize environmental issues to the same degree as other western states and the NGO sector that emerged in this area was generally weak.[74] So, in a myriad of ways, eastern enlargement threatened to impose a significant economic cost on the EU, and especially on those states which shared borders with the candidate countries.

EU policy, in insisting on candidate state adoption of the entire environmental *acquis* prior to accession, was forceful and intrusive. The EU is frequently described as the most progressive environmental zone in the world. Given the problems manifest in CEE there were many who feared that enlargement would lead to a slowdown or even reversal of EU environmental policy. Where the 1995 EFTA enlargement seemed to strengthen the environmental lobby within the EU, eastern enlargement could only compromise it. Or so the argument went. Therefore EU policy, at least those parts driven by the environmental leaders, was to insist on transposition and implementation in advance of membership. On this same point one could also cite the strong pro-enlargement positions adopted by the Nordic states of the EU – Sweden, Denmark and Finland. These states had taken the lead on such issues as reducing emissions of carbon dioxide and other pollutants. Their consistent advocacy of eastern enlargement was not unconnected to their strong attachment to multilateralizing environmental issues. Without enlargement the ability of the EU to institutionalize the management of common environmental problems would be significantly impaired. The experience of previous enlargements suggested that those states that were not as environmentally conscious were slowly socialized into more robust norms of performance through institutionalized regulation. One of the best examples was Ireland, which had progressively improved its levels of environmental protection through its membership of the EU. One must ask, however, whether management of perceived common problems of this nature would have evolved *anyway* even without a structured accession process? The answer to this is probably yes. The asymmetrical nature of the negotiations meant, however, that the CEE states were vulnerable to more pressure from the EU in a negotiation and accession context.[75]

Among other things *Agenda 2000* outlined a strategy that required the candidate countries to upgrade nuclear installations to best international safety standards, and stipulated that those installations that could not be upgraded at a reasonable cost would be shut down. The Kosovo War and the problems it presented to the Danubian CEE states, especially Bulgaria and Romania, reinforced the fears about environmental degradation impacting as seriously on Austria, Germany and

other countries. The Danube is the second largest river in Europe and in one way or another binds together 80 million people. Thirteen separate countries share its catchment area. It became a major focus of attention in the enlargement process.[76] Moreover, on the front of energy and the security of its supply, the eastern enlargement was likely to worsen the ratio of consumers to producers within the EU. The CEE states may have coal and steel, but they lack oil and gas. Many of the CEE states remained dependent on Russia for energy supplies.[77] This may not matter too much in a period of stability and free trade, but things might look very different in the event of foreign policy crises with Russia or the Middle East. Even a rise in the price of energy for economic and ecological reasons might cause an enlarged and more variegated EU significant problems.[78] Again liberal intergovernmentalism presents a plausible set of arguments from which to analyse EU preferences on environmental issues.

Conclusions

For all of the explanatory power which derives from these applications of liberal intergovernmentalist theory, there are also some important problems which it has difficulties explaining. Firstly, if economic rationalism lay at the core of the EU's approach there is reason to doubt the benign outcome predicted. While the anticipated surge in trade certainly took place (even in advance of 2004) the potential budgetary cost of eastern enlargement may be difficult to contain, for all the determination displayed by the net contributors to limit EU spending. Although the Commission insisted throughout the process that the cost of enlargement could be met within the terms of the current financial arrangements (1.27 per cent of Union GDP) there are reasons to believe that this may not be the case. One could cite the impact on the budget of the accession of the Mediterranean countries in the 1980s, or, more dramatically, the absorption of the GDR by West Germany in 1990. In each case much more money ended up being transferred than had been envisaged. Thus the negative dynamic arising out of domestic dissatisfaction produced in member states such as Portugal and Spain on the one hand (the prospect of reduced subvention), and Germany and Britain (increased budgetary burden) on the other, should have been enough to derail the entire enlargement project or at least severely limit its potential cost. And where Moravcsik and others have argued that the member states succeeded in doing just that in the 2002 negotiations, the increase in bargaining power of the new member states may well produce significant friction over future financial frameworks, beginning with the negotiation of the 2007–13 budget. This suggests a less than rational approach to enlargement on the part of member states and weakens the case for LI at a number of levels.

The asymmetric nature of inside–outside bargaining that accompanied eastern enlargement, and which LI privileges, also prompts the question of why the EU was backed into a corner on agriculture reform. As one of the world's foremost agricultural powers, it might have been expected that the EU would not be willing to renegotiate (internally) its own longstanding agriculture regime. LI projects a recalcitrant position from the big domestic agriculture concerns which in turn would decisively shape member state behaviour on the CAP. And although Moravcsik argues that the Copenhagen deal effectively locked in the prerogatives of those producer interests until 2013, the concession on direct subsidies, which will be gradually extended to the new member states, is more difficult for LI to explain, except perhaps as a short-term measure designed to postpone dealing with a very divisive issue.

A further problem with liberal intergovernmentalism lies in its attachment to the so-called 'grand bargain' model of European integration. The focus on the grand bargains (the Treaty of Rome, the consolidation of the Common Market, the founding of the European Monetary System, the Single European Act and the Treaty on European Union) is simply too narrow, tending to vitiate the role of everyday activity at EU level, and means that liberal intergovernmentalism is consequently ill equipped to account for the sheer density of issues and level of institutionalized cooperation evident in the EU.[79] In short, Moravcsik tends to marginalize *process*. The liberal intergovernmental model cannot adequately depict the enlargement process, characterized as it has been by an ever-expanding range of institutional arrangements and commitments. Applying the Moravcsikian 'logic' to the 'enlargement grand bargains' over the past decade – the European Council Summits from Copenhagen (1993), through to Copenhagen (2002) – the outcomes demonstrate not just or even primarily the decisive import of domestic producer interests and unchanging national preferences, but rather an ongoing process characterized by member state uncertainty, complex patterns of intra-EU bargaining, and an important entrepreneurial role played by the European Commission. In this connection Moravcsik's 'bias against supranationalism' prevents a rounded analysis of eastern enlargement and its institutional context.[80] It may be especially the case that LI is simply blind to the proactive role played by the EU's institutions and denies them the status of purposive actors. Chapters 6 and 7 demonstrated how the Commission and, to a lesser extent, the European Parliament, contributed effectively, sometimes decisively, to enlargement decision-making. Wincott asks whether 'the application of state theories to European integration begs the question of why the political institutions of states can have an impact, but those of the EC cannot'.[81] The argument is not one that replaces Moravcsik's with a straightforward swap to a supranational model. Rather, it is that there is a complex process of interaction between member states, EU institutions and candidate states with preferences sometimes quite identifiable but at other times undecided and susceptible to pressure in the process of interaction. Reductionism, of the state-centric or any other variety, does not help to explain our enlargement questions.

Acknowledging these deficiencies of LI does not lead one to disregard explanations of eastern enlargement which centre on economics and rational cost–benefit calculation. Important parts of the process can only be properly understood by reference to the desire of important EU companies for market penetration and neoliberal reform measures in CEE, and the classical predictions of regional economic integration theory. Economic studies consistently demonstrated that the effect of enlargement would be benign, if not entirely negligible. If the economies of the new member states were too small to trigger real disruption or change within

the old EU, there would be an uneven distribution of costs which member states would have to bear. LI also helps us depict the complex pattern of transnational enlargement advocacy, especially the influence in key member states of powerful multinational corporations. It is less successful in explicating how eastern enlargement was negotiated in a complex terrain which was *simultaneously* intergovernmental and supranational. While the early stages of the enlargement process certainly lend empirical confirmation to liberal intergovernmentalism and neoliberal institutionalism, being characterized on the EU side by blockage of trade liberalization measures, an obsession with side payments issues and continued prevarication on the question of a clear membership perspective for the CEE states, it is clear that it cannot account for what appears after the Helsinki (1999) and especially the Copenhagen (2002) summits to be a normatively determined outcome. This is what Schimmelfennig referred to as the major puzzle of EU enlargement. The collective outcome is as explicable by the constitutive values of the EU as the relative power or pursuit of interests by the member states.[82] Indeed, as the next chapter will demonstrate, normative factors proved consistently more important than any others in determining the shape and trajectory of eastern enlargement.

10 Normative explanations of eastern enlargement

Introduction

In recent years the study of European integration has broadened considerably beyond the previously rather narrow debate between neofunctionalism and classical (and later liberal) intergovernmentalism. In fact a rich and diverse set of competing claims about the fundamental nature of the European integration process has encouraged the sense that Europe's great diversity is now reflected in European scholarship also. One of the most important approaches to EU politics has developed out of a normative literature which itself breaks down into two identifiable camps. The first explores EU decision-making through rational choice institutionalism and focuses particularly on the interactions of member states and institutional actors under specific constitutional and institutional rule structures. The second normative approach revolves around sociological institutionalism and highlights the nature of state interaction within international forums, and in particular the relationship between state identity and interests under conditions of international interaction and intersubjectivity. Scholarship from both camps has become increasingly sophisticated and responded to calls to test claims empirically.[1] The eastern enlargement of the EU provides an important test case for the rival claims. On the one hand, *rules* – devised by the Commission, shaped by the Council, and imposed on the candidate states – played an important part in the enlargement process. On the other hand, *norms* – sometimes framed as rules, but more usually considered cognitive guides to appropriate behaviour, reflecting EU values and collective identity – also helped shape the EU approach to eastern enlargement to a considerable degree. And whilst there is little doubt that both geopolitical and economic motivations were instrumental in guiding EU policy, it is equally clear that eastern enlargement was driven by a normative logic which proved more decisive to outcomes than arguments about power, territory or new markets. In short, enlargement was conceived in a normative environment, governed by specific norms and rules, and carried forward to a successful conclusion by attachment to those norms. This chapter examines eastern enlargement with the aid of constructivist ideas about ideational factors in international politics, the EU self-conception as a 'community of values', the norm-rich environment which has underpinned the integration process and helped produce a distinct EU identity in world politics.