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Paradoxes of European Foreign Policy

Policies Without Strategy:
The EU's Record in Eastern Europe

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RSC No. 97/72

EUI WORKING PAPERS



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EUI Working Paper RSC No. 97/72

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EUROPEAN UNIVERSITY INSTITUTE, FLORENCE

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The EU's Record in Eastern Europe

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This paper will be published by Kluwer Law International
in the forthcoming book edited by Jan Zielonka,
Paradoxes of European Foreign Policy
(Dordrecht, Kluwer Law International, 1998)

EUI Working Paper RSC No. 97/72

BADIA FIESOLANA, SAN DOMENICO (FI)

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Printed in Italy in December 1997
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Italy

Eastern Europe is now the European Union's major preoccupation - if not obsession.¹ No other region demands from the Union more diplomatic skills, financial sacrifice, and political involvement. During the Cold-War period, the European Community could easily ignore geography, culture, and history: relations between the EC and the Eastern part of the continent were practically non-existent.² But since the demise of the communist system, disintegration of the Soviet empire, and demolition of the Berlin Wall, the European Union can no longer dismiss Eastern Europe or hide behind America's back when dealing with its Eastern neighbours. In particular, the Union can no longer confine the integration project to the Western core of the continent.*

Since the late 1980s the Union embraced this challenge by gradually developing active policies vis à vis all the corners of the postcommunist region, from the Baltic states to the Balkan states, from Poland to Ukraine, Belarus, and Russia. Yet the Union's ten-year hyperactivity in the region has proved controversial. Some experts praise the Union for a bold, wise, and flexible strategy that brings peace, democracy, and prosperity to the region. As Karen Smith forcefully argued: 'With respect to Eastern Europe since the late 1980s, the Community/Union has formulated and implemented an active, consistent, common policy...The evolution of the policy is remarkable in and of itself; the speed with which it occurred even more so.'³

However, such a generous evaluation of the Union's foreign policy record is not shared by the majority of experts. They accuse the Union of lacking any strategic vision and doing too little too late in various parts of postcommunist Europe. As Wolfgang Wessels put it: 'The EU showed a lack of will and capacity in presenting any serious offers which would be of real use to the Eastern and Central European countries... The EU has not proven itself to be the purposeful, coherent and successful actor which would be capable of making "widening" its new historical vocation to be tackled with energy and confidence.'⁴

Critics argue that the Union's lack of an identifiable strategy has irritated, demotivated, and confused its Eastern European neighbours. It also has weakened the Union's influence in Eastern Europe, especially in comparison with the influence displayed by the United States. Was it not the US that intervened in the Balkans when the Union failed to? Was it not the US rather than the Union that orchestrated the series of historic disarmament deals with the Kremlin that led to the withdrawal of the Red Army from several Eastern

* I would like to thank Knud Erik Jørgensen, Adriaan van der Meer, and Karen Elizabeth Smith for their critical comments on early versions of this paper, and to Nida Gelazis for her splendid editorial assistance

European states? Was it not the US that 'pushed' for speedy NATO enlargement into Eastern Europe, while the EU enlargement project remains uncertain for nearly a decade? One can dislike the style and contents of US policies, but it seems increasingly evident, critics argue, that although Western policies in Eastern Europe are largely financed by the Union, they are usually designed by the US.⁵

This paper will examine the EU's Eastern European record and will try to establish whether the Union's policies represent a well-conceived strategy or a chaotic response to external pressures.⁶ Does the Union know what its aims in Eastern Europe really are and by what means it should achieve them? Is the Union helping the postcommunist region or is it merely helping itself? Is the Union's policy towards Eastern Europe an expensive, inconsistent, and largely purposeless exercise?

Although examples presented in this paper show the EU's policies to be generous, timely, and comprehensive, I will argue that most of these policies emerged by default rather than by design. The Union has invested enormous financial and political capital in Eastern Europe, but this investment has lacked a clearly-defined strategic purpose. This is due to three major deficiencies in the Union's policy towards the region. First, the Union has never articulated the vision of Europe for which it is striving. Second, policies towards Eastern Europe have been dominated by the Union's internal agenda rather than broader strategic considerations. Third, the Union has failed to reform its own institutional structure - a necessary step if the EU hopes to implement any strategy.

In conclusion I will admit that a well designed and executed strategy is difficult in the complex postmodern and post-Soviet environment of contemporary Europe. However, strategic deficit is one of the inherent features of the Union as an international actor. The Union has a long tradition of defining the aims and means of its policy in a highly ambiguous manner which prevents it from designing and executing any sound strategy. The Union's policies towards Eastern Europe illustrate this point very well.

A positive historical record

The EU's record in Eastern Europe for the last ten years should not be underestimated. First of all, the EU's response to developments in the region was remarkably speedy. As early as July 1989, the Union (or more precisely the Community, as it was still called then) assumed the task of coordinating all G24

aid to Poland and Hungary.⁷ That year the Union also rewarded the reforms undertaken by Mikhail Gorbachev by offering Moscow MFN treatment for tariffs and duties, and political dialogue through a Joint Committee (the Trade and Cooperation Agreement). The Union was also first in trying to manage the ensuing armed conflict in the Balkans following the declarations of independence by Slovenia and Croatia on 25 June 1991.⁸ When instability in Moscow heightened the threat to the Baltics during the August 1991 coup, the Union responded quickly by recognising the three Baltic States' independence and offering them its technical aid program.

Of course, speedy involvement does not necessarily imply 'correct' or 'sufficient' involvement. Nor does it suggest that the Union is quick in responding to emergencies - when decisions are needed virtually overnight. That said, it is unfair to accuse the Union of being slow in responding to some broader historic developments in Eastern Europe, especially in comparison with other actors.

Moreover, as events in Eastern Europe evolved, the Union has been progressively upgrading its involvement. And thus the initial aid program for Hungary and Poland gradually has been extended to other countries in the region and organised in two separate regimes; PHARE and TACIS (the latter for the New Independent States including, among others, Ukraine, Belarus, and Russia). The substance of the EU's Eastern European involvement also has been upgraded regularly. In 1992, the Community moved beyond the technical aid PHARE program and began to conclude the so-called Association Agreements, which progressively reduced trade barriers with no less than ten postcommunist countries. In 1993 the Copenhagen Council officially envisaged the prospect of eastward enlargement and specified the main criteria for possible accession to the Union. Soon afterward the so-called 'structured dialogue' enhanced political contacts between the EU and associated countries, and the Commission published the White Paper, which provided associated countries with a guideline for moving towards the EU's single market. All this was proudly labelled a 'pre-accession strategy.' In July 1997, the Commission published an enormous document entitled 'Agenda 2000: For a Stronger and Wider Union,' which suggests a detailed blueprint for future EU enlargement.

Relations with Moscow also have been upgraded by signing the Partnership and Cooperation Agreement in June 1994, in which the Union committed itself to supporting Russian accession to GATT and WTO, removed most quotas on Russian exports, and promised to consider creating a free-trade zone in 1998. Later, Partnership and Cooperation Agreements also were signed

with Ukraine, Belarus, Kyrgyzstan, Kazakstan, Azerbaijan, Armenia, Georgia, and Moldova.

The Union's involvement in the former Yugoslavia has been more complex. The EU decided to withdraw its monitoring mission from Bosnia in May 1992 and later, following the fiasco of the London Conference, it has somewhat down-played its political involvement in the Balkan conflict. However, the Union up-graded its financial involvement in the region following the Dayton Peace Accord: nearly half of \$1.8 billion pledged for supporting Bosnia's reconstruction is to come from European states, as opposed to the mere 15 per cent promised by the US.

This leads us to another feature of the EU's policy in the region, namely its financial generosity. The lion's share of money that the G24 countries have committed to Central and Eastern Europe during the crucial period of 1989-1991 came from the EC: 72 per cent of all grants (ECU 4.1 billion), and half of all loans and credits (ECU 7.0 billion). In comparison, at that time the US had allocated only ECU 763 million for grants and ECU 179 million for loans.⁹ The 1997 'Agenda 2000' program envisages an 'enlargement package' of no less than ECU 75 billion: 'a veritable Marshall Plan for the countries of Central and Eastern Europe,' as President Jacques Santer described it.¹⁰

True, not all EU money has been wisely invested, and some of it actually went right back into 'EU pockets.' For instance, the European Investment Bank and OECD estimate that 75 per cent of PHARE money was channelled via Western consultants operating in Central and Eastern Europe. It is also true that the EU is more generous to its current members from Southern Europe than to its future members from Central and Eastern Europe: for the next five years the EU intends to spend no less than ECU 178 billion for the so-called structural funds supporting poorer EU members.¹¹ It is also true that the amount of money allocated to Russia and other NIS states is relatively lower than for the PHARE states: the current TACIS package amounts to ECU 2.2 billion for the period of 1996-1999.¹² That said, one can nevertheless conclude that the Union's financial contribution to Eastern Europe is significant, by most standards. It is difficult to expect any international organisation to be more generous to outsiders than to its own members. Likewise, it is only natural that the countries just outside EU borders are the major beneficiaries of the EU aid.

The Union has not limited its role in Eastern Europe to crediting and accounting, but has been active in many different fields; from politics and security to environmental protection and culture. Granted, the Union was at its best when applying civilian rather than military means. For instance, the Union

successfully engineered the Stability Pact aimed at preventing ethnic and border disputes between Central and Eastern European states, but was unable to agree on the application of military force (via WEU), either in the former Yugoslavia or later in Albania. There is little doubt, however, that the EU's involvement in Eastern Europe has been multi-dimensional and fairly comprehensive.

In addition, the EU's involvement has been largely institutional. Its policy was neither about secret pacts nor about grandiose public declarations. Instead its policy was about negotiating and signing a very complex set of legal and institutional arrangements, such as the Europe Agreements and the Partnership and Cooperation Agreements.

Finally, the Union's involvement in Eastern Europe has been conditional: the promise of EU membership and various forms of assistance have been linked to democratic and market reforms and to conflict-prevention measures. For instance, the 1993 European Council in Copenhagen decided that Eastern European applicants must meet three basic criteria for the EU membership: 1/stable institutions guaranteeing democracy, the rule of law, human rights and the protection of minorities; 2/the existence of a functional market economy as well as the capacity to cope with the competitive pressures and market forces within the Union, and 3/the ability to take on the obligations of membership including adherence to the aims of political, economic, and monetary union. Four years later, the Commission reviewed applicants' progress in meeting these criteria and concluded that only five of the ten applicant countries have made sufficient progress to be invited to begin admission negotiations with the EU.¹³

The principle of conditionality has also been applied towards Russia and the Balkan countries - albeit with less success. For instance, in 1995 the EU temporarily suspended completion of an interim trade accord with Russia because of the atrocities committed by the Russian army in Chechnya. But as Karen Smith points out in her working paper, the EU soon decided to reverse its policy and proceed with the trade agreement even though fighting in Chechnya was still raging.¹⁴

In conclusion, the EU's record from the last ten years shows not only grandiose words, but many deeds that follow a plausible logic: the more Eastern Europe resembles the 'civilised' West, the more is offered by the Union. EU policies in the region were relatively speedy, progressively up-graded, financially generous, and multi-dimensional. Why then is the Union under fire from critics? Why do critics claim that the Union lacks a sound strategy?

An ambiguous vision of Europe

The major problem with the EU's policies is that they do not fit into any concrete design for Europe. The Union obviously supports democracy, prosperity, and peace throughout the continent. But here clarity ends and ambiguity begins. For nearly a decade since the fall of the Berlin Wall, the Union has failed to produce answers to some basic strategic questions such as: Which countries are going to join the Union, why, and when? What is the basic aim of enlargement? What kind of relationship does the Union want to develop with countries that are unlikely to become EU members? By not answering these questions the Union's policy in Eastern Europe becomes accidental, inconsistent, and shaped by short-term parochial interests. By not answering these questions, the Union is unable to design and execute any sound strategy.

Let us start with the confusion concerning EU's aims, especially in the context of the forthcoming eastward enlargement. Is the aim of enlargement economic: creating a vast free-trade area? Is it political: preventing instability just across EU borders? Or maybe the aim is cultural: bringing under one roof all 'truly' European countries?

Of course, various economic, political, and cultural aims may well be in harmony. For instance, liberals always argue that the best way to achieve peace and democracy is via free trade. However, on a lower level of abstraction various aims are often in conflict, presenting politicians with difficult choices. For instance, economic aims yield basically policies of financial profit, while political aims yield policies of financial sacrifice. Economic aims argue for embracing stable and prosperous countries, while political aims argue for embracing weak and unstable ones. Countries with strong European credentials in terms of culture are not always the most attractive economic targets. Nor can one guarantee that the list of most culturally 'European' EU candidates will overlap with the list of countries deserving EU's political embrace.

Different aims behind enlargement also call for different institutional solutions. For instance, if security in Central Europe is the greatest Western concern, then membership in NATO and WEU seem to be most crucial, and one can wait with the eastward enlargement of the EU which, after all, is basically about economics.

Because the aims of enlargement remain vague, the admission criteria are subject to voluntaristic if not conflicting interpretations. Consider, for instance, the economic criteria for admission spelled out by the Copenhagen European Council: applicant countries must have a functioning market economy as well

as the capacity to cope with competitive pressures and market forces within the Union. Is there a way to interpret these criteria in any 'objective' manner? Should the level of growth be decisive or the size of the economic market? Should one watch inflation and the budget deficit or the progress of privatisation? The Agenda 2000 found all the above-mentioned economic factors equally important and spelled out their meaning in detail. No weighting of individual criteria was attempted however, and no system of judging the importance of each of the criteria was suggested. As a consequence, the picture became extremely complex and probably even more confusing. The road to EU membership for individual applicant countries is now rife with economic hurdles, but with neither signposts indicating the required direction nor instructions indicating which hurdles to jump over first.

In a more specific fashion, it has also been pointed out that the macroeconomic criteria of the Maastricht treaty indicated in the Agenda 2000 are convergence criteria rather than accession criteria per se, even though new members need to adjust to the new rules guiding the EMU project. In fact, macroeconomic criteria set up in Maastricht are as yet not being met by all current EU Member States. Moreover, macroeconomic criteria ignore such crucial issues for the postcommunist economies in transition as growth and employment. Meeting macroeconomic criteria in a particular moment does not guarantee that the economies of applicant countries will continue to grow sufficiently fast to catch up with the economies of the current EU Member States.¹⁵ The European Council's Copenhagen decisions and the Commission's Agenda 2000 are also silent about the interplay between economic and political factors, and there is no mention of cultural factors.¹⁶

Cultural criteria should not be dismissed, however, because without cultural cohesion the whole concept of a distinct European identity will be built on sand. In fact, EU officials explicitly use cultural criteria in deterring the EU aspirations of Turkey and the countries of the Maghreb. But if cultural criteria are important can one prevent Russia from entering the Union at some point?

Many other important questions concerning the exact route to membership are still open for debate and conflict. For instance, the Agenda 2000 rules out the partial adoption of the *acquis communautaire* by applicant countries. This is neither realistic nor fair. The history of previous enlargements shows a degree of flexibility in the time schedule of the adoption of the *acquis*. Even the 'old' Member States had been granted many derogations, for example in the field of environmental regulations, while the United Kingdom had been allowed to opt out of the Social Charter. Why should Eastern European applicants be treated differently? Moreover, the *acquis* itself has expanded considerably since previous

enlargements, regarding such crucial issues as the Single Market, CFSP, EMU, and justice and home affairs. Is it realistic to expect that Eastern European applicants will quickly adopt such a broad, multi-dimensional, and comprehensive *acquis*?

Thus, in reality we are faced with two largely incompatible options. One is to schedule a long pre-accession period, allowing the applicant countries to adopt the ever-growing *acquis*. The other is to allow partial or gradual adoption of the *acquis*. These considerations highlight a major point: we do not really know the time frame for enlargement. Will enlargement proceed in stages, and how many stages are envisaged? And what exactly is offered to countries initially or definitively left out of EU borders?¹⁷

Ambiguity and confusion concerns not only the Union's geographic reach, but also its basic mode of involvement. One of the problems with the Union's involvement in the former Yugoslavia was that the Union created the impression that it is prepared to use military means if economic and diplomatic means fail. This proved to be a costly bluff, and it took much precious time before other actors felt compelled to replace the EU as the leading external actor in the Balkans.

The Union's non-committal, ambiguous, and vague policy is defended on practical grounds: is it not better for the Union to keep all options open? For instance, keeping the prospect of enlargement open provides the Union with an effective international leverage. Many countries in Eastern Europe are willing to modify their behaviour in line with the EU's wishes in the hope of obtaining EU membership. Fixing EU borders would deprive the Union of part of its appeal and would demotivate if not frustrate countries that are left out. However, the opposite might in fact be true: granting EU membership to democratic and economic champions in the region is the best motivation for laggards to improve their records. In other words ambiguity is demotivating rather than motivating. That said, the most salient explanation for the existing ambiguity is found elsewhere. The ambiguity of the enlargement project and other policies towards Eastern Europe emerges, first of all, from the inherent ambiguity of the European Union's integration project itself. After all, one can hardly identify the aims and criteria of enlargement without first determining the aims of the European Union itself. Is the Union primarily about economics or politics or culture? The problem is that the Union's basic purpose and profile are still being debated, re-articulated, and re-adjusted. The Union's basic aims and functions are purposefully being kept ambiguous in order to prevent an excessive clash of interests among and within its 15 diverse members. And if the Union's

integration process is conducted in disguise, little wonder that the enlargement project - or any other foreign policy project - is also ambiguous and enigmatic.¹⁸

And thus the Union's ambiguity in foreign policy results from the Union's ambiguity about its own identity. The Union can hardly be more specific about its policy towards Eastern Europe without defining first its own profile.

Assertion of domestic interests

Another problem is that the Union's Eastern European policy has become a hostage of the Union's own parochial agenda. In other words, the Union's internal, selfish interests dominate broader strategic considerations. Sometimes the Union's policy towards Eastern Europe has been undermined by the EU's own power ambitions, however misguided. For instance, there are good reasons to believe that the Union's initial involvement in the Balkan conflict was more about the EU's ambition to become a full-fledged international actor than about addressing the war situation on the ground. Moreover, policies towards Eastern Europe have been overshadowed by the Union's ambition to introduce a single currency: the Euro. In the last few years, EU leaders invested most of their time and political capital in the Euro project, clearly at the expense of other important projects such as eastward enlargement. Until now, the Union has not managed to explain how introduction of the Euro is likely to re-shape its relations with the eastern part of the continent.

At other times, Ostpolitik has been the victim of squabbling between individual EU members. As Esther Barbé mentions in another working paper of this series, the Union's policy of financial aid to Eastern Europe has been subject to internal squabbles between northern (led by Germany) and southern (led by Spain and France) EU Member States. Clearly this has more to do with the internal balance of power within the Union than about the needs of Eastern Europe and Maghreb.¹⁹ Selection of new EU members from Eastern Europe is currently subject to a similar type of internal squabble. Some candidates, such as Estonia, are backed by Scandinavian EU members, Slovenia's membership is advocated by Italy and Austria, while France is the champion of Romania's cause. Despite the end of the Cold War, geopolitics seems again to be in vogue in national capitals, which has damaging implications for the Union's collective interests and little regard for developments in Eastern Europe as such.

Divisions concerning the preferred model of European integration also hamper the Union's policies towards the East. Arguments continue between those who favour widening the Union by quickly including new members from

Eastern Europe and those in favour of deepening the level of integration within the Union before admitting any new states. Moreover, those in favour of widening usually are more concerned with preventing deepening than with Eastern European issues. Likewise, those in favour of deepening are often prepared to sacrifice broader strategic considerations on the altar of the federalist project.²⁰

EU policies in Eastern Europe were not only undermined by the selfish policies of individual Member States, but also by sectarian pressures by various interest groups within the Union. Time and again the Union has created the impression that its strategy in Eastern Europe is primarily about protecting the interests of EU bankers, farmers, steel workers, and trade unions.²¹ Protectionism was the order of the day in EU policies towards Eastern Europe even though an open-door policy towards the region could hardly affect the EU as a whole. After all, EU economic relations with Eastern Europe are still of marginal overall significance. For instance, Central and Eastern European countries' share of total extra-EU trade is around 5 per cent. But time and again the Union has used its enormous political and economic leverage in Eastern Europe to enhance the interests of a relatively small group of EU producers. Broader strategic consideration obviously did not count when Member States objected to the Commission's extremely modest proposal of importing two extra lorry loads of Bulgarian strawberry jam or an extra 12 kilos of Slovak ham per Member State per day.²² In those first crucial years of transition, Eastern Europeans were deprived of easy access to the EU market in all their leading sectors such as steel, textiles, and agriculture. Eastern European labour was also virtually prevented from entering the EU. Even the Association Agreements with their asymmetrical reductions in tariffs and quotas could not prevent the continuously increasing Eastern European trade deficit with the European Union.²³

Of course, the Union is not the only international actor with a foreign policy agenda dominated by internal, parochial concerns. However, there are at least three crucial factors that make this problem greater for the Union than for 'traditional' international actors such as nation states. One of them has already been mentioned: the Union prefers to maintain an ambiguous profile in terms of its basic purpose and interests. But in the absence of a clear hierarchy of collective interests, parochialism has a greater chance of asserting itself.

Moreover, the Union is a collection of still largely sovereign states with largely diverging agendas, and the Union's decision-making process is still largely based on intergovernmental bargaining. No wonder that parochialism has good chances to prevail over strategic arguments.

Finally, individual Member States usually opt for a fragmented institutional approach to European politics which, in the words of six academic experts from the Sussex European Institute, 'tends to feed positions which reflect particular interests into the European-level policy process.'²⁴ The experts offer the example of the German government which is, in principle, most receptive to Eastern European demands for market access and early membership in the EU. Nevertheless, during the negotiations on Association Agreements with Eastern European countries German representatives argued against greater market access, alongside protectionist Member States, in those sectors where German producers feared Eastern European competition, such as coal, agriculture, and steel. Broader considerations, such as enhancing economic opportunities, advancing industrial restructuring, or promoting geopolitical stability, seemed to be less relevant than the fear of increased unemployment in the above-mentioned sectors. And the experts argue that the existing policy process and structure of the Commission makes it difficult to counter sectoral pressures and shape EU policies along a broader strategic lines. This leads us to another crucial problem: the lack of institutional reform within the Union itself.

EU's reluctance to reform

The Union has always demanded institutional reform in Eastern Europe, but it has been doing little to reform itself. Both in Maastricht in 1992 and five years later in Amsterdam, the Union failed to reform its decision-making system, re-adjust its structural aid funding, or reformulate its common agricultural policy: all steps required by the prospect of eastward enlargement. Several weeks after concluding the Draft Treaty of Amsterdam, the Commission called for a new Intergovernmental Conference to meet as soon as possible after 2000 to prepare for enlargement with far-reaching institutional reforms. Similarly the Union was unable to improve the institutional set-up of its Common Foreign and Security Policy (CFSP) to allow it to cope with military or diplomatic crises in the postcommunist part of the continent. As the Commission's own report observed: 'The experience of the common foreign and security policy has been disappointing so far.'²⁵

The message is loud and clear: had the Union designed a serious strategy towards Eastern Europe it would have re-adjusted its own institutions along the way in an effort to allow this strategy to work. It is difficult to imagine that the forthcoming eastward enlargement will be a success without serious institutional reforms within the Union. An enlarged EU cannot function at the minimum level without re-adjustment of the system of weighting votes within the Union, extension of the qualified majority voting, reduction of the number

of Commissioners from each Member State, and introduction of some serious flexibility clauses in EU law. Moreover, to function effectively, an enlarged EU probably even needs to significantly extend the area in which majority voting applies, simplify the entire decision-making system, and drastically reform the existing competence division between the Commission and the Council. The existing institutional set-up was originally created for six Member States and it is already strikingly inefficient with the current 15 members. An addition of five or more new members will totally paralyse the Union and deprive it of any remaining legitimacy. This is why the Spring 1996 Intergovernmental Conference in Turin was conceived and its participants were issued the task of reforming EU institutional system and preparing it for the eastward enlargement. But several months of deliberations produced extremely disappointing results in the form of a new Draft Treaty adopted in Amsterdam: the most crucial decisions (on the future size of the Commission and the re-weighting of the Council's voting arrangements) have been postponed until the first wave of enlargement. True, there was agreement that the large Member States will give up one of their Commissioners, but only if the weights of the votes in the Council are eventually re-adjusted. The qualified majority vote was also allowed in a few more areas and a group of EU states will now be able to move together without waiting for others, but again, only in some limited policy areas. In short, all these changes stopped short of meeting some basic requirements for the new wave of enlargement.

The Union is similarly reluctant to reform its budget as required by eastward enlargement. Enlargement will not be cheap, but extending the Union's current spending on the Common Agricultural Policy and regional aid to new Eastern European members would require an increase in the Union's budget that surely will be unacceptable to taxpayers. Estimates of additional annual expenditures for the Common Agricultural Policy range from ECU 12 billion for all ten applicant states to ECU 38 billion for only four Visegrad countries.²⁶ Application of the current EU rules concerning the structural funds to the four Visegrad candidates would increase spending to ECU 26 billion over a five-year period. If Bulgaria, Romania, and the three Baltic states are also included, the structural funds would need to rise by ECU 54 billion.

In the Agenda 2000 the Commission suggested far-reaching reforms of both the Common Agricultural Policy and the costly regional aid budget. But it faced immediate opposition from the powerful farm lobbies across the Union as well as from countries benefiting from structural aid, such as Greece, Spain, and Portugal.²⁷ Thus, the Union is faced with an insoluble dilemma: how will it maintain budget discipline, reassure beneficiaries of the current budgetary system, and admit new Eastern European members on equal terms?

A workable Common Foreign and Security Policy (CFSP) could help the Union design and implement policies in Eastern Europe. But again, no substantial institutional changes to the CFSP system were endorsed by the 1997 Summit in Amsterdam. As Reinhardt Rummel and Jörg Wiedemann point out in their working paper, the coherence of the system is still undermined by the pillar structure, separating trade and economics from foreign policy and preventing the link between policy ends and means. As a consequence, the CFSP has very few instruments at its disposal. These are either to be found in the first pillar of the Union or outside the Union structure, in the Western European Union, for instance.

The CFSP decision-making process is still largely based on the principle of unanimity and as such cannot avoid being slow, conflict-ridden, and subject to the lowest common denominator. The whole institutional arrangement lacks the clarity, hierarchy, and coherence which would allow the Union to act in an accountable and effective manner, especially when coping with Eastern European crises. The system produces inertia, indifference, and inconsistency. And there are plenty of examples indicating that the existing CFSP institutional system undermines the Union's Ostpolitik.

The reasons for institutional stagnation within the Union are very complex. Some would argue that the Union's built-in intergovernmentalism prevents any substantial self-reform. A single government unhappy with the prospect of institutional change can always use its veto power. Others argue that European citizens rather than European governments oppose further reforms of the Union because they fear further loss of democratic control over administration and politics. Whatever the explanation, one conclusion seems to be justified by the above analysis: institutions of the EU are badly suited to meet the challenge of designing and implementing its strategy.

Why does the Union need a strategy?

International strategy was not a Cold War invention, but it is hard to deny that Cold War circumstances facilitated a strategic approach in foreign policy. During the Cold War, one could easily distinguish between friends and foes, US leadership was firm and indispensable, and generals knew how to respond when conflict arose. The collapse of the Soviet empire produced what the West had always wanted, but it also produced an entirely new Europe in which old diplomatic and security concepts look obsolete and new ones have yet to be created. Western Europe has lost its major enemy, but it also has lost the sextant by which its ship has been guided for the last five decades. Brave visions of a

new pan-European security structure brought forth in the aftermath of the Cold War soon proved ill-conceived and hopelessly optimistic in their anticipated schedules and goals. Long-proclaimed principles and values were repeatedly compromised in day-to-day practice. The European Union itself has lost its vitality and sense of direction. Many European politicians now are turning inward, and the people of Europe seem increasingly confused and uninterested in any ambitious European project. How can any European strategy be conducted in an atmosphere of growing public cynicism, individualism, and disinterest? How can any strategy be conducted without a sense of direction? Contemporary Europe represents a very complex political, cultural, and economic environment that is hardly suited for crude political crafting. Although the Union is equipped with a unique leverage over Eastern Europe it no longer has the ideological compass that guided its policies throughout the Cold War.

Given the rapidly-changing circumstances of today, the multiplicity of diverse actors, and the on-going re-assertion of political values, there is no point in denying that designing and implementing any strategy presents a difficult challenge. However, this does not necessarily mean that the Union should abandon all strategic ambitions. First of all, strategy is about leadership; making difficult choices amidst conflicting evidence and multiple pressures. Without strategy EU policies will always be pushed around by chaotic sequences of events and sectarian pressures. Second, strategy is about efficiency, which means that policies are geared towards achieving only selected objectives and are equipped with adequate instruments. Third, in a democratic body politic, strategy is also about democratic accountability. The European electorate can hardly execute democratic control over EU bureaucrats and politicians if it does not really know what choices are being made by them in terms of policy aims, preferential or discriminatory treatment, and the scale of investment. Fourth, strategy is also about communication with other international actors. Friends and foes of the Union ought to be given clear signals about the Union's objectives. They should also be given good reasons to believe that the Union is able and determined to achieve those objectives.

Besides, the Union's problems with strategic deficit are not necessarily emerging from the post-Cold War confusion and complexity. They are largely products of the Union's tendency towards political and institutional ambiguity. Throughout its entire history the Union (or Community) never specified its basic purpose, functions, and geographic reach. As I pointed out in the introduction of this book, the ambiguity of the successive cooperative arrangements was basically rooted in the persistent differences between EU Member States concerning the very nature of integration (federalism vs. intergovernmentalism), the functional scope of integration (high politics vs. low

politics), and competing national agendas (e.g., French and Spanish 'anti-Americanism' vs. British and Dutch 'pro-Americanism'). Ambiguity has helped achieve the necessary consensus across Member States, but it also has prevented the Union from acquiring a minimum degree of strategic purpose. The damaging implications of this fact are evident when we examine the European Ostpolitik. EU policies in Eastern Europe have been found to be prompt, generous, and comprehensive, but they are reactive rather than proactive, vulnerable to accidental and parochial pressures, guided by short-term rather than long-term considerations, and lacking in sound institutional support.

Notes:

¹ The following countries fall under the term Eastern Europe in this paper: Albania, Belarus, Bulgaria, Bosnia-Herzegovina, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Poland, Russia, Romania, Slovakia, Slovenia, Ukraine, and the Yugoslav Federation (Serbia and Montenegro).

² For a comprehensive analysis of the history of the EC involvement in Eastern Europe see: John Pinder, *The European Community and Eastern Europe* (London: Pinter Publishers, 1991), especially pp. 8-36. Also Peter van Ham, *The EC, Eastern Europe and European Unity. Discord, Collaboration and Integration Since 1947* (London and New York: Pinter Publishers, 1993), especially pp. 15-143. It is worth keeping in mind that the EC was not formally recognised by the USSR and COMECON. Moreover, one should distinguish between collective policies of EU Member States towards Eastern Europe and bilateral links between individual Eastern and Western European states. For instance, before 1989 the Federal Republic of Germany had much more developed relations with Eastern European countries than other EC Member States. Since 1989 bilateral cooperation programs between Western and Eastern European states represent a significant addition to the collective EU policies in the region.

³ Karen Elizabeth Smith, *The Making of Foreign Policy in the European Community/Union: the Case of Eastern Europe, 1988-1995*, Ph.D. thesis defended at the London School of Economics and Political Science in 1996, pp. 352-353. (Soon to be published by Macmillan). As a matter of fact, Smith's argument relates only to the EU's policy towards six Eastern European states, and not towards the former Yugoslavia and the former Soviet Union.

⁴ Wolfgang Wessels, 'Problems and Perspectives of the EU-Political and Institutional Options,' in *East-Central Europe and the EU: Problems of Integration*, Karl Kaiser and Martin Brüning, eds., (Bonn: Europa Union Verlag, 1996), p. 68.

⁵ As David Allen put it: 'In the middle of 1997 a new European order still has to emerge and the central role of the European Union is under some question. Whilst it is still possible to contemplate an image of a future European order based upon an enlarged European Union linked in close cooperation with the non-Member States of the Mediterranean and the former Soviet Union, the immediate reality is of a Europe whose fundamental structures are being shaped and problems solved (albeit in the short term and probably for all the wrong reasons) by the resurgent power and influence of the United States. It was the Americans who recognised the imperatives of German unification (although the EC provided an essential framework), who assisted in the withdrawal of Russian forces from the Baltic States, who negotiated the agreements between Russia and all other former Soviet States that removed all nuclear weapons from their territory and control, who moved from a 'Russia First' policy to one that advocated NATO enlargement, who intervened militarily and politically to prevent the Bosnian war spreading to Kosovo or Macedonia, who finally intervened to broker and police a peace settlement in Bosnia, who resolved the latest outbreak of potentially lethal Greek-Turkish squabbling 'whilst European leaders slept' and who have apparently negotiated an acceptable deal between Russia and NATO that should allow NATO enlargement in the near future.' See David Allen, *Reuniting Europe or Establishing New Divides?: The European Union, the States of Eastern and Central Europe and the States of the Former Soviet Union,*

Paper presented at the 5th Biennial Conference of the European Community Studies Association, Seattle, WA, 29 May-1st June 1997, p. 2, (unpublished).

⁶ This paper tries to interpret the already existing and relatively well-known evidence. New historical data are coming out each year, however. For a good example of a major research project collecting many as yet unknown factual details see e.g., José Ignacio Torreblanca Payá, *The European Community and Central Eastern Europe (1989-1993): Foreign Policy and Decision-Making* (Madrid: Centro de Estudios Avanzados en Ciencias Sociales, 1997).

⁷ In fact, the European Community was negotiating trade and cooperation agreements with individual Eastern European countries since 1988. As communist parties were still in power in the region, these negotiations have often been criticised, especially in the United States. See e.g., Heinrich Vogel, 'East-West Trade and Technology Transfer Reconsidered,' in: *After the Revolutions: East-West Trade and Technology Transfer in the 1990s*, eds. Gary K. Bertsch, Heinrich Vogel and Jan Zielonka (Boulder: Westview Press, 1991): 171-185.

⁸ Initially both the WEU and NATO took limited back-up roles and became more deeply involved only in the second half of 1992. The United States was also reluctant to get involved in the conflict. Ralph Johnson, a US State Department official responsible for European Affairs, stated in his address to the Senate Foreign Relations Committee that 'since Europe accounts for nearly 80 per cent of all Yugoslav trade...it is appropriate for the EC to take the lead.' See Reneo Lukic and Allen Lynch, *Europe from the Balkans to the Urals. The Disintegration of Yugoslavia and the Soviet Union* (Oxford: Oxford University Press, 1996): 261. Also James Gow, 'Nervous Bunnies: the International Community and the Yugoslav war of Dissolution, the Politics of Military Intervention in a Time of Change,' in *Military Intervention in European Conflicts*, Lawrence Freedman, ed. (Oxford: Blackwell Publishers, 1994): 14-33.

⁹ Since the July 1989 decision to launch the PHARE program to aid Poland and Hungary, after its extension to include Bulgaria, Czechoslovakia, Romania, and Yugoslavia, and until January 1991, the G24 allocated to it ECU 5.7 billion in grants, as well as ECU 9.9 billion in loans and credits from governments and the Community, together with ECU 3.9 billion from the World Bank. The EC contribution mentioned came both from the EC institutions and from the EC Member States. See John Pinter, *The European Community and Eastern Europe*, op.cit...p.88.

¹⁰ Intervention de M. Jacques Santer, Président de la Commission européenne devant le Parlement européen. Agenda 2000, Strasbourg, le 16 juillet 1997, internet source: <http://europa.eu.int/comm/agenda2000/rapid/9716fr.htm>.

¹¹ See *The Economist*, July 19, 1997. The amount indicated concerns the 1998-2002 budgetary years. It must be stressed that southern European states are not the only Member States benefiting from the Structural Funds. However, the preferential treatment of the current EU members is not likely to change after the first wave of eastward enlargement. According to the 'Agenda 2000,' spending on structural policies will remain pegged at the current limit of 0.46 per cent of GNP, providing ECU 275 billion for the entire period between 2000-2006. Of this ECU 210 billion would be for operations in the existing Member States, including ECU 20 billion for the Cohesion Fund. From accession, the new Member States would receive a total

of ECU 38 billion. All these figures, however, are still to be decided by the Luxembourg European Council of December 1997.

¹² The PHARE budget for the same period is ECU 6.93 million. In all, PHARE will have delivered a total of ECU 11 billion in assistance to the applicant Central and Eastern European countries over the ten years from 1989 to 1999. See Günter Burghardt and Fraser Cameron, 'The Next Enlargement of the European Union,' *European Foreign Affairs Review* 1:2 (1997):18.

¹³ The five countries praised by the Commission were Hungary, Poland, the Czech Republic, Estonia, and Slovenia.

¹⁴ The EU was anxious not to isolate Russia and its President, Boris Yeltsin. Moreover, the EU was also afraid that its uncompromising position on the accord might increase Russia's opposition to the forthcoming enlargement of NATO and to NATO's bombing of Serbian positions in Bosnia. For a comprehensive analysis of relations between the EU and Russia see e.g., Andrei Zagorski, 'Russia and European Institutions,' in *Russia and Europe, The Emerging Security Agenda*, ed. Vladimir Baranovsky (Oxford: Oxford University Press, 1997): 519-540.

¹⁵ See Horst Günter Krenzler, *The EU and Central-East Europe: The Implications of Enlargement in Stages*, EUI, Robert Schuman Centre, Policy Paper, No. 97/2, 8-9.

¹⁶ The Agenda 2000 only states that 'the respect of the political conditions defined by the European Council in Copenhagen by an applicant country is a necessary, but not a sufficient, condition for opening accession negotiations' (p.49).

¹⁷ The Agenda 2000 insists that the enlargement is 'an inclusive process embracing all of the applicant countries,' and the EU Commissioner Van den Broek argues that 'there are no "ins and outs" but rather "ins and pre-ins." Differentiation in no way implies discrimination.' So far however, no details have been given concerning the EU treatment of those countries that will not enter accession negotiations in the first round. The Agenda 2000 speaks vaguely about a 'framework which consists of the reinforcement of pre-accession strategy for these countries,' and about inviting them to a special 'European Conference.' The Commission also proposed to double 'pre-accession' assistance to the applicant countries, but this is still a matter of contention among the EU Member States. See Hans van den Broek, 'No new dividing lines,' *Financial Times* (September 22, 1997): 16.

¹⁸ Elsewhere I have argued that ambiguity in the Union's basic aim and profile prevents it from acquiring the necessary democratic legitimacy and cultural identity, and is thus very damaging regardless of all arguments in favour of ambiguity that lies behind the neo-functionalist project of the integration by disguise. See Jan Zielonka, *Explaining Euro-paralysis* (London: Macmillan, forthcoming 1998).

¹⁹ This is not to deny security concerns of EU Southern Member States related to recent developments in Algeria and other Maghreb countries. In the end, however, the Union tried little to address the hard core security agenda in the region. The Union focused on trade relations and humanitarian aid which might indirectly enhance security in Maghreb only in a very long term.

See Algeri, Franco and Elfriede Regelsberger, eds. *Synergy at Work: Spain and Portugal in European Foreign Policy* (Bonn: Europa Union Verlag, 1996): 54-55.

²⁰ See e.g., an interview with the former EU Commissioner, Frans Andriessen in *de Volkskrant* (March 16, 1996).

²¹ This is not to argue that the EU should be a new 'altruist' type of international actor, but to point to the absence of an overall strategic assessment of various interests on the part of the EU. Nor is it to deny the damage caused to individual sectors such as steel, textiles, or agriculture by introducing a truly free trade with Eastern Europe. Such damage ought to be considered in a broader strategic context with various other relevant factors and each should be weighted in search of a proper balance.

²² See Malcolm Rifkind, 'A Wider Europe: Britain's Vision,' Extracts from a speech by UK Foreign Secretary made in London on May 1, 1996, and published in: *European Document Series*, Institute of European Affairs, No. 14 (Summer 1996), pp. 58-59.

²³ As Czech Prime Minister Vaclav Klaus argued: 'We need to look beneath the surface at indicators such as the size of subsidies and various export promotion schemes and non-tariff barriers in the EU countries and we see that, in reality, asymmetry favours existing [EU] members.' Quoted in: Anthony Robinson and Robert Anderson, 'Czech premier attacks EU association agreements,' *Financial Times*, June 18, 1997. Of course, the EU's protectionism was not the only factor behind Eastern European trade deficit. Recession in Western Europe, the poor quality of Eastern European goods, lack of exporting experience, and other factors also should be mentioned. Besides, the existence of a trade deficit in Eastern Europe should not be dramatized. Rapidly developing Asian countries have often run huge trade deficits with no detrimental implications for their long-term economic prosperity.

²⁴ Alasdair Smith, Peter Holmes, Ulrich Sedelmeier, Edward Smith, Helen Wallace, and Alasdair Young, *The European Union and Central and Eastern Europe: Pre-Accession Strategies*, Sussex European Institute Working Paper, No. 15 (1996), p.16.

²⁵ European Commission, *Report on the Operation of the Treaty on European Union*, SEC(95), Brussels, May 10th, 1995, p.5. See also Hans van den Broek, 'CFSP: The View of the European Commission,' in *The European Union's Common Foreign and Security Policy: The Challenges of the Future*, Spyros A. Papas and Sophie Vanhoonacker, eds. (Maastricht: European Institute of Public Administration, 1996), p.25.

²⁶ For a comprehensive overview of various estimates cited see: Heather Grabbe and Kirsty Hughes, *Eastward Enlargement of the European Union*, (London: The Royal Institute of International Affairs, 1997), especially pp. 38-46. Also Susan Senior Nello and Karen E Smith, *The European Union and Central and Eastern Europe: The Implications of Enlargement in Stages*, EUI, Robert Schuman Centre, Working Paper, No. 97/51.

²⁷ See Lionel Barber, 'EU alert over new members,' *Financial Times*, July 14, 1997.



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