

AMERICAN UNIVERSITY OF ARMENIA

**A STUDY OF THE REASONS LYING BEHIND
THE EUROPEAN UNION ENLARGEMENT PROCESS**

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List of Abbreviations

CAP.....	Common Agricultural Policy
CEEC.....	Central and Eastern Countries
CFSP.....	Common Foreign and Security Policy
CMEA.....	Council of Mutual Economic Assistance
COREPER.....	Committee of Permanent Representatives
DG.....	Directorate- general
EC.....	European Community
ECSC.....	European Coal and Steel Community
EEA.....	European Economic Area
EEC.....	European Economic Community
EFTA.....	European Free Trade Area
EMS.....	European Monetary System
EMU.....	Economic and Monetary Union
EP.....	European Parliament
EPC.....	European Political Cooperation
EU.....	European Union
Euratom.....	European Atomic Energy Community
FDI.....	Foreign Direct Investment
IGC.....	Intergovernmental Conference
MEP.....	Member of European Parliament
NATO.....	North Atlantic Treaty Organization

NGO..... Non-governmental Organization
OECD..... Organization for European Economic Cooperation
OPEC..... Organization of Petroleum Exporting Countries
SEA..... Single European Act
TCA..... Trade and Cooperation Agreement
TEU..... Treaty on European Union (Maastricht Treaty)
WEU..... Western European Union

Abstract

This Master's Essay studies some of the recent developments and changes taking place within the European Union concerning the enlargement process. Together with the introduction of a common currency and common defense policy the enlargement to include Eastern and Central European states is a decisive step toward completion of a process of peaceful and voluntary integration of free nations. The major emphasis in this study is on the post-Copenhagen period developments. Specifically, the level of adjustment of applicant states to the accession criteria, on the one hand, and the willingness of Member States to make concessions to speed the integration, on the other are addressed. It also studies the structural reforms adopted at the Nice Summit to meet enlargement requirements and how they could endanger the role of small Member States within EU. The Irish referendum and its impact on the whole course of enlargement process are also analyzed. Turkey's long and complicated application process to EU is another topic examined in the Essay. Overall, the European Union is robustly moving toward complete integration of Western, Eastern and Central European states. However, the enlargement process has come across very serious problems, which, if not resolved, could result in a Union among unequals and thus destabilize it from within. At the same time, the enlargement of the EU is both political and economic necessity for the whole Europe. For the candidate countries, the EU membership is a means for reinforcing their security and the process of modernization. For the current members of the Union, the benefits of the long-term establishment of Western political and economic principles in their immediate neighborhood will create a zone of stability around them. On the whole, the enlargement will bring new opportunities in addressing the economic and political challenges facing Europe and will help to find positive solutions to issues vital to pan-European security.

Introduction

For some years now Europeans have been living history in quick motion, going through a period full of conflict but without any clear defining pattern - in some respects an era with no name. Integration and disintegration, internationalization and provincialization, balance of power and struggle for power - all have been occurring at the same time, giving Europe a unique shape with new risks and uncertain constellations. Today, the beginning of a new millennium can be seen as the signal for a new beginning, leaving behind what is probably Europe's bloodiest and darkest century, to emerge into a new age, which following the historic turning point of 1989, seems to hold out the promise of unification rather than division of the continent and peace instead of war. However, peace and prosperity cannot be achieved merely by a change of date, but only if people themselves play an active part in shaping society and living together. The European Union has been created with this in view, step by step over the five decades since the Second World War.

The last few years of the 20th century are full of the challenges for the European Union: at the top of the agenda is an institutional reform, followed by the final stages of economic and monetary union, and lastly the planned enlargement of the Union to include the new Central and Eastern democracies, Malta and Cyprus. The need for closer European integration has been accelerated by events such as the end of the Cold war and the break-up of the Soviet Union. These events opened up new horizons of international cooperation, and propelled the Union into a key role for promoting change and stability across Europe.

The purpose of this Master's Essay is to study the reasons lying behind the successes and failures of the European Union enlargement process.

The MA Essay consists of three chapters. The first chapter is called "Historical Development of the European Union." This is an introductory chapter, which provides information on the evolution of separate Communities established in 1950s into a Union in the beginning of the 1990s. The second chapter - "EU Policy toward Enlargement" - passes on to the analysis of major EU events, decisions, policies as well as discussion of some particular issues that have been a success promoting the European integration process or have failed hampering the process toward a united Europe. The last chapter "From Nice to Gothenburg" studies the two most momentous summits for the enlargement process. The Essay ends with a subchapter on EU-Turkey relations.

The following Research Questions are addressed:

- Is the European Union ready to make concessions on Copenhagen criteria to speed the integration?
- Did the introduction and implementation of Euro contribute more to unification or fragmentation of the EU?
- Does the Nice Treaty endanger the role of small member states within the EU?
- Wasn't the recognition of the need for a wider public debate adopted at Nice Summit more like a lip service?
- Did the Irish 'no' really endanger EU plans of enlargement?
- Does Turkey have any ground to blame the EU as 'a Christian club' unwilling to accept a Muslim member? And how long will it take Turkey to meet all EU requirements?

This subject is relevant for Armenia for several reasons. First, the enlargement of the EU will affect not only the destiny of Europeans, the member states and the applicant countries, but

also will have an impact far beyond the new frontiers of the enlarged Europe, as it will have more direct borders with Russia, Ukraine, Belarus, Moldova and the countries of the Balkan region. In other words, enlargement will increase Europe's weight in world affairs and will bring to new geopolitical arrangements. The importance of the subject to the needs of Armenia also can be comprehended in the context of our future prospects to join the 'European club' with our membership in the European Union as a declared long-term objective of Armenia's foreign policy.

I have attempted to provide the work with the most diversified information. This study is based on various Reports of the European Commission, the Internet sources and a number of up-to-date monographs. Specifically, the articles from such EU official sites as <http://www.europa.eu.int>, such journals as *Current Concerns* and semi-official site at <http://www.euobserver.com> have been considered. The <http://www.europa.eu.int>, the portal site of the European Union, has been particularly important. It provides up-to-date coverage of European Union affairs and essential information on European integration. It also provides all legislation currently in force or under discussion, access to the websites of each of the EU institutions. Another official site <http://www.jeanmonnetprogram.org> is the site of Jean Monnet Project launched by the European Commission. It aims to promote teaching in European integration, in particular in Law, Economics, Political Science and History.

The site <http://www.arena.uio.no> has been helpful for it provided analytic papers such as research articles and chapters documenting new European order of Governance. Notably, the article "To Euro or Not to Euro?" by Thomas Risse, a commentator at the Department of Political and Social Science, European University Institute, is an attempt to explain the variation in post-Maastricht elite attitudes toward EMU in Western Europe. It concentrates on the British

reluctance to join the single currency early on as well as the French and German stubborn support for it. The author argues that explanations based on solely material conceptions of actors' interests - whether economic or geopolitical - are indeterminate with regard to explaining the variations in attitudes. The Euro is about European union rather than just lowering transaction costs. The main argument in this article then holds that the visions about the European order which give political meaning to EMU, need to be understood in the framework of identity politics. Another Internet source on enlargement process that has been a great help in providing an analysis significantly different from the official sites is the site of Radio Free Europe/ Radio Liberty <http://www.rferl.org>.

The aforementioned Internet sites provide full information on enlargement. However, political orientation of these sites is different. The official sites as a rule provide information that arouses enthusiasm in the reader about the enlargement process. Though they do not idealize the reasons and consequences of such unprecedented enlargement, they do not contain much criticism either. On the contrary, the article "To be Independent of a Despotic System" from the journal *Current Concerns*, for example, looks at enlargement from a completely different perspective than those of official sites. This article is written by Michael Dickgiesser and Rainer Rothe even before 7 June of 2001 Irish referendum. It contains clear evidence pointing at the disadvantages of EU enlargement especially for small Member States. It clearly illustrates the negative consequences of enlargement discussing some specific issues such as the problem of representation in the Council of Ministers, the problems connected with the increase in the number of members of European Parliament that enlargement will entail, etc.

However, the specialized books on EU enlargement have also been important source for this Essay, especially for their in-depth scholarly analysis.

The book "Europe as I See It" written by the President of the European Commission Romano Prodi¹ in 2000 is worth mentioning. What does 'Europe' mean as we enter the twenty-first century? A rapidly expanding club of nation states? A large single market whose labor, goods and services can move freely? A centralizing superstate run by unelected bureaucrats? An economic giant but a political pygmy on the world stage? The author tackles these and other questions in this important study. It offers both a political vision and a personal statement by one of the most important political figures in Europe today. Central to Prodi's vision of Europe - what it can and should be - are the ideals of European Union's founding fathers: Adenauer, De Gasperi, Monnet and Schuman. Their goal was a peaceful democratic Europe in which all the peoples of our continent could live together in security, freedom, justice and equality. The path towards that goal, argues Prodi, is inextricably bound up with economics. As the EU's member states voluntarily pool their national sovereignty, especially monetary sovereignty, that dream - that vision of Europe - is gradually coming true.

Another recently published book "The Rules of Integration: Institutional approaches to the study of Europe" edited by Gerald Schneider and Mark Aspinwall² should be mentioned. It has been published by the European Policy Research Unit Series, which aims to provide advanced textbooks and thematic studies to key public policy issues in Europe. This book is an effort to facilitate intellectual exchange and substantive debate on the key policy issues confronting the European states and the European Union. It offers a comprehensive review of

¹ Romano Prodi taught Industrial Economics and Policy at Bologna University for 25 years. He has also been Italy's Minister for Industry and, from 1996 to 1998, Prime Minister. He took up office as President of the European Commission in September 1999.

² Gerald Schneider is Professor of Political Science at the University of Konstanz and Executive Editor of 'European Union Politics'. Mark Aspinwall is Lecturer in Politics at the University of Durham.

institutionalist research in the field of European studies and contains detailed empirical contributions.

The third valuable reading to provide an expert and up-to-date analysis of the current policies of the European Union is the book by Ian Barnes and Pamela M. Barnes³ "The Enlarged European Union." The book reads easily thanks to its accessible jargon-free style. It is valuable in the sense that it provides a comprehensive coverage of EU policies.

The historical-comparative method has been applied to this research.

³ Ian Barnes is Professor of European studies and Dean of the School of Economics, and Pamela M. Barnes is a Senior Lecturer in European Studies, both are based in the School of Economics at the University of Humberside.

Chapter I: Historical Development of the EU

The Situation after the Second World War

The history of Europe prior to World War II was one of almost constant conflict and tension, and hardly a decade went by without war breaking out between two or more European states. For many, World War I, or the Great War, had been the war to end all wars, having brought to a head all of the tensions and political jealousies that plagued the European state system at the turn of the twentieth century. The League of Nations was created in 1919 “to help prevent future conflict, but the peace treaty signed at Versailles contained the seeds of future conflict; it demanded drastic reparations from Germany, represented an attempt by Britain and France to stamp their authority on Europe, and was based on recriminations and inequality” (McCovmick, 1999, p. 43). For Jean Monnet,⁴ “a peace based on inequality could have no good results” (Jean Monnet, 1978, p. 97).

The priorities after World War II were to avoid the mistakes of Versailles and to protect Europe both from itself and from external threats. The war had been physically and psychologically devastating, had discredited the old international order, had reminded Europeans that they were still capable of appalling violence, and had raised urgent questions about how future European conflict could be avoided and how Europe could best go about rebuilding. Different states had different ideas about how this should be done, but most of the suggestions pointed toward greater inter-European cooperation, with the goal of building both political and economic security (McCovmick, 1999). For many, the major internal threats to Europe were nationalism and the nation-state, both of which had been glorified, abused, and discredited by the

⁴ Jean Monnet, together with Robert Schuman, is the ‘founding father’ of the European Union. Monnet was the director of the French Modernization Plan and Robert Schuman the French Foreign Minister from 1948- 1953, when they presented the plan for the European Coal and Steel Community.

fascists. The development of a new European identity would reduce the role of nationalism, thereby remaining one of the recurring causes of conflict. Because Germany had been at the root of three major wars in seventy years, many now argued that peace was impossible unless Germany could be contained and its power diverted to constructive rather than destructive purposes. It had to be allowed to rebuild its economic strength and its political system in ways that would not threaten European security; France was particularly eager to make sure this happened (John Gillingham in Douglas Brinkley and Clifford Hackett, 1991, pp. 131-137).

The external threats to Europe came from the growing hostility between the two superpowers, leading to concerns that Europeans were becoming pawns in that hostility. There was a determination to protect Western Europe from the spread of Soviet influence, but there were also worries about the extent to which Western Europe could rely on the US protective shield” (McCormick, 1999, p. 44). Perhaps Europe would be better advised to take care of its own security. This, however, demanded a greater sense of unity and common purpose than Europe had ever been able to achieve before.

So in Europe’s darkest hour, amidst the ruins of the Second World War, the most creative answer was offered to the question of what was to become of Europe. That answer was integration.

The rising groundswell of opinion in favor of European cooperation after the war was reflected in the emergence, or it is right to say, reemergence of several groups of pro-Europeanists. Among them were the United European Movement in Britain, the Europa-Bund in Germany, The Socialist Movement for the United States of Europe in France, and the European Union of Federalists Within Europe, groups of organizations of small and medium-sized emerged, with differing objectives. While some organizations were based on political

integration, the majority, were based on forms of economic cooperation, in other words, the means by which this cooperation was to take effect differed for the different organizations that were established. In the case of the European Union the means to create stability was economic. This was a result of the recognition that political means to bring states together had failed during the period between World War I and World War II. The political redrawing of the boundaries of the states following World War I had unleashed a large number of divisive forces and enabled nationalism to take hold and the result had been World War II (Ian Barnes and Pamela M. Barnes, 1995).

As we can see, the origins of the present European Union also lie in the immediate aftermath of World War II and its establishment was the result of a search for stability in Western Europe. But the EU was not the first attempt at integration, nor was it the only attempt during the first 15 years after the war. A number of international organizations were established in the period from the mid-1940s to the end of the 1950s.

Winston Churchill became the focus of Europeanist sentiment, and shortly after the war, in his Zurich speech of 19 September 1946, he was already mapping out the way forward with his vision of a 'United States of Europe'. The first step towards it was to be the establishment of a Council of Europe, with reduced trade barriers, free movement of people, a common military, and a High Court to adjudicate disputes.

Churchill spoke of a union, that should be based around France and Germany and would not necessarily include Britain, but with all states wishing to join (Weidenfeld and Wessels, 1997, p. 7). Sometime, before the war, Churchill had argued that Britain was "with Europe but not of it. We are interested and associated, but not absorbed" (Arnold J. Zurcher, 1958, p. 6).

Against the background of the worsening East-West conflict, the European movement, in the process of organizing itself in 1948, received a lasting impetus from the founding of the Organization for European Economic Cooperation (OEEC). The OEEC set up to coordinate the implementation of the Marshal Plan also demonstrated that the international order could exercise a great deal of pressure to push along the process of European unification. As the eastern bloc became increasingly solid, there was the perceived threat of communism. In the meantime the Americans were lending their support to the European unification project, hoping to ease the burden that weighed upon them as world power and looking forward to the opening up of large, new markets. At the same time, the Western European countries wanted to join together to remove the risk of individual national states making new and dangerous attempts to go it alone (Weidenfeld and Wessels, 1997).

In an attempt to publicize the cause of European unity, the national pro-European groups organized the Congress of Europe in The Hague in May 1948 and demanded that a Council of Europe be set up. The Congress was attended by delegates from sixteen states and observers from the US and Canada. Calls were made for European assembly, a European court, and a charter of human rights, but the only tangible outcome was the creation of the European Movement, with national groups in each country. The Movement took up the idea of a European assembly and urged the influential Europeanist to promote the idea. After discussion among the governments of France, Britain, Italy, and Benelux countries (Belgium, the Netherlands, and Luxembourg) agreement was reached in January 1949 to create a ministerial council and a consultative assembly. The French and Italians wanted to use the name European Union, but the British insisted on the more ambiguous and noncommittal title Council of Europe (Derek W. Urwin, 1995).

The Council of Europe was founded in London in May 1949 with the signing of a statute by ten European states. The statute noted the need for “a closer unity between all the like-minded countries of Europe” and described the Council’s aims as including” common action in economic, social, cultural, scientific, legal and administrative matters” (McCovmick, 1999, p. 46). As can be seen from the above wording of the statute defense was explicitly excluded from the list. Although membership in the Council of Europe has expanded to include 43 states in 2001, it never became anything more than a loose intergovernmental organization. It made progress on human rights, cultural issues, and even limited economic cooperation, but it was not the kind of organization European federalists wanted.

Treaty of Paris: An End to French – German Rivalry

The Organization for European Economic Cooperation (OEEC) and the Council of Europe encouraged Europeans to think and work together, but the opposition of antifederalists ensured that neither organization would promote significant regional integration. Among those who felt something bolder was needed were two Frenchmen: an entrepreneur named Jean Monnet and Robert Schuman, foreign minister from 1948-1953. Both were enthusiastic Europeanists, both felt something practical needed to be done that went beyond the noble statements of organizations such as the Council of Europe, and both felt the logical point of departure should be the perennial problem of Franco-German relation (McCovmick, 1999).

By 1950, it was clear to many that West Germany had to be allowed to rebuilt, if it was to play a useful role in a Western alliance. One way of doing so was to let it rebuilt under the auspices of a supranational organization, thereby tying Germany into the wider process of European reconstruction. At the same time, it was important at that time not to be too ambitious

and to start with something that was probably small but meaningful and, what is more important, realizable. The Congresses of the European Movement in early 1949 had suggested that the coal and steel industries offered strong potential for common European organization. First of all, “coal and steel were the fundamental building blocks of industry, and the steel industry had a tendency to create cartels. Cooperation would eliminate waste and duplication, break down cartels, make coal and steel production more efficient and competitive, and boost industrial development” (Alan S. Milward, 1995, p. 34). Secondly, the heavy industries of the Ruhr had been the traditional basis for Germany’s power, and France and Germany had fought before over coal reserves in Alsace-Lorraine. Monnet argued that “coal and steel were at once the key to economic power and the raw materials for forging weapons of war “ (Monnet, 1978, p. 293). So the creation of a supranational coal and steel industry would help contain German power. Thirdly, “integrating coal and steel would ensure that Germany became reliant on trade with the rest of Europe, thereby underpinning its economic reconstruction and helping the French lose their fear of German industrial domination” (Monnet, 1978, p. 292). The need for a supranational organization increased also for the fact, that, being the head of the French planning commission, Monnet could see that effective economic planning was beyond the ability of individual states working alone. He also knew from personal experience that intergovernmental organizations tended to be hamstrung by the governments of their member states and to become bogged down in ministerial meetings. To avoid these problems, he proposed a new institution independent of national governments that would have a life of its own, one that would be supranational rather than intergovernmental (McCovmick, 1999). After discussions with Monnet and West German Chancellor Konrad Adenauer, Schuman took these ideas a step further at a press conference on

May 9, 1950⁵. In what later become known as the Schuman Declaration, he argued that Europe would not be built at once or according to a single plan but only through concrete achievements:

“The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany... With this aim in view, the French Government proposes that action be taken immediately on one limited but decisive point. It proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, with the framework of an organization open to the participation of the other countries of Europe“ (Schuman in David Weigall and Peter Stirk, 1992, pp. 58-59).

This, Schuman went on, would be “a first step in the federation of Europe” and would make war between France and Germany “not merely unthinkable, but materially impossible” (Schuman in David Weigall and Peter Stirk, 1992, pp. 58-59).

This proposal was revolutionary in the sense that France was offering to sacrifice a measure of national sovereignty in the interest of building a new supranational authority. This was the major reason why only few other governments were enthusiastic, and only four took up the invitation to join: Italy, which wanted respectability and economic and political stability; and the Benelux countries, which were in favor because they were small and vulnerable (McCormick, 1999).

The other European states refused to take part in the proposed High Authority. Britain was among them. The British Prime Minister Clement Attlee told the House of Commons that his party was “not prepared to accept the principle that the most vital economic forces of this country should be handed over to an authority that is utterly undemocratic and is responsible to nobody “ (Milward, 1984, p. 402).

Undeterred, the governments of the six founding member states (the Six) opened negotiations and on April 18, 1951, signed the Treaty of Paris creating the European Coal and

⁵ May 9, 1950-is a date now widely seen as marking the birth of the idea of a united Europe.

Steel Community (ECSC). The new organization began work in August 1952 following ratification of the terms of the treaty in each of the member states.⁶ Actually, the ECSC was a small step in itself, but it was the first time European governments had given significant powers to a supranational organization. It was allowed to pull down tariff barriers, abolish subsidies, fix prices, and raise money by imposing levies on steel and coal production. Its job was made easier by the fact that much of the groundwork had already been laid by the Benelux customs union.⁷

The ECSC showed that integration was feasible, and its very existence forced the Six to work together; even Britain was obliged to recognize its authority. Although it failed to achieve many of its goals (notably the creation of a single market for coal and steel), it had ultimately been created to prove a point about the feasibility of integration, which it did.

Treaties of Rome: Relaunching the European Idea

Although the ECSC made modest but solid progress in its first four years, there were limits to its abilities, and Europeanists felt something more was needed to give integration real momentum. Schuman's original view was that political union would come about through economic integration, and although the six ECSC members agreed that coal and steel had been a useful testing ground, it was increasingly difficult to develop those two sections in isolation. A meeting of the foreign ministers of the Six at Messina, Italy in June 1955 resulted in a resolution that the time had come to "relaunch" the European idea. They agreed on a Benelux proposal "to work for the establishment of a united Europe by the development of a common institutions, the

⁶ For details, see Box 1 in the Appendix.

⁷ In 1948 the Benelux customs union was created among three European states - Belgium, the Netherlands, and Luxembourg.

progressive fusion of national economies, the creation of a common market, and the progressive harmonization of their social policies” (Messina Resolutions in Weigall and Stirk, 1992, p. 94).

A committee chaired by Belgian Foreign Minister Paul-Henri Spaak was set up to look into the options. In fact, as Spaak himself later admitted, “the Treaty of Rome was motivated less by economic cooperation than by a desire to take another step toward political union” (Urwin, 1995, p. 63). Later, the report of the Spaak committee led to a new round of negotiations, and the signing in March 1957 of the two Treaties of Rome, one creating the European Economic Community and one the European Atomic Energy Community (hereinafter EEC and Euratom). Following member state ratification, both came into force in Germany 1958.⁸

The EEC Treaty committed the Six to the creation of a market and to the harmonization of their economic policies. The common market was to be created within twelve years through the removal of all restrictions on internal trade; agreement on a common external tariff; the reduction of barriers to the free movement of people, services, and capital among the Six; the development of common agricultural and transport policies; and the creation of the European Social Fund and a European Investment Bank. The Euratom Treaty, meanwhile, was aimed at creating a common market for atomic energy (McCovmick, 1999). Euratom was actually designed to encourage the development of the nuclear industry in the six Member States. It also obliged the Member states to use atomic fission exclusively for peaceful ends and also ensured supplies of the necessary raw materials (Weidenfeld and Wessels, 1997).

Given the long history of inter-European hostilities and war, the integration of six Western European states under the auspices of the ECSC, the EEC, and Euratom, was a remarkable achievement. However, it was not certainly a trouble-free experience. Even Jean Monnet had

⁸ For details, see box 2 in the Appendix.

warned, “Europe will be established through crises and. the outcome will be the sum of the outcomes of those crises” (Jean Monnet, 1987, p. 518).

The most serious of the early crises came in 1965, with French objections to the growth of European Commission powers.

The roots of the problem went back to the collapse of de Gaulle’s plans for political union, and the situation worsened because of the imperious manner in which de Gaulle rejected British membership in 1963⁹. At its heart were de Gaulle’s attempts to discard the supranationalist elements of the Treaty of Rome and to build a Community dominated by France. The final straw came with the fact that according to the Treaty of Rome the decision-making procedures were to be changed in the Council of Ministers. Specifically, from 1 January 1966 the Council of Ministers would have been able to take decisions in important areas by qualified-majority vote unlike the times before the Treaty of Rome when the major decision being made by the Member States were subject to unanimous decision. This would have signified a massive transfer of allegiance from the Member States to the supranational organization of the EEC (Ian Barnes and Pamela Barnes, 1995).

So in 1965, the French government led by de Gaulle objected to the increased use of majority voting, seeing it as a move towards the creation of a more federal Europe, and an undermining of the role of nation states of the EU. The following months of 1965 were the ‘empty chair’ period of European Union history, when the French Ministers were not allowed by their own government to take part in the deliberations of the Council of Ministers, seeking through it to prevent the transition from taking place. No EU business was possible, so agreement was reached in Luxemburg in early 1966 known as the Luxembourg Compromise. It

⁹ Britain has applied for membership for three times in 1963, 1968 and 1972 before it was accepted in 1972.

stated that consensus should be sought in areas of disagreement. France assumed that if it proved impossible to obtain this consensus, each Member State possessed a right of veto if its vital interests were affected (Weidenfeld and Wessels, 1997).

Along with the problems, though, there were many achievements. One of the most important ones again concerns the decision-making. Particularly, in 1965 decision-making was streamlined with the Merger Treaty, which amalgamated the institutions of the ECSE, the EEC and Euratom establishing a Single Council and a Single Commission of the European Communities; the three Communities already had a common Parliament and Court of Justice.

The Single European Act Brings to Single Market

The EU has never been a static organization. Continually it has been dominated by the negotiations for entry to the EU of a number of European states. The first phase of enlargement started at the Hague Summit of 1-2 December 1969, which gave fresh impetus to the integration process by a decision to enlarge the Community bringing in northern European countries as Denmark, Ireland and the United Kingdom. By already 1986, membership in the European Economic Community (EEC) had grown to twelve to include three more members-Greece, Portugal and Spain¹⁰, and the EEC had become known simply as the European Community or simply the Community. Its member states had a combined population of 322 million and accounted for just over one-fifth of all world trade. However, progress on integration remained still uneven. The creation of a common market had been one of the fundamental goals of the Treaty of Rome, and yet during the early 1980s the EC still had far to go; the customs union was

¹⁰ Greece joined the Community in 1979; Portugal and Spain joined in 1986.

in place, but non-tariff barriers remained to the free movement of people and capital. Europe was also facing growing competition from Japan and the United States (McCovmick, 1999).

By the early 1970s, it had become common to hear the term “Eurosclerosis” used to describe the economic stagnation, double-digit inflation, and high unemployment that afflicted Europe. European industry was not competing strongly on the global market, scientists and industrialists were failing to collaborate, and the remaining barriers to internal trade denied European businesses full access to a true single market. Besides, there could be no true single market without monetary (uniform interest and inflation rates and complete financial integration). In turn, it was a relatively short hop from monetary union to the creation of a single currency, which was at that time a controversial idea because of its implication for national sovereignty; a state that gave up control over its currency would effectively give up control over its national economy. However, monetary union was also fundamental to the idea of true economic union and in turn would be a significant step on the road to political union (McCovmick, 1999). With these in mind, the Hague summit and two Council resolution, in March 1971 and March 1972, made clear the desire to add to the common market a common economic and monetary policy, the aim being to establish economic and monetary union (EMU) by 1980. This was intended to bring about the freedom of movement prescribed in the Treaties of the Rome and to create a fixed exchange rate structure with the unlimited currency convertibility (Weidenfeld and Wessels, 1997). Unfortunately, already in early 1970s, the goal of achieving EMU by 1980 was completely abandoned as a result of the international monetary

turbulence¹¹, which was deepened in 1973 with war between Egypt and Israel and the oil crisis sparked by the Organization of Petroleum Exporting Countries (OPEC).

A new initiative was launched during 1977-1978. The result was the European Monetary System (EMS), which came into force in March 1979. The goal of the EMS was to zone of monetary stability, with governments taking action to keep their currencies as possible. As a result of the early success of the EMS (or at least its survival against all the odds and its achievements of exchange rate "constant") and the landmark 1978 decision by the European Court of Justice that goods meeting the standards of one EC member state could not be barred from sale in another member state, late 1970s and early 1980s saw the boost of economic integration. However, "there were concerns that progress on economic integration was being handicapped by inflation and unemployment and by the temptation of member states to protect their home industries and to fragment the internal market with non- tariff barriers such as subsidies" (Ian Barnes and Pamela Barnes, 1995, p. 131).

In response, a decision was reached at the 1983 European Council in Stuttgart to revive the original goal outlined in the Treaty of Rome to create a common (single) market. The Single European Act (SEA) was signed in Luxembourg in February 1986 and, after ratification by national legislatures, came into force in July 1987. It had several goals¹²; the most important of which was to complete the single market by midnight December 31, 1992. This would be achieved by removing physical, fiscal, and technical barriers to trade, thereby creating "an area

¹¹ In 1971 Richard Nixon's administration took the United States off the gold standard. Prompted by a growing US defense budget, weakening productivity, falling exports, rising inflation, and a growing balance-of-payments deficit, Nixon had signaled the end of the Bretton Woods system by imposing domestic wage and price controls and placing a 10 percent surcharge on imports.

¹² For details, see Box 3 in the Appendix.

without internal frontiers in which the free movement of goods, persons, services and capital is assured” (SEA, Article 13).

The SEA was widely acclaimed as the single most important and successful step in the process of European integration since the Treaty of Rome. In practical terms, it meant that the Commission and the Council of Ministers had to agree on 282 new pieces of legislation, which then had to be applied at the national level.

Toward Political Union: The Treaty of Maastricht

The highly controversial idea of political integration long received less attention, because of a prevailing feeling that there was little hope of building political union without first achieving economic union. During the 1960s the foreign ministers of the Six looked at ways of promoting political union and concluded that it would best be done outside the EC framework rather than by giving the EC itself more power. In 1972 and 1974, at Community summits proposals were tabled for reaching political union by 1980 - a target that was wildly unrealistic. Instead, work developed on the coordination of foreign policies, in a process known as European Political Cooperation (EPC). EPC achieved some early success such as the 1970 joint EC policy declaration on the Middle East. But later, for example in 1991, the differences also became vivid when Germany unilaterally recognized Croatia and Slovenia without conferring with its EC partners (McCovmick, 1999). Political union remained on the agenda of European Councils during the 1970s and 1980s. In 1984 at the Fontainebleau European Council, the French President François Mitterrand focused on the political union theme with the result that a decision was taken at Milan in 1985 to open an intergovernmental conference (IGC) on political union. The IGC finally opened in December 1990. The outcome was the Treaty on European Union (TEU),

agreed at the Maastricht European Council summit in December 1991.¹³ The original wording of the draft treaty mentioned the goal of federal union, but Britain balked at this, so it was changed and states:

“... This Treaty marks a new stage in the process of creating an *ever closer union* among the peoples of Europe, in which decisions are taken as closely as possible to the citizen” (TEU, Title I, Art. A).

The Maastricht Treaty had to be ratified by the twelve member states before it came into force. The ratification of TEU, however, proved to be a more troublesome process than had been expected. Referendums were held on the Union Treaty in Denmark, France, and Ireland. Whereas France and Ireland voted in favor of the Treaty, the Danish referendum sparked a crisis, as 50.7% of the Danes voted against the decisions reached at Maastricht and threatened to block major reforms they contained. Finally, the TEU was accepted by a second referendum held in Denmark. Following ratification in the other eleven states, the TEU came into force in November 1993. With its passage, the EEC became one of the three “pillars” that made up the European Union the other two being the Common Foreign and Security Policy (CFSP) and Justice and Home Affairs (Weidenfeld and Wessels, 1997).

The Main EU Bodies and Their Functions

As far as this Master’s Essay does not focus only on EU institutions, a detailed information about main EU bodies and their functions is omitted. However, their brief description is necessary in the context of the introductory chapter to EU evolution.

The most visible of the five major institutions of the EU is the European Commission, which is both the executive arm of the European Union and its bureaucracy. It is responsible for

¹³ For details, see Box 4 in the Appendix.

generating new laws and policies, for overseeing their implementation, for representing the EU in international negotiations, and for promoting the interests of the EU as a whole. As the most supranational of the EU institutions, it has long been at the heart of the process of European integration. The European Commission is based in Brussels and has five main elements: The College of Commissioners, the president of the Commission, the directorates-general (DGs), the Secretariat General, and the advisory committees.

The European Commission is led by a group of 20 commissioners, who function as something like the cabinet of the EU system, taking collective responsibility for their decisions. Each has a portfolio for which he or she is responsible. Commissioners are appointed by their national governments. Despite the way they are appointed, commissioners are not supposed to be national representatives, and they must swear an oath of office before the European Court of Justice in Luxembourg saying they will renounce any defense of national interests.

The dominating figure in the Commission hierarchy is undoubtedly the president. Technically, the president is no more than a first among equals and can be outvoted by other commissioners. The president's trump card is the power of appointment. He or she oversees meetings of the College, decides on the distribution of portfolios, represents the Commission in dealings with other EU institutions, represents the EU at meetings with national governments and their leaders, and is generally responsible for ensuring that the Commission gives impetus to the process of European integration.

The Council of Ministers is the forum in which national government ministers meet to discuss issues, build consensus, and take the final decisions on EU law and policy. It is the primary champion of national interests and, arguably, the most powerful of the EU institutions. Once the Commission has proposed a new law, the Council of Ministers - following a complex

process of consultation with the European Parliament (EP) – is responsible for accepting or rejecting the proposal. Although it must work closely with the other institutions, it has the final say on what will and what will not become EU law. In many ways, its lawmaking powers make the Council more like the legislature of the EU than is the EP, although new powers for Parliament in recent years have made the two bodies into “colegislatures”.

Actually the Council consists of several different councils, depending on the topic under discussions. Overall direction is provided by the presidency of the Council, which is held in rotation for six-month terms by each EU member state. Meanwhile, the day-to-day work of the Council is overseen-and most of its key decisions mapped out-by the Committee of Permanent Representatives (COREPER), a powerful body made up of the permanent representatives of the member states, and by a complex web of specialist working groups.

At first glance, the European Parliament (EP) looks and sounds much like the legislature of the EU: it is the only directly elected institution in the EU system, and it has many of the trappings of a legislature, including party groupings and committees. However, it lacks three of the defining powers of a legislature: it cannot introduce laws, enact laws, or raise revenues. It can ask the Commission to propose a new law or policy, has almost equal powers with the Council of Ministers to amend legislative proposals and approve the EU budget, must approve and can fire the Commission, and can veto applications from aspirant EU members. However, the Commission still holds the power of initiation, and the Council has most of the real power of decision-making. In short, Parliament either shares powers with or negates the powers of other EU institutions. The European Parliament is the only directly elected international assembly in the world. It consists of a single chamber and its 626 members are directly elected by universal suffrage for fixed, renewable five-year terms. The president of the EP presides over debates

during plenary sessions, passes proposals to committees and represents Parliament in its relations with other institutions. The president must be a MEP and is elected by other MEPs.

The European Court of Justice (ECJ) has been one of the most important champions of European integration that has pursued that cause largely out of the public eye. Its contribution has been critical because without a body of law that can be uniformly interpreted and applied throughout the EU, the Union would have no authority and its decisions and policies would be arbitrary and largely meaningless. The Court of Justice has no constitution beyond the accumulated treaties and laws agreed by the member states. Taken together the treaties amount to something like a constitution for the European Union, but they need the kind of clarification that only the Court can provide. The Court has four main elements: the judges that are fifteen in number and are appointed for a six-year renewable term of office by common accord of the member-state governments; the president of the Court who is elected by the judges from among their own number by majority vote to serve a three-year renewable term, the advocates general-nine in number, who look at each of the cases as they came in, study the arguments and deliver preliminary opinions in Court before the judges decide on what action should be taken and which EU law applied; and the Court of First Instance which has fifteen judges from each of the member states, is a subsidiary organ to the Court of Justice and is the first point of decision on some of the less complicated cases.

Chapter II: EU Policy toward Enlargement

The first chapter of this Master's Essay was devoted to the description of the whole course of European Union evolution, starting from the history of establishment of separate Communities and concluding with the probably most momentous EU treaty of 1993 to bring the whole cooperation and integration existing before it under a common roof of a house called the European Union. Now it is reasonable to pass on to the very analysis of major EU events, decisions, policies as well as discussion of some particular issues that have been a success promoting the European integration process or have failed hampering the process toward a united Europe.

EU – Never Static Organization

The last few years of the 20th century have been full of the challenges for the European Union: at the top of the agenda is an institutional reform, followed by the final stages of economic and monetary union, and lastly the planned enlargement of the Union to include the new Central and Eastern democracies, Malta and Cyprus. Probably today the need for consolidation is felt as strongly as it was after the World War II. The need for closer European integration has been accelerated by events such as the end of Cold War and the break-up of the Soviet Union. These events opened up new horizons of international cooperation, and propelled the Union into a key role for promoting change and stability across Europe (Weidenfeld and Wessels, 1997, p. 92). But why did I mention stability, security and change? The answer lies in the fact that enlargement of the European Union will affect not only the destiny of Europeans, the Member States and the applicant countries. Through its international implications, enlargement will have an impact far beyond the new frontiers of an enlarged Europe because it will increase Europe's weight in the world, give Europe new neighbors and form Europe into an

area of unity and stability. In other words, enlargement will increase Europe's say in international arena and will certainly bring to new geopolitical arrangements. With all these in mind, in Madrid (1995) the European Council stated that enlargement of EU had become both a political necessity and a historic opportunity for Europe.

Actually, the EU has never been a static organization. Over the period from the EU's creation in 1951 to the mid-1990s, the number of Member States has more than doubled. The initial Six were a kind of homogeneous group of developed industrialized countries, characterized by high level of economic growth. In retrospect, the process of integrating these states proved to be relatively easy, at least easier than those after each enlargement.

Particularly, the first expansion in 1973 was to the north and west, and brought membership for the UK, Denmark and Ireland. Although these countries were welcomed for their democratic traditions, this was not a comfortable process for the EU¹⁴. The second phase of expansion brought EU membership for three Mediterranean states: Greece in 1981, and Spain and Portugal in 1986. These semi-industrial countries had emerged from dictatorship only in the 1970s and although have experienced rapid rates of economic growth, still remain relatively poor compared to the other Member States. Actually, their membership made the EU substantially more heterogeneous. The total number of Member States grew to 15 with the enlargement in 1995 to accept Austria, Finland and Sweden. Thus, through its whole existence the EU has been constantly reacting to applications to join, negotiating accessions or accepting new members. As a result, the EU has considerable experience of enlargement. Today the EU is standing on the threshold of a fourth phase of enlargement and, here, a fundamental question is whether the EU can draw much from its history and experience of enlargement that the observation that

¹⁴A number of acrimonious disputes followed before Britain was prepared to accept the EU membership.

absorbing new members is difficult. This may sound somewhat ironical, but the value of the experience of previous enlargements seems to be largely irrelevant. If the first three phases of enlargement can be defined as ‘classical’, the post-1995 enlargements can be described as ‘adaptive’, with the implication that the future enlargement process will involve much more adjustment of the EU itself (and its institutions) than in the past.

Moreover, the new phase of enlargement is a unique challenge, since it is without precedent in terms of scope and diversity: the number of candidates (12), the area (increase of 34%) and population (increase of 105 million), the wealth of different histories and cultures.

But, after all, who qualifies for membership?

Article O of the Treaty on European Union set out the basic principle that:

‘Any European State with a system of government founded on the principle of democracy may apply to join the Union.’

A question might rise here as for what is meant by ‘European’ and who defines what is European and what is not. For sake of space I would not go deep into that discussion. It must be enough to mention that, although there is no firm rule, but it is generally accepted that the criteria for being European are a mixture of historical, geographical, cultural and religious features.

The issue of future expansion was troublesome also because of the debate going on inside the EU over deepening versus widening. Deepeners wanted the EU to develop closer ties before it took on new members, while wideners argued that membership should be open to other states immediately. Wideners themselves were divided according to their aims of enlarging the EU. For example, the British Prime Minister John Major favored widening mainly because he wanted the process of integration to slow down, while German Chancellor Helmut Kohl wanted to bring in new Eastern European members to prevent them from breaking down into ethnic rivalries, as had occurred in Yugoslavia. In a sense, the admission of East Germany through the back door with

the reunification of Germany in October 1990 was a dry run for the possibility of further eastward expansion (McCovmic, 1999, p. 73).

So soon after the fall of the Berlin Wall in 1989, the European Community quickly established diplomatic relations with the countries of Central Europe. It removed long-standing quotas on a number of products, over the next few years, concluded Trade and Cooperation Agreements (TCA) with the former Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovenia. During the 1990s, the European Community and its Member States progressively concluded association Agreements, so-called 'Europe Agreements', with ten countries of Central Europe. The Europe Agreements provide the legal basis for bilateral relations between these countries and the EU. It is reasonable in this context to remind the reader that the European Community had already established similar Association Agreements with Turkey (1963), Malta (1970) and Cyprus (1972) (<http://europe.eu.int/comm/enlargement/intro/coop-access.htm>).

New Accession Criteria for New Member States

In 1993, at the Copenhagen Council, the Member States took a decisive step towards the current enlargement, agreeing that 'the associated countries in Central and Eastern Europe that so desire shall become members of the European Union'. This statement confirms the fact that enlargement was no longer a question of 'if' but more a question of 'when'. Here too, the European Council provided a clear response:

'Accession will take place as soon as an applicant is able to assume the obligation membership by satisfying the economic and political conditions required.'

At the same time, the Member States designed the membership criteria, which are referred to as the Copenhagen Criteria. Soon after the adoption of these criteria, all ten associated

countries of Central and Eastern Europe have applied for membership and the Council has initiated the procedure of consulting the Commission, in accordance with Article O of the Treaty on European Union. The Copenhagen criteria state that ‘the membership requires that the candidate country:

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

To what extent applicant states comply with the Copenhagen criteria is highlighted in Reports of the European Commission on the progress of candidate countries toward EU membership first published in 1997. Following this publication of 1997, each year the Commission submits regular reports to the Council on further progress achieved by each country. But we should not forget that the potential accession of the Central and Eastern Europe also calls for changes within the EU itself. It will probably be the biggest challenge that the European Common Market has had to cope with since its formation in 1957, because it will have to involve a fundamental reform of the European Union. Incorporating the countries of Central and Eastern Europe is not comparable, as it was mentioned supra, with the past enlargements of the early 70s (admission of Great Britain, Ireland and Denmark) or even the last expansion of the EU in Germany 1995 (admission of Sweden, Finland and Austria). Giving the EU membership to these countries would change the character of the whole European unification process (<http://eiop.or.at/eiop/texte/1997-014.htm>). And the reason for this is that earlier enlargements

have only affected the size of the Union and thus can be seen as change in the member's quantity, whereas the integration of Central and Eastern European countries (CEEC) would be a change of the Union's quality. First, it takes in members that are still in the process of transforming their system from a planned to a market economy thus confronting the Union with a whole set of economic, financial and political problems. Secondly, enlargement by up to ten countries over the next ten or fifteen years requires also the implementation of new rules regarding representation, voting as well as changes to the agricultural policy and the structural funds. The above-mentioned facts suggest that both the EU and the applicant countries should have strong reasons and motivation to go through all these difficulties. It is not difficult to realize that "the countries of Central and Eastern Europe see EU membership as a means of reinforcing their security and the process of modernization in order to create a stable basis on which to push ahead with the transition to democracy and a market economy" (Weidenfeld and Wessels, 1997, p. 91). But the applicant countries cannot fail to embrace that EU accession does not provide an instant solution to all their problems and, in particular, does not in itself guarantee economic success. As noted in Croft et al., (1999, p. 59) "EU membership is what new members make of it. It offers a chance to attract foreign investment and EU financial aid, and to use this to generate economic development and enhanced growth, but this opportunity can be grasped only with appropriate national economic policies."

The 'Integration Dilemma'

However, even if the political and economic benefits of membership were not that clear, still the CEEC, would choose to join the EU for a number of reasons. First, in Europe and in the whole world there is a growing perception that the EU represents 'Europe'. For a country that does not stand confidently on its feet not joining would engender a feeling of exclusion or

isolation, particularly the fear of exclusion from the European mainstream and the single market. Another reason for joining is the fact, that EU accession is both politically and economically attractive especially for a poorer country. For Turkey, for example, the EU membership means the confirmation of its 'European vocation', while for Cyprus (Greek Cypriots) EU accession is a catalyst for resolving the Cyprus problem. Another reason for joining the EU is that there is no other adequate alternative to it. So the applicant states "are faced with what has been characterized as an 'integration dilemma': they have to choose to join the EU and consequently lose a significant element of their sovereignty, with the danger of being 'entrapped' within European integration, or to remain independent, which carries the risk of being 'abandoned' and isolated from the integration process..."(Croft et al., 1999, p. 66).

Even if we look at this problem from another standpoint, it still becomes evident that the costs of not joining are high. Most important, there is no suitable alternative to the EU in this part of the world. The EU dominance within Europe and the implied need for some attachment by non-members means that the real issue has become what forms that attachment should take. Short of full membership, what the EU offers is 'association', which is a rather vaguely defined concept originally specified in very broad terms as "creating... reciprocal rights and obligations, joint actions, and special procedures" (Treaty of Rome (EEC) Article 238). Consequently, association has effectively been defined by practice and has taken three forms:

1. the original, pre-1989, ad hoc form of association was available, on a country-by-country basis, to those countries which might ultimately aspire to EU membership - Greece in 1961 and Turkey in 1963, Malta in 1970 and Cyprus in 1972;
2. the EEA - an EFTA-EU agreement which basically allows EFTA participation in the EU's single market;

3. the 'Europe Agreements', which were a specific arrangement, designed in the 1990s, to meet the aspiration of the emerging CEECs in the short to medium term. In fact, these are similar to the original Association Agreements.

In reality, all of these suffer from nearly similar drawbacks and few, if any, non-member countries have regarded them as suitable frameworks for a long-term relationship with the EU (Croft et al., 1999, p. 65). As for the first-generation Association Agreements, they became progressively more modest and proved difficult to negotiate and implement in practice. And though it is true that in all four cases developments within associates largely 'contributed' to wrecking the Agreement, but also the EU has often seemed unwilling and unenthusiastic about the whole concept of association.

The second alternative, the EEA, is essentially a mechanism by which the four freedoms of movement (goods, services, people and capital) have been extended to non-member states (all ex-member of EFTA) to allow them to participate in the EU's single market. However, while the EEA is more attractive than the original concept of association, it is still unsatisfactory from the perspective of participants on the non-EU side, particularly because all decisions to determine the rules and regulation are taken in the EU's Council of Ministers.

The third form of association - the Europe Agreements - is a special category of association, as it was mentioned above, established specifically for the emerging CEECs. They are an updated and a little bit expanded version of the original Association Agreements. However, they suffer from drawbacks of both so-called first-generation Agreements and those of EEA. Particularly with the publication of 'Agenda 2000' the Europe Agreements have become a preparatory stage toward, rather than an alternative to, full membership of the EU.

In sum, whatever our opinion is about the expediency of the enlargement, it still will take place because the political reality within Europe dictates that it must. The central questions here concern the terms on which enlargement will be realized and the adjustments to the workings and policies of the EU that might be necessary to accommodate the new members. Hence, a question should be asked about whether the EU is ready to make some concession on the accession criteria and what form of integration it is going to adopt after enlargement takes place? The first part of my question will be discussed later in this chapter when examining the nature of omissions of applicant states on both political and economic criteria mentioned in the European Commission's Reports.

Differential Integration versus Single-tier, Single-speed EU

It has already been mentioned that enlargement to include at once ten countries of Central and Eastern Europe, Cyprus and Malta is a great challenge for the Union because the very large differences in economic and social developments which these states will bring with them, will present the Union with institutional and political challenges far greater than ever before (to say nothing of numerous other reasons). It is clear that till the enlargement all the economic and political discrepancies between Member states and the newcomers would not be eliminated. So, a question poses itself: what if these disparities between member states are irreconcilable? The answer may lie in differential integration, which suggests a simple idea that the fourth phase of enlargement is not compatible with the continuation of single-tier, single-speed EU. It is important to look at possibilities or scenarios according to which integration within EU can take place:

1. A single-speed EU is where every member state participates fully in every stage in every policy. The EU has actually not been single speed since 1973, when it began to enlarge,

because, for most of the period since then, there have been one or more new members in a transition stage with a variety of omissions. More fundamentally, the EU has pursued a number of multi-speed policies in which, by design, not all members participate fully¹⁵.

2. A single-tier EU is where every member state is pursuing the same group of policies, which correctly describes the EU until 1992, when the British and Danes were given opt-outs from various aspect of the TEU¹⁶.

3. A multi-speed EU is where every member is included in every policy in principle but, in practice, each member is moving at a different speed. In practice, this is already happening in the EU and arguably is merely an expedient device for maintaining unity and at a time when some members are better able to press ahead than others.

4. A multi-tier EU is where all members do not pursue all policies. Instead, members are grouped into tiers, and are 'signed up' to progressively fewer EU policies; only the tier at center, the so-called 'hard core', participates in all EU policies. In short, it is not simply a question of different speeds, but of different destinations¹⁷.

A discussion on the aforementioned form of integration within EU is needed here. A number of theorists argue that enlargement can and will take place only if the EU adapts its structure and embraces 'flexibility'. Various forms of 'flexibility' have been discussed above-one being a multi-tier arrangement, which, according to these theorists is considered to be the most feasible. However feasible it may be, it is still far from being expedient because a multi-tier arrangement within EU will assure only the number of members, and in no way will contribute

¹⁵ The most obvious example is economic and monetary policy, which has always been envisaged as a multi-speed policy.

¹⁶ Of course, while a single-tier EU may also be single speed, it is equally possible to have a single-tier, multi-speed EU.

¹⁷ This classification is provided in Croft et al., *The Enlargement of Europe*, pp.81-82.

to the deepening of EU integration. In a multi-tier EU the concept of 'membership' becomes variable. This has radical implications for aspiring EU members of the late 1990s and beyond. On the one hand, this may not seem unattractive, as it can allow new members to opt out of the aspects of EU membership that do not suit them. But on the other hand, a more likely scenario is that the existing EU membership will dictate the nature of the 'membership' that it offers. And in this case, the multi-tier EU will offer to the newcomers a lower tier of membership that will amount to a little bit more than association (Croft et al., 1999, p. 82).

Whatever has been mentioned becomes more vivid on a particular example. What will happen with the EMU in the case when a multi-speed or multi-tier type of integration is adopted for future enlargement?

Imagine that a significant number of states fail to achieve the EU convergence criteria. With relatively few states adopting the single currency there would be a danger of a 'multi-tier' Europe. There would be the inner core of low-inflation economies. Beyond this would be a bloc of states waiting to join EMU, and perhaps states such as the UK wishing not to be members under any circumstances. It would be politically damaging if the core of highly integrated economies were seen as being superior to the other member states. Overall, there is a possibility that the Single Market will suffer as a result of fragmentation, caused by differing exchange rate regimes within the EU. For those that remain outside EMU, there will be higher transaction costs to pay in their dealings with other states. The higher interest rates may come about because of the greater risk of dealing in non-EMU currencies.

Another problem that a multi-tier form of arrangement will raise is the difficulty as how the EU's institutions - particularly the European Parliament and decision-making procedures -

can be suitably adopted? There is a danger that this type of integration will sooner or later make agreement within EU impossible, thereby causing the EU to grind to a halt.

Coming back to one of the most momentous summits in the history of the EU - the Copenhagen Summit of 1993 and the accession criteria adopted during this summit - we need to somewhat elaborate on the description of the separate criteria and the degree of adjustment of applicant states to them. For the purposes of our analysis, the Reports of the European Commission on the progress made by the applicant states toward EU accession are used here. These opinions on each application for membership are being prepared by the Commission at the request of the Council. The Commission's assessment draws on numerous sources of information, taking as a starting point the replies to questionnaires sent to each of applicant countries. The Commission also takes into account assessments made by the Member States, particularly with respect to the political criteria for membership established by the Copenhagen European Council. The Commission also takes into consideration the European Parliament's reports and resolutions, and the work of various international organizations, non-governmental organizations (NGOs) and other bodies. The Commission also considers the progress made under the bilateral agreements that are the main elements in the Union's relations with the applicant countries¹⁸. It should be also noted that the Commission's task was unprecedented because the Copenhagen criteria are broad in political and economic terms and go beyond the *acquis communautaire*, which has expanded considerably since previous enlargements. The *acquis* of the Union now includes the common foreign and security policy and justice and home affairs, as well as the objectives and the progressive realization of political, economic and monetary union.

¹⁸ Europe (Association) Agreements cover economic cooperation, trade and political dialogue.

With regard to the political criteria for membership, the Commission considers the effective functioning of democracy as a primordial question in assessing the application of a country for membership of the Union. The Amsterdam Treaty has enshrined in Article F a constitutional principle that “The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law” (www.europe.eu.int/comm/enlargement/agenda2000/strong/22htm). Therefore, the Commission considers 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. So the Political criteria states that “membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities.” In order to evaluate the extent to which applicants meet this condition for membership, the Commission, in each opinion published every year, goes beyond a formal description of political institutions, and the relations among them, to assess how democracy actually works in practice, in terms of a series of detailed criteria.

How Democratic the Applicants Are?

Countries wishing to become members of the Union are expected not just to subscribe to the principles of democracy and the rule of law but also actually to put them into practice in daily life. For the study of the nature of major drawbacks in the political life of the applicant states the earliest of the Commission’s Reports, those of 1997, represent a primary value. The most interesting and reveling aspects of the political situation in the applicant countries could be summarized below.

On the whole, the applicant countries' constitutions guarantee democratic freedoms, including political pluralism, the freedom of expression and the freedom of religion. They have set up democratic institutions and independent judicial and constitutional authorities, which permit different state authorities to function normally, have held free and fair elections, permitting the alternation of different political parties in power and, in general, recognize the role of the opposition.

However, some of the applicant countries do not have stability of institutions enabling the public authorities to function properly and democracy to be consolidated. All the applicant countries have flaws in the rule of law, which they need to put right. There is a lack of suitably qualified judges and guarantees of their independence.

Romania did not experience a genuine change of government until the June 1997 elections. The political system has long been characterized by the persistence of practices inherited from the communist system, with too much government interference in the media and the judicial system. The changes that took place in Bulgaria in 1997 and the reforms announced by the government are prerequisite for achieving decisive progress in terms of democracy and the rule of law. As for Slovakia, there is still a huge gap between the letter of constitutional texts and political practice. The Commission is concerned that the rule of law and democracy are not yet sufficiently deeply rooted. The failure of the May 1997 referendum on NATO membership and on the Direct election of the president, unsuccessful attempts by the government to reform the penal code, with a view to limiting the freedom of expression, the efforts to block an inquiry into the activities of the secret services and various forms of pressure exerted by the government on officials and cultural bodies, all these have been mentioned in the Report of the Commission as symptoms of the instability of the country's institutions.

As for human rights protection, the respect for fundamental rights is in principle guaranteed in most of the applicant countries. All have acceded to the Council of Europe's Convention for the Protection of Human Rights and Fundamental Freedoms and the Protocol allowing citizens to take cases to the European Court of Human Rights. The Commission is somewhat concerned with the children's rights protection in Romania, because it has inherited from the Communist regime a system, which placed many children in state institutions in conditions that violate conventions on children's rights. This problem concerns more than a hundred thousand orphans.

Another common problem is that although freedom of expression and of association is assured in all applicant countries, the independence of radio and television needs to be strengthened.

Real problems arise when addressing the state of minorities in some countries. Almost all of the applicant countries have minority populations, whose satisfactory integration into society is a condition for democratic stability. Minorities account for 44% of the population of Latvia (when 34% are Russian), 38% in Estonia (30% Russian), 20% in Lithuania (9% Russian), 18% in Slovakia, (11% Hungarian, 5% Roma) etc.

It should be mentioned in this context that the applicant countries do not seem willing to sign and ratify the Framework Convention for the Protection of National Minorities and recommendation 1201 adopted by the Parliamentary Assembly of the Council of Europe in 1993. The latter, though not binding, recommends that collective rights be recognized, while the Framework Convention safeguards the individual rights of persons belonging to minority groups.

For example, in Romania, the Hungarian minority is represented in Parliament by 25 deputies and 11 senators and in the government by 2 ministers. It is also represented in local

authorities and benefits from the right to education in Hungarian in primary and secondary schools and from the right to use Hungarian in contacts with the administration and the judiciary. Unlike Romania, in Slovakia, where such rights are in principle recognized, the Hungarian minority faces a number of problems in exercising its rights. Following the adoption of the law on the national language and in the absence of a law on the use of minority languages, the exercise of several of the Hungarian minority's rights has been put into question.

Things become much worse when addressing minority rights protection issue in Latvia and Estonia. The Report says that non-citizens constitute 28% of the population in Latvia and 25% in Estonia. A rather odd explanation says that minorities are meant under the word non-citizens. The Report states, although with insignificant reservations, that there is no evidence that these minorities are subject to discrimination except for problems of access to certain professions in Latvia. Such wording of the whole Chapter sounds strange. Isn't it a clear evidence of minority rights violation that 700.000 of Russians living on the territory of Latvia are not citizens of the country, hence are not represented in any branch of government? Shouldn't the real democracy be representative?

The unresolved minority problems can affect democratic stability or lead to disputes with neighboring countries. It is therefore both in the interest of the Union and of the applicant countries that satisfactory progress in integrating minority populations be achieved before the accession process is completed. Although, on the whole, it is obvious that some omissions in the political criteria will never present a serious obstacle to accession. It is also evident that the EU high officials fully realize that they should wait for at least another decade to pass for the newly established or reestablished democracies to fully comply with all the aspects of a true democratic state.

Compliance of Applicants with the Economic Criteria

As for the economic criteria, the Copenhagen European Council indicated that, in the economic area, membership requires “the existence of functionary market economy as well as the capacity to cope with competitive pressure and market forces within the Union.”

To start with, it should be noted that the economic situation in the applicant states vary considerably, although we should also admit that they have made considerable progress in the transition to a market economy. However, for all of them, the break-up of the Council of Mutual Economic Assistance (CMEA), the former communist trading bloc, and the beginning of market reforms implied a major initial shock. For some this was aggravated by severe disequilibrium in the beginning, while others inherited comparatively stable conditions and higher standards of living. For these and some other reasons, reform has taken a different course from country to country. Although almost all applicants have progressed substantially in recent years, often with high growth rates, several still find themselves in fragile economic conditions. Some have achieved a high degree of price stability and are close to budget balance, while others face large and rising trade deficits, resulting from imports of capital equipment as well as consumer goods. In general, structural reform still has a long way to go, particularly in the banking, financial and social security systems. Most applicants still need to restructure large state-owned industries, which dominate local economies and are very hard to reform for both social and economic reasons.

On the whole, today, none of the applicants fully meet the two economic conditions of Copenhagen, although some should be able to do so in a few years from now.

We continue with a detailed discussion of two economic criteria and the level of adjustment of the applicants to them. The first economic criterion identified by the Copenhagen

Council is the existence of a functioning market economy. This requires a number of conditions to be met which are analyzed in each opinion, namely: equilibrium between demand and supply should be established by the free interplay of market forces, prices and trade should be liberalized, etc. Assessing each applicant in the light of these conditions, the Commission finds that five of them – the Czech Republic, Estonia, Hungary, Poland and Slovenia can be considered functioning market economies, even if in all the cases important features still need to mature and develop further.

The other applicants have made substantial progress, especially in recent times, and should be able to meet this first economic criterion as early as it is possible. For these countries, the main challenge now is to strengthen the implementation of their legal and institutional reforms and in some cases to avert the risk of further macroeconomic instability.

The second economic criterion is the capacity to withstand competitive pressure and market forces within the Union. The assessment of the degree of compliance with this criterion is much more difficult to carry out than for the first one. On the one hand, a comprehensive view needs to be taken including a considerable number of factors and on the other hand, an assessment of future developments needs to be made.

The analysis carried by the Commission services led to the following overall picture:

- Trade integration in most countries and Foreign Direct Investment (FDI) in some countries has progressed substantially. However, in some countries, there has been reversal from initial trade liberalization, mainly for macroeconomic reasons:
- The functioning of capital markets and competition rules is improving everywhere but generally still far from satisfactory;
- The state infrastructure remains poor;

- Wage levels are still well below Union levels;
- Privatization has progressed at different rates and the progress remains to be completed.

As we can see from the above statements none of the findings of the Commission is a fully positive opinion about the applicant degree of preparedness. How the applicants will perform with regard to this criterion remains difficult to predict. But while keeping in mind the difficulties inherent in such an assessment, the Commission finds that two countries (Hungary and Poland) should satisfy the second criterion in the medium term, provided they stay on their current course. Three others – the Czech Republic, Slovakia and Slovenia – should be in the same position on condition that they strengthen their efforts and avoid policy reversals. Because Estonia has modernized and radically liberalized its economy, it comes close to this last group, but its large external imbalance is a cause for concern.

When we compare the findings of the European Commission concerning the two parts of the economic criteria, it turns out that Hungary and Poland come closest to meeting them, while the Czech Republic and Slovenia are not far behind. Estonia meets the first criterion, but still has some progress to make to meet the second one. Slovakia meets the second criterion but cannot yet be fully regarded as a functioning market economy.

Acquis Communautaire: A Cornerstone of the European Edifice

The third criteria adopted by the Copenhagen European Council states that membership requires “the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.”

In applying for membership, the countries of Central and Eastern Europe accepted the objectives of the Treaty on European Union, including political, economic and monetary union. However, as for the aim of economic and monetary union, the EU officials cannot fail to understand that it is unlikely that the applicants will be able to join the Euro area immediately upon accession. Indeed, further progress in structural reform will be necessary before they will be able to maintain sufficient macroeconomic stability in the long run.

Another part of these criteria refers to the adoption by the applicants of the so-called *acquis communautaire*. But what is it? Philippe Schmitter explains:

“The *acquis communautaire* is one of the most sacred of the EC, now EU, concepts. It refers to the sum total of obligations that have accumulated since the founding of the ECSC and are embedded in innumerable treaties and protocols. So far any state which applies to the EC/EU is expected to accept as a matter of principle the responsibility for fulfilling all these obligations” (1996, p. 162).

Roger J. Goebel summarizes the content of the *acquis* in a very helpful fashion: the Treaties; the institutional structure; the legislation and other acts of the Community; international agreements entered into by the Community; legislation and other acts adopted during the negotiations; the somewhat vague concept of the ‘political objective’ of the Treaties. At the same time he states “accession implies recognition of the binding nature of these rules, observance of which is indispensable to guarantee the effectiveness and unity of Community law” (Goebel, 1995, p. 1144).

When looking in retrospect, one finds a lot of similar features and processes going on with each enlargement. Every single enlargement of the EU has prompted debates on issues such as applicants' qualifications, the possible need for EU self-reform, impact on policies like agricultural and regional policy, the balance between widening and deepening – issues which are, to this or that extent, discussed in this Essay. However, it is also worth noticing that every single enlargement has been accompanied by a fairly brief but distinct emergence of the *acquis communautaire*. Knud Erik Jørgensen states that “whereas the *acquis* seems to live a dull and uninteresting life between periods of enlargements, it also seems to be one of those immensely important concepts that always finds its way into the headlines of newspapers, magazines, journals and news bulletins when enlargement is on the agenda” (<http://eiop.or.at/eiop/texte/1999-005.htm>).

From all that has been said, it can be inferred that the adoption and implementation of the *acquis* upon accession is a difficult challenge for the applicants to make and considerable additional efforts need to be made. With the current phase of enlargement its adoption becomes a far greater challenge than in earlier enlargements. In the previous enlargements, the new members, as participants in the EEA with highly developed economies, had already taken on large part of the *acquis*. This is not the case with present applicants. Moreover, Community legislation has expanded considerably (regarding the Single Market, CFSP, EMU, and justice and home affairs). An interesting and to some extent confusing situation has been created around the adoption of the *acquis communautaire*. On the one hand, it is among the three obligatory criteria and only complete compliance with them will make the membership feasible, on the other hand everyone in the EU admits that the adoption of the *acquis* is a difficult

challenge. In this context, a question should be raised about whether there is any possibility of partial adoption of the *acquis communautaire*.

The answer is negative. As in previous enlargements, the European Council has ruled out any idea of a partial adoption of the *acquis*. The Commission's observations on this question in the context of the accession of Spain and Portugal are relevant to the forthcoming enlargement. "A partial adoption of the *acquis* without solving the underlying problem, whose solution would merely be postponed, could create new difficulties which would be even more considerable. If one or the other party obtained such an exception, it is clear that this would not be without compensation. Little by little, a process would begin, going beyond the principle that problems of integration can be gradually solved by transitional measures, which would considerably dilute the *acquis* as a whole. In addition, the problem would arise of the institutions' capacity to take decisions on policies which would no longer be common" (<http://eiop.or.at/eiop/texte/1999-005.htm>).

In conclusion, it emerges that if current efforts are reinforced, Hungary, Poland and the Czech Republic should be able in the medium term to take on the major part of the *acquis* and to establish the administrative structure for its application, while Slovakia, Estonia, Latvia, Lithuania and Slovenia would be able to do so only after considerable and sustained efforts.

To Euro or Not to Euro? The EMU and Identity Politics

The next important aspect of the EU enlargement process is the Treaty of Amsterdam signed at the 1997 Amsterdam Intergovernmental Conference, which was called to modify the EU rules.

Already in Maastricht the EU leaders agreed that a new IGC should be convened to take stock of the progress of European integration. This process had already started at the IGC in Turin at the end of March 1996 and came to an end with the conclusion of the Amsterdam Treaty of 1997. One of the main objectives of the Treaty of Amsterdam was to make the Union's institutional structure more efficient with a view to enlarging the Union, with new member states joining (<http://eiop.or.at/eiop/texte/1997-044.htm>). The reform of the rules was especially concerned with the extension of qualified majority voting, the degree of parliamentary participation, and a stronger presidency for the Commission, and closer ties with the national parliaments. The EU's growing membership, and particularly the forthcoming accession of rather dissimilar Eastern and Southern European countries, certainly requires relaxing the unanimity voting quota in the Council of Ministers in order to decrease the danger of gridlock in European legislation (Konig and Bräuninger in Gerald Schneider and Mark Aspinwall, 2001, p. 48). Furthermore, the weighting of member states in the institutions will be modified when new states join in the future. Since the Commission is set to be limited to 20 members, the bigger countries will in effect give up their second Commissioner.

Regarding the problems of the Amsterdam IGC, the dissenting votes listed in the report of the preparatory Reflection Group established at 1994 Corfu meeting, already indicated the difficulties in formulating a common draft text. The group still identified the main issue of the IGC as making Europe more relevant to citizens by increasing the EU's competencies, improving the functioning of the EU by extending Council qualified majority voting and parliamentary participation (Nugent in Gerald Schneider and Mark Aspinwall, 2001, p. 52). However, there was consensus neither on the EP's proposal to reduce the number of procedures nor on the extension of qualified majority voting in the Council of Ministers.

Much was expected of this treaty, but it fell far short of moving Europe closer to political union, and the fifteen leaders were unable to agree to substantial changes in the structure of EU institutions. However, more focus was given to policies on asylum, unemployment, social policy, health protection, the environment, and foreign affairs. Enlargement of the EU to the east was given the green light, and the goal of launching the single currency in January 1999 was confirmed (as it was laid down in the Maastricht Treaty) which was probably the most momentous decision taken at Amsterdam Summit. At the same time, almost no issue taken in the EU has caused so much controversial attitudes among the European political elite as the decision on introducing a single currency. Fifty years ago, it was the intention of Europe's founding fathers to build peace between the people of Europe after centuries of war. Yet what they created was the greatest and most brilliant economic institution of our time. Tommaso Padoa-Schioppa (in Romano Prodi, 2000, p. 74) has pointed out that "the aim of the European project was primarily economic. But its nature, its significance and its driving force were political, and the intention was to transform power, security, institutions and nation states." The Economic and Monetary Union can also be considered as a productive interaction between politics and economics as it has resulted in a voluntary renouncement of their monetary sovereignty by eleven nation states. At the dawn of the twenty-first century, when a country's currency, rather than its military strength, is the genuine symbol of sovereignty, giving it up is really a political decision (Romano Prodi, 2000, p. 74). Thomas Risse, from the Department of Political and Social Sciences, European University Institute, argues that the vision about European order which gives political meaning to EMU, need to be understood in the framework of identity politics (www.arena.uio.no/publications/wp98_1.htm). The controversies among the political elites in the most powerful countries of the EU-France, Germany and Britain as well as the

variation in attitudes can be explained by differences in the construction of national collective identities and their relationship to European order. Money has always been closely linked to state--and nation building. The Euro is no exception. While French and German political elites have incorporated “Europe” into their nationally defined collective identities, British policy-makers, including New Labor, remain hesitant. As a result, the continental European debates about Euro have largely concentrated on the question when to join the single currency, while the British debate continues to discuss if joining was at all in the national interest. In this context, a hypothesis could be offered that the introduction of Euro emphasized the existing different perceptions of the European order in member states. The further analysis of British reluctance to join the single currency will make this point clearer.

The British attitude toward the single currency has essentially remained the same over the last decade or so. At the Maastricht summit, the British government reserved the right to decide for itself whether or not the United Kingdom would join EMU in 1999. The new Labor government confirmed this position and made it clear that Britain would probably not participate in the first round of EMU, but would adopt a “wait and see” attitude. The British reluctance toward the single currency reflects long-standing divisions within the political elites of both major parties as to the long-term goals of European integration. British views on European integration range from those opposing further Europeanization to a mainstream group within major parties supporting a “Europe of the nations” (www.arena.uio.no/publications/wp98_1.htm). European federalists remain a minority in the political discourse. In other words, the British vision of Europe is of an alliance of independent states that are in Europe and in no way run by Europe. And even today after more than 20 years

since the entry into the European Union, the majority of the British political elite still regards Britain as “of rather than in Europe”.

It is reasonable to mention the identity construction, which historically relates to the British state as a world and naval power. The glorious days of the British Empire are long gone, but are being preserved in national myths about colonial history and the special relationship with the USA. As a result, references to the importance of the Commonwealth and the Anglo-American special relationship are often used to justify objections against further European integration.

The Euro-skeptics could not also fail to manipulate the issue of sovereignty. They say they reject Euro because, on the whole, they object to a supranational European Union. As John Redwood, one of the leading Conservative Euro-skeptics once put it, “abolish the pound and you abolish Britain. You make a decisive move towards a country called Europe governed from Brussels and Frankfurt...” (www.arena.uio.no/publications/wp98_1.htm). It can be inferred from these words that a supranational EU opposes the construction and maintenance of an English national identity.

Another major problem for EMU - an economic one – is that of regional disparity, which will further intensify with the coming enlargement. The gap between the rich and poor regions of the EU is considerable, and it is suggested that EMU might make things worse. Here, it is important that when creating EMU the exchange rates are initially set at the right rate. If they are set too high, especially in a backward regional economy where productivity is low, the region will be unable to compete in trade. With an independent state, one solution to a balance of payments deficit is devaluation. But where there is monetary union this is not an option, and so there is a danger that money will flow out of the region, making the crisis for the region worse.

Without interference there is a possibility that there will be some automatic adjustment, because the surplus area will have increased money supply, which may cause inflation. However, this may not be tolerated by the central bank, which may tighten monetary controls (Ian Barnes and Pamela M. Barnes, 1995, p.140). Summing up what has been said about the introduction and implementation of a single currency, it should be noted that support and opposition to EMU in member states vary with regard to visions of European integration rather than economic consideration. If economic ideologies were all that mattered, we would expect strong support for EMU even among the British.

Chapter III. Toward Federalism? From Nice to Gothenburg

The Nice Treaty: Success or Failure

As has been already mentioned, the Union's enlargement to some 25 countries and 475 million inhabitants is a huge opportunity in terms of its security, its culture and its place in world affairs. At the same time, the sheer number of applicants will present the Union with institutional and political challenge greater than before. Obviously, not only the applicant states have to take measures toward accession, but also the Union itself should make institutional and structural reforms to be able to accept them. In this context, the Nice Summit held in December 2000 becomes important. Actually, it marked the completion of a process, started in Amsterdam and intended to meet the enlargement requirements. It is appropriate to mention here that the Treaty of Amsterdam was unable to resolve the three crucial questions for the future of the enlarged Community: the composition of the Institutions and especially the size of the Commission, the weighting of votes in the Council and the extension of qualified-majority voting related to the co-decision procedure. It was therefore clear from the start that the priority of the new Intergovernmental Conference (IGC) would be to deal with these issues, the unfinished business of Amsterdam, or the so-called Amsterdam's leftovers. Generally, predicting the future role of the Treaty is a hazardous business. The Single Act adopted in a climate of indifference, proved a powerful tool for federalization. The Maastricht Treaty, on the other hand, was ratified with the greatest difficulty but probably did not radically transform existing practice, with the exception of the single currency. Naturally, the Nice Treaty adopted in a comparatively calm atmosphere should cause the amount of trouble and controversies that started with the issue of its ratification.

Political agreement on the Treaty of Nice was reached on the 11 December 2000, and the Treaty was officially signed on 26 February 2001. The Treaty of Nice is the fourth European

treaty in 13 years¹⁹. In other words, since 1987 there has been a revision of the Treaties roughly every three years, which is an indication of both the pace of change in the European Union and the difficulty, the member states have in keeping up with it.

Another indirect problem connected with the adoption of the Nice Treaty lies in the fact that it came less than two years after the entry into force of its predecessor, the Treaty of Amsterdam (1 May 1999), at a time when its effects had not yet been completely consolidated. At the same time, the Treaty of Nice is the extension of the Treaty of Amsterdam in areas where the latter should have offered appropriate solutions but failed to do so. The two treaties should thus be read in parallel to determine the institutional arsenal and the decision-making instruments the EU can wield to tackle the challenge of enlargement it faces now.

To start with, it should be noted that Nice was no picnic from the very beginning. As in all negotiations, and the Treaty of Nice was no exception, the first battle was fought over the points for discussion. From the start the smaller member states and the European Parliament pressed for a wider agenda, whereas the larger states and the Council defended a more concise one. The former cited the political needs of a larger Union in support of their case, while the latter warned of the danger of the IGC getting bogged down, stressing the practical aspects of the negotiations.

Later discussion will be confined to examining the substance of the three principle issues discussed in Nice: qualified majority voting and the co-decision procedure, the composition of the Commission, the composition of the European Parliament.

The original treaty of Rome (1957) provided for a decision to be taken by unanimity in the Council for most of the areas covered. Nevertheless, a few provisions were already subject to qualified-majority voting, and the Treaty foresaw the introduction of majority voting in many

¹⁹ The Single European Act in 1987, the Treaty of Maastricht in 1993, and the Treaty of Amsterdam.

cases after the end of the transitional period in 1966. This led to the famous ‘empty chair’ crisis, when France rejected a series of Commission proposals, blocking their adoption in the Council and refusing to move towards majority voting. This crisis was resolved by the Luxembourg compromise, when the Council stated in its conclusions that “where very important interests of one or more partners are at stake, the members of the Council will endeavor, within a reasonable time, to reach solutions which can be adopted by all [of them]...” (www.jeanmonnetprogram.org/papers/01/010101-03.html).

This event led to the development of a ‘veto culture’. The introduction of the veto right severely hampered the progress of European integration for many years. Although majority voting was in fact introduced in several areas, the working assumption remained that if objections were raised, the veto would apply despite the fact that the exercise of the veto right was intended only for cases involving a vital national interest. That is why the qualified-majority voting was seen as a necessary condition to successful enlargements of the EU and, coupled with the co-decision procedure, was considered the main way of reducing the democratic deficit of the European Institutions. Qualified-majority voting already applied to a very large range of policies; however, several important and sensitive issues (currently 75 provisions of the Nice Treaty) remained subject to the unanimity rule. However, by the Nice Treaty, the EU made a significant extension of qualified-majority voting which was one of the key criteria on which to judge the success of the IGC. In fact, this was the official explanation of the reasons that made the member states to agree to the diminution of the ‘national veto’ right. This is a highly logical and reasonable explanation of the decision aiming at facilitation of some decision-making mechanisms especially after the enlargement. However, there is a tiny circumstance coming out of the decision in favor of qualified-majority voting that can be revealed as a result of a thorough

analysis. Specifically, the Council of Ministers is only conditionally subject to parliamentary control in that each of its members are also holding ministerial posts in his or her home country subjecting him or her to national parliamentary control. This means that the Irish Minister of Agriculture is, for example, as a member of the Council of Ministers, democratically legitimized only by the Irish people, and not by the British, German or Spanish. Until now the Council of Ministers had to vote unanimously on many issues, ensuring that each member state through its ministers would be able to exert influence and, when in doubt, safeguard his country's national sovereignty through its right of veto. Once the Treaty of Nice takes effect, the principle of unanimity will be abolished in many areas, allowing individual states to be easily outvoted and forcing them to accept decisions made by the others. This will to large extend exacerbate the problem of democratic deficit in the Union.

The next momentous decision concerned the composition of the Commission, which should be changed when absorbing new states. In fact, with each previous enlargement, the composition of the Commission has been altered by the fact of accession: from 9 to 13 following the accession of Denmark, Ireland and the UK in 1973, rising to 14 with the accession of Greece in 1981, 17 with the accession of Spain and Portugal in 1986, and 20 after the most recent enlargement to Austria, Finland and Sweden. If this continued the Commission could have 35 members with the accession of 13 new Members states, at which point it would no longer be an efficient executive and would be more like a general assembly (www.jeanmonnetprogram.org/papers/98/98-2--I.html). For this reason the issues of the composition of the Commission was possibly the most controversial one for the Nice IGC. This issue also caused a split between the small and the large states. The ten smaller Member States (Benelux, Austria, Denmark, Greece, Ireland, Portugal, Sweden and Finland) robustly defended

the right to retain one Commissioner per country. The larger Member States (France, Germany, Italy, Spain and UK), on the other hand, argued vigorously for the upper limit of 20 Commissioners and a rotation system. The rotation could become possible decision to this problem were it not for the insistence of the large Member States that rotation should apply only to the smaller states. None of the large countries was willing to concede its second Commissioner if a “one Commissioner per Member State system” was introduced. In fact, this issue was non-negotiable throughout the IGC. It is bound up with the desire of all Member State to be represented in the supranational Institution (in theory) and demonstrates the mistrust of each country for all the others.

Another issue discussed during the Nice Summit is that of the composition of the European Parliament. The EP was at first a purely consultative assembly of representatives of the national Parliaments. In 1976 it was decided that its members would in future be elected by direct universal suffrage, and 518 Members of the European Parliament (MEPs) were elected throughout the Community in 1979. Since then, the powers of the EP have steadily increased by the Single European Act, the Maastricht and Amsterdam Treaties. At the same time, the number of members has also increased, with the unification of Germany and the accession of new Member States bringing the total number to 626 MEPs.

Today the Article 190 of the Treaty provides that the system aims to “ensure appropriate representation of the peoples of the Member States brought together in the Community” (www.jeanmonnetprogram.org/papers/01/010101-03.html). In 1997, the Amsterdam Treaty imposed an upper limit of 700 on the number of the members of the European Parliament. Given the fact that the current membership is 626, the distribution of seats between all the Member States must be drastically revised if membership is to remain within that ceiling after further

accessions at the same time respecting the “appropriate representation of the peoples” criterion mentioned above.

These were only some of the issues discussed during the Nice Summit, but even these few points of discussion display that the Treaty that the Nice IGC came up with is not certainly a resounding success. However, it is not a total failure either. It provides a minimal but adequate framework to proceed with enlargement, and gives the Union the wherewithal to consolidate the Euro and established a relatively strong international role.

It should be also mentioned, that the Nice IGC publicly recognized the need to improve and monitor the democratic legitimacy and transparency of the Union and its institutions in order to bring them closer to citizens and manifested the desire of the European Union to embark on a deeper and wider debate about its future. To this end, the Nice IGC came up with a Declaration on the future of the Union, to be included in the final act of the Conference that included a unanimous reception by the member states of the fact that the future enlargement of the EU was already irreversible. However, the recognition of the need for wider public debate turned out to be more like a lip service as it will be seen in the later discussion of the results of Irish referendum.

The Irish Referendum: A Split within EU?

For Nice Treaty to become a reality full consensus among the citizens of all member states should be reached. Each state should ratify the Nice Treaty according to the law of its state. The only state that demanded referendum to ratify the Treaty was Ireland. In the other 14 EU member states, it is simply to be ratified by parliaments. So on the 7th June 2001 Ireland held a referendum on the Treaty of Nice. Less than one-third (30%) of the eligible electorate actually voted, but of those who did vote, a solid majority - almost 54% - turned down the treaty, which is

meant to reform the Union institutions in order to make space for up to 12 candidate countries. In private, several member-state and candidate foreign ministers described their reaction to the Irish vote as one of “shock” (<http://www.rferl.org/nca/features/2001/06/13062001114625asp>). The causes for such an attitude of the Irish people toward the Nice Treaty are diverse. One of the core reasons is that Irish voters were deeply dissatisfied with the new decision-making mechanisms, according to which the strength of votes of small countries would weaken which, in its turn, would entail the loss of their autonomous right to appoint a Commissioner. Another reason that should be mentioned here is that enlargement will also have negative financial implication for Ireland. After the accession of the CEEC, those members who now profit from the EU transfers will have to cope with a limitation of these amounts. The enlargement of the EU will inevitably be combined with a diversion of transfers from the former receiving countries to the new members. Particularly, enlargement will eventually entail the reform of the favorable for Ireland Common Agricultural Policy (CAP). Much of the Irish opposition has also been directed at other aspects (non-enlargement) of the treaty - notably at the issue of the formation of a European defense force. Ireland has a much-cherished tradition of military neutrality--a tradition that the No camp says would be endangered by Nice.

This is a really serious argument against the Nice Treaty, because from the time Ireland was established as a state there has existed a consensus on neutrality and a striving not to become involved in ‘the struggle for power of major European states’. From its liberation as a colony its policy of neutrality was formed, its non-membership in military alliances.

Today, with the Nice Treaty coming into effect, there will be a considerable militarisation of Europe, increasing threat of further wars. Notably, the Nice Treaty integrates the Western European Union (WEU) and the EU, allowing the EU to formulate a common European foreign

and security policy itself. As a result, the task of the members of WEU – ‘humanitarian and rescue tasks, peacekeeping tasks and tasks of combat forces in crisis management, including peacemaking’ – are now the responsibility of the entire EU and not only of those states participating in the WEU (Germany, Belgium, France, Italy, Luxembourg, Portugal, Spain, Great Britain and Holland). As a consequence, the EU will become an offensive alliance in which a neutral state cannot be a member at all. Another point that represents a contradiction to neutrality concerns the establishment of a European army. Specifically, the European army with an active force of 60.000 soldiers that can be deployed within 60 days and be capable of fighting for up to one year no longer needs to be ratified by the member states. And what is more astonishing is that in no document are the conditions for deploying this military force outlined, meaning that every EU member state who may not have behaved in conformity to the EU wishes, may and should expect to have troops deployed in their countries (<http://currentconcerns.ch/special/specialarti08html>).

But, to the purpose of this study, the causes of Irish vote are less important than its results. So, an important question here is whether the Irish referendum really endangers EU future plans of enlargement. A logical answer to this question should lie in positive. As all member states must grant approval to the Nice Treaty, Ireland’s rejection means that, as things stand, the reform document cannot come into force. This statement can be proved by the opinion of EU Enlargement Commissioner Guenter Verheugen who said that “enlargement will not be possible unless Ireland can find a way to ratify the treaty“ (<http://www.rferl.org/nea/features/2001/06/11062001114712asp>). But today’s reality is far from being logical as the EU high officials have expressed opinion that the accession negotiations will

go ahead unaffected by the Irish vote. EU Commission President Romano Prodi made a statement right after the Irish referendum:

“I would like to stress that the commitment of the European Commission to go on with European Union enlargement remains absolutely unchanged. Negotiations will continue according to schedule and in this we are making considerable progress” (Romano Prodi, 2000, p. 11).

An even higher EU official – Swedish Foreign Minister Anna Lindh – speaking on behalf of the EU presidency, said that the Irish referendum would neither slow down enlargement nor bring any changes to its agreed outlines. In other words, she suggested, all 12 candidates would continue accession talks and the frontrunners could end negotiations by the end of the next year (<http://newsvote.bbc.co.uk/hi/english/talking-point/newsid-1388000/1388312.stm>).

However, the optimistic view of EU high officials is not at all groundless and has its justifications. Theoretically, despite some limitations, the enlargement is possible without the Nice Treaty.

A protocol appended to the Amsterdam Treaty contains the first ever EU guidelines about eastward enlargement. It allows enlargement to up to five new member states, and for doing this, supposes a comprehensive review of EU institutions. Some analysts are saying that the first wave of enlargement can still go ahead as planned. But the EU officials cannot fail to embrace that such limited enlargement on the basis of the Amsterdam Treaty, though technically possible, is politically unfeasible. First of all, it would mean reversing the decision taken at the 1999 Helsinki summit to extend the circle of candidates to 12. Secondly, it would mean, that if more than five countries are ready to accede in late 2002 (and this is the reality as preliminary, six countries are at stake), a controversial choice would have to be made among them. One should

wonder on which criteria the choice is going to be made? Definitely not on the Copenhagen Criteria. Latvia's Foreign Minister Indulis Berzhins has told on this matter:

“It could be really a very artificial and, to some extent, even a crazy situation if – for example – six countries could not be accepted just because five countries have the opportunity to enter the European Union“ (<http://www.rferl.org/nea/features/2001/06/13062001114625asp>).

Definitely, the rejection of the Nice Treaty by Irish voters has left the EU facing a conundrum. And this conundrum would be resolved only by a second, successful referendum in Ireland. This is inevitable, as Ireland's Constitution requires a popular vote to ratify any EU treaty. Yet no EU official has yet explained how the minds of the Irish voters could be changed. The most obvious way - renegotiating the Nice Treaty to ease Irish fears of a loss of sovereignty and the country's traditional neutrality - has been explicitly ruled out by EU officials (<http://www.rferl.org/nea/features/2001/06/13062001114625asp>).

Heather Grabbe of the London-based Center for European Reform puts it this way:

“It would be very difficult to renegotiate the treaty at this stage, particularly on the big issue of the voting weights in the Council of Ministers and the number of seats per country in the European Parliament. These are issues of power politics. They are not just technical issues, they are really at the center of the power balance between the different member states, and of course, on their views on their role in Europe” (http://news.bbc.co.uk/1/hi/english/world/europe/newsid_1366000/1386407.stm).

Grabbe sees as more likely the possibility that the EU could draw up a protocol to the Nice Treaty designed to meet Irish concerns. She says:

“What they could do is have a protocol which basically clarifies the Irish position and makes very clear that the Irish are not forced into NATO – or into military structures that they do not want to join – by the development of the European security and defense policy, and basically they can maintain their military neutrality while remaining members of the EU, regardless of enlargement and the development of the security policy”

http://news.bbc.co.uk/1/hi/english/world/europe/newsid_1366000/1386407.stm).

Such kind of political declaration, that Grabbe suggests, which will soothe Irish concerns, can become a solution to ‘Irish’ problem. It will be convenient even for the ‘no’ campaigners in Ireland as most of them express support for enlargement (to say nothing of the Irish government that has campaigned for a ‘yes’ vote).

Obviously the Irish ‘no’ posed both practical and philosophical for the EU. Being far from a great setback for Europe, the refusal of Irish electorate to rubber-stamp the Nice Treaty marks the start of a new era in the EU when the EU citizens will be actively involved, informed and consulted about all the processes going on within the Union. The EU’s enlargement commissioner, Guentter Verheugen, cautioned that enlargement in itself was not an “easy sell.” He said:

“After the Irish referendum, everybody in Europe is aware that we have to convince people, that we have to fight for it that we have to campaign. It is well-known that enlargement is not – let me say – a ‘self-seller’. We must explain it”
(<http://www.rferl.org/nca/features/2001/06/11062001114712asp>).

Though the Irish rejection may have another implication either, such as: the appetite for European integration among ordinary Europeans is much weaker than it is among European elites. The Irish, for example, are probably unwilling to forget some provisions of the Constitution of the Republic of Ireland, as the one that states, “fidelity to the nation and loyalty to the State are fundamental political duties of all citizens.”

Generally, recent opinion polls indicate that there are rising fears in many EU countries about enlargement as well as reservation about further political union. The Austrian Freedom

Party has already called for Austria to also hold a referendum on enlargement – a vote that could complicate the picture further.

Gothenburg Recognizes the Enlargement Irreversible

A week after the Irish referendum, the regular EU Summit was held in Swedish City Gothenburg, which also marked the end of Swedish Presidency. The Gothenburg summit was overshadowed by violent clashes between demonstrators and police, which was the most serious civil disorder in the recent history of Sweden. Thousands of anti-globalization protesters took the streets of the city, waving anti-EU and anti-globalization banners. The choice of anti-globalists was not a fact of mere chance as the recent EU developments mark a new stage toward a more integrated and “ever closer Union among the peoples of Europe” (Article A, TEU).

French President Jacques Chirac said on this occasion:

“The behavior of these rioters is of course the antitheses of all the humanistic values embodied today in essence by the peoples of Europe, both those intent on advancing in the construction of Europe, and those impatiently waiting to join this Union” (<http://news.bbc.co.uk/1/hi/english/world/europe/newsid-1391000/1391980.stm>).

The Gothenburg Summit was significant also in the sense that it should discuss numerous issues concerning enlargement, and adopt fixed timetable for the membership of the first candidate states. So, inside the heavily guarded summit, the EU leaders said the process of enlargement was “irreversible” in spite of Ireland’s 7 June referendum. The EU leaders sent a strong signal that the first new members may join as early as 2004 having the aim for the most promising candidate countries to take part in European Parliament elections in 2004 as members. This statement could not leave the CEEC and Mediterranean states indifferent. All the leaders of these countries mentioned they were highly appreciative of the EU statement and called it a step forward. However valuable the EU decision is for the applicant and member states, the results of

Gothenburg once proved that Irish ‘no’ never became a real problem. The heads of member states came out with a vague statement concerning the Irish referendum. It reads: “In respect of the Irish referendum, the European Council confirms the conclusions adopted by the General Affairs Council in Luxembourg on 11 June 2001, including willingness to contribute in every possible way to helping the Irish government find a way forward” (www.euobserver.com/index.phtml?).

It can be inferred from this statement that it looked more like lip service than a genuine strategy when EU leaders at Nice declared that there would be a “great debate” involving public opinion concerning the future of the EU. The Irish vote not only did not collapse various enlargement negotiations, but also even did not impede the process of setting a fixed timetable for the first phase of enlargement to the end of year 2002. Frankly speaking, this is one more reason for the European Union to really fall to thinking about the state of democracy within itself.

Turkey’s Thorny Road to the EU

The last issue to be addressed in this work concerns the state of EU – Turkey relations. Turkey has been striving for EU membership for already more than three decades and is the most problematic applicant state. It would not be an exaggeration to call the Turkey’s case an unprecedented event in the history of EU.

To start with, it should be mentioned that the Association Agreement with Turkey was signed as long as in 1963. After 1963 the EU has denied Turkey’s membership for accession for several times. This fact suggests that the EU should have weighty arguments not to take Turkey in. Already in 1989, the European Commission’s Opinion was that political and economic

problems existing in Turkey were serious impediments on the way of Turkey towards the EU. But as a way of strengthening the move towards democracy, the Association Agreement was intensified. Particular problems to be overcome include high rates of inflation, weak political structures, an income level only about 10% of the EU average, and a rapidly growing population (Ian Barnes and Pamela Barnes, 1995, p. 408). The latter presents a special concern to EU member states as many of the working population would like to migrate to higher paid employment in the EU. There are problems about the antagonism of Greece, exacerbated by the occupation of Cyprus. The 1994 Corfu Council of Ministers made EU membership an even more distant prospect. It was decided that the Greek part of Cyprus would be considered for membership, along with Malta. Prior to this it had been assumed that a federal solution to the Cyprus problem was a prerequisite to membership. This may mean that both Greece and Greek Cyprus, being a member, may pose serious problems to Turkey's membership.

However, this fact did not prevent the EU to establish the customs union with Turkey in 1995. Actually, Turkey is the only country that is a member of the customs union without full membership.

The next momentous date in the history of EU – Turkey relations is 1999, particularly the EU Helsinki Summit. On the whole, the Helsinki Summit is being regarded as a 'big success' since it has been able to come out with a clear stand on a number of important issues including the issue of Turkey's accession. In other words, it accepted Turkey as a candidate for full membership. In fact, this act is of high geopolitical value and, granting candidate status to Turkey - a mainly Islamic country – will eventually extend the EU into Asia. As Gerhard Schroeder, the German chancellor said, it makes clear that the EU is a community of values and

not a union bound by a shared Christian heritage
(<http://www.defencejournal.com/globe/2000/jan/focus.htm>).

Nevertheless, the accession process for Turkey is not going to be easy. Presently, Turkey is faced with plethora of both internal and external problems – the movement of the Kurdish people led by imprisoned Abdullah Ocalan being at the top. Turkey’s human rights situation also needs to be improved. Capital punishment is still in work and sometimes it seems that the Turks fail to understand that they cannot hang Ocalan and become a EU member at the same time. The later analysis of both political and economic situation of Turkey will be based on the information provided by the European Commission in its latest Report 2000 on the progress of Turkey towards accession.

As for the political criteria, the European Commission accepts on the whole that Turkey is a democratic society. However, it also mentions that Turkey does not currently meet all the Copenhagen political criteria. There are drawbacks concerning the governing system. Specifically, the National Security Council still continues to play a major role in the political life. According to the country’s Constitution, it is summoned at least once in a month to decide on important political issues.

However, the nature of human and minority rights discrimination is very serious. They refer to political as well as social and cultural rights of national minorities.

A statement in the Report of Philippe Morillon, who is a member of the European Parliament, reads: “Turkey is urged to respect the rights of minorities such as Armenian”. It also calls the Turkish authorities to publicly recognize the genocide suffered by the Armenian minority before the establishment of the modern state of Turkey. However, this is hardly possible in a state like Turkey, and it has become already clear that except for refusing to recognize the

fact of genocide, it tries to convince the world to look at it from a completely another perspective.

The need for a specific solution to the Kurdish people problem was also there in the Report. Specifically, it urges the Turkish authorities to engage in dialogue with the political representation of the Kurdish community. One amended section of the resolution also calls for an end to ‘the political, social and cultural discrimination (under which) some groups suffer’. But how can a state venture to speaking about minority rights protection when it does not recognize one of the largest minorities – the Kurds – as a national minority living on its territory. And the only justification for this is the Treaty of Lozzane, according to which there are only Greek, Jewish and Armenian minorities in Turkey. For this reason, the Kurds are deprived of exercising such elementary rights as celebration of their New Year, Novruz Bayram, on the 21st of March. A decision of 31st of March 2000 of the High Appeal Court of Turkey that may at least sound ridiculous to civilized nations is considered an achievement of democracy and human rights protection sphere for Turkey. Notably, this decision is about the reaffirmation of the rights of every single person to give his or her child the name he or she desires even if it is a Kurdish name.

Another obstacle in the road of Turkey toward EU membership is the Cyprus problem. The European Parliament on November 15, 2000 adopted a recommendation on Turkey, calling the Government of the country to take part, without preconditions, in talks between the Greek and Turkish Cypriot parties, with a view to reaching a settlement that complies with the relevant UN Security Council resolutions and the recommendations of the UN General Assembly. It also urged to withdraw its occupation forces from Northern Cyprus. To this recommendation, Turkey’s Prime Minister Bulent Ecevit replied: “As far as Turkey exists, the Turkish Cypriots

will be free and independent. Everyone should know about this” (<http://www.defencejournal.com/globe/2000/jan/focus.htm>). Such a persistent standpoint of Turkish authorities suggests that the Cyprus problem will grind to a halt.

Besides the political problems that Turkey faces, there are a number of economic ones. Specifically, in 1998-99 there has been an economic recession, which resulted in the rise of unemployment rate especially in the rural areas of Turkey. This decline has also caused an increase of inflation, which is much higher than the European standard (no more than 3%).

One of the weaknesses of Turkish industrial sector is the relatively low level of foreign direct investment (FDI) according to which Turkey is only the fiftieth in the world. However strange it may seem for a person living in a transition country to call an annual FDI, which equals to 1 billion USD, low, still for a country having ambitions of joining the powerful European club it is not sufficient. And, although the European Commission does not deny the fact that Turkey has achieved a considerable level of macroeconomic stability, it still does not comply with the Copenhagen economic criteria either. On the whole, country's economy is highly depended on the political situation, which, in its turn, makes it vulnerable.

These are only small portions of problems that Turkey faces according to the European Commission. However, Turkish authorities do not seem to accept much of the critique and try to react to the situation in its usual manner – that is blackmailing. Particularly, they have been constantly expressing an opinion that EU is a club of Christian countries unwilling to accept a Muslim member.

The above mentioned weakness in both political and economic systems of Turkey are indicative of the fact that Turkey will hardly be able to overcome them in a short period of time. In its turn, the European Commission sticks to its opinion, that is, until and unless Turkey fully

complies with Copenhagen criteria, it will not be accepted into the European Union. In fact, this confirms the unofficial opinion that has been put into circulation after the Helsinki Summit. According to some analysts and commentators, the depth and unpredictability of the existing problems in Turkey will not allow it to think of full membership as far forth as the year of 2010. But this in itself is an optimistic scenario.

Conclusions

It is imperative that Europe steps up its activities in the external relations field. The European project will remain credible only if it responds to the growing calls for greater unity and more effective ways of building and defending peace, stability and prosperity on the European continent and throughout the world. The Member States of the Union have many common interests. The Union must increase its influence in world affairs, promote values such as peace and security, democracy and human rights, provide aid for the least developed countries, defend its social model, and establish its presence on the world markets. In addition to maintaining the territorial integrity of the Union, Member States must combine their forces to combat organized crime, terrorism and the proliferation of nuclear, bacteriological and chemical weapons, prevent major damage to the environment and ensure sustainable growth with an optimum use of world resources. Collective action by the European Union is an ever-increasing necessity and if these interests are to be defended, full advantage is to be taken of the benefits of enlargement.

Over the last four decades and in line with the basic intentions of Europe's founders, the Member States have developed between them a real Community of security within which it is inconceivable that there would be the slightest threat of recourse to force as a means of settling disputes. The challenge is now to extend that basic achievement of the European project to new Member States. The enlargement of the European Union must therefore aim to make an additional stabilizing impact complementary to that made by the enlargement of NATO. This stability should facilitate the gradual definition of a common defense policy that could lead to a common defense, in accordance with Article J.7 of the Amsterdam Treaty. Also, the enlarged EU will have substantially enriched and diversified human potential and

economic resources. It should be able to play an increased role and to assume greater responsibilities in world affairs, providing it demonstrates its willingness and capacity to act. Increased diversity of interests and perceptions and a modified geopolitical situation will pose a challenge to its foreign relations and policies. In order to be capable of addressing new security and foreign policy problems arising from enlargement, the Union would need a coherent and efficient Common Foreign and Security Policy (CFSP), building on the changes agreed in Amsterdam. Equally, the Union should persevere and further develop its open external policies, including their financial dimensions; this should enable it to reap the full benefits of integration. The Union will have to ensure that enlargement to Central and Eastern Europe serves as a bridge to reinforce its relations with countries in the surrounding region and beyond, and does not give rise to perceptions that it may be less open to the world. Economic benefits from enlargement are expected to result from the expansion of the Single Market, from the overall integration process, as well as from the strengthening of the Union's position in global markets. The Union's human potential will be considerably enriched, not least in qualified and highly qualified labor. Acceding countries have significant natural resources (agricultural land, some minerals, biodiversity, etc.). Their geographic position will be an asset with respect to transport, energy transit and communications. The integration of these countries into the Union will be a powerful stimulus to their economic development. Major investments related to the radical modernization of the acceding countries' economies and their catching up with EU living standards will boost demand across the Union and strengthen competitiveness. At the same time, substantial sectoral and regional adjustment pressure will result from the enlargement process, although implementation of the Europe Agreements will have integrated EU and candidate country markets considerably by the time of accession. The economic gains to

be reaped from enlargement will depend primarily on the conditions in which the Single Market is enlarged, which in turn depend on the progress, which the associated countries are able to make between now and accession in aligning their laws and practices with those of the EU.

As for structural policies, the new enlargement concerns a group of countries in a clearly unfavorable socio-economic situation, as compared to that of existing Member States. Under present rules all regions of candidate countries would be eligible for Objective 1 support. Considering the legacies of the past, rapid transition towards the market, and the scale of the necessary effort for participating in the Single Market, success of integration and the capacity of economic operators to reap its benefits will largely depend on the intensity of structural actions that can be directed to the acceding countries. Such actions should primarily aim at reducing the distance of new members to the Community average, but also at reducing their increasing internal disparities. However, before it is achieved, in an enlarged EU territory economic and social cohesion should be taken into account more than ever in the formulation and implementation of every Community policy.

On the whole, enlargement to include the countries of Central and Eastern Europe, Malta and Cyprus is a historic turning point for the Union because it is a huge opportunity in terms of its security, its economy, its culture and its place in the world affairs. The continent-wide application of the model of peaceful and voluntary integration among free nations is a guarantee of stability. The Union, with more than 100 million new citizens, will see enhanced trade and economic activity, and a new impetus for the development and integration of the European economy as a whole. Europe's cultural diversity will be a source of creativity and wealth. The accession of new Member States will enhance the Union's weight and influence internationally.

APPENDIX

BOX 1

The European Coal and Steel Community

The ECSC was governed by four institutions:

1. A High Authority of nine nominated members (at least one – and no more than two – from each member state). They served six-year terms and were expected to work toward removing all barriers to the free movement of coal and steel. They were given complete independence regarding decisions relating to the ECSC and had the power to issue binding decisions and recommendations, but they could not see themselves as representatives of their countries; they represented the joint interests of the ECSC. The Authority was a precursor to the European Commission but had much greater power in its own constituency; for example, it could give orders to national coal and steel industries without the approval of national governments. Jean Monnet became the first president.
2. A Special Council of Ministers consisting of the relevant minister from each member state. The Council was created as a result of Benelux concerns about the power of the three larger countries and was designed to allow the smaller member states to balance the power of the High Authority, to prevent the French and Germans from having too much power, and to represent the interests of member states.
3. A Common Assembly consisting of seventy-eight members chosen by national legislatures, the numbers divided up roughly on the basis of population (eighteen each from the Big Three; ten each from Belgium and the Netherlands; and four from Luxembourg). The Assembly was the first international assembly in Europe with legally guaranteed powers. It became the forerunner of the European Parliament and helped Monnet circumvent the concerns of national governments about giving up powers; he argued that the High Authority would be responsible to the Assembly, which would eventually be directly elected. Although the Assembly was supposed to provide a democratic input into ECSC decisions, it had only advisory powers, and its members were not elected.
4. A Court of Justice consisting of seven judges (one from each country plus a seventh to make an odd number). The Court's tasks were to settle conflicts between states and rule on the legality of High Authority decisions on the basis of complaints from member states or national industries.

The Six were unable to agree on a single site for the ECSC, so the High Authority, the Council, and the Court were provisionally based in Luxembourg, and the Assembly in Strasbourg, France.

BOX 2

The European Economic Community

Although the EEC and Euratom inherited the basic framework of the ECSC institutions, there were some changes:

1. Instead of a High Authority, the EEC had an appointed nine-member quasi-executive Commission, which had less power to impose decisions on member states and whose main job was to initiate policy and oversee implementation.
2. The EEC Council of Ministers was given greater power over decision-making yet still represented national interests. It had six members, but they shared seventeen votes (four each for France, Germany, and Italy; two each for Belgium and the Netherlands; and one for Luxembourg). Depending on their implication, some decisions had to be unanimous, while others could be taken by a simple majority, or - more often - by a qualified majority of twelve votes from at least four states. This system made it impossible for the larger states to outvote the smaller ones. Although the qualified majority system was seen as a temporary measure, it remains in place today.
3. A single Parliamentary Assembly was created to cover the EEC, ECSC, and Euratom; it had 142 members appointed by the member states. It could question or censure the Commission but had little legislative authority. The Assembly renamed itself the European Parliament in 1962.
4. A single Court of Justice was created with seven judges appointed for renewable six-year terms; it was responsible for interpreting the founding treaties and for ensuring that the three institutions and the member states fulfilled their treaty obligations.

BOX 3

The Single European Act

The Single European Act not only removed most of the remaining physical, fiscal, and technical barriers to the creation of a true common market but also had important political consequences:

- It gave the EC responsibility over new policy areas that had not been mentioned in the Treaty of Rome, such as the environment, research and development, and regional policy.
- It gave new powers to the Courts of Justice and eased its workload by creating a Court of First Instance to hear certain kinds of cases.
- It gave legal status to meetings of heads of government under the European Council and gave new powers to the Council of Ministers and the European Parliament.

Under the new assent procedure, no new members could join the EC or be given associate membership without the approval of an absolute majority in Parliament. Under the cooperation procedure, decision-making was streamlined and Parliament was given more power over the Council of Ministers. The use of qualified majority voting in the Council was expanded; unanimity would be needed only for decisions on new members and on the general principles of new policies. For all other decisions, a qualified majority would be enough. At the same time, when the Council had made a decision on the basis of a qualified majority, Parliament had the right to amend or reject the proposal, and it could be overruled only by unanimity in the Council. This was a major step toward giving Parliament true legislative powers.

- It gave legal status to European Political Cooperation (foreign policy coordination) and said that member states should work toward a European foreign policy and work more closely together on defense and security issues.
- It made economic and monetary union an objective of the EC and promoted cohesion (reductions in the gap between rich and poor parts of the EC, thereby avoiding a “two-speed Europe”).

BOX 4

The Treaty on European Union

The Maastricht treaty had several elements:

The creation of the European Union, a new label meant to symbolize the next stage in the process of European integration, based on three “pillars”: a reformed and strengthened European Community and two areas in which there was to be more regularized intergovernmental cooperation: a Common foreign and Security Policy, and home affairs and justice. Responsibility for the CFSP was to remain with the individual governments rather than being given to the EU.

A timetable for the creation of a single European currency by January 1999 at the latest. For this to happen, a majority of member states would have to achieve inflation rates that were no more than 1.5 percent higher than the three lowest national rates in the EU, set long-term interest rates that were no more than 3 percent higher than the three lowest EU rates, reduce their budget deficits to less than 3 percent of GDP, and avoid devaluing their currencies against any of those in the ERM for at least two years.

In this terms were not met by the end of 1996, the EU leaders would decide in mid-1998, which EC states were ready for EMU and could launch a limited currency union among those states in January 1999. The European Central Bank would need to have been operating for at least six months before exchange rates were fixed.

Extension of EU responsibility to new areas such as consumer protection, public health policy, transportation, education, and (except in Britain) social policy. More intergovernmental cooperation on immigration and asylum, the creation of a European police intelligence agency (Europol) to combat organized crime and drug trafficking, the creation of a new Committee of the Regions, and more regional funds for poorer EC states.

New rights for European citizens and the creation of an ambiguous European Union “citizenship,” meaning, for example, the rights of citizens to live wherever they liked in the EU and to stand and vote in local and European elections.

More powers for the European Parliament, including the co-decision procedure under which certain kinds of legislation were made subject to a third reading in Parliament before they could be adopted by the Council of Ministers.

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