EU Integration of the Visegrad Countries

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This paper analyzes the prospects for integration of the Visegrad countries—Hungary, the Czech Republic, Slovakia, and Poland—into the European Union. It argues that integration of the Visegrad countries will be a lengthy process that will not be concluded for at least 15 to 20 years, based on two observations. First, the transitions of these four eastern countries to democracy and capitalism, which are preconditions for EU membership, are not yet complete. Second, the admission of the Visegrad countries creates unique problems to which the EU member states have not yet found appropriate solutions. The paper argues that the Visegrad countries are not primarily responsible for the obstacles to integration; rather, the EU is making integration of the Eastern countries more difficult than it need be. Finally, the paper notes that integration is by no means an absolute necessity. The Visegrad countries should consider alternatives to European integration not only because of difficulties posed by the EU but also because the alternatives could prove more beneficial for stabilizing their democracies, economies, and the region as a whole.

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Introduction

The fall of the Berlin Wall in November 1989 caught governments in the East and West by surprise. The Eastern European countries immediately looked to the West for ideological direction as well as economic, political, and military support. This paper outlines the major developments between the European Union (EU) and the Visegrad countries (VCs: Hungary, Poland, Slovakia, and the Czech Republic) concerning political and economic cooperation and their long-term integration. It argues that neither the EU nor the VCs are yet ready to integrate fully. The process of integration, which is necessarily slow and incremental, will not be completed for at least 15 to 20 years. The VCs' transitions toward stable democracies and market economies, which are prerequisites for admission to the Union, are proving to be difficult and lengthy.

The primary obstacles to admission of the eastern countries, however, lie not in the East but in the EU's own reluctance to integrate the VCs. The EU's *Ostpolitik* contains major contradictions between rhetoric and action. Although the EU's policy is intended to facilitate the VCs' ability to meet the admission criteria, it has resulted instead in the EU's reaping of profits at the expense of the East's fragile economies. Furthermore, the EU is divided over admission of the VCs because of divergent economic and political interests of its own member states. In addition, previous patterns of integration are no longer applicable and must be re-thought because each VC embodies distinct political and economic characteristics that makes it very different from the other nine countries that were previously granted admission to the EU. Finally, the EU remains preoccupied with unresolved internal issues related to the Maastricht Treaty. The paper presents a brief history of developments in, and interactions between, Eastern and Western Europe. It then proceeds to present the VCs' incentives to join the EU and the EU's incentives to enlarge. However, it must be emphasized that full integration by the VCs is not inevitable, and some alternatives to their integration are therefore proposed.

A Framework for Analysis

Historical Overview

This historical overview consists of three segments: Western European integration, Eastern European developments, and East-West relations. This segmentation also serves to illustrate the division between East and West that existed for 45 years and must now be overcome.

The Single European Act (SEA, enacted in 1987) marked a leap toward instituting a federal structure in the European integration process. The SEA's significance is evident partly in the legal framework it furnished for transforming the European customs union into a single market. In turn, the single market provided ammunition to proponents of further integration. To achieve this ambitious objective, additional transfers of national sovereignty to the European level were unavoidable. Although some member states, especially Great Britain, resisted further losses of national sovereignty, growing economic competition in the world market and the increasing impracticability of managing global challenges individually supported the need for a 'deepening' of the European Community (EC).[1]

The crucial impulse for integration came with the fall of the Berlin Wall. German reunification fostered fears of German hegemony in Western Europe. The Maastricht Treaty, signed in 1991, provided leverage to restrict Germany's power by tying it closely to the process of European integration.[2] Accordingly, the Maastricht Treaty necessitated transfers of national sovereignty in economic and monetary policy as well as closer cooperation in social, immigration, and home affairs. The EU member states also pledged to strengthen their commitment to a common foreign and security policy (CFSP). To this end, integration was accelerated to a pace that had not been seen in the 40-year history of the EC. This departure from the usual step-by-step process, however, created several problems. For example, certain governments faced difficulties in achieving popular agreement for the treaty. In 1992 the exchange rate mechanism of the European Monetary System (EMS) derailed, bringing into question the possibility of creating monetary union. Today, monetary union is still the most hotly debated issue, and is unlikely to begin as planned in the targeted year of 1999 because only one country—Luxembourg—can currently fulfill the criteria for admission.[3] Finally, the inconsistency and weakness of West European policy toward Yugoslavia made a mockery of the CFSP. Notwithstanding these problems, admission was granted in 1995 to Sweden, Finland, and Austria, each of which left the European Free Trade Association (EFTA) to join the EU.

In an effort to avoid potential dependence on the West, the Eastern bloc nations had previously established the Council for Mutual Economic Assistance (CMEA) in 1959.[4] Falling short of its intention to be the Eastern bloc's alternative to the EC, the CMEA never contained a supra-national authority whose decisions were binding on member states, failed to coordinate policies toward non-member states, and kept intact internal trade barriers (Baylis 1994, 90). Despite these shortcomings, however, the CMEA did foster trade among its member states and with the USSR. Although the CMEA disintegrated in 1991, the groundwork had already been laid for intra-regional cooperation. On February 15, 1991, Poland, Hungary, and Czechoslovakia signed the Visegrad Declaration, institutionalizing policy coordination among them and simultaneously seeking their integration with Western Europe. Policy coordination was evident at the May 1992 Prague summit, when the VCs agreed to jointly submit their applications for EC membership. Although the Visegrad Declaration led to a free trade agreement among the signatories in December 1992, trade among the former CMEA countries and with the former Soviet republics declined dramatically (Baylis 1994, 100).

The VCs' need to orient their economies toward the West was obvious.[5] Economic ties between East and West were not new, however, having originated during the Cold War. An early example of economic cooperation between East and West was the case of Romania, which was recognized in 1974 as a 'developing nation' by the EC and was subsequently granted preferential status. Still, it was not until 1988 that the CMEA and the EC signed a mutual recognition agreement establishing formal relations. Though mostly political in nature, this recognition agreement did allow individual CMEA countries to negotiate trade agreements with the EC. Soon after the original agreement was signed, Hungary signed its own treaty with the EC that included quota reductions on approximately two thousand items. Unfortunately for the Hungarians, no EC concessions were made on Hungarian steel products or agricultural exports, sectors in which they were most competitive. By 1989 the EC had signed similar agreements with Poland, the USSR, and Czechoslovakia.

The future importance of these agreements was in the diplomatic foundation they established. In July 1989 the EC Commission was mandated to implement the PHARE program (Poland/Hungary: Assistance to the Restructuring of the Economy). The program, which was extended to the other Eastern European countries by mid-1990, coordinated bilateral aid of 300 million ECU ($390 million) from the G-24 countries for food assistance, establishment of joint ventures, management training, access to Western European markets, and environmental cooperation (Baylis 1994, 98). The PHARE program was instituted following negotiations over organization of the European Bank for Reconstruction and Development (EBRD). The EBRD, which provides loans to developing Eastern European economies, began operations in

1991 and was an explicit statement of the EC's commitment to assist the VC economies. By 1990 the EC countries had passed the CMEA countries as Hungary's foremost trading partner. Also in 1990, Hungary became the first Eastern European state to become a full member of the Council of Europe.[6] The Czech and Slovak Federal Republic joined the Council in February of 1991; Poland was admitted in November 1991; Bulgaria was first admitted as a guest, and its status was upgraded after its political situation stabilized. Romania, originally denied admission due to lack of human rights progress, was recently admitted as an associate member. Membership in the Council is particularly significant because members benefit from the Demosthenes Program, which provides subsidies, education, and assistance in the development of democratic institutions in Eastern Europe (Kritz 1993, 25).

The European Association Agreements, signed by the VCs and the EC in December 1991, were seen as the next logical step toward integration. The Association Agreements were meant to establish the framework that would lead to full integration by offering various trade concessions and economic assistance programs to the VCs (Bugajski 1993, 212). The EU's December 1992 Edinburgh summit served to further inflate the VCs' hopes for EC membership because it was the first time the EC had officially expressed willingness to accept the VCs into their organization. At the 1993 Copenhagen Summit, the EU established the following guidelines, vague though they were, for membership:

> 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, the existence of a functioning market economy as well as the capacity to cope with competitive pressures and market forces within the EU. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political and economic and monetary union (Copenhagen Summit, European Council 1993).

At the December 1994 Essen Summit, the European Council went a step further, explicitly stating the EU's intention to help integrate the states of Eastern Europe. At the same time, however, the Council acknowledged the need to create institutions and procedures to realize this goal. Therefore, it concluded that no negotiations for accession would be undertaken until after the 1996 intra-governmental summit, at which time these institutions and procedures are to be established. In April 1994 Hungary and Poland each applied for full membership to the EU, hoping to be accepted by 2000. The Czech Republic and Slovakia each plan to submit their applications after the 1996 conference, also aiming for acceptance in 2000.

VCs' Reasons for Looking West

Why are the VCs are so anxious to join the EU? The answer is based on a combination of ideology and economics. Ideologically, the EU embodies western democratic ideals. Economically, the EU represents one of the strongest, most stable markets in the world. For the newly emerging democracies and economies of Eastern Europe, membership in the EU is seen as a way to enhance their legitimacy and stability. The EU has also established rules that may provide the VCs with goals and models to follow. Of equal importance is the economic situation, since EU members have the money for aid and investments as well as control over trading markets. The VCs are afraid that they will not advance economically and will continue to be viewed as a buffer zone between East and West if they are not made a part of European integration (Karp 1993, 7f). Mette Skak, a scholar of Eastern European economic and social issues, identifies two further important considerations when evaluating the policies of the VCs: "the structural factors outside the control of the decision maker" and "the aims, strategies and perceptions of the decision makers themselves" (Skak 1993, 119). The structural factors relate to the quest for political, economic, and military stability. The motives of the decision makers also complicate the analysis since many of these current decision makers are the same people who ruled under the communist system.

Whatever their motives, the VCs' plea to the EU has been to establish guidelines and an estimated time line for their integration. In reply, the EU has established only vague criteria and no concrete time line for admission of the VCs, thus far enunciating only the following: definitely not until after 1996, probably not before 2000, and possibly not before 2010. Nonetheless, it is toward these vague criteria that the reform policies of the VCs have been aimed with the hope that integration will soon follow.

EU's Reasons for Integrating the East

The collapse of the Soviet bloc ended 40 years of European division and has freed the Europeans from the fear that their countries could become the theater of nuclear war. At the same time, however, new threats have emerged in Eastern Europe. As we have seen in the former Yugoslavia, difficult economic conditions and unstable political environments have fostered nationalism and ethnic strife. Although these conflicts are local in nature, they can easily spread. Before 1989, the divisions within Europe bred political and economic turmoil in Eastern Europe. Today, there is no longer a wall protecting Western Europe from problems in the East. Economic problems in East/Central Europe might result in a significant outflow to the West of unemployed migrants or refugees fleeing ethnic conflicts. It is therefore not only a moral obligation but also in the self-interest of Western countries to help stabilize the East (Baldwin 1995, 475).

It is self-evident that the EU must assume major responsibility for supporting the East. Considering the EU's economic power and geographic proximity, there are few other countries or organizations able to help the Eastern European countries stabilize their democracies and economies. Additionally, the VCs offer increasingly large export markets for western companies. In 1992 both EFTA and the EU registered trade surpluses of $1.9 billion with the Central European countries, and exports may increase by more than 10 percent annually over the next ten years (de Weydenthal 1994, 25). It is therefore no surprise that the EU's engagement with the VCs is larger than anywhere else in Eastern Europe. The VCs not only have the most stable democracies and prosperous economies in Eastern Europe but also the closest historical and cultural links to Western Europe. Consequently, the VCs are likely to be the first countries in the East that will be granted admission to the EU. This could take years if not decades, however, because the EU's common interest in integrating the VCs has been undermined by divergent national interests of EU member states.

Integrating the East: EU's Problems

Issues at Stake

The EU's functioning rests on a complex set of economic and political compromises. As one example, the assignment of national quotas on agricultural products is based on an enigmatic clearing system. Although achieving compromise among its divergent national interests is eased by the possibility of formulating package deals, this also means that every significant change in one sector requires adjustments in other areas to maintain the system's balance. The establishment of the single market, for instance, which primarily favors the northern industrialized countries, was accompanied by a doubling of structural funds, which buffers the southern member states from setbacks they have experienced owing to their participation in the single market.

Admission of the VCs would necessitate new adjustments among the current member states. Considering their economic and political situations, which challenge different interests of EU member states, new compromises would be difficult to find. The admission of Sweden, Finland, and Austria should not be taken as precedent for the ease of the VCs' admission. These three newest EU members already enjoyed stable economic and political circumstances before applying for membership. Moreover, the EU is in an advanced state of integration, which means that every new admission creates a huge number of open questions that must first be settled (e.g., the issue of a European security system). The following five issues illustrate problems the member states face in settling their disputes over admission policy for the VCs.

First, the West European governments fear that a united Germany will eventually develop a disproportionate amount of power in Eastern Europe. German capital is already dominant in the VCs. In Hungary it accounts for 30 percent of total foreign capital; in Poland for 35 percent. Moreover, a large share of VC exports goes to Germany (Spector 1993, 339). Fear that Germany's dominant economic position could eventually be used to influence VC voting behavior in the EU is widespread. The French government is also afraid of being pushed to the periphery, whereas enlargement to the north and east of Europe pulls Germany more toward the center of Europe.

Second, the integration of the VCs would create huge financial strains on the EU's budget. It is estimated that enlargement would raise the cost of the Common Agricultural Policy (CAP) by $47 billion annually. Moreover, the VCs would be eligible upon admission to receive the same amount from the EU's structural funds. Admitting the four eastern countries in 2000 could increase annual EU spending by 58 billion ECU, which is 60 percent of the EU's projected budget for the year 2000. Because a region is eligible for EU financial support as long as its average income is less than 75 percent of the EU average, this budget drain is likely to remain for decades. "If the EU income average grows at 2 percent and Visegrader's averaged three times that pace, two decades would pass before they reached the 75 percent cutoff" (Baldwin 1995, 447). Accordingly, the EU would have to increase its demands for budget contributions from wealthier members and/or reduce regional aid to those countries that are currently net recipients. Either alternative would be difficult to push through. Wealthier members would be forced to increase taxes to enlarge their contributions, a highly unpopular measure considering that they are already net contributors. On the other hand, Spain, Portugal, Greece, and Ireland are unlikely to cede many of their subsidies.

The powerful agricultural lobby is especially resistant to integration of the VCs. Speaking for the Spanish farmers, who are greatly dependent on agricultural and regional subsidies, Carlos Westendorp, the Spanish minister for European affairs, says that enlargement should not be used to discuss reforms for EU agricultural and development subsidies (International Herald Tribune 1995). The Spanish government has gained support from France, which also hosts a strong farmer lobby. In contrast, the British government refuses to enlarge the EU budget because Britain's benefits are only marginal. The British also fear that a budget increase would lead to an increase in Brussels' interference with national affairs. Hence it becomes clear why the three EFTA countries were granted membership without hesitation. Taking their wealthy economies into account, the EU will likely profit from the admission of Austria, Finland, and Sweden.

Third, the VCs' comparative advantage lies in exactly those areas in which the EU already faces intense competition. The production of textiles, steel, coal, and agricultural goods is heavily subsidized in EU countries. By granting the VCs admission to the single market, the West European industries and farmers would face a painful loss of profits, hitting southern countries in particular because of their concentration on textiles and agriculture. Moreover, the southern countries fear that the VCs would attract foreign investment that would otherwise go into their own economies. The VCs are not only closer to the center of Europe but also offer cheaper wages and lower social welfare costs than Spain and Greece (Axt 1993, 434). Therefore, it is no surprise that the EU has made it clear from the outset that the CAP will remain closed to non-EU members and that agricultural, steel, coal, and textile protection will remain sacrosanct. Considering the wealthy economies of Sweden, Austria, and Finland, granting membership to these countries spurred almost no resistance from western governments.

Fourth, the EU decision making process is characterized by the search for consensus and compromise, often making 'package deals' necessary. For Sweden, Finland, and Austria, enlargement did not undermine the

EU's ability to form package deals since all three countries had already built a close network with the EC. In addition, all three governments commanded a large diplomatic staff. The prospect for the VCs' membership is very different. Both sides have only recently started to cement a stable network with the EU. Additionally, the VCs do not command the large bureaucratic staff that would be necessary to present their interests effectively in Brussels and implement EU directives at home. Little knowledge exists in Brussels about future policies of the VCs. Assuming that the VCs join in 2000, less than five years is available in which to formulate a consistent European policy. Current EU members required more than twenty years for these tasks. Admission of the VCs to the EU would create one added problem related to the decision making process in Brussels. Under existing voting rules, admission of the VCs would shift voting power from large to small countries. This shift implies that wealthier countries would need to pay for what the poorer countries want in the EU budget. Although Germany has generally accepted such reductions in its voting power, the French and British governments have not.

Finally, the Maastricht Treaty foresees closer cooperation in the foreign and security policies of member states. Based on a compromise between adherents of NATO and proponents of an independent European security system, the member states agreed to develop a European defense identity that is strongly linked to NATO. The preferred vehicle for a common European security policy is the West European Union (WEU), which was founded in 1954. Yet it is not clear whether the WEU will ever gain any important security function in Europe. Therefore, it should not matter that the VCs want to join the WEU as a stepping stone to full membership in NATO. The VCs, facing an unstable political situation and increasing nationalism in Russia, regard NATO membership as essential for their security. Membership in the WEU, however, has security implications for NATO. According to the WEU treaty, an attack on one member state obliges other WEU partners to provide military assistance. In case of an attack on one WEU member state, NATO would automatically become involved because most WEU members are also NATO members. In view of the dominant position of the United States in NATO, U.S. troops could become involved too. Membership of the VCs therefore also depends on U.S. approval. Since the Atlantic Alliance is already under extreme pressure because of debates over NATO's post-cold war role, the Europeans will likely respect the interests of their American partner.

In conclusion, the question of VC integration fosters a recurrence of old conflicts inside the EU. The budget and decision making issues, in particular, provoke struggles between the rich North and the poor South, between small and big countries, and between industrial and agrarian lobby groups and consumers. Low-wage countries such as Spain, Greece, and Portugal fear economic competition from the Visegrad countries. Moreover, they have grave misgivings that the EU's financial transfers will be re-directed to the East. The rich countries in the North understand southern fears but are not willing to compensate the Mediterranean countries and Ireland for the costs that would be imposed by integrating the East. In addition to economic and financial conflicts, the Paris-Bonn axle, which has always been the motor of European integration, could be endangered because of France's refusal to give up its political supremacy in Europe. Apprehension that Germany could expand its political influence in Europe influences the French attitude toward the EU's enlargement. Finally, the issue of establishing a new European security framework is still unresolved.

The VCs are not the source for the intra-EU conflicts, however. Instead, these conflicts are based on divergent interests within the EU that have been in existence since the Rome Treaties, interests that cloud the EU's attitude toward integration and spark nationalist sentiments in Europe.

EU's Big Confusion

Caught by surprise, the EU, western governments, and the eastern countries lacked any strategy for dealing with the end of Europe's division and its implications for East and West. Today, the EU and its member states have not yet developed a consistent *Ostpolitik.* Instead of freezing its deliberations on West European integration to digest the implications for the continent, the EU member states have burrowed more deeply into the Maastricht trenches. Indeed, West European centrism reaches back to the beginnings of the EC. The question of how widely the boundaries of a future EC should be drawn never occupied the minds of the 'founding fathers'. If there is any consistency in the EU's *Ostpolitik,* it lies in the fact that it does not serve the interests of Eastern Europe. In accordance with the Association Agreements, the EU continues to protect the interests of West European farmers, the coal and steel lobbies, and the textile industry against the VCs' export industries, as it has done since the first trade agreements in the 1980s.

This lack of a coherent strategy to integrate the eastern countries, however, does not mean that the western governments are ignorant of the VCs' requests for EU membership. But instead of matching these requests with a creative spirit, the EU member states mingle them with the struggle over the right structure of the future union. The Maastricht Treaty does not include an obligatory strategy for further integration. As Werner Weidenfeld, professor at the University of Mainz, has written "the existing gap between the tasks and the decision making capacity of the EC has not been closed in Maastricht" (Weidenfeld 1992, 322). Instead, Maastricht's shortcomings have again provoked the eternal struggle between those who favor and those who oppose further transfers of national sovereignty to Brussels. The issue at stake is the decision between deepening or widening—between furthering integration within the EU or immediate enlargement of the Community through accession of new member states.

The Danish and British governments have asked for immediate admission of the eastern countries. They argue that deepening would take the EU further away, which would make it more difficult for the eastern countries to join. Their claim for brisk enlargement, however, is not based on altruistic support for the eastern countries. Although Britain and Denmark have granted to opt-out of some provisions of the Maastricht Treaty (e.g., the EMU), these countries would still prefer to turn back the wheel of the Community's history rather than accept the EU's further integration. The possibility of the EU's enlargement provides them with a reasonable argument to freeze the present state of integration without necessarily being accused of taking a negative stance toward the EU. Moreover, the British government welcomes opening of the eastern markets because it expects that increased competition in an unregulated single market will cut its production costs and thereby strengthen its position in the world market. This argument has already led to Thatcher's unreserved approval of the SEA (Dinan 1994, 154).

The supra-nationalists, on the other hand, argue that a deepening of the EU is a prerequisite for its enlargement. According to the European Commission, "an enlarged Community will not be able to operate effectively without major institutional change. This will, in particular, affect the Commission, Council, and Parliament. The only realistic path for the Community is toward a federal Europe" (Spector 1993, 337). European supra-nationalists fear that the EU's responsibilities for VC membership would break the EU apart. In addition to the commission, this view is shared by the governments of the Benelux countries, France, Germany, and the European Parliament. Whereas the European Parliament and the European Commission are interested in further integration because it would enhance their institutional position, however, the French government opposes further transfers of sovereignty but still regards it as the lesser evil. The alternative is an immediate enlargement accompanied by an increase in German power and influence within the EU. The German government takes a particular stance in this debate, relying on the EU's capacity to integrate horizontally and vertically and proposing a simultaneous deepening *and* widening of the EU. The problem with the German *Spagat* (splits) is that Germany, which is still suffering from the financial burden of reunification, is increasingly less willing to pay for this solution.

Keeping this struggle in mind, the EU's vague admission criteria are perfunctory. Owing to its lack of clear concepts, nobody knows where the 'train of integration' will pull up today and where it will go tomorrow. The Europeans' perplexity also makes it difficult to lay down clear admission criteria. The European Council's statement at the Copenhagen summit is hardly a specific guideline for admission. One is tempted to assume that its ambiguity bears the intention to keep the East at a distance. It is therefore not surprising that the Council made clear at the Essen summit that the EU would not commit itself to awarding membership to applicants that fulfill the admission conditions.

Toward Integration: A View From the East

Policy Goals, Implementation, and Effectiveness

With hopes of minimizing the length of the integration process, the VCs have consistently formulated their reform policies in the manner dictated by the EU. The Treaty of Rome states that "Any European state may apply to the Community" (Treaty of Rome 1957, Article 237). This, however, is neither a sufficient condition for membership nor a direction in which to aim policy. At the 1993 Copenhagen Summit, the European Council outlined basic criteria for membership. The Council requires, for instance, that all members have an established rule of law and institutions that guarantee democracy. Both of these concepts are vague and subject to definitional arguments. But, in June 1990, the Commission on Security and Cooperation in Europe (CSCE) established criteria for what qualifies as rule of law under democracy and some of the basic institutions necessary to guarantee it, including:

> . . . representative government in which the executive is accountable to the voters, either directly or through the elected legislature; the duty of government to act in compliance with the constitution and laws; a clear separation between the state and political parties; accountability of military and police officers to civilian authorities; consideration and adoption of legislation via regular public procedures; publication of regulations as a condition for their validity; effective means of redress against administrative decisions and the provision to the person affected of information about the remedies available; an independent judiciary; protection of the independence of legal practitioners; and numerous requirements in the area of criminal procedure.[7]

That the VCs made immediate and definitive efforts to build their institutions in accordance with these comprehensive standards indicates a commitment to the democratic process within those states. Moreover, the stability of democratic regimes depends upon popular involvement and support. Through surveys of political attitudes and economic behavior, the Paul Lazarsfeld Society in Vienna has traced popular support during the transitions in Eastern Europe. The surveys indicate that popular support for these transition regimes is significantly higher in most countries, with the only exception being a decrease in popular support among Hungarians—from 58 percent supporting the communist regime to 51 percent favoring the 1993 regime. The Society predicts an average acceptance rate of 78 percent by 1998 in all of Eastern Europe, with the average for the VCs coming to almost 82 percent (Rose and Haerpfer 1995, 433ff). This large percentage of popular support is reflective of the institutionalization of democracy into society.

The Paul Lazarsfeld Society conducted a similar survey to evaluate popular responses to the economic systems during the transition period. Popular support for these new economic systems was lower than for the political systems in every case, and lower than that for communist systems in most cases. Yet the Society still predicted that the majority of people would approve of the new economic systems by 1998. Popular support is one indicator of a stable market economy. Without such support, governments can find it difficult to convince their citizens that they must endure some hardships before realizing the benefits of capitalism.

Economic indicators support strides the VCs have made toward successful market reforms. In its 1994 report the UN Secretariat of the

Economic Commission for Europe (ECE) named three positive macroeconomic tendencies that could be observed in all of the VCs: an increase in output growth; a slow-down of inflation and; improved current account positions (Secretariat of the Economic Commission for Europe 1993, 29f). GDP growth in the Czech Republic, Poland, and Slovakia ranged from two to five percent in the first part of 1994. The growth rate in Hungary was slower but still positive. The Czech Republic and Slovakia also had the lowest inflation rates in the region at 10 and 12 percent per annum, respectively. Though not as low as in the Czech Republic and Slovakia, inflation rates in Hungary and Poland also fell from their 1993 levels. In addition, all four countries showed improvements in their current account balances. By these standards, all of the economies of the VCs qualify as functioning market economies.

Nonetheless, the successful resurgence of former communists on the electoral front, particularly in Poland and Hungary, reflects the dissatisfaction of voters with domestic economic and social welfare issues. Despite these developments, however, virtually no one in either the East or the West views these reform communists as a threat to the transition process; instead they are viewed as 'normal' politicians. Hungarian and Polish voters are not utterly disillusioned with the transition process. Rather, voters are simply expressing their dissatisfaction with the ineffectiveness of incumbents' policy initiatives, particularly in the realm of economic development and social welfare. Indeed, former communist Aleksander Kwasniewski, Poland's newly elected president, made clear from the outset of his campaign that he would not only continue to pursue integration with the EU but would also maintain support for transition economic policies.

Although this assessment of the political processes in Hungary and Poland is well-founded, it neglects an important and complex structural element that includes consideration of the current power structure, its relation to the communist legacy, and the legitimacy of new institutions. Empirical evidence supporting these assertions can be found in the financial prosperity of former *nomenklatura*; in Poland and Hungary they have reaped 50–60 percent of the economic benefits from privatization (Applebaum 1995, 18). The EU is in danger of poor policy implementation if it fails to realize potential long-term implications corresponding to perpetuation of the communist power structure, economic exclusion, and political instability. Economic prosperity and political success inarguably tend to accompany one another in democratic systems.

In addition, the European Association Agreements have made it extremely difficult for the VCs to fulfill the economic criteria necessary for their admission to the EU. The terms of the 1991 European Association Agreements and their subsequent modifications, granted at the 1993 Copenhagen Summit, include:

- the recognition of the objective of post-communist European countries to attain full EU membership;
- a commitment to harmonize domestic economic legislation with that of the EU;
- promises of further EU financial and technical assistance (no specific amounts were indicated);
- the possible introduction of free trade in services as well as full liberalization of market access for industrial products within five years of the agreements' trade provisions (the Interim Trade Agreements) having entered into force;
- the elimination of quantitative restrictions on industrial imports on the date the Interim Trade Agreement enter into force, except for imports governed by the Multi-Fiber Agreement and the European Coal and Steel Community;
- the granting of tariff and/or quota concessions on industrial imports;
- the elimination of some quantitative restrictions on agricultural imports when the Interim Trade Agreements enter into force; other restrictions will be either gradually liberalized or maintained, depending on revision of the Common Agricultural Policy;
- the reduction of duties on food imports; permitting increases in agricultural imports of up to 10 percent annually for the five years following the ratification of the full European Association Agreements (Galinos 1994, 20).

Implicit in the wording of these agreements is a dualistic message typical of the EU's policy toward integrating the VCs—supportive of these newly emerging democracies and market economies, yet concerned foremost with their own economic well-being. This attitude is reflected in the restrictions placed on the VCs' exports. The Association Agreements do not allow the VCs to make significant progress in trade with the EU primarily because of restrictions maintained in 'sensitive sectors' such as textiles, steel, and agriculture, areas in which the VCs typically have a comparative advantage. As reported by Eurostat, the terms of these Association Agreements resulted in an increase in the EU's trade surplus with Eastern Europe from 2.5 billion ECU in 1992 to 5.6 billion ECU in 1993—hardly reflective of a policy designed to help emerging economies catch up with EU members. In response, the VCs are becoming restless and skeptical of EU policy. The VCs have consistently undertaken legislative and economic reforms in an attempt to meet the membership criteria thus far established by the EU. Despite these reforms and impressive economic strides, though, the EU still fails to offer concrete guidelines or a time line for potential integration.

The EU's Lack of Responsiveness

Although the EU realizes the importance of market access, it has failed to formulate a concrete policy and change its system to allow for smooth integration of the VCs. Policy emphasis in the EU has been aimed primarily at changing the political and economic institutions of the VCs before even considering integration. The EU has not, however, made any real accommodations to aid this process of integration by opening up its markets to the VCs. Skak (Skak, 134) presents three arguments for the necessity of market access as a precursor to the consolidation of the East's young democracies and market economies. The first is the loss of trade with former CMEA countries. The second is the need for an increase in overall trade accompanied by a change from centrally planned to market economies, something to which both the VCs and the international system must adapt. The third is rooted in a theory of democratization. This argument stresses that democracy must be consolidated with the middle class, which is dependent upon export earnings to provide it with the capital needed to increase its prosperity. Without open markets, a solid middle class may never develop and, as a result, democracy will not be strengthened. This leads to a fundamental question of integration: Are the interests of the EU and VC hopelessly opposed? As one Organization for Economic Cooperation and Development (OECD) official was quoted as saying, "For those areas where they [the VCs] are most competitive, the industrialized countries are the most protectionist. This is virtually unresolvable" (Mihalka 1995, 474). Is this true? Can the interests of the EU and VCs be reconciled or do they necessarily go in different directions?

If history provides any guidance, a solid argument can be made that the VCs should not attempt to fully integrate, at least not yet. Kurt Huebner, political economist at the Free University of Berlin, cites empirical surveys indicating that long-term positive changes for states in the international wealth hierarchy have affected very few countries (1993, 543). This fact is one not discussed in conjunction with the integration of Eastern Europe into the EU. Moreover, Heinz-Jurgen Axt, professor at the Technical University of Berlin, provides several examples of this lack of improvement for new EU members. Both Spain and Portugal have benefited somewhat from membership in the EU as a result of increases in foreign investment. Both countries, however, have also experienced trade deficits that have not been outweighed by financial transfers from the EU.

The economic situation in Greece, which has seen few benefits from increased foreign investment, has not improved at all. Indeed, one could argue it has worsened. Between 1986-89 Greece's overall trade balance worsened, domestic producers lost from 5–15 percent of the market share, and import penetration eroded the productive foundation of Greek industry. Agricultural subsidies have also not led to an improvement in the productivity of Greek agriculture. These are potential dangers about which there is little discussion or serious thought in the VCs. The November 19, 1994, issue of *The Guardian* reported that the EU and other OECD members had converted what was a one billion dollar trade deficit into an eight billion dollar surplus over a five year period. This has lead to criticism of the EBRD, which has been blamed for favoring loans to East-West joint ventures over thousands of small entrepreneurs in the East (Traynor 1994, 41).

Conclusion

Prospects for Enlargement

Although the EU's problems integrating the VCs are manifold, Alain Juppe, the French foreign minister, nevertheless emphasizes that it is not a question of *whether* the eastern countries will join the EU, but *when* and *how*. Answering these two questions is a difficult enterprise, but it seems obvious that the "classical Community method" of integrating new members will not work. In the past, new members were integrated into the Community's institutional structure without settling all disagreements. Instead, outstanding disagreements were left until the new member was inside the club and had full decision making and voting rights. It was also common that "problems created by increasing the economic diversity of an enlarged Community [were] addressed by the creation of new policy instruments overlaid onto existing ones rather than by fundamental reform of the inadequacies of the latter" (Preston 1995, 454). Continuing the classical method would certainly lead to financial deadlock in view of the huge strain admission of the VCs would place on the EU's budget. Moreover, Brussels' decision making procedures in which decisions about membership are taken by the Council of Ministers according to the unanimity rule would either collapse under the amount of unsettled disputes or would delay decisions.

Accordingly, there is overall agreement that open questions and disputes regarding enlargement and shortcomings of the Maastricht Treaty must be settled before VC membership can be negotiated. This implies that negotiations will not take place before 1996, when the Intergovernmental Conference reviews the Maastricht Treaty. After 1996, prospects for integration still do not look very promising. At the moment, only Germany strongly supports, and would also be able to pay for, the integration of Eastern Europe. Germany, however, is not enough. In the past, the motor of integration has been the Bonn-Paris axle. Today, France is very cautious about enlargement, fearing it will lose its dominant position in Europe. But it is not only France that must be taken into account. Virtually every member state must be assured it will not be worse off after the expansion from fifteen to nineteen members. Considering the open questions, this is likely to be a time-consuming enterprise. Three years have already been taken ratifying the Association Agreements. A good guess would be that the VCs eventually join the EU around 2010.

In the meantime, the 'pre-access strategy' issued at the Essen summit will strengthen political ties between East and West. The EU and the VCs envisage close cooperation between their foreign ministers and have scheduled regular meetings on security, terrorism, and human rights. Economic ties will be strengthened by the abolishment of all trade barriers at the beginning of the next century following full implementation of the Association Agreements. This step-by-step strategy gives the eastern governments time to cement their democracies and promote their economies. It will provide the EU member states with an opportunity to settle their disputes in order to stabilize their own integration process. This strategy is identified with an integration model called the "Europe of concentric rings," whose underlying assumption is that the speed of integration should not be determined by the weakest member state or, in the case of the VCs, by new applicants. A possible pattern might be that six or more member states that fulfill the monetary criteria proceed with integration by joining the EMU, while the other states take longer periods of time. The VCs would stay outside the Maastricht framework but would be economically tied to the EU by a customs union, which would prepare them for joining the single market and eventually the EMU. Although this model has been criticized because of its centrifugal tendencies, the EU has in fact already devised opportunities to opt out of the overall integration process. Given current resistance and problems with integrating the VCs immediately, this model is the only likely alternative to bring the VCs into the EU. "But such is the rapidity of change and uncertainty of events that nothing can be predicted with much confidence" (Nugent 1992, 327).

Obstacles and Alternatives to EU Membership

Skak makes an important point in stating that "The Visegrad countries' quest for EC membership and market access is a similar dual quest for the reassertion of national pride and the achievement of international reintegration" (Skak, 132). EU admission has, however, been the focal point of all reform policy. Though integration with the world community is an admirable and necessary goal, it must be asked at what cost integration is acceptable. The VCs have shunned attempts at intra-regional cooperation except in terms of that which would lead to eventual integration with the EU. Their fear is that too much intra-regional cooperation will work against eventual EU membership. Indeed, Vaclav Havel has even called Visegrad cooperation an artificial construct of the West. This attitude is most evident in Hungary and the Czech Republic, the latter being the current forerunner in meeting EU criteria and the former having pursued the most aggressive integration policy at an early stage.

In contrast, Poland and Slovakia have displayed the most nationalistic sentiments. In the spring of 1992 opposition to the Association Treaty revealed itself in Poland, perhaps in response to domestic economic hardships felt as a result of adopting policies geared toward integration. Former Slovak Prime Minister Jan Carnogursky, who engineered Slovakia's independence policy, said in a personal interview that "Slovakia prefers a linkage to the West but if the West—that is, the EC—takes a negative attitude, Slovakia will be able to go to the East and then the West loses an important buffer" (Skak, 131). These assertions of VC national pride are few and certainly outweighed by their unwavering quest for EU membership. Reactions within each of the VCs have also varied. Poland, for example, nurtures close ties with Germany and acknowledges Germany's predominant economic and growing political position within the EU. The importance Poland attributes to Germany's position is evidenced by the fact that Aleksander Kwasniewski's first official trip abroad as Poland's president was to Bonn. The Czech Republic, on the other hand, because of unsettled animosities with Germany, has decided to accede based on tight monetary and liberal market policies.

Do the VCs have any choice in reforming their political and economic systems or is full integration with the EU their only hope for prosperity and stability in the future? The main arguments against alternatives to EU membership are twofold: one economic, one socio-political. The economic argument is embedded in the fear that the VCs will be forever left out of economic advances unless they are part of the EU. The socio-political argument points to historical animosities that are exacerbated by ethnic, religious, and cultural differences, and claims that integration with the West is the only way for the East to avoid domestic and regional instability. Inherent in the socio-political argument is the potentially dangerous mixture of ethnicity, nationalism, and democracy. Both arguments assume that not entering into the EU will preclude the VCs' cooperative relations with it.

Though the economic argument had considerable weight when Central Europe first emerged from communist control, it is less convincing now. The economies of the VCs are open, aid patterns and agreements have been established, and yet EU markets still remain protectionist in sensitive areas. It is in the interest of the EU to help the emerging democracies and their economies, and they have. Yet it is not in the interest of the EU to improve those economies at a cost to their own, and it is unlikely that the EU will undertake policies that are not ultimately in its own best interests. Furthermore, the VCs are not necessarily guarding their own interests as they formulate economic policies in anticipation of EU membership. Foreign trade policy is a relatively new concept for the VCs and they have naturally looked to Western models for guidance. Moreover, excessive focus on trade, aid, and investment risks neglecting the microeconomic reforms needed in the VCs to develop their internal economies. It must not therefore be assumed that the VCs can only stand to benefit from EU membership.

The socio-political argument is even less firmly grounded. There is no doubt that there is great ethnic tension in the area, but such tensions do not preclude communication and cooperation. Ethnic tensions were largely suppressed but never resolved under Marxist-Leninist regimes. By neglecting resurgent minority issues in lieu of concentrating on European integration, the VCs are essentially ignoring this issue. Though typically viewed as a source of disagreement and potential upheaval, minorities may also act "as bridges between neighboring states that can help foster cooperation and mutual understanding" (Bugajski 1993, xvii). None of the VCs are without minorities, so the topic is a good one for communication and could serve to create a more unified feeling within the states themselves as well as within the region. Slovakia and Hungary signed a bilateral treaty in 1995 that included agreement on treatment of ethnic Hungarians within the Slovakian state.

Regional cooperation gives the Eastern European states strength and credibility within their borders, within their region, and within the entire international theater. Instead of looking west for legitimacy, these states could look to themselves. This is not to say that the VCs should turn away from the EU, but rather that they should cooperate with the EU as a unified whole. The benefits of intra-regional cooperation were acknowledged by the EU-Hungary Association Council at its July 1995 meeting. The overriding issue is based not purely on economic, political, or security factors but is instead based on an intricate combination of the three. Moreover, the policy debate regarding accession of the VCs must also consider international, regional, and domestic circumstances. The Visegrad Declaration set a good precedent for cooperation but, in defining its ultimate goal as EU integration, fosters unnecessary competition and disagreement among the signatories. Indeed, the Czech Republic and Hungary even view Poland and Slovakia as impediments to their integration.

What has been ignored in the pursuit of EU membership is the commonality of interests among the VCs—all are newly emergent democracies that are striving for a political and economic place in the international arena. They are together in unique historical and developmental positions as the first nations ever to emerge from communism and undergo the transition to democracy and capitalism. The VCs themselves possess similar social, political, and economic characteristics, which could serve as a foundation for regional cooperation among themselves. EU members are shedding their nationalistic identities at the same time that the VCs are trying to establish them.

For the VCs to accomplish both of these tasks simultaneously will be difficult if not impossible. Creating a sense of national identity and integrity is essential to consolidate a democracy. Though one typically thinks of its more violent forms when reported by the media, nationalism need not be xenophobic or reactionary; it can be a politically mobilizing force that respects the cultural integrity of others. Historic animosities and ethnic tensions are going to have to be faced and overcome before true stability is achieved in Eastern Europe. Sweeping these concerns under the rug while focusing on EU integration serves only to delay their discussion.

The benefits of overcoming obstacles to regional cooperation would far outweigh the costs. By discussing and dealing with ethnic tensions in a direct manner, the VCs would prevent future disagreements that are bound to arise regardless of their EU membership status. Moreover, the states and the region would have a stronger sense of identity and unity. For the first time in their histories, the VCs would not be subordinate to other powers. The economic might of the region may take a very long time to develop, but the likelihood of it improving dramatically because of membership in the EU is slim. The region's countries would be wise to address the other issues that face their societies. It is true that stable, prosperous economies are supportive of stable, successful democracies, but economics alone does not create political stability. Legitimacy within a society rests on stability at all levels.

The most viable alternative to EU membership is a form of regional cooperation. The VCs share common interests and aims. Instead of focusing their attention on adapting to the EU, they must pay closer attention to their internal reforms. By cooperating with one another, the VCs could create secure, stable relationships and institutions. This would serve to make the region as a whole and the VCs as individual countries more attractive partners for the EU. In addition, it would strengthen the VCs and make them less dependent on the EU. The VCs cannot and should not ignore paths to cooperation with the EU. By the same token, they should not make EU membership their immediate and exclusive goal. The VCs and the EU both could benefit from loose cooperative efforts while consolidating their own institutions. When both are coming from more equal and stable positions, full integration of the two regions could prove more beneficial to all. Time must not be the overriding concern for either the VCs or the EU.

Notes

[1]As a result of the Maastricht Treaty, the EC was renamed the EU effective October 1993.

[2]It should be noted that Germany, being aware of its neighbors' fears, strongly supported the Maastricht Treaty. Indeed, Maastricht can be regarded as a tradeoff in which Germany exchanged its support for further European integration in return for British and French support for German reunification.

[3]The primary criteria are reductions in the public debt and inflation rate as well as a tight public budget.

[4]The CMEA included the GDR, Poland, Czechoslovakia, Hungary, Romania, and Bulgaria as well as Cuba, Vietnam, and Mongolia. Originally formed in 1949, it was not activated until 1959.

[5]Exports from Czechoslovakia to the EC increased from $2,481 million in 1988 to $5,761 million in 1992. Meanwhile, exports to other Central and Eastern European countries declined from $2,579 million in 1988 to $1,129 million in 1992. The same years in Hungary reflect an increase in exports to the EC from $2,205 million to $5,313 million, with a decrease in exports to Central and Eastern European countries from $1,696 million to $672 million. In Poland, the increase in exports to the EC went from $3,467 million to $8,446 million while the decrease in exports to Central and Eastern European countries went from $2,366 million to $709 million.

[6]The Council of Europe, though not officially tied to the European Community, was seen as a stepping stone to membership in the EC.

[7]The CSCE met in Copenhagen in June 1990 and established the most comprehensive standards for rule of law and democracy ever adopted by an international organization. The CSCE reasserted its commitment to human rights and respect for minorities, as originally established in the Helsinki Final Act of 1975. Commitment to ideals of democracy and legitimacy was included for the first time.

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