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# EUSA REVIEW

### **Bargaining Among Unequals: Enlargement and the Future of European Integration** Andrew Moravcsik and Milada Anna Vachudova

AS MANY AS TEN STATES stand poised to conclude negotiations with the EU for full membership by the end of 2002. This prospect has elicited much anxiety about the prospect of gridlock in European institutions, stagnation in European integration, or popular backlash in European countries, East and West. We submit, to the contrary, that the entry of new members is more likely to reinforce existing incremental trends in EU politics, including the shift in attention from classic economic cooperation to cooperation outside of the first pillar, growing conflict over the budget, the declining persuasiveness of any *grand projet*, and the dissipation of the goal of “United States of Europe” as a widely-held ideal for Europe. Fears of gridlock, stagnation or backlash are exaggerated; the more likely result is a strengthening of the *status quo*.

Neither the success of enlargement nor the terms on which it is taking place should come as a surprise to either theoretically aware observers of international relations or historically aware observers of European integration.<sup>1</sup> Enlargement rests on the convergent interests of existing and potential members. EU leaders promote accession because they consider enlargement to have longer-term economic and geopolitical benefits—the creation of commercial opportunities and the stabilization of neighboring countries (Grabbe 2001). East European states similarly participate because EU membership brings access to the world’s largest single market, strengthening of political ties with the West, and the stabilization of domestic democracy and capitalism. The latter advantages are particularly clear when compared to the “costs of exclusion”—that is, the potentially catastrophic costs of staying behind while others advance. While the candidates have had to comply with the EU’s requirements and acquiesce to certain unfavorable terms, EU membership has remained a matter of net national interest. These adjustments, like most economic reforms costly in the short-term, are viewed as inevitable steps toward long-term convergence.<sup>2</sup>

The accession countries, to be sure, are in a weak bargaining position and must therefore make concessions—a fact that is often invoked as evidence for the fundamental injustice of enlargement. Yet the underlying reason for this asymmetry in bargaining power is rarely taken into account: while existing EU members and candidates will both benefit from the basic fact of enlargement, the candidates benefit more. For the eastern

candidates, the benefits of basic membership outweigh the costs so substantially that they have a very strong preference for reaching an agreement. This greatly reduces their bargaining leverage with EU members over the terms of their accession to the EU. During the final phase of the enlargement negotiations taking place at the end of 2002, they are choosing to make significant short-term concessions—but only in exchange for the long-term advantages that accrue uniquely from EU membership. This simple logic of “asymmetrical interdependence”—those who benefit the most from a policy must sacrifice the most on the margin—is the most profound factor shaping the negotiations.<sup>3</sup>

Yet the negotiation phase is nearly complete, and the spotlight is turning now to the consequences of as many as ten new states joining the EU—perhaps as early as 2004. How will these states behave as new members of the EU? How will their choices impact the course of future European integration? The basic relationship of “asymmetric interdependence” between the members and candidates will change subtly once they are members, and this will have four important consequences for the disposition of the EU’s new member states.

First, *the new members will enter as moderately well-qualified member states*. The political consequences of the fundamental asymmetry have been evident in the pre-accession process, in which applicants must satisfy the Copenhagen criteria and adopt the *acquis* in its entirety to qualify for membership. The resulting negotiations have until recently been little more than a process of checking off a massive and essentially non-negotiable list of EU laws and regulations, chapter by chapter.

The asymmetry of power between the EU and the candidates facilitates this transformation. The EU can exclude any that do not conform to the broad political and economic parameters of national politics in the EU. This process will continue. Slovakia, for example, will be kept out of the EU if the Slovak voters return a nationalist government to power in late 2002.

Thus, the transition from communism has meant not only that a market economy must be constructed from the ground up, but also that a modern regulatory state capable of implementing the EU’s *acquis* must be put in place—a task far more formidable than that previous enlargement countries faced. For the construction of a well-functioning market economy and a strong, democratic state—long-term goals that are hardly in question—the requirements for EU membership have been, on balance, positive (Vachudova 2001a). For its part, the EU will thus not be derailed for having admitted poorly qualified states.

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Second, *new members are unlikely to support great strides forward in European integration*. After joining, accession countries will be working to satisfy requirements for full membership in Schengen and in the EMU. They hardly need more to digest. A measure of Euroskepticism is rising among applicant countries that have received stiff report cards from the Commission every autumn for almost a decade, and now must endure pressure for unpopular concessions in the last phase of negotiations.

In existing EU member countries, enlargement is also unpopular with voters, many of whom associate it with rising illegal immigration, international crime, and unemployment. While there is little evidence that enlargement will contribute measurably to any of these problems—to the contrary!—EU politicians have nonetheless faced restive publics. In the short-term, any electoral response will be blunted by the negotiated outcome. The asymmetry of power between the EU and the candidates renders accommodation relatively easy: new members will not be allowed to lift their internal Schengen borders for many years; they will be required to reinforce their external borders; and they will wait for up to seven years after accession before their citizens enjoy the right, at least in the abstract, to live and work anywhere in the EU (Vachudova 2001b). Before the decade is out, the issue may recede as stagnant population growth in the EU leaves old members scrambling to attract workers from the new members or third countries.

Third, *the new states are likely to bargain hard on budgetary issues after they enter*. The next twelve prospective new members are highly diverse, but they are also numerous and almost certain to agree that any financial advantages old members enjoy over them should be reversed. If they join forces, they will collectively have the ability to block not just unanimous votes (such as those on treaty change or budgetary matters) but some qualified majority votes. Given that it will be difficult for the EU to settle the budget for 2007 onwards prior to enlargement, the candidates will already be full members by the time the EU starts the next round of budgetary negotiations. The long transition periods and unequal benefits currently being imposed on the applicant countries have instructed them that only by playing tough in EU bargaining can they get a better deal, just as they learned in the 1990s that only full membership would give them full access to the EU market. For all these reasons, new members are nearly certain to deploy their voting power in an effort to secure a greater share of EU spending. This is likely to be a major EU concern for the next decade, just as it was for the periods immediately following previous accessions.

Fourth, *new members are unlikely to import divergent or destabilizing policy agendas into the EU*. Many fear that new members will spark unprecedented conflict within the EU. The real threat of disruption comes not from the sheer number of participants at a Council or Commission *tour de table* (a prospect about which Brussels insiders seem obsessed), but the increasing diversity of the policy preferences of EU member states.

Yet this diversity, while undeniably real, is unlikely to divert existing trends in European integration. EU member states have no consensual “grand project” that could easily be stalled by the vetoes of unruly new members seeking budgetary side payments. This has been the lesson of three successive treaty amendment exercises. Nor would it be easy for new members to employ their voting power in QMV to block legislation, since the internal market is largely complete and everyday legislation moves forward at a slower pace than ten years ago. Today EU governments are instead prioritizing policy areas that lie partly outside of the first pillar, such as foreign policy, immigration policy, and monetary policy.

In precisely these areas of current interest outside of the first pillar—and some within it—flexible institutional mechanisms other than majority voting can be used to combat gridlock. Nearly every significant recent initiative in the EU has involved only (or has provisions to involve only) a subset of EU members: EMU, social policy, foreign and defense policy, environmental policy, Schengen, etc. The trend is toward differentiation, flexibility and *ad hoc* arrangements. In many of these areas—foreign policy and flanking policies to EMU being prime examples—uniformity is not required for effective policy-making. From the perspective of collective action theory, the EU is more about coordinating “coalitions of the willing” than avoiding “free riding.” Meanwhile, member governments no doubt favor flexibility, though they do not say so in public, as a means to avoid placing themselves in a position where poorer countries can extort financial side-payments.

In conclusion, the consequence of enlargement is unlikely to be gridlock, stagnation or backlash. Instead, enlargement is most likely to reinforce existing trends in the EU: trends toward diversity and differentiation, tighter limits on spending, reform of the major fiscal policies (CAP and structural funds), incremental evolution rather than *grands projets*, and broad acceptance that the EU is unlikely to develop into a “United States of Europe” (Moravcsik 1998a). This is neither novel nor ominous. It signals instead that the EU is becoming a more “normal” polity—one that has established itself beyond the point of no return and can thus afford to tolerate a diversity of opinion about its future course.

*Andrew Moravcsik is professor of government and director of the European Union Center at Harvard University, and currently a visiting fellow at Princeton University. Milada Anna Vachudova is assistant professor of political science at the University of North Carolina Chapel Hill.*

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## Notes

1. The argument in this paper is set forth in more detail in Moravcsik and Vachudova 2003.
2. For a contrary view, see Schimmelfennig 2000, who views enlargement as the result of rhetorical entrapment—West European countries, he believes, uttered idealistic rhetoric and then found themselves unable to resist demands to realize it. While only more detailed research can demonstrate the extent to which Schimmelfennig is correct, we note only that his theory is deployed to explain the relatively narrow difference between a special arrangement with potential members and membership.
3. For a similar interpretation of bargaining among existing member states during the course of European integration, see Moravcsik 1998b.