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DEPARTMENT OF POLITICAL SCIENCE AND PUBLIC ADMINISTRATION

**MASTER'S DEGREE IN SOUTHEAST EUROPEAN STUDIES**

The Decisive Impact of the Integration of the Western Balkans on the EU Legitimacy  
Crisis

**MASTER'S DEGREE THESIS**

**THE INTEGRATION OF WESTERN BALKANS IN THE EUROPEAN STRUCTURES HAS A  
DECISIVE IMPACT ON THE EU LEGITIMACY CRISIS**

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Athens, September 2008

## ABSTRACT

**This paper is an attempt to address the role of the EU as a transformative power. The EU emerged as a normative power after the end of the Second World War with the purpose of achieving a viable peace and promoting economic prosperity among the western European countries. It evolved as a democratization project as a result of the southern involvement in the process of European integration and it culminated in the institutionalization of a comprehensive and differentiated policy in order to assist the political and economic transition of the post-communist CEECs as well as to promote ethnic reconciliation, ensure democracy and support the economic revitalization of the Western Balkans. The integration of the SEECs in the European structures impacts in a decisive way on the EU legitimacy crisis, which is totally different from the legitimacy crisis experienced by the EU with regard to the hard core of the 15 member-states and the CEECs and is identified with the commitment to national identity and the inability to deliver the needs for which it was initially emerged. BiH reveals the EU's weakness to promote ethnic reconciliation; Albania confirms the EU's limited contribution to democratization, whereas Croatia verifies the EU's positive influence on the country's economic integration.**

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## I. INTRODUCTION

The purpose of this paper is to examine the impact that the integration of Western Balkans in the European structures has on the EU's legitimacy. Consequently, the role of the EU as a normative – transformative power promoting peace, democracy, economic prosperity and stability through the Stabilization and Association Process and the potential of Western Balkan's accession to the EU will be examined to this purpose.

The topic of this essay is highly significant. From the perspective of European integration, this essay highlights the EU's capability to intervene in a transformative way and diffuse European norms, values and policies, while attempting to adapt the prospective of European accession to the domestic conditions existing in candidate and potential candidate countries. Given the fact that the EU is currently dealing with a legitimacy crisis its performance in the Western Balkans can be a crucial factor confirming and further enhancing its role as a credible international actor vested with substantial transformative power.

From the perspective of the Western Balkans, BiH, Albania and Croatia belong to the group of Balkan countries in transition. They enjoy a different status of association with the EU as the first two countries are potential candidates, whereas the latter is a candidate, and their transition processes are marked by different needs and problems. Peace-building and ethnic reconciliation in BiH, democratization in Albania and economic prosperity in Croatia are among the most prominent objectives opening those countries the way to the EU accession.

This essay indeed, proposes that the integration of Western Balkans in the European structures affects in a decisive way the EU's legitimacy. The prevalence of ethnic nationalism in BiH and Albania's slow and weak proceeding with democratization question the effectiveness of the EU's performance in the Balkans, whereas Croatia's economic development verifies the EU's positive influence.

The methodology used to prove the above working hypothesis is based on a three step-process consisting of, firstly, an analysis of the different dimensions of its

legitimacy crisis with regard to different group of countries, whether members-states, candidate countries or potential candidate countries, secondly the roles that the EU assumed and the goals that pursued either in response to external stimuli or to its own aspirations, and finally the assessment of its own performance in BiH, Albania and Croatia.

The sources on which this paper is based are reports from think tanks specialized on international relations such as *“Democracy in the European Union”* by Stefano Micossi, scientific articles such as *“The Many Faces of Europeanization”* by Johan Olsen, the internet sites of the EU, WB, IMF, OECD and Freedom House, and finally publications such as *“European Union Politics”* edited by Michelle Cini, *“Legitimacy and the EU”* by David Beetham and Christopher Lord, *“Governance and Legitimacy”* by Lynn Dobson and Albert Weale.

This essay is organized in the following way. The first chapter refers to the EU legitimacy crisis, which is identified with the existence of democratic deficit among the hard core of 15 member-states, with the consequences of the CEECs’ accession in the EU, and with the EU’s ineffective performance in the case of Western Balkans. The second chapter analyses the concept of Europeanization and addresses the emergence of the EU as a peace project after the end of the Second World War, its development into a democratization scheme as a response to the Southern European approach and its manifold role in the region of Central Eastern and Southeastern Europe, sources of deriving and strengthening its legitimation. Finally, the third chapter examines the EU’s transformative impact on peace-building and ethnic reconciliation in BiH, democratization in Albania and economic development in Croatia.

## II. THE EU LEGITIMACY CRISIS

According to Lipset, political legitimacy involves the capacity of the system to engender and maintain the belief that the existing political institutions are the most appropriate ones for society, whereas persons subject to the binding rules made by political authorities must accept that the political institutions making those rules have a right to do so<sup>1</sup>. Legitimacy implies that the political authority which rules has the right to rule and the people subject to the rules consent to the right of rulers to take decisions that have an impact on them.

Consequently, political legitimacy is constructed on three elements: legality, normative justifiability and legitimation. More specifically, political authority is legitimate when<sup>2</sup>:

- It is acquired and exercised according to established rules accepted by the people subject to them.
- The rules are justifiable according to socially accepted beliefs about the rightful source of authority and the proper ends and standards of government.
- The positions of authority are confirmed by the affirmation or consent of appropriate subordinates or by the recognition from other legitimate authorities.

The EU, as all sorts of political systems should be legitimate. However, the EU as a system of governance is highly differentiated from national systems of government. It has moved far beyond a mere international institution<sup>3</sup>. It is a sui generis political system with substantial and unique characteristics, which has captured the complex mode of governing in the absence of the traditional hierarchical structures of governance<sup>4</sup>. It is a system of governance without government, as it is built upon established patterns of rules without an overall ruler and it exercises a range of

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<sup>1</sup> Dobson, L., Weale, A., "Governance and Legitimacy" in E. Bomberg & A. Stubb (eds), *The EU: How Does It Work?*, Oxford University Press, 2004, p. 160.

<sup>2</sup> Beetham, D., Lord, C., *Legitimacy and the EU*, Longman, London & New York, 1998, p. 3.

<sup>3</sup> Dobson, L., Weale, A., op. cit.

<sup>4</sup> Ibid., p. 158.

activities that governments traditionally undertake, without having though a government<sup>5</sup>.

The EU is a peculiar polity without the powers of coercion and linkage to a geographical territory typical of national states. Instead, its powers are spread out over a number of institutions and procedures, each of which has its own legitimization mechanisms<sup>6</sup>.

The EU's legitimacy stems from three sources: democracy, performance and identity.

The democratic elements constitute the procedural criteria which vest the EU with "input" legitimacy<sup>7</sup>. Member-states and supranational bodies act in accordance with the EU treaties and law by qualified majority or unanimous voting. Accountability is dispersed and consensus is highly valued. As a result, citizens are convinced that political authority is properly constituted and exercised and that the methods and procedures performed by the system comply with certain criteria such as legality, fairness, accountability and democratic norms such as elections, vesting the system with input legitimacy<sup>8</sup>.

Performance refers to the substantive criteria which provide the EU with "output" legitimacy by delivering peace, prosperity and the conditions in which member-states' objectives can be fulfilled<sup>9</sup>. It designates that the political system and its institutions function reasonably well and deliver the needs as well as serve the objectives for which they were developed and initially emerged<sup>10</sup>. The EU is legitimate when its political authorities pursue appropriate purposes and are sufficiently effective in that performance.

Finally, identity is identical with the congruence criteria. It signifies the existence of multiple but compatible cultures, joint loyalties at variable strengths and "one

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<sup>5</sup> Ibid., p. 158.

<sup>6</sup> Micossi, S., *Democracy in the European Union*, Centre for European Policy Studies (CEPS), CEPS Working Document No. 286, February 2008.

<sup>7</sup> Dobson, L., Weale, A., op. cit.

<sup>8</sup> Ibid., p. 160.

<sup>9</sup> Ibid., p. 161.

<sup>10</sup> Ibid., p. 160-161.

people”, self-governing with common history, destiny, values and cultures, strongly identified with the system and its institutions expressing its allegiance to them<sup>11</sup>.

The case of the EU, verifies that the different context, quality and intensity of relations between the EU and the hard core of the 15 member–states, the CEECs which recently accessed the EU and the SEECs with which the EU is associated through the SAAs impact on its legitimacy in a manifold mode, challenge and question different sources of it.

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<sup>11</sup> Ibid., p. 160-161.

## 1. The EU of 15 Member-States

*“The idea behind the notion of ‘a democratic deficit’ is that decisions in the EU are in some ways insufficiently representative of, or accountable to, the nations and people of Europe”, Lord.*

*“Europe consists of demoi, rather than demos. And if there is no demos, there can be no democracy”, Weiler (Beetham, D., Lord, C., *Legitimacy and the EU*, Longman, London & New York, 1998).*

The EU of 15 member-states experiences a legitimacy crisis which is identified with the lack of democracy. The so-called democratic deficit indicates the strong but at the same time problematical relationship between the democratization of the EU and its acceptability to its citizens, the painful task of constructing democratic politics at the European level and finding strategies of democratization appropriate to a non-state political system made up of many nationalities<sup>12</sup>.

The democratic deficit has two dimensions, an institutional and a socio-psychological one<sup>13</sup>. The institutional perspective of the EU crisis refers to the input legitimacy, to the procedural democratic elements and therefore to the lack of the basic requirements of transparency, representation, accountability and democratic involvement from the EU decision-making mechanisms and institutions. The socio-psychological perspective stresses the significance of a common European identity and presents the absence of demos as a barrier to the creation of a unified democratic political EU. The development of a “civic we-ness”, of feelings of belonging to an “inclusive” transnational polity is an imperative, not only for the viability of European democracy, but also for the democratic integrity of the constituent populations to be respected and for cultural variation and multiple identity holding to be fostered<sup>14</sup>.

First and foremost, the EU suffers from a lack of accountability. The EU agencies, including the European Commission, the European Central Bank and the European Court of Justice are unaccountable as they are staffed with non elected officials and expand their competences away from public scrutiny.

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<sup>12</sup> Lord, C., “Democracy and Democratization in the EU” in S. Bromley (ed), *Governing the EU*, Sage Publications, The Open University, London, p. 169.

<sup>13</sup> Chrysochoou, D., “EU Democracy and the Democratic Deficit” in M. Cini (ed), *European Union Politics*, Oxford University Press, 2004, p. 368.

<sup>14</sup> *Ibid.*, p. 373-374.

On the other hand, the EP, although it is the only supranational institution directly elected and consequently accountable to the electorate, remains too weak to compensate for the democratic deficit of other EU institutions and unable to check the other European agencies as long as its powers of scrutiny, amendment and approval of legislation are restricted<sup>15</sup>. Its influence on European legislation is still quite limited, while its powers are feeble in relation to those of national parliaments. The EP has only slender powers of executive formation or dismissal, contributing to the “de-parliamentarization” of national political systems and to the empowerment of the executive decision-makers, governments and bureaucrats<sup>16</sup>. It has no right of initiative in legal terms and its powers over the EU’s budget are constrained.

Furthermore, European parliament elections are considered as “second-order national contests”<sup>17</sup> and they are characterized by the absence of both a European party system steering European politics and a systematic electoral linkage to the politics of representation or accountability. The parliament elections are marked by low voter participation, the campaigns are dominated by national issues, the electoral results are strongly influenced by the domestic political balance of power and the MEPs serving in the EP in multinational party groups are elected under national party labels.

Secondly, the lack of transparency of the EU policy processes to the citizens constitutes one more dimension of the democratic deficit. EU committees, working groups and agencies have grown immensely and the overlap of their activities as well as the divergence of the rules governing them, have created a transparency gap<sup>18</sup>.

The lack of transparency is also apparent in the Parliament and much more noticeable in the Council of Ministers. Although, the Parliament is much more public, its role in the legislative process is not transparent to the voters. Similarly, in the Council of Ministers, voting is more implicit than explicit, and decisions are reached mainly by

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<sup>15</sup> Beetham, D., Lord, C., op.cit.

<sup>16</sup> Chrysochoou, D., op.cit.

<sup>17</sup> The principal insight of this theory is that both voters and parties consider competition for power in the national arena to be so much more important than competition for power in the European arena that they use their opportunity to elect a union institution to express domestic political preferences. Lord, C., op. cit.

<sup>18</sup> Zweifel, T., *Democratic Deficit? Institutions and Regulation in the European Union, Switzerland and the United States*, Lexington Books, New York & Oxford, 2003, p. 15.

persuading potential opponents to demur<sup>19</sup>. As a result, the lack of transparency and the consequent secrecy and opacity create opportunities for collusion.

On the other hand, the counter argument suggests that the lack of transparency in the EU decision-making and especially in the Council of Ministers provides confidentiality and freedom, as long as the influence of publicity renders the conduct of the Council procedures arduous and the intergovernmental negotiations of agreements rigid, and hardens easily positions<sup>20</sup>.

Thirdly, the lack of consensus and more particularly the expansion of the qualified majority voting in the Council of Ministers into 35 new policy areas after the December 2000 Nice summit as a counterbalance towards the heterogeneity arisen from the enlargement process raised significant fears about the supremacy of majority over the will of minorities<sup>21</sup>. According to the Nice Treaty, 90% of the 345 council votes would be a blocking minority; alternatively, countries constituting at least 38% of the EU population could block a policy. In that way, powerful member-states, such as Germany, France, the United Kingdom, Italy and Spain, by virtue of their greater voting weights, can impose decisions on weaker member-states.

However, the majoritarian voting in contrast to the unanimity rule is bound to continue as long as it facilitates the decision-making, grants efficiency and flexibility and breaks deadlocks.

According to the socio-psychological perspective, the sense of European identity and loyalty is embryonic at best among the European electorate<sup>22</sup>. The EU is far from a unified society. Instead, it is a multitude of societies and cultures.

Above all, the European level lacks some of those longstanding elements which typically form the sediment of nationhood such as common language, shared customs or a common historical experience, on the basis of which the consciousness of a

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<sup>19</sup> Ibid., p. 26-27.

<sup>20</sup> Ibid., p. 26-27.

<sup>21</sup> Ibid., p. 16-17.

<sup>22</sup> Beetham, D., Lord, C., op.cit.

distinctive and valued identity can be shaped and given political significance<sup>23</sup>. The EU lacks a community of communication, of experience, and of memory. It lacks European parties, European political leaders, European media and a constitution able to engender consent and command legitimacy.

The EU has no European Demos. Its citizens do not view the common institutions as “theirs” and they do not believe that there is a “theirs” to be served by those institutions<sup>24</sup>. The citizens’ identification with the European structures and procedures is slight and the sense of identity or belonging remains weak reflecting the restricted role and contribution of their national governments and representatives over the formulation of a sense of ownership over particular policies.

Moreover, the socio-psychological dimension of the EU democratic deficit points out the persistent presence of a communication deficit. There is a widespread ignorance and confusion about the EU’s institutions and procedures which are further impeded by the EU’s complexity and plethora of bodies and rules. The EU is seen as a remote, obscure and unresponsive system performed by secretive and unaccountable groups of technocrats and eurocrats. Public opinion surveys, including Eurobarometer series and qualitative studies based on focus groups, indicate that a majority of citizens lack basic knowledge about how the EU works, how the issues are being decided and how these influence their daily lives<sup>25</sup>.

The recent rejection of the Constitutional Treaty by the French and Dutch governments and the rejection of the Lisbon Treaty by the Irish government verify the existence and deep penetration of the democratic deficit into European structures and institutions. The EU democratic deficit is a reality that can not be easily ignored. It is a complex and dynamic phenomenon that marks in a decisive way the future of European integration. It is the obstacle but at the same time it has the potential to lead to the solution and success of the European experiment. It is a vehicle able to contribute to the deep awareness of European structures and institutions.

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<sup>23</sup> Ibid., p. 29.

<sup>24</sup> Dobson, L., Weale, A., op. cit.

<sup>25</sup> Kurpas, S., Meyer, C., Gialoglou, K., *After the European Elections, Before the Constitution Referenda: Can the EU Communicate Better?*, Centre for European Policy Studies (CEPS), CEPS Policy Brief No. 55, July 2004, p. 1-2.

## 2. The Central and Eastern European Countries<sup>26</sup>

After the big enlargement of 2004 and the rejection of the draft Constitution by France and the Netherlands in May 2005, the “absorption capacity” or the “enlargement fatigue” of the EU became one of the most controversial issues identical with the current crisis of the EU integration and most particularly with the EU legitimacy crisis.

The revival of the “enlargement fatigue” as a result of the 2004 and 2007 enlargement has strongly been linked to the prospects of further enlargement, particularly to the most sizeable candidate, Turkey, along with Western Balkans as well as to the rejection of the Constitutional Treaty by the referenda in France and the Netherlands, which was perceived by the political elite as part and parcel of the dissatisfaction of the public with the functioning of the European project.

The absorption capacity is grounded on the following constitutive components: the capacity of goods and service markets, the capacity of the labor market to absorb new members-states, the capacity of the EU’s finances to absorb new members-states, the capacity of the EU’s institutions to function with new member-states, the capacity of society to absorb new member-states and the capacity of the EU to assure its strategic security.

**Capacity of Goods and Service Market.** The single market for goods, despite the misleading confusion of enlargement with globalization poses no real problem. The EU’s enlargement into Central and Eastern Europe helped Europe to adjust to the global challenge. Integration of the nearby new member states into the European supply chain allowed European companies to profit from low labor cost opportunities, and helped them improve their global competitiveness with relatively smooth adjustments.

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<sup>26</sup> Aydin, S., Emerson, M., De Clerck-Sachsse, J., Noutcheva, G., *Just What is the “Absorption Capacity” of the European Union*, Centre for European Policy Studies (CEPS), CEPS Policy Brief No 113, September 2006.

However, services market has recently been the subject of intense political debate and negotiation of the EU services directive, as a result of political elites' caution in only partly opening the service sectors to fully open-market competition and public opinions' concern about the "Polish Plumber" phenomenon.

**Capacity of the Labor Market to absorb new member states.** The EU, in the first year since the 2004 enlargement, experienced high inflows of migration from the CEECs to those member states that did not retain restrictions<sup>27</sup>. As a result, emigration has begun to cause concern in both the labour-exporting states and the EU-15. All Central, Eastern and South-Eastern European countries face serious problems of demographic decline and therefore of labor shortage. In the same way, the EU-15 faces unemployment problems, while the growth of the population of working age has been fallen to a point of zero after decades of demographic growth averaging around 0.3% per year. The rejection of the Constitutional Treaty by France and Netherlands reveals the fear of negative effect of enlargement on employment.

**Capacity of the EU's Finances to absorb new members-states.** The EU budget has a well-defined policy of financial redistribution in favor of its poorest regions. Two-thirds of the structural funds are allocated to regions whose GDP is below 75% of the EU average with some 50 beneficiaries regions today, accounting for 22% of the EU's total population. However, the most sensitive issue for the new member-states (CEECs) would be the timing of the introduction of further new member states in relation to the speed of 'catch-up' achieved in the next years by the 2004 and 2007 entrants.

**Capacity of the EU's institutions to function with new member-states.** The daily routine of the EU's decision-making process has so far not shown any major signs of the predicted institutional gridlock. Instead, many of the problems that have surfaced have resulted from disagreements between the main 'old' member states, and would probably not have been avoided with the Constitutional Treaty in place.

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<sup>27</sup> For example, recent reports tell of 600,000 migrants into the UK mainly from Poland and 200,000 into Ireland with many from Latvia. Ibid., p. 11.

More explicitly, with regard to the Council decision-making, the Constitutional Treaty would make qualified majority voting (QMV) the rule, as opposed to the status quo where unanimity is still the rule. This would not mean a major increase of policy fields falling under QMV, shifting about 25 existing areas under QMV and introducing about 20 new ones directly without veto. However, it is remarkable that none of these areas has proven to be problematic since enlargement.

**Capacity of Society to absorb new member-states.** The opening of the EU to the CEECs and therefore to different political and economic systems, identities and cultures influenced in a decisive way the willingness of society to embrace new member-states and entailed significant repercussions for the European perspective of the Southeastern Europe.

Identity constructs are powerful factors in understanding and explaining the less than enthusiastic support for the EU membership for the Western Balkan countries, as well as Turkey. In the Western public's mind, the Balkans have long been associated with ancient hatreds escalating into bloody wars. The images of the Yugoslav wars of secession of the 1990s and the ensuing misery, poverty and disorder are strong determinants of the perceptions of the Western public of the Balkan fitness for EU integration. The Turkish case also merits special attention as it is linked to growing concern with the integration of Muslim minorities in Europe.

**Capacity of the EU to assure its Strategic Security.** The EU's absorptive capacity refers also to its growing strategic ability to project its unique model of soft power into its near neighborhood. The case of CEECs confirms the EU's positive impact on exporting stability and more particularly contributing to political stabilization and economic development in the region of Central and Eastern Europe.

Similarly, the threat of inter-ethnic conflict in the Balkans urges the EU to act as a transformative power. Bosnia is still convalescent, Macedonia precarious, and Kosovo, despite the recent declaration of its independence, potentially explosive. The EU keeps on confirming its Thessaloniki commitments for ultimate full membership of the region and has invested hugely, in terms of financial and political assistance, in order to transform the Balkans into a region that converges on modern European

values. Regarding Turkey, there are also major strategic issues on how the EU and Turkey's foreign and security policies in the wider Turkish neighborhood will develop, with its comprehensive geo-political minefield.

The accession of the CEECs in the EU structures, despite their substantial progress on economic integration, their strong economic growth and macroeconomic stability, their limited budgetary impact and their participation in the decision-making process without causing gridlocks, challenges the EU legitimacy as a result of the labor shortage in the labor exporting countries and the consequent migratory inflows and unemployment in the old member-states as well as due to the identity and cultural mosaic which creates and causes popular discontent.

### 3. The Southeastern European Countries

*“The Balkans’ situation is an acid test of our ability to deliver the effective action on which our credibility depends. Here, if anywhere, the gap between rhetoric and reality has to disappear”* R. Prodi, Strasbourg, 2000.

The watershed events of 1989 signified the eclipse of the centralized model in southeastern Europe and the beginning of a complex transition course. It signaled the parallel undergoing of three separate and simultaneously interconnected transitions, the transition from authoritarianism to democracy, from socialism to capitalism and finally the transition from conflict to peace and consolidated “stateness”<sup>28</sup>.

The Balkan countries started their transition from highly disadvantaged and distorted political and economic structures. Their political systems were plagued by the communist legacy, their structures marked by the absence of democratic political culture and their political institutions, rules and procedures limited to meet the formal and procedural democratic criteria and norms<sup>29</sup>. In a similar way, the opening of these economies to international competition found them ill-prepared and vulnerable, as during the communist era for various reasons they remained isolated from the European and international markets<sup>30</sup>.

In addition to the transition challenge facing those countries since 1989, the region of Southeastern Europe had also experienced a protracted geopolitical turmoil, as a result of Yugoslavia’s dissolution. The Croatian, Bosnian and Kosovo military conflicts inflicted severe economic, political and social consequences on the whole region.

War expenditures and the consequent destruction of economic infrastructure and productive capacity created additional budgetary burdens and derailed fiscal and

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<sup>28</sup> Donais, T., *The Political Economy of Peace-Building in Post-Dayton Bosnia*, Routledge Taylor & Francis Group, London & New York, 2005, p. 4.

<sup>29</sup> Kaldor, M., Vejvoda, I., “Democratization in Central and East European Countries: An Overview” in M. Kaldor & I. Vejvoda (eds), *Democratization in Central and Eastern Europe*, Continuum International Publishing Group, London, New York, 1999, p. 1-2.

<sup>30</sup> Stubos, G., *Balkan Transition 1989-2002: Turbulent Past, Promising Future*, York University, Bank of Greece, February 2004, p. 1.

monetary policies, while economic conditions were further aggravated by the UN sanctions on Yugoslavia<sup>31</sup>. Countries, which were not directly involved in the military conflict, such as Albania, Romania and Bulgaria, suffered indirect negative consequences due to the interruption of regional and international routes, whereas the flow of foreign direct investments was channeled to other central European economies like Poland, Hungary and the Czech Republic as a result of the protracted regional instability<sup>32</sup>.

Ethnic conflicts and hostilities created deep-seated resentments, fragmented political landscape and public sphere, polarized societies along ethnic lines, provoked human losses and displacement of ethnic populations and refugees and fired demand for independence of ethnic groups<sup>33</sup>. Declining living standards, refugees, border disputes, organized crime, contested territories and security concerns in the region are all conspiring to create a cauldron of instability and potential conflict in Southeastern Europe<sup>34</sup>.

Ethnic reconciliation, peace-building, economic development and democratic consolidation are the main objectives and challenges of the EU's strategy in Southeastern Europe. The scope, nature and tension of political and economic problems in the region have forced the EU to develop a multidimensional agenda and set manifold objectives regarding the region within the context of the Stabilization and Association Process (SAP).

The SAP constitutes the EU's overall policy framework for Western Balkan countries. It enables the EU to provide the countries of Western Balkans with the prospect of association and eventual accession in the EU, while at the same time vests it with broad transformative/normative power. The SAP empowers the EU to operate as a Europeanization force, namely as a peace, democratization or economic prosperity project and therefore to further enhance its legitimacy by delivering the above mentioned values and goods with effectiveness and efficiency.

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<sup>31</sup> Ibid., p. 1.

<sup>32</sup> Ibid., p. 1.

<sup>33</sup> *The Road to Stability and Prosperity in South Eastern Europe: A Regional Strategy Paper*, The World Bank – Europe and Central Asia Region, 2000, p. 6.

<sup>34</sup> Ibid., p. 6.

### III. THE EU NORMATIVE – TRANSFORMATIVE POWER

#### 1. The Concept of Europeanization

*“Europeanization has all the hallmarks of an emergent field of inquiry”, Simon Hix and Klaus Goetz.*

##### a) Searching for a definition

“Europeanization” is a fashionable but also contested concept which is used to describe a wide range of phenomena and processes of change<sup>35</sup>. It has no common definition, nor a single precise or stable meaning<sup>36</sup>. Instead, the term is considered both elusive and all-encompassing<sup>37</sup> and it is so unwieldy that it is futile to use it as an organizing concept. Besides, attempts to model the dynamics of Europeanization are scarce, while the empirical evidence is uneven and often contested.

The study of Europeanization raises important issues which are not exclusively limited to the absence of a precise and stable definition and therefore to the necessity of identifying the term, but also to its usefulness and contribution to the understanding of the dynamics of the evolving European polity<sup>38</sup>.

Europeanization has been an influential term in social scientific terminology as well as in the commonplace discourse of Europe and it has gained momentum in both politics and international relations<sup>39</sup>.

With regard to a definition shaping the meaning of Europeanization there are various and different interpretations.

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<sup>35</sup> Olsen, P. J., “Europeanization” in M. Cini (ed), *European Union Politics*, Oxford University Press, 2004, p. 334.

<sup>36</sup> Olsen, P. J., *The Many Faces of Europeanization*, University of Oslo, Arena Working Paper, No 1, 2002.

<sup>37</sup> Anastakis, O., “The Europeanization of the Balkans”, *The Brown Journal of World Affairs*, Vol. XII, Issue 1, Summer/Fall 2005, p 77.

<sup>38</sup> Olsen, P. J., op. cit.

<sup>39</sup> Anastakis, O., op. cit.

According to **Ladrech**, who adopts a “top-down” perspective and whose definition is the one generally accepted, Europeanization depicts an incremental process re-orienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the organizational logic of national politics and policy-making<sup>40</sup>. Consequently, Europeanization connotes the processes and mechanisms by which European institution-building may cause change at the domestic level. Ladrech by the term “organizational logic” means the adaptive processes of organizations to a changed or changing environment and therefore underlines the role of adaptation, learning and policy change<sup>41</sup>.

On the other hand, scholars including **Risse**, **Cowles** and **Caporaso** define Europeanization as “the emergence and development at the European level of distinct structures of governance, that is, of political, legal, and social institutions associated with political problem-solving that formalizes interactions among the actors, and of policy networks specializing in the creation of authoritative rules”<sup>42</sup>. This definition of Europeanization differs from the traditional uses of the term, is differentiated from the processes of internationalization and globalization and it stresses the impact of Europeanization on domestic structures including both policy structures e.g. political, legal and administrative structures that interpret and carry out policies, and the system-wide domestic structures pertaining to the nation-state, its society and economy as a whole<sup>43</sup>.

**Vink** and **Graziano**, in their edited volume understand Europeanization very broadly as the domestic adaptation to European regional integration<sup>44</sup>. The term “regional integration” signifies the formation of closer economic and/or political links among countries that are geographically near each other, whereas “adaptation to the EU” is understood as in a broad sense including the administrative adaptation of executive

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<sup>40</sup> Ladrech, R., “Europeanization of Domestic Politics and Institutions: the Case of France”, *Journal of Common Market Studies*, Vol. 32, 1994, p. 69.

<sup>41</sup> Ladrech, R., “Europeanization and Political Parties: Towards a Framework of Analysis”, *Party Politics*, Vol. 8, No 4, 2002, p. 392.

<sup>42</sup> Risse, T., Green Cowles, M., Caporaso, J., “Europeanization and Domestic Change: Introduction” in T. Risse, M. Green Cowles, J. Caporaso, (eds), *Transforming Europe: Europeanization and Domestic Change*, Cornell University Press, February 2001, p. 3.

<sup>43</sup> *Ibid.*, p. 3-5.

<sup>44</sup> Vink, P. M., Graziano, P., “Challenges of a New Research Agenda” in P. M. Vink and P. Graziano (eds), *Europeanization: New Research Agendas*, Palgrave Macmillan, New York, 2007, p. 7.

government to a “continuous system of negotiations” within the EU, the adaptation of interest groups and social movements to new institutional opportunity structures and finally the normative consequences in terms of substantial political issues<sup>45</sup>.

**Johan P. Olsen** argues that Europeanization refers to different, but related phenomena and therefore has different conceptions which complement, rather than exclude each other. Consequently, the dynamics of Europeanization can be understood in terms of a limited set of ordinary processes of change divided into the five categories below<sup>46</sup>:

- Europeanization as changes in external territorial boundaries.
- Europeanization as the development of institutions of governance at the European level.
- Europeanization as central penetration of national and sub-national systems of governance.
- Europeanization as exporting forms of political organization and governance that are typical and distinct for Europe beyond the European territory<sup>47</sup>.
- Europeanization as a political project aiming at a unified and politically stronger Europe<sup>48</sup>.

**Ioakimidis** defines Europeanization as a process of “internalization of environmental inputs” by the political and societal systems of EU member-states, and, as such, it entails a steady redefinition of functions, relationships, boundaries, values and cultural

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<sup>45</sup> Ibid., p. 8.

<sup>46</sup> Olsen, P. J., op.cit.

<sup>47</sup> It can operate as a gravity model of democratization working through three kinds of mechanisms which act synergistically: 1) legal obligations in political and economic domains stemming from the requirements for accession to the EU, and/or from the Council of Europe membership and accession to its Convention on Human Rights and Fundamental Freedom, 2) objective changes in economic structures and the interests of individuals as a result of integration with Europe, 3) subjective changes in the beliefs, expectations and identity of the individual, feeding political will to adopt European norms of business, politics and civil society. Emerson, M., Noutcheva, G., *Europeanization as a Gravity Model of Democratization*, Centre for European Policy Studies (CEPS), CEPS Working Document No 214, November 2004, p. 4.

Europeanization can also operate as an instrument of conflict resolution in the south eastern periphery of the EU by triggering critical political, security, economic and societal developments in a manner that can positively transform the interests of the conflicting parties. Coppieters, B., Huysseune, M., Emerson, M., Tocci, N., Vahl, M., *European Institutional Models as Instruments of Conflict Resolution in the Divided States of the European Periphery*, Centre for European Policy Studies (CEPS), CEPS Working Document No 195, p. 1.

<sup>48</sup> However, there is not necessarily a positive correlation between the four types of Europeanization mentioned above, and between each of them and a politically stronger Europe. Ibid., p. 4.

traits, regulatory patterns that shape the internal dynamics of the political system. It involves the redefinition of boundaries between the state and society as well as of relationships within states and structures and within society<sup>49</sup>. Europeanization is experienced differently by member-states and it depends on factors such as the specific state formation, the patterns of policy-making, the political culture, the balance of power between state and society as well as that between national and subnational units.

From **Claudio's M. Radaelli** point of view the concept of Europeanization refers to “processes of construction, diffusion and institutionalization of formal and informal rules, procedures, policy paradigms, styles, “ways of doing things” and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies”<sup>50</sup>. Consequently, Europeanization is understood as governance, institutionalization and discourse. Radaelli also clarifies that Europeanization is not identical with other contiguous concepts such as convergence, harmonization and political integration at a conceptual level, although they are in reality interconnected<sup>51</sup>.

Therefore, Europeanization is conceived by Radaelli as an interactive process and not as a single procedure of uni-directional changes and narrow impacts<sup>52</sup>. It affects in a decisive way both domestic political structures including institutions, public administration, inter-governmental relations, legal structures, structures of representation, cognitive and normative structures as well as public policy and is mobilized through three specific mechanisms encompassing the adoption of European models, the domestic opportunity structure and the role of directives in framing integration.

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<sup>49</sup> Ioakimidis, P. C., “The Europeanization of Greece: An Overall Assessment” in K. Featherstone and G. Kazamias (eds), *Europeanization and the Southern Periphery*, Frank Cass Publishers, London, 2001, p. 73.

<sup>50</sup> Radaelli, M. C., *Whither Europeanization ? Concept Stretching and Substantive Change*, European Integration online Papers, Vol. 4, No 8, 2000, p. 4.

<sup>51</sup> *Ibid.*, p. 5-6.

<sup>52</sup> Radaelli, C. M., *Europeanization: Solution or a Problem?*, European Integration online Papers, Vol. 8, No 16, 2004, p. 4.

## **b) Europeanization and Enlargement**

Europeanization acquired its first major impetus with the development of the European Communities with the purpose to assess the processes taking place in Western Europe after the end of the Second World War and evaluate their impact on member-states. Later on, Europeanization was identified with the response of individuals, organizational actors and institutions to the altered conditions generated by the development of the EU and more particularly the deepening of European integration since the launch of the Single European Act (1986)<sup>53</sup>. The so called “Europeanization of Western style” stemmed from the experiences of Western European politics and societies and meant therefore to describe the changes inside the European Community itself and the adjustment capacity of its member-states<sup>54</sup>.

The Mediterranean enlargement and more particularly the accession of Greece, Spain and Portugal in the EU further enhanced the impact of Europeanization on the late-developing countries of advanced capitalist Western Europe. The “Europeanization of Southern style” became identical with a process of deep transformation and modernization of economies, politics and societies, including the consolidation of democracy, the incorporation of pluralistic norms and practices through socialisation and the intensive engagement with the EU systems and procedures<sup>55</sup>.

The collapse of communism and the post-communist convergence between East and West orientated Europeanization to a new direction. It started gradually to get associated with the enlargement of the EU to the East. The consequent “Europeanization of Eastern style” signified the transition to democracy and market economy and incorporated a systematic Europeanization process with the purpose to assist candidate countries to comply with the advanced models of the West and finally to obtain full membership in the EU<sup>56</sup>.

For the region of Southeastern Europe, the process of Europeanization represents a challenge, a test case, a much more traumatic experience than the earlier one in

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<sup>53</sup> Ladrech, R., op. cit.

<sup>54</sup> Ibid., p. 78.

<sup>55</sup> Ibid., p. 79.

<sup>56</sup> Ibid., p. 79.

Central and Eastern Europe<sup>57</sup>. The “Europeanization of South Eastern style” denotes the adjustment of countries, plagued by ethnic wars and extreme nationalism, to advanced western models, norms and values such as democracy, peace, human rights, security and economic prosperity<sup>58</sup>. It is a painful, one-way, didactic, patronizing and externally driven process which pursues an increasingly demanding agenda and is characterized by significant asymmetry and coercion as well as by the absence of local response and norm internalization<sup>59</sup>.

Finally, Europeanization is a process highly associated with the conception of the EU as a transformative – normative power. After the end of the Second World War, the EU emerged as a normative power unique and substantially differentiated from other systems of governance. It was created in a post-war historical environment which reviled the nationalisms that had led to barbarous war and genocide. It has evolved into a hybrid of supranational and international forms of governance transcending the Westphalian norms and emphasizing certain principles common among the member states and it has been founded on specific constitutional norms which represent crucial constitutive factors determining its international identity<sup>60</sup>. The EU’s particular historical evolution, its hybrid polity, and its constitutional configuration, in the post-cold war period, accelerated a commitment to placing universal norms and principles at the centre of its relations with its member-states and the world and pursue these norms in accordance with the ECHR and the principles of the United Nations Charter<sup>61</sup>.

The broad normative basis of the European Union has been developed over the past 50 years through a series of declarations, treaties, policies, criteria and conditions. It encompasses “core” norms such as the promotion of peace, liberty, democracy, rule of law and human rights which possess a central role in symbolic declarations and the preambles of the founding treaties of the EU, as well as “minor” norms such as social solidarity, anti-discrimination, sustainable development and good governance<sup>62</sup>.

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<sup>57</sup> Ibid., p. 80.

<sup>58</sup> Ibid., p.80.

<sup>59</sup> Ibid., p. 80-86.

<sup>60</sup> Manners, I., “Normative Power Europe: A Contradiction in Terms?”, *Journal of Common Market Studies*, Vol. 40, No 2, 2002, p. 240-242.

<sup>61</sup> Ibid., p. 241.

<sup>62</sup> Ibid., p. 242-244.

The diffusion of the above norms occurs under various forms: through contagion, information based on a range of strategic and declaratory communications, procedures and procedural factors involving the institutionalisation of a relationship between the EU and a third party, transference of goods, trade, aid and technical assistance between the EU and third parties, the physical presence of the EU in third states and international organizations and finally through cultural filter<sup>63</sup>.

The EU is constructed on a normative basis, and therefore is predisposed to act in a normative way in world politics. According to Manners, the EU as a normative power has an ontological quality to it – that the EU can be conceptualized as a changer of norms in the international system; a positivist quantity to it – that the EU acts to change norms in the international system; and a normative quality to it – that the EU should act to extend its norms into the international system<sup>64</sup>. At this point, Europeanization, although it remains a field of inquiry, is a mechanism able to export the European norms, values and procedures, promote the EU's "power over opinion", "idee force", or "ideological power" and consequently empower and further enhance the EU's normative power.

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<sup>63</sup> Ibid., p. 244-245.

<sup>64</sup> Ibid., p. 252.

## 2. The Aftermath of the World War II: The Emergence of the EU as a Peace and Economic Prosperity Project

*“This proposal (ECSC) will built the first concrete foundation of a European Federation which is indispensable to the preservation of peace...any war between France and Germany would become not merely unthinkable, but materially impossible”,*  
Robert Schuman.

The Second World War and its aftermath operated as the most determining factor for the renewed interest in European unity and the rebirth of the idea and dream of a politically integrated Europe<sup>65</sup>.

First and foremost, the end of the Second World War revealed both the desire and need for a new system of security in a world in which national states could no longer provide effective protection against foreign aggressions<sup>66</sup>. Nationalism and nationalist rivalries that culminated in war, and the consequent unprecedented material destruction and the human losses which entailed, discredited and wiped out the independent sovereign nation-state as the main driving force and as the dominant model of political organization in the international order and stressed the great importance as well as the necessity of replacing the state with another more flexible and effective form of global governance<sup>67</sup>.

Additionally, the quest for a solution to the “German Question” constituted a fundamental condition totally indispensable to cure the ineffectiveness and overcome the final collapse of the Versailles System as well as to establish and secure greater stability and peace<sup>68</sup>. Germany was clearly the key economy in Europe which had to provide the cornerstone of European reconstruction<sup>69</sup>, but as long as Germany was conceived as a threat, the development of a system able to keep the German state

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<sup>65</sup> Urwin, D. W., “The European Community: From 1945 to 1985” in M. Cini (ed), *European Union Politics*, Oxford University Press, 2004, p. 12.

<sup>66</sup> Lipgens, W., Loth, W., *Documents on the History of European Integration*, Vol. IV, Walter de Gruyter, Berlin, New York, 1991, p. 1.

<sup>67</sup> Pinder, J., *European Community: The Building of a Union*, Oxford University Press, 1995, p. 1.

<sup>68</sup> Lipgens, W., Loth, W., *op. cit.*

<sup>69</sup> Williams, A., *The European Community: The Contradictions of Integration*, Blackwell, Oxford UK & Cambridge USA, 1994, p. 22-23.

under control and at the same time prevent the eruption of violence and revanchist trends was an imperative.

The security threat linked to Germany's destiny became much more intense as a result of the decision taken by USA, UK and reluctant France to establish an independent Federal Republic of Germany and an international Ruhr Authority in 1949 to supervise coal and steel production in West Germany's dominant industrial region, which failed to satisfy anyone.

Furthermore, the end of the Second World War represented a turning point for the European integration as it signified the beginning of a new era. The outbreak of the Cold War between the two world super powers, USA and USSR, bequeathed Europe with deep and persistent divisions between East and West, fueled alarm in Western Europe about its fragile defences against USSR's territorial expansionism<sup>70</sup> and facilitated the deep and excessive political and economic intervention of the USA in the European affairs in the late 1940's<sup>71</sup>.

This uncertain international political and security climate and the consequent ideological bipolarization stimulated Western Europe to assert its identity vis-a-vis the new world powers and the resulting balance of power and to define itself as an entity with common interests<sup>72</sup>.

Finally, the post war reconstruction of the national economies and the overall economic recovery monopolized the national agendas of the Western European countries and inspired attempts to create larger economic areas, adequate to the development of modern productive forces and capable of competing or even balancing the increasing economic power of the USA<sup>73</sup>.

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<sup>70</sup> The fear of Soviet aggression was increased by the Communist takeover in Prague in February 1948. *Ibid.*, p. 3.

<sup>71</sup> The formation of the North Atlantic Treaty Organization (NATO) in 1949 and the introduction of the European Recovery Programme, known as Marshall Plan aimed to consolidate as well as to strengthen both the political and economic links between the USA and Western Europe. Urwin, D. W., *op. cit.* Furthermore, the founding of the Brussels Pact, the OEEC and the Council of Europe had been fostered by the French government and further assisted by the USA policy of promoting West European Union. Lippens, W., Loth, W., *op. cit.*

<sup>72</sup> *Ibid.*, p. 1.

<sup>73</sup> *Ibid.*, p. 1.

However, the aftermath of the Second World War and more specifically the above mentioned impulses contributing to the development of the European integration idea varied in intensity, were not always equally strong and did not always work to the same direction.

Arguments and ideas promoting and defending the federal idea were counterbalanced or weakened by the states' commitment to the national sovereignty, the assumption that economic recovery and post war reconstruction would be based on the external assistance from the USA and economic and trade cooperation among the western European states, the belief that an alliance between France and the UK would be the core of the European organization with the UK undertaking a leading role in reorganizing Europe and, finally other European international organizations promoting economic and cultural cooperation<sup>74</sup>.

The radical redirection to the political objective of European Integration was provided by the French foreign minister, Robert Schuman. Robert Schuman proposed the pooling of coal and steel resources, which served as a blueprint for the establishment of a European Community of Steel and Coal in 1951 with the Treaty of Paris<sup>75</sup>, while the drafter of the plan, Jean Monnet, supremo of the national economic planning in France after 1945, insisted that peace and stability could best be accomplished through the rapprochement between the historic rivals, France and Germany, while economic development and prosperity could be obtained better at a European level through economic and therefore political integration<sup>76</sup>.

The atrocities and devastation committed during the Second World War and the consequent necessity to establish peace and deliver economic prosperity constituted the "raison d'etat", inspired and gave birth to the emergence of the EU. The community idea provided a framework in which a new relationship with West Germany could be forged and adequate performance in the economic field could be accomplished providing the EU with a source of deriving legitimacy<sup>77</sup>.

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<sup>74</sup> Urwin, D. W., op. cit.

<sup>75</sup> Urwin, D. W., op. cit.

<sup>76</sup> Ibid., p. 16.

<sup>77</sup> Bromley, S., *Governing the EU*, Sage Publications Ltd, 2001, p. 62-66

The EU from the first moment of its existence emerged as a metahistorical phenomenon grounded on the consensus of the western European states to exercise collective amnesia and to overcome history without forgetting the mistakes made, and as a metanational structure, qualitatively differentiated from the other international organizations which were limited in scope and intergovernmental in nature, promoting and securing peace<sup>78</sup>.

The EU emerged as a peace project and it evolved throughout time into a considerable international actor vested with significant normative/transformational power and pursuing a multidimensional agenda across the broader region of Europe. As time goes on, the experience of the Second World War becomes distant and consequently the rationale of peace less effective. Instead, the accession of the CEECs in the EU structures as well as the Western Balkans' orientation towards the EU create new challenges and offer a new range of issues and contexts where the EU can involve and diffuse its norms, values and policies.

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<sup>78</sup> The European international organizations established in the late 1940's, such as the Treaty of Dunkirk between UK and France in 1947, the Benelux Customs Union among the Low Countries in 1948 and the Treaty of Brussels among UK, France and Benelux, were all limited in scope and intergovernmental in nature. Although their objectives incorporated the promotion of economic and cultural cooperation, they were essentially mutual security pacts serving as a protective shield against a possible German aggression in the future. Urwin, D. W., *op. cit.*

### 3. The Mediterranean Enlargement: The EU as a Democratization Project

*“The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law, principles which are common to the Member States”, Article F1 of the Treaty of European Union as amended by the Treaty of Amsterdam, 1997.*

The origins of the democratic tradition of the European integration and consequently the emergence of the EU as a democratization project were not innate or present at the creation of the original European Communities<sup>79</sup>.

On the eve of the Second World War and under the Axis attempt to establish hegemony across Europe, Europe was wavering between democracy and authoritarianism with 14 authoritarian regimes in power. After the end of the war and during the Cold War Era, the democratic environment still remained fragile and dubious. Europe was dealing with the fear of communist expansion in France and Italy, while it was experiencing a civil war in Greece and the consequent massive intrusion of the US foreign aid which was aiming to prevent the country’s communist rule<sup>80</sup>.

By the 1950’s, the spread of democratic values and the consolidation of democracy, despite political stabilization, appeared quite uncertain and brittle. Eastern Europe was dominated by one-party states; dictatorships were established in the Iberian Peninsula, while democratic regimes in western European states remained ambivalent<sup>81</sup>.

Furthermore, the absence or weakness of democratic tradition was also reflected in international organizations. The Truman Doctrine, the European Coal and Steel Community, the European Economic Community and Euratom, although they were operating as a counterbalance against the spread of communism and constituted an integral component of the network supporting Western liberal capitalism and

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<sup>79</sup> Verney, S., “Creating the Democratic Tradition of European Integration: The South European Catalyst” in H. Sjursen (ed.), *Enlargement and the Finality of the EU*, Oslo: Arena, Report No. 7/2002, December 2002, p. 100.

<sup>80</sup> *Ibid.*, p. 102.

<sup>81</sup> *Ibid.*, p. 102.

parliamentary pluralism, were not necessarily identical with the promotion of democracy<sup>82</sup>.

In addition, democratic norms as a necessary condition enabling states' inclusion or exclusion from Euro-Atlantic structures offered an obscure and vague guideline. Spain due to the Franco regime was excluded from Euro-Atlantic organizations and did not even join the UN until 1955<sup>83</sup>. On the contrary, Portuguese inclusion was only partial. Portugal under the Salazar/Caetano regime, although it was a Marshall Plan beneficiary and a founder member of the OEEC (1948), NATO (1949) and EFTA (1960), was not invited to join the Council of Europe, which was grounded on the principles of individual freedom, political liberty and the rule of law, all constituting elements of genuine democracy<sup>84</sup>. In contrast to the above cases, Greece, despite the civil war which was jeopardizing its western orientation, was admitted in 1949 to the Council of Europe as a result of its strategic significance and the functioning of parliamentary institutions<sup>85</sup>.

In the context of European integration, commitment to the promotion of democracy was absent from the European Community's foundations. Democracy, despite its prominence and its central role in the EU discourse, was neither a proclaimed aim nor a requirement for participation<sup>86</sup>.

The founding treaties of the three original Communities did not contain any reference to democracy as an objective promoted and pursued by the EU. Instead, they emphasized on the promotion of security and economic prosperity and the establishment of peace. More particularly, the Treaty of Rome in its beginning declaration stressed out the importance of world peace, while the Treaty of Rome included references ensuring economic prosperity and social progress<sup>87</sup>. In a similar way, the preamble of the Euratom Treaty declared the positive impact of nuclear energy on the advancement of the cause of peace<sup>88</sup>.

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<sup>82</sup> Ibid., p. 103.

<sup>83</sup> Ibid., p. 103.

<sup>84</sup> Ibid., p. 103.

<sup>85</sup> Ibid., p. 105-106.

<sup>86</sup> Ibid., p. 107.

<sup>87</sup> Ibid., p. 107.

<sup>88</sup> Ibid., p. 107.

However, the South European involvement in integration and the consequent Mediterranean enlargement acted as a stimulus for deepening and enriching, reinforcing and further enhancing the democratic tradition of the EU.

Greece and Turkey were the two first South European states which made official approaches to the EC, started negotiations and got involved in economic integration in the form of association agreements. The Athens and Ankara Association Agreements of 1961 and 1963, despite the dubious democratic credentials, went far beyond simple preferential trade agreements by establishing a customs union with the community and by recognizing Greece and Turkey as potential full EC members<sup>89</sup>.

The first time that the issue of democratic principles as a precondition determining the potential of EC membership was raised, was in 1962 when Spain requested to open negotiations leading to an Association Agreement. Spain's dictatorial regime resulted in the EU's reluctance to engage with Spain. The European Parliament's 1962 Birkelbach Report, whose role was only consultative, confirmed the prominence of democratic norms and values as prerequisites paving the way to the integration in the European structures<sup>90</sup>. The Report did not only reject the membership bid from Spain but also declared that only states which guarantee truly democratic practices and respect for fundamental rights and freedom can become members of the European Community<sup>91</sup>. It was only in 1970 that did Spain establish a far more limited relationship with the EC in the form of the 1970 preferential trade agreement.

Furthermore, the gradual leverage of the democratic values in the context of European integration was also reflected throughout the Community's response towards Greece and Turkey which were the first countries experiencing the direct impact of a military coup on their established EC relations. The Colonels' takeover in Greece on 21 April 1967 limited the Association to its "current administration" and ruled out the prospect of developing the Association as long as Greece remained a dictatorship, while the 12

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<sup>89</sup> Ibid., p. 109.

<sup>90</sup> Kubicek, P. J., "International Norms, the European Union, and Democratization" in P. J. Kubicek (ed), *The European Union and Democratization*, Routledge Taylor & Francis Group, London, New York, 2003, p. 8.

<sup>91</sup> Ibid., p. 8.

September 1980 coup in Turkey led to the Association's formal suspension<sup>92</sup>.

However, despite the initial incorporation and crucial impact of democratic norms on the EC expansion policy, political conditionality did not become the cornerstone of the EC's relations with non-member states<sup>93</sup>.

This policy changed and political conditionality was upheld, when Greece, Spain and Portugal threw off dictatorships and quickly consolidated democratic regimes. Membership was held open to democratizing states but at the same time conditional upon democratic consolidation<sup>94</sup>. The process of democratic consolidation and empowerment was also assisted by the EC by providing support to democratic politicians, forging links with political parties, advancing important economic and political incentives and by granting external guarantees to business and propertied classes who might have been worried about the consequences of democratization<sup>95</sup>. Finally, Greece joined the EC in 1981, while Spain and Portugal followed in 1986.

The creation of democratic tradition and the incorporation of democratic principles in the process of European integration was not an innate, deliberate or home-grown strategy or objective. Instead, it emerged and evolved through practice in response to external conditions and stimuli. The eagerness of the South European states to approach the EC and pursue their integration in the European structures acted as a catalyst for the development and empowerment of the EC's democratic tradition.

The democratic problems and weaknesses experienced by the South European states and more particularly Spain, Portugal, Greece and Turkey challenged as well as stimulated the EC to respond to their democratic deficiencies and draw democratic limits with regard to its relations with them. As a consequence, the EC managed to define itself as a value-based entity, deepen its value-based identity and therefore operate as a democratization project<sup>96</sup>.

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<sup>92</sup> Ibid., p. 112-113.

<sup>93</sup> Ibid., p.8.

<sup>94</sup> Ibid., p. 8.

<sup>95</sup> Ibid., p. 8.

<sup>96</sup> Verney, S., op.cit.

The Mediterranean enlargement and more particularly the downfall of the dictatorship and the consolidation of democracy in Greece, Spain and Portugal offered the EC the opportunity to promote enlargement and the vision of European integration on a normative basis, to define European identity in terms of cherished values and not of shared interests, to give a practical demonstration of its commitment to democracy<sup>97</sup> and therefore to enhance its legitimacy through its performance and its successful transformative involvement in Greece, Spain and Portugal.

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<sup>97</sup> Verney, S., *Justifying Enlargement and the European Union's Legitimacy Crisis*, Paper prepared for the Conference on "Law and Democracy in Europe's Post-National Constellation" (Concluding Conference of the Cidel Project), European University Institute, Florence, 22-24 September 2005, p. 9.

#### 4. The Case of Central and Eastern European Countries: Europe Agreements

*“Early approval of the goal of association will contribute to political stability, encourage the development of new instruments for cooperation and strengthen confidence on the part of economic operators”, European Commission, 1990.*

After 1989, and more specifically after the end of the Cold War and the collapse of the Berlin Wall, the EC’s stance towards Eastern Europe was marked by significant ambiguities. On the one hand, the EC was not principally interested in enlarging itself by integrating new countries to its structures as the prospect of a forthcoming enlargement towards the Eastern European countries would entail significant difficulties and raise crucial issues<sup>98</sup>. On the other hand, the challenge of incorporating these countries and pledging full support for their transformation with the purpose to overcome the division of the continent would test the EC’s policy process and political capacities and would provide the EC with the chance to enhance its global leverage and assume the role of a significant international player<sup>99</sup>.

The Central and Eastern European Countries’ (CEECs’) integration in the EU entailed significant challenges. First and foremost, the CEECs were characterized by the deep penetration of the communist legacy and consequently by the absence of democratic political culture<sup>100</sup>. The political regime was identical with the communist party, the economy was controlled and determined in a pervasive way by the state authority through central-planning, while every aspect of life as well as independent activities were fully subordinated to the communist party.

The CEECs on the course of their transition and European consolidation met the formal criteria for democracy, the “procedural minimal conditions”<sup>101</sup>. Their performance revealed inadequacy on key features of substantive democracy such as the communitarian concept of constitutionalism, the identification of human rights

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<sup>98</sup> Friis, L., “EU Enlargement...And Then There Were 28?” in E. Bomberg & A. Stubb (eds), *The EU: How Does it Work?*, Oxford University Press, 2003, p. 187.

<sup>99</sup> Sedelmeier, U., Wallace, H., “Eastern Enlargement: Strategy or Second Thoughts?” in H. Wallace & W. Wallace (eds), *Policy-Making in the European Union*, Oxford University Press, 2000, p. 432,455.

<sup>100</sup> Kaldor, M., Vejvoda, I., op.cit.

<sup>101</sup> Ibid., p. 4-5.

largely with economic and social rights, the limited influence of political parties as a vehicle for political participation, the vague role of the media in representing a broad political debate and the restricted role of civil society as a platform for engagement<sup>102</sup>.

With regard to the economic integration of the CEECs into trade links with the EU, there has been remarkable progress since the beginning of the transition, in 1989. The share of exports to the EU in the total exports of the CEECs was 60.2 per cent in 1995, increasing to 66.0 per cent in 2003, while the corresponding values for imports were 61.2 per cent and 63.0 per cent, respectively<sup>103</sup>. This level of trade integration with the EU market appeared already higher than in the case of the majority of the EU-15. However, those high levels of integration were the natural consequence of the dismantling of central planning, in the period 1989–91 directly promoted by the EU's response to the collapse of communism through the Europe Agreements and the low starting point of those countries' economies<sup>104</sup>.

Furthermore, the CEECs' European orientation raised crucial institutional issues. The CEECs' economies would render them unable to compete within the EC and automatically eligible for immensely huge amounts of resources provided through the CAP and EC structural funds which would further weaken the community budget<sup>105</sup>. In addition, their accession to the EC would necessitate reforms of the community's institutions and decision-making procedures, while it was assumed that the accession of the richer European Free Trade Association (EFTA) members would impede the completion of the single European market<sup>106</sup>.

Consequently, the above mentioned political, economic and institutional challenges, in case that the EU did not export stability, constituted potential sources of importing instability, challenging the liberal political and economic identity of the EU and probably creating groups of different speeds within the same union.

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<sup>102</sup> Ibid., p. 8-18.

<sup>103</sup> Crespo, N., Fontoura, M. P., "Integration of CEECs into EU Market: Structural Change and Convergence", *Journal of Common Market Studies*, Vol. 45, No 3, 2007, p. 612.

<sup>104</sup> Ibid., p. 612.

<sup>105</sup> Smith, K., *The Making of EU Foreign Policy: The Case of Eastern Europe*, Palgrave Macmillan, London, April 2004, p. 88-89.

<sup>106</sup> Ibid., p. 89.

EC's initial response to the countries of Eastern Europe was marked by enthusiastic pledges of support for the changes. However, the search for a long-term policy began with the initial design of the Europe Agreements. In 1990 and through a series of reports, the Commission developed the association idea. It advocated moving quickly to association as a result of its own decision to proceed temporarily with deepening and therefore transforming the CEECs in accordance with its own norms and values, the pace of change in Eastern Europe, the expectations of East Europeans and the Community's own interests in the political and economic future of Europe<sup>107</sup>.

In late August 1990, the Commission presented a detailed report on "second-generation" agreements, the Europe Agreements which were much more overtly political than previous association agreements and pursued in a decisive way the CEEC's Europeanization<sup>108</sup>.

Under the EAs, the main objectives that defined and guided the relations between the EC and the CEECs were the following<sup>109</sup>:

- the establishment of political dialogue in order to promote the development of close political relations between the parties.
- the expansion of trade and harmonious economic relations between the parties.
- the development of bilateral free-trade areas with each of the CEECs within ten years in order to achieve the liberalization of trade in industrial products and to provide for broad-ranging economic cooperation in a number of key areas as well as cultural and financial cooperation.

Furthermore, the EAs' transformative impact was not only restricted to the above strategies. It became broader and all-encompassing including provisions on various fields such as the movement of persons, establishment, supply of services, payments, capital, competition and approximation of laws<sup>110</sup>. The EAs established a variety of bodies with the purpose to strengthen and widen the relations between the CEECs and

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<sup>107</sup> The EC's policy involved 1) the PHARE and G-24 aid programmes, 2) the trade and cooperation agreements, and 3) associations. Smith, K., op.cit.

<sup>108</sup> Ibid., p. 92.

<sup>109</sup> Phinnemore, D., "Stabilization and Association Agreements: Europe Agreements for the Western Balkans?", *European Foreign Affairs Review*, 2003, p. 83.

<sup>110</sup> Inglis, K., "The Europe Agreements Compared in the light of their Pre-Accession Reorientation", *Common Market Law Review*, 2000, p. 1175.

the EC including the PHARE and the European Bank for Reconstruction and Development (EBRD) which contributed to CEEC's reconstruction and assisted their transition to open market oriented economies respectively<sup>111</sup>.

The EAs were the only legally binding agreements signed and ratified by the EC and its member states and each of the partner CEECs and therefore provided the only bilateral legal bases for action<sup>112</sup>. As instruments of transformation, they offered a complex and intense integration model assisting the CEECs' economic and political transition. However, as integration instruments oriented towards eventual accession they had to be complemented and further reinforced<sup>113</sup>. Their economic and political aims had to be strengthened; the efficiency of the Association Councils had to be improved, while specific aspects of integration had to be filled out in preparation for accession<sup>114</sup>.

The declarations at the Copenhagen European Council in June 1993 signified an important qualitative change in the evolution of the EU's policy towards the CEECs strengthening further the EU's transformative involvement in the region. They endorsed eventual membership as a goal by recognizing membership as a common objective of both the EU and the CEECs conditional on the CEECs' convergence with the Copenhagen Criteria. They accelerated market access to the EU, structured the relationship of the CEECs with the institutions of the EU and reoriented the PHARE assistance programme<sup>115</sup>.

In December 1994 the Essen European Council set out on a pre-accession strategy based upon the EAs, while the Madrid European Council in December 1995 shifted the discussion from association and pre-accession towards an enlargement policy which resulted in the conduct of institutional reforms in the context of the IGC and the Amsterdam Treaty<sup>116</sup>.

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<sup>111</sup> Ibid., p. 1177.

<sup>112</sup> Ibid., p. 1177.

<sup>113</sup> Ibid., p. 1176.

<sup>114</sup> Ibid., p. 1176.

<sup>115</sup> Sedelmeier, U., Wallace, H., op. cit.

<sup>116</sup> Ibid., p. 445.

The Agenda 2000 strategy published in July 1997 raised the significance of the EAs in legal, political and economic terms and speeded up the accession train, while the Luxemburg European Council opened the way towards accession by selecting the candidates<sup>117</sup>.

The Accession Partnerships (APs) became the main instrument of the Europeanization process, as they guided the overall reorientation in the EU-CEECs relations under the EAs and set out the specific principles, priorities, intermediate objectives and conditions for each candidate, which specified the significant adjustments, required of each of them and programmed their EC assistance entitlement accordingly<sup>118</sup>.

The EU's transformative power in the CEECs is identified with the EAs. The EAs were the main element of the EU's strategy towards the countries of Eastern Europe, as they set the basis for a longer-term policy framework for the CEECs and finally opened the way from association to accession. This is why this paper directs the focus on this specific aspect of CEECs' integration in the European structures.

The accession of the CEECs in the EU, despite the strong economic growth, the increasing economic integration, the gradual adjustment and the limited budgetary impact accomplished in the period 2004-2006<sup>119</sup>, is intimately linked to the current crisis of integration<sup>120</sup>.

The rejection of the European Constitution by the French and Dutch referenda, the opposition to the extension of the four freedoms to the new entrants as result of the "Polish Plumber" phenomenon and the fears of identity loss, as well as the popular dissatisfaction with the current phase of integration due to the scale, ambition and speed of the 2004 enlargement identify Enlargement as a core element of the EU's legitimacy crisis<sup>121</sup>.

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<sup>117</sup> Inglis, K., op.cit.

<sup>118</sup> Ibid., p. 446.

<sup>119</sup> <http://europa.eu/scadplus/leg/en/lvb/e50026.htm>

<sup>120</sup> Verney, S., op. cit.

<sup>121</sup> Ibid., p. 1.

The 2004 expansion incorporating countries with very different political backgrounds and a much lower average development level operated as a source of delegitimation, revealing the EU's inner reflection upon its absorption capacity, highlighting the necessity for a pause for adjustment and having a significant impact on the European perspective of the countries belonging to the broader region of Europe. It increased the likelihood of delay in Romanian and Bulgarian entry, shifted the accession prospects of the Western Balkans "further into the distance ahead" and questioned Turkey's European orientation<sup>122</sup>.

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<sup>122</sup> Emerson, M., "The Black Sea as Epicentre of the After-Shocks of the EU's Earthquake", *The Romanian Journal of Political Sciences*, Vol. 5, No 2, Winter 2005.

## 5. The Case of Southeastern Europe: Stabilization and Association Process – Stabilization and Association Agreements

*“The SAP is built upon the assumption that a credible commitment to integration with European and global structures, especially the EU, is a critical ingredient of success, as it will serve as an external driver of reform and intra-regional integration”, 2001 World Bank Report*

The volatile disintegration of Yugoslavia has revived Southeastern Europe’s (SEE) traditional repute as a region of intractable ethnic conflicts, failing states and economic reform deficits entailing significant repercussions about the role of the EU as a transformative/normative power in the region.

The region of SEE is characterized by the predominance of hard security risks and more particularly a plethora of troubled ethnic relations and disputed borders excessively instrumentalized by political elites. The uncertain status of Kosovo and its fragile transition since its independence was declared, the multiethnic character of democracy in Macedonia and the ethnic federalization in Bosnia-Herzegovina confirm the decisive impact of ethnic nationalism on the countries of SEE<sup>123</sup>.

The existence of weak, failing and sometimes even “delinquent” states established on the principle of nation-state plagues SEE as they produce violent conflict as well as institutionally and economically non-viable ministates with national elites developing a vested political and economic interest in their endurance<sup>124</sup>.

Finally, the perpetuation of a system of blocked or state-controlled market reform, the criminalization of the economy and the corruption of state institutions unable to provide stability and redistribution, widen the gap between the most states in the region and the CEECs as well as the EU-15 and cause deprivation for social strata<sup>125</sup>.

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<sup>123</sup> *The Balkans and New European Responsibilities*, Strategy Paper for the Club of Three and the Balkans, Brussels, June 29-30, p. 11-12.

<sup>124</sup> *Ibid.*, p. 12.

<sup>125</sup> *Ibid.*, p. 13.

The region of SEE poses a real threat to the security and stability of the current and future EU member-states as well as to the credibility and authority of the EU as a global actor. As a result, Europe has to come to terms with new incumbent responsibilities and act accordingly.

The period between 1989 until the mid-1990s' was marked by the lack of influence and the absence of a comprehensive Community regional policy towards the region of Western Balkans as a whole and the institutionalization of a varied and differentiated EC/EU approach<sup>126</sup>. From the dissolution of Yugoslavia in 1991 until the end of the War in BiH, the EU, like most of the international actors, was preoccupied with attempts to contain and finally terminate the violent conflict in the Western Balkans<sup>127</sup>.

For the first years after 1989, the EU's transformative involvement in the region of Southeastern Europe was marked by vague strategies for promoting democracy and ethnic tolerance.

First and foremost, it established a network of bilateral relations with all the eastern European countries, including the Soviet Union and the "state trading" countries of the Balkans, which was based on three fundamental principles: conditionality, differentiation and compartmentalization<sup>128</sup>. Conditionality was initially designed to stimulate the above countries to move quickly towards democratic and economic reforms, while the principle of differentiation aimed to address the specific problems of each eastern European country<sup>129</sup>.

After the outbreak of the War in Yugoslavia, the EU developed the Balladur Plan (1993). The Balladur Plan was designed with the purpose to change the behavior of post-communist governments and used the incentive of future EU membership to

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<sup>126</sup> Anastasakis, O., Bojicic-Dzelilovic, V., *Balkan Regional Cooperation and European Integration*, The Hellenic Observatory, The European Institute, The London School of Economics and Political Science, July 2002, p. 20.

<sup>127</sup> Pipan, C., "The Rocky Road to Europe: The EU's Stabilisation and Association Process for the Western Balkans and the Principle of Conditionality", *European Foreign Affairs Review*, Aspen Publishers, June 2004, p. 2.

<sup>128</sup> Papadimitriou, D., "The EU's Strategy in the Post-Communist Balkans", *Southeast and Black Sea Studies*, Vol. 1, No. 3, September 2001, p. 70.

<sup>129</sup> *Ibid.*, p. 71.

encourage candidate states to settle national disputes, by accepting the existing boundaries and protecting the rights of national minorities<sup>130</sup>. However, the EU through that specific project failed to sway nationalist-pattern governments with the threat of exclusion from a distant first wave of EU expansion.

The Royaumont Process for Stability and Good Neighborliness in Southeast Europe which launched in 1996, aimed to support the implementation of the Dayton Peace Accords and therefore the EU's engagement with the Balkans<sup>131</sup>. It was based on civil society projects and the development of multicultural dialogue and its actual impact was rather limited.

The Regional Approach (1997) which followed the Royaumont Process established political and economic conditionality for the development of bilateral relations with the five Western Balkan countries<sup>132</sup>. The conditions included respect for democratic principles, human rights, and the rule of law, protection of minorities, market economy reforms and regional cooperation<sup>133</sup>. However, conditionality was applied in a way that it did not guarantee any prospect for rapid membership. Instead, the countries meeting the conditions were to be rewarded with trade concessions, financial assistance, and economic cooperation on the part of the EU<sup>134</sup>.

The breakdown of the Rambouillet talks over Kosovo and the subsequent NATO bombing of FRY in 1999 signified a turning point in the EU's relations with the region of Western Balkans<sup>135</sup>.

The first example of the EU's changing strategy was the launch of the Stability Pact (1999), which constituted the political declaration of commitment as well as the framework agreement on international cooperation to develop a shared strategy

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<sup>130</sup> Vachudova, A. M., "Strategies for Democratization and European Integration in the Balkans" in M. Cremona (ed), *The Enlargement of the European Union*, Oxford University Press, p. 147.

<sup>131</sup> Turkes, M., Gokgoz, G., "The European Union's Strategy towards the Western Balkans: Exclusion or Integration", *East European Politics and Societies*, SAGE Publications, 2006, p. 674.

<sup>132</sup> Political conditionality within the framework of the Regional Approach was put into legal practice in 1996 through the so-called OBNOVA regulation. Pipan, C., op. cit.

<sup>133</sup> Turkes, M., Gokgoz, G., op. cit.

<sup>134</sup> Ibid., p. 676.

<sup>135</sup> Papadimitriou, D., op.cit.

among all partners for stability and growth in the Western Balkans<sup>136</sup>. The Stability Pact aimed to bring peace, stability and economic development to the region as well as to draw the Western Balkans closer to the perspective of full integration into the EU structures. The Commission, with the purpose to materialize this commitment, and as an interim step towards membership, established a new generation of Stabilization and Association Agreements (SAA) as part of the Stabilization and Association Process (SAP).

The SAP is described by the Commission as a strategy designed to help the five countries of the region, namely Albania, Bosnia-Herzegovina, Croatia, Federal Republic of Yugoslavia which become Montenegro and Serbia, secure political and economic stabilization while also developing a closer association with the EU<sup>137</sup>.

Therefore, the EU's transformative involvement in the Western Balkans is identified with the SAP. The SAP offers stronger incentives to these five countries but also imposes on them more demanding political and economic conditions<sup>138</sup>. On the one hand, it strongly stresses the need for regional cooperation and the countries' commitment to gear their political, economic and institutional development to the values and models underpinning the EU, including democracy, rule of law, respect for human rights, protection of minority rights and a market economy, as necessary preconditions to develop a closer relationship with the EU, while it supports them in introducing the reforms necessary to progress in the above areas.

More particularly the SAP entails<sup>139</sup>:

- the development of economic and trade relations with the region and within the region
- the development of the existing economic and financial aid<sup>140</sup>, budgetary assistance and balance of payment support

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<sup>136</sup> Turkes, M., Gokgoz, G., op. cit.

<sup>137</sup> Vachudova, A. M., op. cit.

<sup>138</sup> Fraser, C., Kintis, A., "Southeastern Europe and the European Union", *Southeast European and Black Sea Studies*, Vol. 1, No 2, May 2001, p. 99.

<sup>139</sup> *Ibid.*, p. 100.

<sup>140</sup> For the period 2000-2006 financial assistance was provided through the CARDS programme on the following fields: reconstruction, stabilisation of the region, aid for the return of refugees and displaced persons, support for democracy, the rule of law, human and minority rights, civil society, independent

- assistance for democratisation, civil society, education and the development of institutions
- humanitarian aid for refugees, returnees and other persons of concern
- cooperation in the field of justice and home affairs
- the development of political dialogue, not only on a bilateral level but also on a multilateral and regional level
- autonomous trade measures and other economic and trade relations
- the drafting of stabilisation and association agreements, with a view to accession to the European Union once the Copenhagen criteria are fulfilled;

Most importantly, the SAAs are considered the centrepiece of the EU's SAP as they have substantially more significance than mere trade agreements<sup>141</sup>. Once the five countries of Western Balkans satisfy the EU's conditionality for opening negotiations on signing these association agreements, they become eligible for SAAs. The SAAs are the forefront of the EU's increasingly focused strategy of using conditionality to promote political and economic transformation. Consequently, once the SAAs are signed, they become the first formal step in the EU's accession process opening negotiations for full membership<sup>142</sup>.

To summarize, the EU is widely recognized as an international actor with significant transformative power promoting ethnic reconciliation, ensuring democracy and supporting the economic revitalization of Western Balkans. Its influence is immediate as it provides humanitarian aid, economic assistance, market access and political support as well as long-term, as it shapes the tenor of domestic politics by offering the prospect of EU membership.

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media and the fight against organised crime, the development of a sustainable market-oriented economy, poverty reduction, gender equality, education and training, and environmental rehabilitation, regional, transnational, international and interregional cooperation between the recipient countries and the Union and other countries of the region. <http://europa.eu/scadplus/leg/en/lvb/r18002.htm>  
 The Instrument for Pre-Accession Assistance (IPA) replaced the CARDS programme and became the Community's financial instrument for the pre-accession process for the period 2007-2013 focusing on support for transition and institution-building, cross-border cooperation, regional development, human resources development and rural development. <http://europa.eu/scadplus/leg/en/lvb/e50020.htm>

<sup>141</sup> Anastasakis, O., Bojicic-Dzelilovic, V., op. cit.

<sup>142</sup> Lehne, S., "Has the 'The Hour of Europe' come at last? The EU's Strategy for the Balkans" in J. Batt (ed), *The Western Balkans: Moving On*, Institute for Security Studies (ISS), Chailot Paper No 70, European Union, Paris, October 2004, p. 114.

<sup>142</sup> Vachudova, A. M., op.cit.

#### IV. CASE STUDIES

##### 1. Bosnia-Herzegovina: Peace-Building and State-Building

*“Ultimately, the Union has the consolidation of peace on our continent as its vocation. It is its responsibility, taken on step by step and irreversibly”, J. Chirac, Paris, 2000.*

The EU in BiH attempts to legitimize itself as a peace project. The Dayton Peace Agreement created a confederal state by retaining its pre-war republican territorial borders and by dividing it into two highly autonomous entities, the Bosniak/Croat Muslim Federation of BiH and the Bosnian Serb-led Republika Srpska. The main strategy the EU uses to establish peace and transform BiH from a semi sovereign state as a result of the international community’s persistent presence into a viable, stable and self-sustaining state and therefore integrate it in the European structures is identified with the creation of unitary state structures and more particularly with the preservation of one common-state.

Although thirteen years have already passed since the signing of the Dayton Peace Accords, ethnic reconciliation has not occurred in BiH<sup>143</sup>. Instead, the Dayton Agreement itself institutionalized the predominance and solidification of ethnicity as the country’s sole category of social organization and political contestation. As a result, both society and the political landscape are fragmented along ethnic lines and deeply penetrated by ethnic nationalism.

First and foremost, citizens’ identification with the state appears weak and vague. The acceptance of the idea of a common state by two of its three constituent groups, namely Croats and Serbs remains very low, while the 2004 UNDP survey, according to which only 40 per cent of the population feels proud of being a citizen of BiH,

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<sup>143</sup> According to the Conflict Resolution theory, a violent conflict has been resolved, when the deep-rooted sources of the conflict have been addressed and resolved. This implies that behavior is no longer violent, attitudes are no longer hostile, and the structure of the conflict has changed. Therefore, reconciliation is a long-term process of overcoming hostility and mistrust between divided people. Miall, H., Ramsbotham, O., Woodhouse, T., *Contemporary Conflict Resolution: The Prevention, Management and Transformation of Deadly Conflicts*, Polity Press in association with Blackwell Publishers Ltd, Cambridge, 2000, p. 19-22.

verifies the low level of identification with the state<sup>144</sup>. In a similar way, the fact that the majority of the electorate continue to cast their vote for ethno-nationalist parties, the general tendency in all three main ethnic groups to assign the responsibility for the wars to the other side and the lack of ICTY's credibility among important segments of the population stress the predominance of sub-national identities<sup>145</sup>.

Regarding the security situation, despite the significant improvements as a result of the EU's transformative strategy in the country, the threat of inter-group violence has not been completely removed. Security conditions for "minority returnees" returning to pre-war homes in areas dominated by the former enemy, in some regions remain a major concern<sup>146</sup>. Serious incidents, despite the presence of the European Union Forces (EUFOR/Althea Mission) since December 2004, continue to occur in certain areas, including killings and beatings, violence against properties as well as incidents of harassment and vandalism or religious premises.

Furthermore, with regard to the return of refugees and displaced persons, the Dayton institutional framework, failed to reconcile the tension between the two principles of affirming individual rights and acknowledging group rights. Four years after the Dayton agreement, the vast majority of refugees returned, not to their original homes but to the communities in which their own ethnic group was the majority. Besides, in spite of the EU's transformative presence in the country through the CARDS assistance supporting the return of refugees and internally displaced persons, over a million Bosnians remained displaced either within Bosnia or abroad<sup>147</sup>. The Dayton settlement, instead of eliminating, implied reversing the ethnic cleansing and ensured that the tension between individual and group rights and the subsequent conflict over whether Bosnia will be defined as an ethnic or civic state will definitely continue in the post-Dayton era.

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<sup>144</sup> Jakobsson, Hatay, A., S., *Peacebuilding and Reconciliation in Bosnia and Herzegovina, Kosovo and Macedonia 1995-2004*, Uppsala University, Department of Peace and Conflict Research, Sweden, 2005, p. 76.

<sup>145</sup> *Ibid.*, p. 76, 82, 83.

<sup>146</sup> *Ibid.*, p. 78.

<sup>147</sup> Donais, T., *op.cit.*

Politically, the prevalence of ethno-nationalist identification is reflected in the continued predominance of an ethnically based political party structure and the electoral success of ethno-nationalist parties<sup>148</sup>.

The current constitutional structure and its political leaders' commitment to nationalist rhetoric, despite the EU's normative guidance on reform priorities including the transformation of the confederal state into a unitary state, prevented BiH from creating functional and affordable state structures through constitutional reforms. The existing constitution, the disagreement between political parties on the scope of the future constitutional reforms, and the entities' failure to bring their constitutions into line hindered reforms in various fields<sup>149</sup>.

Instead, the political tension in BiH and the failure to conduct reforms reinforced the status of the Office of the High Representative as well as that of the European Commission and the EU Special Representative's role in pursuing reforms, while the OHR's extensive powers, despite the efforts of the international peace-builders to create conditions for interethnic association and cooperation, provided locals with an incentive to be irresponsible and prevented the development of a culture of negotiation and compromise. The lack of accountability and responsibility of the political elites, more accountable to international actors and less to the domestic audiences, resulted in a democratic deficit or even to a "fake democracy"<sup>150</sup>.

Regarding Parliament, the Europeanization policies and mechanisms had a limited impact too. The Parliamentary Assembly's legislative work was hampered by the political leaders' ethnical aspirations, while BiH's state-level governments appeared unable to overcome internal conflicts and to avoid deadlocks<sup>151</sup>. The Presidency members remained loyal to their entity and their constituents, while the Directorate for European Integration, despite its determinant role in EU assistance programming, was hampered by the politicised climate<sup>152</sup>. Fragmented policy-making and limited

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<sup>148</sup> Jakobsson, Hatay, A., S., op. cit.

<sup>149</sup> Commission of the European Communities, *Bosnia and Herzegovina 2007 Progress Report*, Brussels, 2007, p. 7.

<sup>150</sup> Jakobsson, Hatay, A., S., op. cit.

<sup>151</sup> Commission of the European Communities, op. cit.

<sup>152</sup> *Ibid.*, p. 9.

coordination between the State and the Entities, as well as among the Entities provoked serious delays in reform implementation.

Likewise, the recent 2006 general elections in BiH verified for one more time the triumphant dominance of nationalistic political parties in the country shifting away from the main purpose of the EU's transformative agenda, the promotion of political coordination and cooperation.

Firstly, they confirmed a trend away from the broad-based national parties of the three constituent peoples<sup>153</sup>. The former moderates appeared and operated as nationalists with the purpose of winning the elections. In the Federation of BiH, the Muslim nationalist Party of Democratic Action (SDA)<sup>154</sup> under the leadership of Haris Silajdzic came out on the top with 26 per cent of the vote and eight seats in the Parliament, whereas in the Republika Srpska, power shifted decisively from the Serb Democratic Party (SDS), which had governed since the early 1990's, to Dodik's<sup>155</sup> Alliance of Independent Social Democrats (SNSD) which obtained 47 per cent of the vote and consequently seven seats in Parliament.

Secondly, the 2006 elections in BiH pointed out leaders, Dodik in Republika Srpska and Silajdzic in the Federation, with diametrically opposing views concerning the structures and nature of BiH and serious implications on its road to European integration and the ultimate goal of EU accession. Consequently the elections solidified Bosnia's divisions for another four years. On the one hand, the Muslim Federation promoted the abolishment of the two entities ending up to BiH's unification<sup>156</sup> and the EU pursued reforms and conditions linked to the formulation of

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<sup>153</sup> *Semi-Annual Risk Assessment on BiH May 2006 to October 2006*, FAST International.

<sup>154</sup> On the Bosniak side, the winner was the party that was loudest in campaigning for the suspension of Republika Srpska. *Bosnia, the Slow Road to Nowhere*, International Relations and Security Network (ISN), 5 October 2006. ([www.isn.ethz.ch/news/sw/forward\\_article.cfm?id=16751](http://www.isn.ethz.ch/news/sw/forward_article.cfm?id=16751)).

<sup>155</sup> Milorad Dodik's ascendancy in Bosnian politics was unstoppable. He became Prime Minister in Republika Srpska only in February 2006, after a political crisis. He has a "can-do" attitude and a folksy style. He uses zero-sum politics that have prevailed in BiH since the 1995 Dayton Peace Accords to his advantage by presenting any increase in the power of the central government as a loss for the entities and a threat to the autonomy of the Serb people. Dodik maintains a literal interpretation of the Dayton Accords allowing him to present his opponents as politicians who irresponsibly threaten the peace in the country. *Semi-Annual Risk Assessment on BiH May 2006 to October 2006*, FAST International.

<sup>156</sup> Muslims are in favor of a strong centralized state, because they are the more numerous (45 per cent of the total population). Dr. Jovanovic, "Old wounds Emerge as Bosnia Elections Loom", ABC News, 29 September 2006. (<http://abcnews.go.com/International/story?id=2508735&page=1>).

a common Bosnian state, whereas on the other hand Republika Srpska insisted on the preservation of the existing settlement.

Finally, the election campaign itself was marked by sharp nationalistic rhetoric and occasional inflammatory statements from key election contestants too<sup>157</sup>. Certain provocative pre-electoral statements by both Milorad Dodik and Haris Silajdzic verified their willingness to abuse the opportunist nationalistic rhetoric as a vehicle leading to electoral victory.

Milorad Dodik insisted that the entities and hence the Serb dominated statelet were untouchable by telling a Serbian news agency “We will fight attempts to dismantle the current system”. He also claimed on September 15 that Bosnian Serbs do not see their long-term future in Bosnia, a statement which resulted in sharp criticism by the international community. In the same way, Haris Silajdzic promised that if his party won, Republika Srpska would cease to exist and stated “the borders of the Serb entity should be abolished, because they are the *product of a genocide*” despite warnings from the international community against such blunt talk.

The prevalence of nationalistic rhetoric in BiH constitutes a decisive factor that hinders ethnic reconciliation, hampers BiH’s internal political stability and viability, challenges the termination of the international community’s presence in the country, and seriously questions EU’s transformative strategy in the country given the fact that BiH’s EU membership perspective remains linked to the preservation of one common state.

The case of BiH indicates that its compliance with the EU conditionality able to contribute to the establishment of a viable and self-sustaining peace and therefore strengthen BiH’s European perspective remains weak and limited. Consequently, the impact of the EU as a normative power, as a peace project capable of delivering ethnic reconciliation, stability and peace in BiH appears limited and insufficient.

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<sup>157</sup> “Bosnian Election Shows Ethnic Discord”, Die Deutsche Welle, 2 October 2006. ([http://www.dw-world.de/popups/popup\\_printcontent/0..2191763.00.html](http://www.dw-world.de/popups/popup_printcontent/0..2191763.00.html)).

Despite the strong incentive of EU membership (interest-based compliance), EU's attempt to engage BiH's political leadership in political dialogue and regular exchanges between Brussels' bureaucracy and national administrators (compliance through voluntary action) and finally EU's effort to convince the political parties about the positive results ensued from reforms in specific sectors (norm-based compliance), both society and political elites in BiH remain committed to ethnic nationalism.

## 2. Croatia: Economic Integration<sup>158</sup>

*“...Within the EU, there is an unwavering will to support the people of the Western Balkans in opting for European values and living standards. However, it is the leaders and people of the region, who will determine whether their countries, through reforms, will move decisively towards a European future, marked by increased stability and prosperity”, Olli Rehn, Commissioner for Enlargement, 2008.*

Croatia signed a Stabilisation and Association Agreement (SAA) with the EU on 29 October 2001 and it was granted the status of a candidate country by the European Council of June 2004<sup>159</sup>. Accession negotiations with Croatia were opened on 3 October 2005, while on 1 February 2005 the SAA was entered into force<sup>160</sup>. On 12 June 2006, the first chapter of the accession negotiations, science and research, was formally opened and provisionally closed at an Accession Conference at Ministerial level, while on 18 October 2006 the ‘screening’ stage of accession negotiations concluded<sup>161</sup>. Accession negotiations continue.

Croatia’s economy has undergone profound transformation since the country gained independence. Market laws and institutions have been introduced and the enormous real output decline of the first war-torn years of independence has been virtually recuperated<sup>162</sup>. The trade liberalization component of the SAA has tied Croatia to an emerging European-wide free trade area and therefore provides an opportunity to boost FDIs and trade flows, while the current government elected in 2000 has accelerated this transformation by opening Croatia to global markets through WTO and CEFTA memberships, cooperation with the South-East European neighbors and the signing of the Stabilization and Association Agreement (SAA) with the EU<sup>163</sup>.

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<sup>158</sup> Commission of the European Communities, *Croatia 2007 Progress Report*, Brussels, 2007.

<sup>159</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/key\\_events\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/key_events_en.htm)

<sup>160</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/key\\_events\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/key_events_en.htm)

<sup>161</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/eu\\_croatia\\_relations\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/eu_croatia_relations_en.htm)

<sup>162</sup> *Croatia Country Economic Memorandum: A Strategy for Growth through European Integration*, World Bank (WB), Poverty Reduction and Economic Management Unit-Europe and Central Asia Region, Report No 25434-HR, Vol. 1, July 2003, p. i.

<sup>163</sup> *Ibid.*, p. i.

Croatia, since 2001, has been benefiting from financial assistance from the European Union under CARDS (2001-2004), the Phare national programme, as well as the Phare Cross Border Cooperation programmes, ISPA (2005-2006), Sapard (2006) and since 2007, under the five components of IPA with EU pre-accession financing in 2007 for Croatia amounting to €141 million<sup>164</sup>. Croatia has also been benefiting from Phare-funded multi-country and horizontal programmes such as TAIEX, the Small and Medium-sized Enterprises Financing Facility, and the Nuclear Safety Programme as well as the CARDS Regional Programme in 2005 and 2006<sup>165</sup>.

Regarding the economic criteria, CARDS assistance to Croatia contributed to improving the business environment with particular emphasis on land cadastre, property registration and regulatory framework for business investments reforms, competition policy, public procurement and intellectual property rights. CARDS assistance also facilitated the reform of the public finance system<sup>166</sup>. Phare assistance to Croatia provided further support in the field of modernisation of the land administration and the reform of public finances by improving the budget process for effective financial management<sup>167</sup>. IPA 2007 assistance to Croatia has also contributed to improving the business environment through the project "Development of Regulatory Impact Assessment".

As a result, Croatia's economy registered strong and accelerated growth, macroeconomic stability, including low inflation, was maintained, and fiscal consolidation continued needing though further backing<sup>168</sup>. Structural reforms as well as privatization moved forward thus slowly and the overall business environment improved.

According to the 2007 Croatia Progress Report by the Commission, Croatia is a functioning market economy. It should be able to cope with competitive pressures and market forces within the Union in the medium term, provided that it implements its

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<sup>164</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/eu\\_croatia\\_relations\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/eu_croatia_relations_en.htm)

<sup>165</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/eu\\_croatia\\_relations\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/eu_croatia_relations_en.htm)

<sup>166</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/eu\\_croatia\\_relations\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/eu_croatia_relations_en.htm)

<sup>167</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/eu\\_croatia\\_relations\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/eu_croatia_relations_en.htm)

<sup>168</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/economic\\_profile\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/economic_profile_en.htm)

comprehensive reform programme with determination in order to reduce structural weaknesses<sup>169</sup>.

Concerning macroeconomic stability, in 2006, real GDP growth accelerated to 4.8% year on year, up from 4.3% in 2005 as a result of the EU's transformative strategy in the country under the implementation of the SAA. Growth continued to be largely driven by strong domestic demand, while stronger private investment contributed to an acceleration of total real investment growth to 10.9%, up from 4.8% in 2005. Private consumption grew by around 3.5% in real terms and the growth of exports of goods and services accelerated to 6.9%, leading to the widening of the current account and external deficit.

The Europeanization strategies including the approximation of the EU's *acquis communautaire* as well as the implementation of institutional and structural reforms boosted the inflows of foreign direct investments (FDIs) and improved investment climate. Net inflows of FDIs almost doubled as a percentage of GDP to 7.4% in 2006 and to 9.2% of GDP in the 12 months to June 2007 and capital inflows remained strong, resulting though in the rise of the external debt. The labor market performance improved with employment growth accelerating markedly to 3.4% in 2006, up from 0.8% in 2005, with the relatively high unemployment rate and limited job turnover creating a major concern.

The Central Bank continued to target broad stability in the kuna/ euro exchange rate without any commitment to a particular exchange rate level or band obtaining exchange rate stabilization, while monetary policy also continued to rely on administrative measures, including additional credit control.

The gradual fulfillment of Croatia's commitments under the SAA contributed to price stability and fiscal consolidation. The average annual consumer price inflation declined slightly from to 3.3% in 2005 to 3.2% in 2006, whereas the budget deficit in 2006 was markedly reduced to 2.2% of GDP (3.9% in 2005) and the revenue growth exceeded expectations and accelerated to 13.1% year-on-year, with total spending

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<sup>169</sup> [http://ec.europa.eu/enlargement/candidate-countries/croatia/economic\\_profile\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/croatia/economic_profile_en.htm)

growing by 6.8%. The growth of general government debt slowed down and the debt ratio fell to 40.7% at the end of 2006 (from 43.7% in 2005).

The prospect of eventual membership generated growth and gave a new impetus to the private sector. The private sector's share of output has continued to rise, to an estimated 70% of GDP, while its share of total employment grew from 67.8% in 2005 to 68.8% in 2006, in spite of the fact the privatisation process has been uneven and sometimes hampered by legal problems, institutional weaknesses and unrealistic conditions of sale.

Company registration procedures have been further simplified, the average time, the number of procedures needed to set up a business, as well as average registration costs, have been reduced and some progress has been accomplished in removing bureaucratic obstacles to market entry and exit, despite significant administrative inefficiencies.

The implementation of the requirements resulting from the SAA stimulated further progress towards the transformation, reconstruction and rationalization of the banking sector. The banking sector represented slightly more than three quarters of total financial sector assets in mid-2007. Some 96% of banks are privately owned and the share of foreign ownership remained high at 91%. The share of non-banking financial sector assets in total financial sector assets increased from 21.4% at end-2005 to 23.6% at end-2006 and above 26 % by mid-2007, whereas a significant number of measures have been taken to strengthen the supervision of the financial sector, in particular with a view to closer monitoring of currency-induced credit risk.

Regarding the capacity to cope with competitive pressure and market forces within the Union, Croatia, despite vulnerabilities and the slow development of the private sector, supported the functioning of market mechanisms as a consequence of the EU's Europeanization strategies and transformative involvement in the country.

Reforms in the education sector continued, further steps were taken to improve the quality of education at all levels and important attempts were made to enhance the scope and quality of adult education. However, the education sector continues to

suffer from out-dated curricula and poor equipment and the levels of employment remain relatively low - at 56.6% and 63.5% respectively in the second half of 2006.

Investments, driven in particular by stronger private investment, continued their strong growth in 2006 and early 2007, while the fixed investment ratio reached 30% of GDP in 2006. Total spending on research and development remained relatively high, at around 1% of GDP, whereas public investment in transport remained strong.

Slow progress was made in the restructuring and privatisation of the two loss-making, state-owned steel mills and the aluminium company (TLM), the reform of network industries made headway, while the railway sector necessitates deeper restructuring to ensure its long-term viability and competitiveness.

The already large service sector maintained its share of total output at around 61% and the small and medium-sized enterprise (SME) sector, despite the remaining administrative obstacles, continued to grow in 2006, representing 40% of the corporate sector's total assets, 98.5% of the total number of firms and 55% of total employment.

The state intervention in the enterprise sector, despite progress in strengthening the role of the Competition Agency in monitoring and controlling state aid and in communication and cooperation with potential state aid providers, remained substantial.

Finally, the institutionalization of relations between the EU and Croatia on the basis of the SAA facilitated Croatia's integration with the EU in the areas of trade and investment and strengthened further its trade relations with the neighboring countries. In 2006, Croatia has expanded its trade with neighbouring countries as well as with Russia and China, while the EU has continued to be the most important trading partner with a slightly higher share of around 63.5% in Croatian exports, an unchanged share of 65% in imports and around 95% of FDI inflows originating from EU Member States.

Croatia has experienced solid economic performance over the past five years. The accession negotiations between the European Union and Croatia have moved on to include the areas of freedom of movement for workers, and social policy and employment. As Commissioner Olli Rehn stated Croatia has good prospects of progress. However, room remains for improvement. Rising external imbalances can become a risk. Structural reforms, including the restructuring of the shipbuilding and steel sectors move forward only slowly. State intervention in the economy appears significant. Inefficiencies in public administration and the judiciary continue to hamper private sector development, whereas the external debt has not been reduced, highlighting the need for tighter fiscal policies.

Croatia's economic transformation in the context of contractual relations with the EU entails significant repercussions and implications for both the country itself and the EU. On the one hand, the SAA process does not only open for Croatia the prospect of ultimate EU membership, but it also offers, in the meantime, a unique opportunity for growth through European integration. On the other hand, Croatia's transformation in accordance with the EU's norms, values, policies and strategies and culminating in economic growth and prosperity offers a source of legitimization for the EU. It designates the effectiveness of its transformative power and it further enhances its legitimacy.

The case of Croatia, despite shortcomings, inefficiencies and slow progress in several fields, confirms the positive impact of both the EU membership perspective and the willingness of political elites to reinforce and assist the process of the country's European integration. The EU political conditionality promoting political and economic transformation in Croatia, as well as the EU financial funding assisting reforms and transformation process resulted in Croatia's gradual integration in the European structures. The accession negotiations with Croatia have been advancing well and if Croatia obtains the necessary results, it can achieve substantial progress in the accession negotiations in 2008.

### 3. Albania: Democratization<sup>170</sup>

*“The Balkans has shown that the European Union can no longer remain a force for peace simply through example. It has also to be forthright in defending the basic values of democracy, human rights and the rule of law on which it is founded”, Solana 2000.*

Albania’s transition to democracy and capitalism has been strongly associated and decisively fastened to the prospect of the country’s European integration.

Albania, since 1999 has been participating in the Stabilization and Association Process (SAP). The 2000 Feira European Council recognized all the SAP countries as “potential candidates” for membership, while at the 2000 Zagreb Summit both the EU and the Western Balkan countries, including Albania, officially endorsed the SAP<sup>171</sup>. In 2003 Commission President Prodi officially launched the negotiations for a SAA (Stabilization and Association Agreement) between the EU and Albania and in 2004 the Council decided on a first European Partnership for Albania<sup>172</sup>. On May 2006, the EC-Albania readmission agreement entered into force, while later in the same year Albania signed the SAA at the General Affairs and External relations Council in Luxemburg<sup>173</sup>. In May 2007 the EU adopted the Multi-Annual Indicative Planning Document 2007-2009 for Albania under the IPA and in 2008 the visa facilitation and the readmission agreement entered into force<sup>174</sup>.

The key political issues in Albania stemming from the SAP and consequently determining Albania’s European perspective include the development of constructive political cooperation between government and opposition on reforms, the conduct of the 2009 parliamentary elections in line with the OSCE and Venice recommendations, the fight against organized crime and corruption by implementing the government’s anti-corruption action plan and the recommendations of the Council of Europe’s

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<sup>170</sup> Commission of the European Communities, *Albania 2007 Progress Report*, Brussels, 2007.

<sup>171</sup> [http://ec.europa.eu/enlargement/potential-candidate-countries/albania/key\\_events\\_en.htm](http://ec.europa.eu/enlargement/potential-candidate-countries/albania/key_events_en.htm)

<sup>172</sup> [http://ec.europa.eu/enlargement/potential-candidate-countries/albania/key\\_events\\_en.htm](http://ec.europa.eu/enlargement/potential-candidate-countries/albania/key_events_en.htm)

<sup>173</sup> [http://ec.europa.eu/enlargement/potential-candidate-countries/albania/key\\_events\\_en.htm](http://ec.europa.eu/enlargement/potential-candidate-countries/albania/key_events_en.htm)

<sup>174</sup> [http://ec.europa.eu/enlargement/potential-candidate-countries/albania/eu\\_albania\\_relations\\_en.htm](http://ec.europa.eu/enlargement/potential-candidate-countries/albania/eu_albania_relations_en.htm)

Group of States Against Corruption (GRECO) Evaluation Reports and the reinforcement of the independency and transparency of the justice system<sup>175</sup>.

The Albania 2007 Progress Report by the European Commission examines the progress made by Albania towards meeting the Copenhagen political criteria, which require stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities and confirms Albania's slow proceeding and weak performance on the above fields.

First and foremost, the EU's transformative policies had a limited impact on the way parliament functions. Although the parliament provided a focus for political debate and fulfilled its constitutional role in the election of a new president, little progress towards cooperation or constructive consensus between political parties on implementing reforms necessary for progress in the SAP has been accomplished.

Parliamentary work was often dominated by a short-term political agenda which polarized debate, while parliamentary decisions were often delayed due to disputes focused on narrow party interests or rushed without proper preparation and discussion. The composition of parliamentary committees was in some cases changed for political reasons; the parliamentary committee on European integration met infrequently and conducted no regular review of SAA-related topics, while the monitoring of implementation of SAA obligations was done exclusively by the government.

Regarding government, Albania, despite some progress in strengthening its government structures in order to address its commitments towards the EU and the broader development agenda, needs to strengthen its capacity further, promote coordination and reinforce strategic planning.

The improvement of the civil registry and address system, is not yet sufficiently coordinated with the development of electronic identification cards and biometric

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<sup>175</sup> [http://ec.europa.eu/enlargement/potential-candidate-countries/albania/political\\_profile\\_en.htm](http://ec.europa.eu/enlargement/potential-candidate-countries/albania/political_profile_en.htm)

passports. The European Integration Ministry's (MoEI) institutional capacity is limited by high staff turnover, slow filling of senior positions and a shortage of staff for approximation of legislation and management of specific fields of Community assistance. Many sector strategies under the National Strategy for Development and Integration (NSDI) lack clear cost estimates and performance indicators. Progress in implementing the 2006 Council of Europe recommendations to define the geographical scope and competences of regional authorities has been limited and the allocation of financial resources and tasks between central and local government as well as between municipalities remains unbalanced.

Concerning public sector's transformation in accordance with the EU's standards, public administration is stabilising and becoming somewhat more focused as a result of Europeanization strategies. However further progress on strengthening the Department of Public Administration and ensuring competent, motivated and impartial staff is now needed. The civil service often fails to adhere in practice to the official career structure and job classification framework. The use of performance management remains at an early stage, political appointments to senior and mid-level positions take place, often without due attention to the Civil Service Law, while administrative acts are signed by temporary replacements who have not been officially appointed.

The judicial system, in spite of Albania's commitments resulting from the SAP and the revised European Partnership, continues to function poorly due to shortfalls in independence, transparency and efficiency. Judicial procedures generally remain slow and lack transparency. A draft law overhauling the judiciary remains under discussion in parliamentary committee, while further legislation is needed to strengthen the independence constitutional protection and accountability of judges. The respective competences of the judicial inspectorates of the High Council of Justice and the Ministry of Justice need to be clearly defined, while judges and prosecutors need to be appointed through competitive examinations.

Although the EU's transformative agenda addresses corruption as one of the main priorities derived from the SAP, corruption is widespread and constitutes a very

serious problem in Albania<sup>176</sup>. The government has drafted a new anti-corruption strategy for 2007-2013, it made good progress in implementing the GRECO (Council of Europe Group of States against Corruption) 2002 recommendations, it hosted a regional conference on implementing the UN Convention against Corruption through the Stability Pact Anticorruption Initiative (SPAI) and it aligned its Criminal Code with the Council of Europe Criminal Law Convention on Corruption.

However, corruption remains widespread and constitutes a very serious problem. Measures to strengthen the judiciary against corruption are delayed, whereas the government's new anti-corruption strategy does not include sufficiently concrete objectives and indicators. Albania's Civil, Commercial and Administrative Codes have not fully aligned with the Council of Europe Civil Law Convention on Corruption, while the High Inspectorate for Declaration and Audit of Assets (HIDAA) lacks mechanisms to investigate declarations. Much work is still needed on enhancing judicial accountability and reinforcing transparency of political party funding.

As regards the promotion and empowerment of human rights, despite the EU's normative influence through the diffusion of its own norms and values, significant shortfalls remain in their enforcement in several fields.

Concerning civil and political rights, detention standards remain poor due to lack of resources, many media outlets remain subject to political or economic interests despite the freedom of expression, whereas religious communities remain adversely affected by the authorities' failure to provide for full restitution of properties and other belongings.

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<sup>176</sup> According to Transparency International (TI), the global civil society organization leading the fight against corruption, corruption is a widespread phenomenon in Albania and undoubtedly exists in various forms such as bribing of public officials, illegal funding of political parties and electoral competition, purchasing of positions, discriminatory application of laws and taxes against competitors and outright theft of state property and revenue. Transparency International Corruption Index from 2002 to 2004 gave Albania a score of 2.5, on a 0-10 scale, where 0 represents the most negative end of the scale. In 2005, 2006 and 2007 Albania scored 2.4, 2.6, 2.9 respectively.

[http://www.transparency.org/layout/set/print/policy\\_research/surveys\\_indices/cpi/2002](http://www.transparency.org/layout/set/print/policy_research/surveys_indices/cpi/2002)

[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2005](http://www.transparency.org/policy_research/surveys_indices/cpi/2005)

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Finally, with respect to minority rights, cultural rights and protection of minorities, further improvement on cultural rights is needed, whereas the Roma minority continues to face very difficult living conditions and discrimination, especially in the areas of education, social protection, health care, housing and employment.

The 2007 Albania Progress Report confirms that Albania's performance with regard to its compliance with the Copenhagen Criteria, despite the limited progress that it has accomplished in some sectors, is poor and inadequate. It reveals that Albania is not able to make effective steps towards her democratization process and European integration and consequently raises significant implications about the EU's normative/transformational power, and therefore challenges its legitimacy and questions its effectiveness and credibility in promoting democracy in the country.

## V. CONCLUSIONS

The EU is currently experiencing a legitimacy crisis, which becomes apparent in various ways in the different group of countries, whether members-states, candidate countries or potential candidate countries.

In the hard core of the 15 member-states the EU's legitimacy crisis is identified with a democratic deficit which has two dimensions, an institutional and a socio-psychological one. The institutional dimension of the crisis refers to the procedural elements of democracy, which vest the EU with input legitimacy, and principally to the lack of accountability of the EU agencies, the weak role of the European Parliament which is the only institution accountable to the electorate, the low significance of the European Parliament elections contrary to the national ones and the low voter participation in them, the lack of transparency of the EU policy processes to the citizens and the lack of consensus and more particularly the expansion of the qualified majority voting in the Council of Ministers. The socio-psychological dimension of the legitimacy crisis points out the absence of a European demos and therefore the absence of a European identity, which prevent the emergence of the EU as a politically unified space, and the communication deficit, which stresses citizens' widespread ignorance and confusion about the EU's institutions and procedures.

With regard to the CEECs, the EU's legitimacy crisis is identical with its "absorption capacity" or its "enlargement fatigue" following the 2004 enlargement. The accession of the CEECs, despite their substantial progress on economic integration, their strong economic growth and macroeconomic stability, their limited budgetary impact and their participation in the decision-making process without causing gridlocks, became a further source of delegitimation. It resulted in labor shortage in the labor exporting countries as well as migratory inflows and unemployment in the old member-states and caused further identity and cultural fragmentation to the already existing mosaic of peoples. The popular discontent, stemming from the CEECs' accession, became much more apparent and intense after the rejection of the Constitutional Treaty by the referenda in France and the Netherlands, revealing the deep crisis of the European project and entailing significant repercussions on the SEE's European perspective.

Concerning the SEE countries, the EU's legitimacy crisis is reflected through its inadequate performance. The region of Southeastern Europe plagued by the communist legacy, disadvantaged and distorted political and economic structures, geopolitical turmoils, military conflicts, contested borders and territories, ethnic conflicts and ethnic nationalism, urges the EU to get involved in the region as a transformative/normative power delivering peace, stability, democracy and economic prosperity by offering the incentive of European membership.

The region of Western Balkans it is not the unique case of the EU's involvement as a Europeanization force. The EU, after the end of the Second World War emerged as a peace and economic prosperity project in order to reconcile Germany and France and consequently secure peace and promote economic reconstruction. It evolved as a democratization project as a response to the eagerness of the South European states to approach the EC, contributing to the creation of the democratic tradition and the incorporation of democratic principles in the process of European integration. After the end of the Cold War and the dissolution of Yugoslavia the EU revised its stance towards the CEECs and the SEECs by promoting a multidimensional agenda, including peace, stability, economic prosperity, democratization and democratic consolidation, in the context of Europe Agreements and the Stabilization and Association Process and therefore the Stabilization and Association Agreements respectively.

The EU's involvement in the Western Balkans as a transformative power, diffusing European norms, values and policies, confirms its insufficient performance with regard to the proclaimed objectives. The case of BiH, despite the EU's attempt to establish peace, achieve reconciliation and create a viable and self-sustaining state through the creation of unitary state structures linked to the country's European perspective under the SAA, proves the limited impact of the EU's transformative policy in BiH.

In a similar way, Albania's performance with regard to its compliance with the Copenhagen Criteria, despite the limited progress that it has accomplished in some sectors, is poor and inadequate. It reveals that Albania is not able to make decisive

steps towards her democratization process and European integration and consequently raises significant implications about the EU's normative/transformational power.

In contrast to the cases of BiH and Albania, Croatia, despite shortcomings, inefficiencies and slow progress in several fields, verifies the positive impact of both the EU membership perspective and the willingness of political elites to reinforce and assist the process of the country's European integration. The EU conditionality promoting political and economic transformation in Croatia, as well as the EU financial funding assisting reforms and Europeanization process resulted in Croatia's gradual integration in the European structures.

Consequently, the main findings of this paper, with the exception of Croatia, challenge the EU's transformational/normative power, question its effectiveness and credibility in promoting the objectives set and consequently deepen its legitimacy crisis. The cases of BiH and Albania confirm that the EU's most powerful enlargement tool and basic component of its Europeanization mechanism, the EU political and economic conditionality, seems to be inadequate to anchor those countries to the European countries and consequently transform them in accordance with the European standards.

The EU's inefficient performance in the Western Balkans, and more particularly in BiH and Albania, raises two significant and perfectly rational issues. Why does EU political and economic conditionality contribute vaguely to peace-building in BiH and democratization in Albania? And how should the EU operate to reverse the ineffectiveness of EU conditionality compliance tactics?

Consequently, further research should be conducted primarily addressing the mode that the EU's presence could become more effective in the region and more particularly the adjustment of EU political and economic conditionality to the existing conditions in BiH and Albania, the re-evaluation of the EU peace building and democratization strategy towards BiH and Albania respectively, and finally the redefinition of its transformational agenda in both countries.

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