

## Democratization in Postcommunist Europe

### *Illiberal Regimes and the Leverage of the European Union*

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The European Union may well be presiding over the most successful democracy-promotion program ever implemented by an international actor. All of the states that have become credible future EU members over the last decade are making progress toward liberal democracy and more transparent market economies. The puzzle is one of causation: Does the EU only accept liberal democracies? Or does the *condition* of being a credible future EU member create incentives for political actors to make their political agendas compatible with liberal democracy and the state's bid for EU membership?

The convergence that we see toward liberal democracy today is all the more puzzling given the divergence in regimes in the region some fifteen years ago. In some postcommunist states, democratically elected governments began laying the foundations of liberal democracy and implementing comprehensive economic reforms immediately after the collapse of the communist regime. By liberal democracy, I mean a political system where state institutions and democratically elected rulers respect juridical limits on their powers and political liberties. They uphold the rule of law, a separation of powers, and boundaries between the state and the economy. They also uphold basic liberties, such as speech, assembly, religion, and property. Important for our cases, they do not violate the limits on their powers or the political liberties of citizens in order to suppress rival political parties or groups.

In other postcommunist states, however, one faction monopolized power and created the conditions of illiberal democracy for their own political and economic gain. In illiberal democracies, important requirements of EU membership were at loggerheads with the sources of the political power of ruling elites. Progress toward membership in the EU was slow or absent. Even as the EU began to implement the conditionality of the preaccession process, it had little success in changing domestic policies in illiberal democracies: governments turned their backs on the benefits of EU membership to protect their power and rent-seeking opportunities.

The condition of being a credible future EU member impacted domestic politics in illiberal democracies in a number of ways that are more complicated and intriguing than simple conditionality. I argue in this chapter that over time the EU's leverage strengthened the hand of liberal forces against illiberal ones: not in a duel where good vanquished evil, but in an iterated electoral game where sooner or later most political actors – especially political parties – saw the benefits of moving their own agenda toward compatibility with the state's bid for EU membership. As postcommunist politics has demonstrated over and over again, with a little fine tuning most political actors – however dispirited, discredited, or despised – can find their way back into the political game and indeed back into office. Only in the run up to joining the EU, there is a twist: the EU's leverage helps set the parameters and write the rules of the game.

How does EU leverage translate into domestic political change in illiberal democracies? I have identified four mechanisms, two that operate before and two that operate after what I call “watershed elections.” These are the elections in which illiberal elites that have monopolized power since the end of communism lose power decisively, and are forced to leave office.

Before watershed elections, moving toward European integration and away from international isolation serves as a *focal point for cooperation* among opposition parties and groups that have in most cases been highly fragmented and querulous. The second mechanism is *adapting*: the prospect of joining the EU creates incentives for opposition politicians to adapt their political and economic agendas to come closer to satisfying the expectations of the EU and other international organizations such as the Organization for Security and Cooperation in Europe (OSCE), the Council of Europe, and the International Criminal Tribunal for the Former Yugoslavia (ICTY).

After watershed elections, straightforward *conditionality* is at play: moving forward in the EU's preaccession process and receiving various intermediate rewards are tied to adopting laws and implementing reforms. Second, the process itself serves as a *credible commitment to reform*. Reversing direction becomes very costly for any future government. As candidates move forward in the process, governments are locked into a predictable course of policy making that serves as an important signal to internal and external economic actors. Through the preaccession process, the EU bundles together the influence of many international organizations and other international actors and sustains this influence over time.

The five cases that I explore – with the corresponding watershed election years in parentheses – are Romania (1996), Bulgaria (1997), Slovakia (1998), Croatia (2000), and Serbia–Montenegro (2000).<sup>1</sup> I am not arguing that the wish

<sup>1</sup> It is debatable whether the 2000 elections in Bosnia–Herzegovina count as full watershed elections, because the nationalists stayed out of power only briefly. The 2006 elections may have come closer, but the 2008 elections were a step backward. Serbia–Montenegro did have decisive watershed elections in 2000, but political parties have adapted to the Western liberal democratic and economic agenda only slowly. It is significant that Bosnia–Herzegovina and Serbia are the states where fundamental questions of statehood remain unsettled or unresolved.

to join the European Union influenced how voters cast their ballots in these elections: in all five cases, voters had more immediate reasons to vote against the incumbents.<sup>2</sup> Instead, EU leverage contributed to a redirection of domestic politics that occurred in two steps: First, the EU and other international actors helped shape the agendas of the opposition parties that were waiting in the wings to win these elections. Second, once in power, these parties set in motion a reform process that has sometimes slowed down, but that has never derailed, thanks to the strictures of the EU's preaccession process, and this despite subsequent political turnovers and even the return of the formerly illiberal parties to power. As the reform momentum becomes locked in, it triggers – in most cases – another wave of *adapting* as many of the formerly illiberal parties adjust their political agendas to be compatible with liberal democracy and comprehensive economic reform. For the country's future democratic trajectory, this second wave of *adapting* is the most significant aspect of political change. I also explore briefly why *adapting* has not worked in the case of Bosnia–Herzegovina.

Scholars have only begun to explain the substantial variation in the policies and the institutions adopted by the so-called early reformers, but the question of why postcommunist governments with liberal preferences adopted generally liberal policies is ultimately not that puzzling. For my cases, I have therefore selected those countries that were dominated by illiberal rulers for a substantial period of time after 1989, but that eventually changed course toward liberal democracy. In the cases of Serbia and Bosnia–Herzegovina, the mechanisms that I identify have functioned weakly, and the status of Bosnia–Herzegovina as an international protectorate split in two by the Dayton Agreement means that they have functioned differently. And although all six countries have made progress, exploring the variation in the speed and content of that progress helps illuminate the domestic conditions that determine how well external incentives can help overcome illiberal rule.

This chapter is organized into five parts. The first part will show the divergence in political and economic trajectories among postcommunist states after 1989 and the signs of convergence among credible future EU members over the last decade. The second part will explore the theories that help us understand the influence of international actors on democratization in general, and the impact of the EU on candidate states in particular. The third part will explain the mechanisms of *focal point for cooperation* and *adapting*. The fourth part will explain the mechanisms of *conditionality* and *credible commitment to reform*. The fifth part will explore alternative mechanisms that could drive political change, looking at the recent cases of “democratic breakthroughs” in postcommunist states that are not in the EU membership queue.

<sup>2</sup> For the argument that the prospect of EU membership does impact how voters cast their ballots, see Joshua A. Tucker, Alexander C. Pacek, and Adam J. Berinsky, “Transitional Winners and Losers: Attitudes toward EU Membership in Post-Communist Countries.” *American Journal of Political Science*, 46, No. 3 (2002), pp. 557–71.

## DIVERGENCE AND CONVERGENCE IN THE POSTCOMMUNIST WORLD

The collapse of communism between 1989 and 1991 throughout the region, accompanied by the end of the Soviet Union, was a critical juncture for the political development of all East European states. For many, it was also a period that set in motion forces seeking national independence: the “communist” region went from nine states in 1989<sup>3</sup> to twenty-seven in 1995. By 1995 the spectrum of political outcomes among these twenty-seven states ranged from liberal democracy to rigid authoritarianism.<sup>4</sup> It was not surprising that states emerging newly independent from the Soviet Union after over seven decades of Soviet communism would initially follow trajectories different from those of states in East Central and Southeastern Europe. But the variation among the states of East Central and Southeastern Europe was also striking, ranging from liberal democracy in Poland and Hungary to authoritarianism and war in the disintegrating Yugoslavia.<sup>5</sup>

A decade later, do we see a convergence toward liberal democracy among the subset of postcommunist states that are credible future members of the EU? By plotting the scores that these states have received from Freedom House and the European Bank for Reconstruction and Development, respectively, we can see such a convergence. Figure 4.1 shows that in 1997 the six states in this study were receiving low scores for both political freedom and economic liberalization, putting them far behind East Central Europe’s early reformers and in close proximity to states such as Kyrgyzstan and Ukraine. Figure 4.2 shows that in 2003 all but Bosnia–Herzegovina had pulled away from the post-Soviet states on their political freedom scores.<sup>6</sup> In comparison to 1997, Bulgaria, Romania,

<sup>3</sup> The Soviet Union, Poland, Hungary, Czechoslovakia, Bulgaria, Romania, East Germany, Albania, and Yugoslavia. For the 27 postcommunist states on the European continent (without the “east” of unified Germany), see Figure 4.1.

<sup>4</sup> For a careful analysis of divergence among postcommunist states, see David Cameron, “The Quality of Democracy in Post-communist Europe.” Paper presented at the Annual Meeting of the American Political Science Association, Washington, DC, 2005.

<sup>5</sup> For a more comprehensive treatment of political outcomes in the CEE states, see Valerie Bunce, “The Political Economy of Postsocialism.” *Slavic Review*, 58, No. 4 (1999), pp. 756–93; Grzegorz Ekiert and Stephen E. Hanson, eds., *Capitalism and Democracy in Central and Eastern Europe: Assessing the Legacy of Communist Rule* (Cambridge: Cambridge University Press, 2003); Jacques Rupnik, “The Post-communist Divide.” *Journal of Democracy*, 10, No. 1 (1999), pp. 57–62; and Milada Anna Vachudova, *Europe Undivided: Democracy, Leverage and Integration after Communism* (Oxford: Oxford University Press, 2005).

<sup>6</sup> Excluding the Western Balkan states from the group of EU candidates, David Cameron finds that between 1991 and 2001 the ten EU candidates extended rights and liberties so that they were comparable to those in many EU member states. But the other postcommunist states actually experienced a *decrease* in the average score; in the latter group, rights and liberties were, on average, *less* extensive and secure in 2001 than they had been in 1991. David Cameron, “Post-communist Democracy: The Impact of the European Union,” *Post-Soviet Affairs*, 23(3), pp. 185–217.

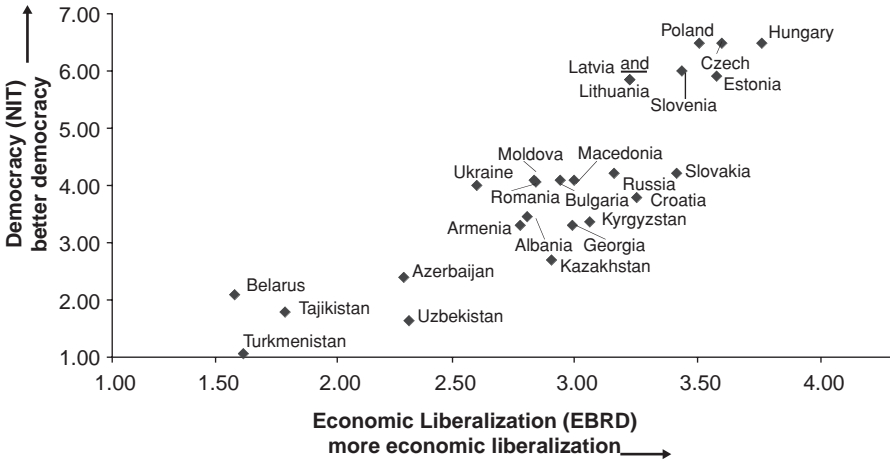


FIGURE 4.1. Democracy and economic liberalization in the postcommunist region in 1997. The democracy scale runs from the lowest score (=1) to the highest score (=7). The economic liberalization scale runs from the lowest score (=1) to the highest score (=4.3). *Sources:* European Bank for Reconstruction and Development, *Transition Report 1997* (London: European Bank for Reconstruction and Development, 1997); Freedom House, “Table 2: Nations in Transit Scores 1997 to 2003.” In *Nations in Transit 2003* (New York: Freedom House, 2003). Available at <<http://www.freedomhouse.org/research/nitransit/2003/index.htm>>. Accessed 13 March 2007.]

Croatia, and most dramatically Slovakia had made substantial progress in catching up with the early reformers with political and economic reform.

We can also point to a variety of other measures that indicate progress and convergence after 1995. Elections are free and fair and, except perhaps in Serbia, all of the mainstream parties are committed to the democratic rules of the game. Ethnic minorities are in a better position in Romania, Slovakia, and Croatia, with no signs of reversal. Croatia, Serbia, and Montenegro have established democracies that function quite well, given that these states have only recently emerged from authoritarianism and war that implicated all three polities in state-sponsored genocide. Governments are now cooperating extensively with the ICTY, and full cooperation from Belgrade seems to be only a matter of time. All of the formerly illiberal democracies have made progress toward the next milestone of EU membership – from a catapult into membership on the part of Slovakia to the signing, finally, of an association agreement between the EU and Serbia. There are still a myriad problems with the quality of democracy in absolute terms in all of these states, but the relative progress of each state since 1995 is indisputable.

It is more difficult to make the case, however, that Bosnia–Herzegovina is overcoming the ethnic political divisions reified by the Dayton Agreement in order to create a sufficiently functional central state that can prepare for EU

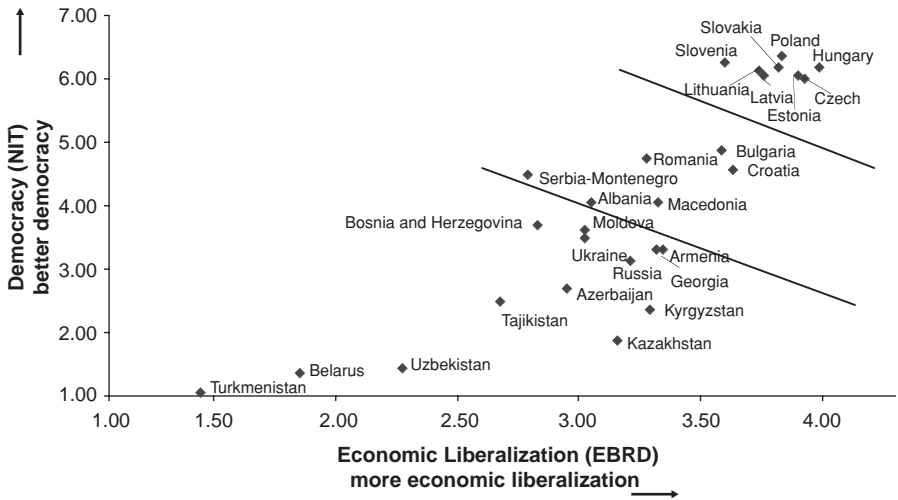


FIGURE 4.2. Democracy and economic liberalization in the postcommunist region in 2003. The democracy scale runs from the lowest score (=1) to the highest score (=7). The economic liberalization scale runs from the lowest score (=1) to the highest score (=4.3). Sources: European Bank for Reconstruction and Development, *Transition Report 2003* (London: European Bank for Reconstruction and Development, 2003); Freedom House, “Table 2: Nations in Transit Scores 1997 to 2003.” In *Nations in Transit 2003* (New York: Freedom House, 2003). Available at <<http://www.freedomhouse.org/research/nitransit/2003/index.htm>>. Accessed 13 March 2007.

membership. It is also more difficult to make the case that several Western Balkan states – Albania, Bosnia–Herzegovina, Macedonia, Serbia, and Montenegro – are converging with the frontrunners on the measures of economic liberalization and economic institutional change alone. Indeed, as Figure 4.2 shows, they fit quite comfortably in the second group of slow-paced reformers. Only Croatia shows signs of rapid economic progress. This is the finding of George Georgiadis after analysis of the aggregate transition scores for economic institutional change across the twenty-seven cases from 1991 to 2002. He argues that it is the ten candidates for EU membership that form a group within which countries are converging economically, with Croatia knocking at the door.<sup>7</sup> There are good reasons, however, that we may expect that progress in the EU’s preaccession process, tied to greater access to the EU market and more foreign investment, will eventually help bring economic liberalization and institutional improvements even in the other Western Balkan states.

<sup>7</sup> George Georgiadis, *Adapting by Expectation: Early EU Policies in the CEE Region and the Consolidation of the Two “Orbits” of Post-communist Economic Transformation*. Working Paper No. 05–02 (Weatherhead Center for International Affairs, Harvard University, 2005).

One of the most difficult issues in studying democratization is untangling political change from economic upswings and downturns, and from changes in the way that ruling elites administer the economy. In the postcommunist region, fifteen years of data reveal that greater political freedom, more economic liberalization, and better economic performance have all gone hand in hand. Figures 4.1 and 4.2 show a correlation between a country's political freedom rating and its implementation of economic reform. That is, the higher a country is rated for the quality of its democracy, the more progress it has generally made in market reform. Similar patterns emerge using different indices for economic reform, such as those of the World Bank, against the Freedom House democratization index.<sup>8</sup> There is also a correlation between the completeness of economic reforms and the level of aggregate social welfare ten years after the transition began. That is, those countries that put in place the most rapid and complete economic reforms recovered most quickly, registered the highest levels of economic growth, and generated the least increase in income disparities.<sup>9</sup> All of this is important because it shows that there is relatively little tension between the democratic and economic reforms that are requirements of EU membership, and in particular that economic liberalization does not come at the cost of the well-being of the general population. In Latin American states, for example, the relationship between democratization and market liberalization that we see in Figures 4.1 and 4.2 would look quite different.<sup>10</sup>

#### INTERNATIONAL ACTORS AND DEMOCRATIZATION

The impact of international actors on democratization, and on domestic political change more generally, is now one of the most exciting areas of study in comparative politics.<sup>11</sup> This is something of a departure from past scholarship.

<sup>8</sup> Using a World Bank/EBRD Structural Reform index against Freedom House data, others have averaged the scores received for each year between 1990 and 2000 for a similar result. See Chap. 9 in Thomas Oatley, *International Political Economy: Interests and Institutions in the Global Economy*, pp. 379–92 (New York: Pearson Longman, 2004), at p. 386; and Anders Åslund, *Building Capitalism: The Transformation of the Former Soviet Bloc*, p. 362 (Cambridge: Cambridge University Press, 2002). See also European Bank for Reconstruction and Development, *Transition Report* (London: EBRD, 2000).

<sup>9</sup> World Bank, *The First Ten Years: Analysis and Lessons for Eastern Europe and the Former Soviet Union* (Washington, DC: World Bank, 2002), pp. 16, 73–4, 107.

<sup>10</sup> Among other factors, the structural changes that these states experienced under communism, including high levels of literacy and low levels of income inequality, made labor forces relatively well prepared to adjust to and profit from market liberalization and the proximity of the wealthy EU market. It is also likely for some countries that the EU's insistence that economic liberalization be accompanied by institutional change helped create a better functioning market economy. See Valerie Bunce, "Rethinking Recent Democratization, Lessons from the Postcommunist Experience." *World Politics*, 55, No. 2 (2003), pp. 167–92; and Philip G. Roeder, "The Revolution of 1989: Postcommunism and the Social Sciences." *Slavic Review*, 58, No. 4 (1999), pp. 743–55.

<sup>11</sup> Philippe C. Schmitter, "The Influence of the International Context Upon the Choice of National Institutions and Policies in Neo-Democracies." In *The International Dimensions of*

In the literature on democratization in Latin America, the Caribbean, Asia, or Africa, the impact of external actors on democratic consolidation has usually been considered harmful or at best indifferent. The exception is democratization on the European continent, where the prospect of joining the EU is credited with supporting transition and consolidation in Portugal, Spain, and Greece as well as in the postcommunist states that are nearby.<sup>12</sup>

The democratization of communist states seemed in many ways incompatible to democratization in other parts of the world, owing to the uniqueness of communism's impact on the polity, economy, and society.<sup>13</sup> However, the behavior of ruling elites when seizing and holding power in that gray zone between liberal democracy and outright authoritarianism – be it called illiberal democracy, electoral democracy, hybrid democracy, or competitive authoritarianism – is in many respects similar across countries and regions. This chapter contributes to the recent comparative politics literature on the origin, the dynamics, and the demise of such democratic hybrids.<sup>14</sup> It demonstrates how the EU has played an important role in loosening the grip of elites that seek to perpetuate illiberal democracy. And in contrast to democracy promotion efforts by other international actors, it explains how the EU has had a sustained impact on the quality of the democratization and economic reform efforts that have followed regime change.<sup>15</sup>

In the study of EU enlargement to include postcommunist states, there is broad agreement that the EU's preaccession process has brought potent if uneven conditionality and socialization to bear on domestic politics in the

*Democratization: Europe and the Americas*, Expanded Edition, Laurence Whitehead, ed., pp. 26–54 (Oxford: Oxford University Press, 2001). See also Laurence Whitehead, "Three International Dimensions of Democratization." In *International Dimensions*, Laurence Whitehead, ed., pp. 3–25, and the other contributions to this volume. See also Geoffrey Pridham, Eric Herring, and George Sanford, eds., *Building Democracy? The International Dimension of Democratization in Eastern Europe* (London: Leicester University Press, 1997).

<sup>12</sup> Geoffrey Pridham, ed., *Encouraging Democracy: The International Context of Regime Transition in Southern Europe* (Leicester: Leicester University Press, 1991); and Laurence Whitehead, "Democracy by Convergence: Southern Europe." in *International Dimensions*, Laurence Whitehead, ed., pp. 261–84. See also Daniel Ziblatt and Nick Biziouras, "The State and the Shadow of the European Union: Party Politics and the Politicization of the State in Southern and Eastern Europe." Paper presented at the European Union Studies Association Ninth Biennial Conference, Austin, TX, 2005.

<sup>13</sup> Valerie Bunce, "Should Transitologists Be Grounded?" *Slavic Review*, 54, No. 1 (1995), pp. 111–27; in debate with Philippe C. Schmitter and Terry Lynn Karl, "The Conceptual Travels of Transitologists and Consolidologists: How Far to the East Should They Attempt to Go." *Slavic Review*, 53, No. 1 (1995), pp. 173–85.

<sup>14</sup> Terry Lynn Karl, "The Hybrid Regimes of Central America." *Journal of Democracy*, 6, No. 3 (1995), pp. 72–87; Fareed Zakaria, "The Rise of Illiberal Democracy." *Foreign Affairs*, 76, No. 6 (1997), pp. 22–43; Larry Diamond, "Thinking about Hybrid Regimes." *Journal of Democracy*, 13, No. 2 (2002), pp. 21–35; and Steven Levitsky and Lucan Way, "The Rise of Competitive Authoritarianism." *Journal of Democracy*, 13, No. 2 (2002), pp. 51–65.

<sup>15</sup> For variation in Western influence on competitive authoritarian regimes in different regions of the world, see Steven Levitsky and Lucan Way, "Linkage versus Leverage: Rethinking the International Dimension of Regime Change." *Comparative Politics*, 38, No. 4 (2006), pp. 379–400.



candidate states. Most studies focus on how the institutions and the content of domestic policy making have been influenced by EU conditionality during the negotiations for membership.<sup>16</sup> But those states where illiberal democracy took hold and economic reforms were neglected had a long way to go in their relationship with the EU before they could begin negotiations, or even obtain candidate status.<sup>17</sup> Although neglecting the impact of EU conditionality on specific policy areas<sup>18</sup> and state institutions, in this chapter I seek to shed light on the mechanisms by which EU leverage undermined illiberal regimes, and then locked in progress toward liberal democracy and economic liberalization after these regimes were ousted.

Here it is important to take a step back and look at the nature of the relationship between the EU and its democratizing postcommunist neighbors. Despite fears of diminished national sovereignty and increased economic vulnerability, EU membership rapidly emerged as a matter of national interest after 1989 in many of the early reformers because it offered substantial geopolitical, socio-cultural, and, most important, economic benefits. But between 1989 and 1994, the EU and other international actors had little impact on the course of political change: they reinforced liberal strategies of reform in some states, but failed to avert, end, or significantly diminish rent-seeking strategies for winning and exercising power in others. The turning point occurred in 1995 as the EU made it clear that for those states recognized as credible future EU members, compliance with EU requirements would be rewarded by EU membership – and that the voluntary decision to apply for EU membership would subject a candidate to a battery of unilateral monitoring and reporting.

The EU's leverage was animated by the fact that the substantial benefits of EU membership – and the costs of exclusion – create incentives for states to satisfy the entry requirements. Following this logic alone, we may conclude that the benefits of EU membership for postcommunist states must be immense: At no time in history have sovereign states voluntarily agreed to meet such vast domestic requirements and then subjected themselves to such intrusive

<sup>16</sup> Heather Grabbe, “How Does Europeanisation Affect CEE Governance? Conditionality, Diffusion and Diversity.” *Journal of European Public Policy*, 8, No. 4 (2001), pp. 1013–31; and Beate Sissenich, “State Building by a Nonstate.” Ph.D. dissertation, Cornell University, Ithaca, NY, 2003. See also the contributions to Frank Schimmelfennig and Ulrich Sedelmeier, eds., *The Europeanization of Central and Eastern Europe* (Ithaca: Cornell University Press, 2005).

<sup>17</sup> For the groundbreaking study on how the EU and other international actors used conditionality and socialization to change the treatment of ethnic minorities, see Judith Kelley, *Ethnic Politics in Europe: The Power of Norms and Incentives* (Princeton, NJ: Princeton University Press, 2004).

<sup>18</sup> See Rachel Epstein, “Cultivating Consensus and Creating Conflict: International Institutions and the (De)politicization of Economic Policy in Post-communist Europe.” *Comparative Political Studies*, 39, No. 8 (2006), pp. 1019–42. Wade Jacoby, *The Enlargement of the European Union and NATO: Ordering from the Menu in Central Europe* (Cambridge: Cambridge University Press, 2004); and Liliana B. Andonova, *Transnational Politics of the Environment. The EU and Environmental Policy in Central and Eastern Europe* (Cambridge: MIT Press, 2003).

verification procedures to enter an international organization. A steady flow of aid, expertise, trade, and foreign direct investment is diverted away from states that fail to enter the queue to join an enlarging EU along with their neighbors toward those that succeed. The costs of exclusion can weigh heavily on relatively rich states as well as poor ones. Walter Mattli has shown that economic integration can cause three kinds of negative externalities for states left outside: trade diversion, investment diversion, and aid diversion. These costs help explain the applications of rich West European states as well as relatively backward states from postcommunist Europe for EU membership.<sup>19</sup>

The *potential* political will to satisfy the EU's entry requirements set the stage for the effectiveness of conditionality within the EU's preaccession process. As I will show in the next two sections, this process has mediated the costs and benefits of satisfying EU membership criteria in such a way as to make compliance attractive – and noncompliance visible and costly. In addition to the benefits and the requirements of membership, there are three characteristics of the preaccession process – of the way that the EU applies political and economic conditionality – that have made the EU's leverage effective. They are asymmetric interdependence, enforcement, and meritocracy.<sup>20</sup> These characteristics amplify the incentives to comply with the EU's membership requirements because they make the EU's threat of exclusion, as well as its promises of membership, more credible. Power in this interdependent relationship flows from asymmetry, and the ECE states have much more to gain from the relationship than the EU.<sup>21</sup> Such patterns of asymmetrical interdependence have determined relations between the EU and candidate states in the past – and also among EU member states during major treaty negotiations.<sup>22</sup> Meanwhile, the monitoring of the progress of candidates in satisfying EU requirements through annual reports and through chapter-by-chapter negotiations on the *acquis communautaire* have built an imperfect but high level of enforcement into the preaccession process.

Although asymmetric interdependence and enforcement both give credibility to the EU's threats of exclusion, meritocracy gives credibility to its promises of eventual membership. So far the EU has adopted a roughly merit-based approach: an applicant's place in the membership queue has corresponded to the progress it has made toward fulfilling the EU's requirements. The European Commission's evaluations and the European Council's decisions about the status of candidates or protocandidates have been accepted as reflecting

<sup>19</sup> Walter Mattli, *The Logic of Regional Integration, Europe and Beyond* (New York: Cambridge University Press, 1999).

<sup>20</sup> For a fuller discussion, see Vachudova, *Europe Undivided*, Chap. 5.

<sup>21</sup> Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (Boston: Little Brown, 1977).

<sup>22</sup> Andrew Moravcsik, "Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community." *International Organization*, 45, No. 1 (1991), pp. 19–56; and Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca: Cornell University Press, 1998), Chap. 1.

accurately the state of compliance.<sup>23</sup> In the run-up to the 2004 enlargement, with certain exceptions, the right balance was struck: candidates were neither too confident (thanks to asymmetric interdependence), nor too disingenuous (thanks to enforcement), nor did they despair that the system was stacked against them (thanks to meritocracy). In subsequent years, however, the system has worked less well: Bulgaria and Romania are widely seen to have been admitted prematurely, with insufficient enforcement in areas such as the rule of law and public administration reform. The decision on Turkey's eventual accession, moreover, is now widely recognized as a matter of EU domestic politics and not of merit.

The very extensive requirements of EU membership are mostly a product of the very high levels of integration among EU member states. For the rest, they were not designed to coax and cajole every conceivably "European" state into making itself desirable. In the middle of the 1990s, the emphasis was rather on keeping unqualified states outside of the EU. By the late 1990s, however, enlargement and foreign policy had become closely intertwined, as it became clear that the EU's leverage on aspiring members was the most powerful and successful aspect of the EU's emerging foreign policy. Recognizing this, EU leaders made the prospect of EU membership the cornerstone of the EU's foreign policy toward the Western Balkans in the EU-led Stability Pact for Southeastern Europe in 1999. It was in this region, after all, that the EU's credibility as a foreign policy actor was most clearly at stake. The Stability Pact opened the EU's official membership queue in 1999 to eighteen candidates and protocandidates.<sup>24</sup>

For the illiberal democracies in the EU's membership queue, the EU's approach gradually became one of explicit democracy promotion – this was weakest in the cases of Romania and Bulgaria, and most overt in Serbia–Montenegro and of course Bosnia–Herzegovina. What turned out to be important was that the meritocracy principle was extended across time in one country as well as across countries. In other words, however dismal a country's past record of respecting democratic standards and human rights, it could "rehabilitate" itself by implementing the necessary reforms under a future government. Serbia–Montenegro became a credible future member of the EU in 1999, and as such had a clear and relatively certain track toward membership despite

<sup>23</sup> This was put to the test in 2005 by the European Council's decision to put on hold the start of negotiations with Croatia because of the government's failure to cooperate fully with the ICTY in delivering an indicted war criminal, General Ante Gotovina, to the Hague. Despite protests that the state administration had been cooperating, the Croatian government responded with a number of initiatives to improve compliance, reforming the military, the police, and the judiciary.

<sup>24</sup> Poland, Hungary, Slovenia, Slovakia, the Czech Republic, Estonia, Latvia, Lithuania, Cyprus, and Malta joined the EU in May 2004, leaving Bulgaria, Romania, Turkey, Croatia, Macedonia, Albania, Serbia–Montenegro, and Bosnia–Herzegovina at various points in the membership queue.

the fact that the regime of Slobodan Milošević was still firmly in place. In Slovakia, commenting on the intransigence of the regime of Vladimír Mečiar, the EU Commissioner for External Relations, Hans Van den Broek, explained in the spring of 1998 that “The question is not whether Slovakia will enter the EU, but when this will take place. The answer is in the hands of the Slovak government.”<sup>25</sup>

#### REGIME CHANGE IN ILLIBERAL DEMOCRACIES

There is substantial evidence that the quality of political competition determined the early trajectories of postcommunist states. I argue that under conditions of limited political competition, rent-seeking elites could win and hold power by further suppressing rival groups, promising slow economic reform, and exploiting ethnic nationalism – all the while extracting significant rents from slow economic reform.<sup>26</sup> Several other scholars have offered compatible explanations for the variation in political outcomes that we observe after 1989. These include the configuration of domestic elites at the moment of regime change;<sup>27</sup> the outcome of the first democratic elections;<sup>28</sup> and the character of political competition in the new polity.<sup>29</sup> There is a separate though related debate about additional domestic factors that brought to power the regimes that presided over the ethnic cleansing and war that accompanied the disintegration of Yugoslavia.<sup>30</sup> The mechanisms that I highlight in this article all work to improve the quality or character of political competition by breaking the concentration of power in the hands of illiberal elites, and eventually changing the positions of major, formerly illiberal political parties.

In the relationship between the EU and all credible future members, we can expect compliance with EU requirements when ruling elites consider that a closer relationship with the EU will bolster their popularity, and when the EU’s conditions for moving forward are compatible with the ways that they win and

<sup>25</sup> “Hans Van den Broek: Slovensko má svoj osud vo vlastných rukách.” *SME* (18 June 1998).

<sup>26</sup> Vachudova, *Europe Undivided*, Chaps. 1–2.

<sup>27</sup> Michael McFaul, “The Fourth Wave of Democracy and Dictatorship: Noncooperative Transitions in the Post-communist World.” *World Politics*, 54, No. 2 (2002), pp. 212–44.

<sup>28</sup> M. Steven Fish, “The Determinants of Economic Reform in the Post-communist World.” *East European Politics and Societies*, 12, No. 1 (1998), pp. 31–78.

<sup>29</sup> Conor O’Dwyer, “Runaway State Building: How Political Parties Shape States in Post-communist Europe.” *World Politics*, 56, No. 4 (2004), pp. 520–53; Mitchell Orenstein, *Out of the Red* (Ann Arbor, MI: University of Michigan Press, 2001); and Anna Grzymała-Busse, “Political Competition and the Politicization of the State in East Central Europe.” *Comparative Political Studies*, 36, No. 10 (2003), pp. 1123–47.

<sup>30</sup> See Valerie Bunce, *Subversive Institutions, The Design and the Destruction of Socialism and the State* (Cambridge: Cambridge University Press, 1999); and Ellen Comisso, “Is Breaking Up Hard to Do? Security, Nationalism and the Emergence of Sovereign States in the Balkans.” Paper presented at the Annual Convention of the American Political Science Association, Washington, DC, 2005.

hold power at home.<sup>31</sup> For illiberal regimes, satisfying the requirements of EU membership was far too costly, as these were in direct conflict with the interests of their domestic power bases. The EU's leverage was only marginally effective in moderating the domestic policies of illiberal governments directly, though the EU and other international actors may have frightened some regimes away from further antidemocratic excesses. And here analysis of the involvement of a myriad international actors in the wars in the former Yugoslavia must stand alone.

I argue that the relationship between the EU and credible future members helped change the domestic balance of power in illiberal states against rent-seeking elites, undermining the strength of their domestic power bases. The key was the impact of the EU's active leverage on opposition political parties and other groups in societies. These domestic actors served as interlocutors between the EU and the citizens, and they were the only realistic vehicle for rapid change given the intransigence of the ruling political parties. It was the interplay of domestic opposition actors and the EU's leverage (and not external pressure alone) that helped bring about political change. Ultimately EU leverage helped create what the illiberal democracies were missing at the moment of transition: a more coherent and moderate opposition, and an open and pluralistic political arena.

### Focal Points of Cooperation

Ending exclusion from Europe and securing EU membership became a *focal point for cooperation* among very different opposition political parties and civic groups. In Romania, Slovakia, Croatia, and Serbia, small parties and factions of the center left and center right competed and feuded with one another, substantially weakening the power of moderate voices in parliament through wasted votes and infighting. Liberal, pro-Western actors in these countries had little or no history of cooperation in an opposition movement against communism to help establish habits of compromise and organizational strength. Meanwhile, the ruling political parties worked hard to undermine and divide the opposition parties by manipulating the electoral law, labeling critics of government policy as unpatriotic, and also engaging in physical harassment in all of the cases except Bulgaria. Although their differences on matters of social and economic policy spanned the entire moderate (and sometimes immoderate) political spectrum, electoral defeats and harassment by the regime showed that the opposition forces would have to band together in order to unseat the ruling elites. Some Western actors took a very direct role in trying to unite the feuding opposition parties in Slovakia, Croatia, and Serbia and the nonnationalist parties in Bosnia–Herzegovina around a European agenda.

<sup>31</sup> Kelley, *Ethnic Politics in Europe*; and Vachudova, *Europe Undivided*. For the related external incentives model, see the contributions to Schimmelfennig and Sedelmeier, eds., *The Europeanization of Central and Eastern Europe*.

Reproaching the ruling elites for forsaking the country's place in Europe – and promising to move the country decisively toward Europe – formed part of the opposition agenda upon which all parties and other opposition groups could agree. In some cases, this was very concrete: In Slovakia, the opposition parties agreed to satisfy all EU requirements in an attempt to rejoin the first group of countries joining the EU. In Serbia, the forces opposing the Milošević regime all agreed on ending Serbia's exclusion from Europe – but they were far from agreeing on cooperation with the ICTY, or understanding the scope of the compliance that would be demanded of them on the road to the EU.<sup>32</sup>

Why would opposition forces in these illiberal democracies need European integration as a focal point for their cooperation? After all, they could unite simply in opposition to the illiberal regime. However, international actors including the EU signaled that only certain groupings of opposition elites would be acceptable partners for the return to Europe, ending the practice of some opposition elites of episodic cooperation with the illiberal rulers and preventing the defection of others. The goal of rejoining Europe is important for another reason: it lays out some map for what will happen after regime change, whether or not the parameters of this effort are well understood.

### Adapting

Western actors offered information to opposition political elites that were *adapting* to a political and economic agenda compatible with liberal democracy and comprehensive market reform. Parties of the center right and center left had been neither strong nor unified in these countries after 1989, nor had they necessarily been “moderate” or “liberal.” Over time, many opposition politicians have substantially shifted their positions on ethnic minority rights and on economic reform to make their parties fit the increasingly attractive pro-EU space in the political spectrum. What motivated individual political elites was in each case a different mixture of political calculation, on the one hand, and a desire to learn about and promote European norms and values, on the other. But in most cases the steady defection of politicians from the ruling parties suggested that these individuals considered the political prospects of the opposition parties more attractive than the short-term gains of remaining part of the ruling clique.<sup>33</sup>

Western representatives of international institutions, governments, and non-governmental organizations (NGOs) were on hand with information for opposition politicians and local civil society leaders on the substance of a liberal democratic agenda, placing particular emphasis on political accountability, on

<sup>32</sup> See the translated issues of the first EU-focused publication in Belgrade, *Evropski Forum*, with articles and editorials by Serbian and Montenegrin politicians. Available in translation on my website.

<sup>33</sup> Pavol Demeš, leader of the Third Sector, interview in Bratislava, 1998 and 2005. Interviews with former opposition members in Zagreb, Belgrade, and Sarajevo in 2004 and 2005.

fostering an open pluralistic political arena, and on rights for ethnic minorities within this arena, ideally decoupling questions of ethnicity from those of citizenship. Many different Western organizations and governments were involved in supporting opposition groups with financial assistance and interacting with opposition elites through countless meetings, workshops, and conferences in national capitals and abroad.<sup>34</sup> Local opposition elites often moved directly from Western-funded NGOs or academic institutions into politics. EU leverage, in concert with the influence of other international actors, strengthened pro-EU civic groups and shaped how opposition parties portrayed themselves in the election campaign, which parties they chose to cooperate with before and after the elections, and how they governed once in power.

Scholars studying the incidence and success of democratization have turned in recent years to the role of NGOs and civic groups in mobilizing the population against undemocratic leaders.<sup>35</sup> In many cases international actors have been linked to civic mobilization, for example, through funding for NGOs, election monitoring, and advising. Grzegorz Ekiert and Jan Kubik note the “virtuous circle” between Polish domestic organizations and their Western partners, which provided support critical to establishing a strong civil society in Poland in the early 1990s. The most support was channeled to the three states that needed it least – Poland, Hungary, and the Czech Republic – at the expense of “deepening vicious circles” elsewhere.<sup>36</sup> But by the late 1990s, Western funding for and attention to NGOs in other postcommunist countries had increased substantially.<sup>37</sup> A virtuous circle emerged most clearly in Slovakia. Local NGOs played a special role, compensating for the weakness of opposition parties with extensive surveillance and criticism of the illiberal government, and eventually creating the momentum for cooperation among the opposition parties. Since then, the Slovak model for turning civil society against illiberal rulers has been exported by Slovak NGOs to Croatia and Serbia with Western assistance.

Another factor that paved the way for local politicians *adapting* to an EU-compatible agenda was that the EU enlargement process helped break

<sup>34</sup> The organizations included the British Council, the British Know How Fund, the Charles Mott Foundation, the EastWest Institute, the Foundation for a Civil Society, the International Republican Institute, the Konrad Adenauer Foundation, and the National Democratic Institute.

<sup>35</sup> Pavol Demeš and Joerg Forbrig eds., *Reclaiming Democracy: Civil Society and Electoral Change in Central and Eastern Europe*. Washington, DC: German Marshall Fund, 2007.

<sup>36</sup> Grzegorz Ekiert and Jan Kubik, “Civil Society From Abroad: The Role of Foreign Assistance in the Democratization of Poland.” Working Paper No. 00-01, 48–49, Weatherhead Center for International Affairs, Harvard University, 2000.

<sup>37</sup> Robert Benjamin, National Democratic Institute, interview in Washington, DC, 2003. For the debate, Sarah E. Mendelson and John K. Glenn, eds., *The Power and Limits of NGOs: A Critical Look at Building Democracy in Eastern Europe and Eurasia* (New York: Columbia University Press, 2002); and Marina Ottaway and Thomas Carothers, eds., *Funding Virtue: Civil Society Aid and Democracy Promotion* (New York: Carnegie Endowment for International Peace, 2000).



the information monopoly of the illiberal regime. Evaluations of a country's progress within the EU's preaccession process provided a powerful alternative source of information on the political and economic performance of the government. Although the Commission does not have an information strategy as such, it does make an effort to explain fully and publicly its assessments of the states involved in the preaccession process.<sup>38</sup> As the enlargement project has continued, EU leaders have become more willing to take decisive stands on issues of domestic politics in the candidate countries, leading to very specific demarches against the Mečiar government in Slovakia and outright coaching of the opposition elites in Serbia.

The EU's vocal criticism – echoed by a growing number of local civil society groups and opposition parties – gradually helped reveal that illiberal ruling parties were not, despite their claims, leading the countries to prosperity and to Europe. This criticism undermined the political strategies of ethnic nationalism and economic corruption used by rent-seeking elites and suggested alternative strategies that were compellingly usable for opposition elites. It countered two messages: that ethnic nationalism was about protecting the nation, and that slow reform was about protecting the average citizen. The role of the EU in changing the information environment echoes Jack Snyder's argument that "the influence of the international community may be essential to help break up information monopolies, especially in states with very weak journalistic traditions and a weak civil society."<sup>39</sup>

#### STAYING THE COURSE AFTER WATERSHED ELECTIONS

Illiberal regimes lost elections in Romania in 1996, in Bulgaria in 1997, in Slovakia in 1998, in Croatia in 2000, and in Serbia–Montenegro in 2000. The two most compelling reasons for these defeats were the peril of monopoly,<sup>40</sup> and the toll of economic deterioration or crisis. The peril of monopoly is analogous to the problem encountered by the communist regimes: as the only actor with any political power before 1989, the communist party could reasonably be blamed for everything that went wrong. The new governments in all five cases moved rapidly to implement political and economic reforms and move the country forward in the EU's preaccession process.

Once a state becomes enmeshed in the EU's preaccession process, the high costs of pulling out of this process have motivated even previously illiberal ruling parties to adopt political strategies that are compatible with qualifying

<sup>38</sup> Pierre Mirel, interview in Brussels, 2003. Interviews with other Commission officials in Brussels, 2005.

<sup>39</sup> Jack Snyder, *From Voting to Violence: Democratization and Nationalist Conflict*, p. 355 (New York: Norton, 2000).

<sup>40</sup> I am indebted to Valerie Bunce for this concept.



for EU membership. After the watershed elections, we see little backsliding as successive governments make progress on political and economic reform. They may move forward quickly (Slovakia) or very slowly (Serbia), but there have been no sharp reversals of policy, despite electoral turnover. After the assassination of Prime Minister Zoran Đinđić in March 2003, Serbia–Montenegro suffered a severe slowdown in reform, but by 2004, reform had accelerated and moving up in the EU's preaccession process was fixed again as the goal. A similar slowdown in reform occurred in Serbia 2007, but was again followed by renewed momentum in 2008.

Sooner or later, more open political competition in combination with the costs of being excluded from Europe has driven most political parties in the candidate states toward a consensus on qualifying for EU membership. This can be understood as the second phase of *adapting*: now it is the formerly illiberal rulers who adapt their political agendas to EU membership. Political parties learn that they can adapt their agendas to the expectations of the EU and other international actors – and, in some cases, get back in the political game very quickly. The most dramatic turnarounds were by the PSDR in Romania and the HDZ in Croatia.<sup>41</sup> Upon winning reelection in 2000 and 2004, respectively, both parties continued to satisfy EU requirements – and on some measures did a better job than their predecessors.

Besides the Radicals and perhaps the Socialists in Serbia, there are virtually no parties left in any countries in the EU queue that openly oppose qualifying for membership and that might win elections or take part in a governing coalition. In the toughest cases, particularly Serbia, the adaptation of formerly illiberal elites has been more of a trickle than a flood, but even members of Milošević's Socialist party are seeking to become informed about the EU; the reform wing of the party is happy to adopt EU membership as a forward-looking economic program.<sup>42</sup> Still, it is easy to see why *adapting* has not worked across the board in Serbia: Serbia's unresolved national and territorial issues – especially Kosovo – provided an appealing and ongoing platform for Serbia's nationalist parties (why change?). But it is political party elites in Bosnia–Herzegovina that challenge more profoundly the *adapting* mechanism: Although leaders of all three constituent nations speak in favor of European integration, they are unwilling to make the constitutional compromises that would allow the state to adopt and implement EU rules. The domestic power of the ruling politicians – especially those elected in 2008 – is based squarely on ethnic identity, ethnic rivalry, and ethnic clientelism, making the EU's leverage much less effective. To put it another way, Bosnia–Herzegovina may still be waiting for true watershed elections for a long time.

<sup>41</sup> On the turnaround of PSD leader Ion Iliescu, see the interviews by Vladimir Tismaneanu in *The Great Shock at the End of a Short Century: On Communism, Post-communism and Democracy* (Boulder, CO: East European Monographs, distributed by New York: Columbia University Press, 2006).

<sup>42</sup> Official, interview in Belgrade, 2004.

## Conditionality

Conditionality has played a key role in ensuring the implementation of political and economic reforms by the governments that succeeded the illiberal rulers in power. The character of the EU's preaccession process required implementation: in order to deliver on promises to improve the country's standing, opposition politicians had to follow through with extensive reforms once in office. Opposition politicians knew that their preelection rhetoric would be judged against their postelection actions in the EU's monitoring reports. The tasks at hand and the payoffs for these politicians have varied enormously. In 1998, Slovak party leaders worked to correct the political transgressions of the previous regime and catch up with ECE frontrunners in the negotiations in order to join the EU in the first wave in 2004. In 2000, Serbian party leaders began cooperation with the ICTY and attempting basic economic reforms in order to end Serbia's isolation and acute economic backwardness, and in hopes of signing an association agreement with the EU.

The EU's leverage compels *all* governments to tackle certain politically difficult and inconvenient reforms, such as creating an independent civil service, reforming the judiciary, or accelerating bank privatization, and to stick to them over time. Ultimately the preaccession process is centered on a strategy of gatekeeping: if a candidate does not comply, it can be held back from the next stage in the process. For the first eight postcommunist candidates, the main stages were as follows: (1) beginning screening; (2) opening negotiations after satisfying the Copenhagen Criteria; (3) closing particular chapters in the negotiations; and (4) completing the negotiations. A candidate could move up thanks to accelerated reform, or slip back as a sanction for unfulfilled promises to implement reform – though toward the end of the process the decision to admit eight postcommunist states all at once in 2004 was a political one. For Bulgaria and Romania, a fifth step has been added consisting of a final evaluation of their administrative capabilities with the possibility of postponing accession by one year.

For the Western Balkan states, several stages have been added at the front end of the process: (1) a feasibility study for opening negotiations on an association agreement, called the Stabilization and Association Agreement (SAA); (2) negotiating the SAA; and (3) signing the SAA.<sup>43</sup> For Slovakia, the challenge was getting the green light to begin negotiations with the EU. For Bulgaria and Romania, it was the implementation of the reforms demanded by the EU for membership that was the greatest hurdle, because of corruption and weak state capacity. For Croatia, economic reforms are well under way, but cooperation with the ICTY and reform of state institutions connected to the secret services and the military prevented the start of negotiations for membership.

<sup>43</sup> This is not without precedent: in the early 1990s, the EU did attach conditions to signing an association agreement, then called a Europe Agreement, with the first round of postcommunist applicants, though it did not do much to enforce them.

Serbia–Montenegro shares all of Croatia’s problems, and the economy and general state capacity are very weak, although the territorial definition of the state remained unresolved for so long. But in the spring of 2005 the Commission assessed Serbia–Montenegro’s progress positively in its feasibility study, and negotiations on an SAA started in late 2005 – and the agreement was finally signed in April 2008 (in an overt move on the part of the EU to bolster European forces in the upcoming May elections). What is important here is that once illiberal rulers are forced to exit power, EU conditionality kicks in and promotes progress regardless of how far behind a country finds itself on the road to joining the EU.

### Credible Commitment to Reform

Economic actors have had every reason after 1989 to question how far post-communist states would go in implementing liberalizing reforms. Indeed, many have stopped at some kind of partial economic reform that privileges insiders and fosters corruption. How can postcommunist governments signal that they are serious about reform?<sup>44</sup> Equally important to the conditionality mechanism in motivating reform is the fact that the EU preaccession process serves as a commitment device. For domestic and foreign economic actors, especially investors, progress in the EU’s preaccession process serves as a credible commitment to ongoing and predictable economic reforms and also to certain ongoing political reforms, especially pertaining to state regulation of the economy. Most simply, as Peter Hall and Rosemary Taylor argue, “institutions affect action by structuring expectations about what others will do;” for economic actors, the preaccession process created expectations that comprehensive economic reforms would proceed apace.<sup>45</sup> Elsewhere governments also become members of regional organizations in order to signal their commitment to ongoing reform by tying the hands of the country’s current and future governments through the rules of the organization.<sup>46</sup>

Once a candidate is well on the way to joining the EU, the costs of losing ground or reversing course became prohibitive – for any government. At the same time, the fact that qualifying for EU membership is such a mammoth project of domestic politics compelled all mainstream political parties to reach a consensus about the underlying thrust of political and economic reform.<sup>47</sup> The

<sup>44</sup> Stephen Haggard and Steven B. Webb, “Introduction.” In *Voting for Reform: Democracy, Political Liberalization, and Economic Adjustment*, pp. 1–36, 21 (New York: Oxford University Press, 1994).

<sup>45</sup> Peter A. Hall and Rosemary C. R. Taylor, “Political Science and the Three New Institutionalisms.” *Political Studies*, 44 (1996). pp. 936–57, 955.

<sup>46</sup> Jon C. Pevehouse, “Democracy from the Outside-In? International Organizations and Democratization.” *International Organization*, 56, No. 3 (2002), pp. 515–49.

<sup>47</sup> For the related argument that liberal democracies make more durable alliance commitments to one another, see Kurt Taylor Gaubatz, “Democratic States and Commitment in International Relations.” *International Organization*, 50, No. 1 (1996), pp. 109–39.

EU's good opinion also became a direct factor in the decisions of foreign investors, whereas credit rating agencies such as Moody's and Standard and Poor adjusted credit ratings in reaction to EU assessments and to the release of the EU's Regular Reports.<sup>48</sup> The exigencies of the EU's preaccession process thus assured economic actors that the commitment to liberal economic reforms would be protected from two threats: from economic downturns and from government turnover. Continuing economic reform becomes clearly the most likely ongoing strategy for current and future governments.

The credibility of the commitment to ongoing economic reform in the context of the EU's preaccession process thus serves as a very important signal for domestic and international economic actors, promising them a stable business environment and access to the entire EU market.<sup>49</sup> Lisa Martin argues that the forms of international cooperation that offer states the highest benefits require them to make credible commitments to one another. She finds that for democracies the concerns of economic actors about the credibility of commitments are decreased by the participation of legislatures in international cooperation. In the case of EU candidates, progress in the preaccession process signals a seriousness of commitment not only to the EU itself as it weighs a candidate's suitability for membership, but also to a range of economic actors as they weigh a country's suitability for investment.<sup>50</sup> Progress in the preaccession process builds credibility in the eyes of economic actors using a similar mechanism as legislative participation; namely, it makes extrication from and violation of international agreements very difficult.

All together, the reforms of the economy that are implemented as part of the effort to qualify for EU membership, and the credible commitment to ongoing reform that comes from moving toward membership in the EU's preaccession process, bring significant economic benefits. These include a better business environment, higher regulatory quality,<sup>51</sup> higher levels of domestic and foreign investment, and greater opportunities for trade. They overlap, of course, with the economic benefits of being an EU member. But the two mechanisms I have emphasized here – conditionality and credible commitment – highlight the benefits of the process of joining the EU for candidates, as opposed to the benefits they get once they are in. And the drive to EU membership, by forcing economic restructuring, improves performance in the world economy over the long run. Most important, the mechanisms of conditionality and credible commitment help explain why, as discussed above, future governments in the

<sup>48</sup> Joly Dixon, European Commission, interview in Brussels, 1998.

<sup>49</sup> For the related argument that voters who are "winners" from the economic transition support EU membership as a guarantee that economic reforms will not be reversed, and therefore cast their vote for pro-EU parties, see Tucker, Pácek, and Berinsky, "Transitional Winners and Losers."

<sup>50</sup> Lisa Martin, *Democratic Commitments, Legislatures and International Cooperation* (Princeton, NJ: Princeton University Press, 2000).

<sup>51</sup> Walter Mattli and Thomas Plümpert, "The Internal Value of External Options." *European Union Politics*, 5, No. 3 (2004), pp. 307–30.

candidate states, despite their very different political profiles, do not halt or reverse reform. Indeed, these mechanisms trigger another wave of *adapting* as formerly illiberal (or even authoritarian) political parties, such as the HDZ in Croatia, transform themselves and adopt positions that are consistent with Western liberal democracy and economic reform.

#### IS THE EUROPEAN UNION REALLY NEEDED?

My aim in this chapter is to identify the specific mechanisms that translate international influence into domestic political change, breaking the hold of illiberal rulers on power and sustaining democratic and economic reforms in the context of EU enlargement. The open question is whether the prospect of EU membership is a necessary condition for postcommunist states to transition toward liberal democracy and comprehensive economic reform. We can point to recent democratic breakthroughs in Ukraine and Georgia as cases where illiberal leaders have been unseated by civic democratic movements in countries that have no officially recognized prospect of becoming EU members.<sup>52</sup> What remains to be seen, however, is whether comprehensive reforms can be sustained without the discipline of the EU's preaccession process and the ultimate carrot of full membership.

Following on the Orange Revolution in the autumn of 2004, the government of Ukrainian president Viktor Yushchenko pledged comprehensive political and market-oriented reform and sought the prospect of EU membership as an anchor for Ukraine's democratic revolution.<sup>53</sup> The EU refused to recognize Ukraine as a prospective EU member, and explicitly stated that the Action Plan signed with Ukraine as part of the European Neighborhood Policy (ENP) is *not* a first step toward membership. At the close of 2004, Ukrainian leaders refused to sign a five-year ENP Action Plan that did not recognize Ukraine as a credible future candidate for EU membership; the time span of the Action Plan was consequently reduced to three years.<sup>54</sup> Given the economic costs alone for Ukraine of being excluded from the internal market, it is not surprising that Ukraine's new Western-oriented leaders would have such an intense preference for EU membership.

The ENP can be credited with providing an established framework that the European Commission could use to respond immediately to Ukraine's aspirations for closer relations after the October 2004 Orange Revolution. The ENP gave the EU a way to pledge political and economic support for Ukraine, without forcing the EU to respond with a yes or a no to Ukraine's membership bid at a time when EU governments were in no mood to take on a new candidate.

<sup>52</sup> Michael Mc Faul, "Transitions from Postcommunism." *Journal of Democracy*, 16, No. 3 (2005), pp. 5–19. See also Demeš and Forbrig, "Reclaiming Democracy."

<sup>53</sup> See Lucan Way, "Ukraine's Orange Revolution: Kuchma's Failed Authoritarianism." *Journal of Democracy*, 16, No. 2 (2005), pp. 131–45.

<sup>54</sup> Interview with official of the European Commission, Brussels, December 2004.

Indeed, with a little imagination, the ENP can be understood as a way for the Commission to help Ukraine begin the long and laborious preparations for EU membership on the gamble that once it is (more) fit to enter, EU leaders will find it impossible to reject it.

Three positive scenarios are possible for Ukraine as well as Moldova and perhaps Georgia. The first is that the ENP will only be a stopgap measure and the EU will recognize them as future candidates. The second is that the carrot of full participation in the internal market will become a credible reward for more limited compliance with EU rules, and that this will sustain at least some momentum in the reform process. The third is that reform will be maintained without any significant EU involvement, opening up a different trajectory of political change and opening up the possibility that the illiberal regimes in this study did not need EU leverage to maintain a new course.

The preliminary evidence from Ukraine, however, is not very promising: The Yushchenko government's plans for reform became bogged down in Ukraine's fractious parliament and its incompetent and corrupt public administration. Both the *conditionality* and the *credible commitment* mechanisms might have helped, though the time span has been too short to conclude that there is not durable forward momentum to reform without them (consider how slowly Serbia has made progress since 2000). In the parliamentary elections in March 2006, Yushchenko's party lost its majority in parliament. It remains to be seen whether all of the mainstream political parties in Ukraine will adapt to a Western agenda and successfully implement the reforms of the state and the economy that would have to precede any serious bid for Ukraine to become a candidate for EU membership.

## CONCLUSION

I have made the case for the important independent effect of EU leverage on domestic political change in illiberal democracies under quite different domestic conditions. By no means does EU leverage erase or even diminish many domestic differences: but it does improve the quality of political competition, whereas it narrows the parameters of domestic policymaking as states comply with EU rules in order to qualify for membership. We see significant – though certainly far from complete – convergence among candidates as they get closer to qualifying for EU membership.<sup>55</sup> Under the right conditions, free and fair elections provide opposition parties and civic groups the opening they need to end illiberal rule. Working in synergy with such forces, the EU's leverage has had a hand, over time, in creating those conditions and making the political systems of the illiberal states more competitive. On many fronts, keeping ruling elites within the parameters set by the EU's preaccession process signifies an outstanding success: respect for basic democratic standards, more robust

<sup>55</sup> For a discussion of the high levels of dissatisfaction with democratic institutions in many postcommunist states, see Cameron, "The Quality of Democracy."

political competition, better protection of ethnic minority rights, ongoing reform of the economy, and, in some cases, cooperation with the ICTY.

All of this, however, does not by itself guarantee a high quality of democratic policymaking or governance. We certainly see a great deal of variation in political and economic performance once illiberal rulers are unseated. It is clear that the EU's leverage cannot work alone *but only in synergy with the efforts of domestic political elites and groups*. And despite the progress these states are all making toward a common goal, what stands out on final analysis is the diversity that stems from three main factors: (1) the nature and competence of domestic elites; (2) the effectiveness of civic groups that push for reform, accountability, and transparency; and (3) the domestic conditions that have to be addressed. There can be no comparison to the challenges faced by the ex-Yugoslav states that have to come to terms with the wars and overcome the ethnic divisions and the economic backwardness that they have caused. Because the problems are so diverse, this chapter has instead focused on the relative progress that each state has made since watershed elections took place. If ten years from now the EU has coaxed Serbia and even Bosnia–Herzegovina down the road to where Slovakia stands today, then there will be no doubt about the effectiveness of EU leverage in overcoming illiberal rule.