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Romania, Bulgaria, and the EU's Future

ROBIN SHEPHERD

If the European Union's two newest members needed an illustration of the image problem they brought with them upon joining the EU at the beginning of this year, none could have been more brutal or vivid than the headline of an article in Britain's left-leaning *Guardian* newspaper just a week after accession. “Romania's first gift to the European Union,” the paper screamed on January 8: “a caucus of neo-fascists and Holocaust deniers.”

The article was referring to the prospect, now realized, of the formation of a far-right faction in the European Parliament. This faction was made possible because the entry of a smattering of nationalists from Romania (as well as Bulgaria) brings the overall number of such deputies from across the EU to beyond the minimum required for a formally recognized and officially funded caucus.

Both the creation of the caucus and the manner of its reporting are replete with the darkest of ironies. What on earth is going on, one could be forgiven for asking, when the introduction of extremist deputies from Romania and Bulgaria proves instrumental in the formation of a far-right faction, most of whose members vehemently opposed the accession of Romania and Bulgaria to the EU in the first place? As for the *Guardian*, what precisely is a high-level, pro-European Union newspaper playing at in headlining a report on the rise of hard-line nationalism with language that could itself be construed as pandering to xenophobia?

Ironies aside, this latest round of enlargement comes at a time of great confusion in the 50-year-old union of states—confusion about what the union is for and what it should now become.

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Romania and Bulgaria enter a European Union that has stalled at a crossroads. It remains an open question how having them on board will influence the direction now taken.

Understanding what is at stake requires approaching this question on at least three levels: the character of the two new member states themselves; the regional context in which they exist; and the wider European and transatlantic political picture of which they now form a part.

BELOW AVERAGE, BUT GROWING

It is perhaps unfortunate that the one thing everybody seems to know about Romania and Bulgaria is that they are poor. Indeed, the EU has never brought in new members so far below the group's economic average. According to Europe's statistical office, Eurostat, Romanian gross domestic product per capita is a mere 35 percent of the EU average; Bulgaria's is 32 percent. By comparison, the eight formerly communist countries that joined the union in 2004 currently span a range from 47 percent of the EU average (in Latvia) to as high as 80 percent (in Slovenia). In the wealth stakes, the two new members belong to a different world.

Concerns about Bulgaria and Romania's economic backwardness are compounded by the two countries' deep-seated corruption problems. On Transparency International's 2006 Corruption Perceptions Index (in which Finland takes first and best place, and Haiti last and worst place), Romania ranks number 88, putting it in the same category as Panama and Sri Lanka. That is by far the worst ranking in the whole of the 27-member EU. Bulgaria, coming in at number 57, can at least claim to be in better shape than Poland, which is rated 62. Still, a Bulgaria that ranks alongside El Salvador and below Namibia will do little to reassure the skeptics.

With such concerns in mind, the EU has imposed unprecedented conditions on its two newest mem-

bers, making the provision of economic aid partly dependent on progress in areas such as judicial and administrative reform. The last thing Brussels needs at present is a batch of reports about how European taxpayers' money has gone straight into the pockets of the Bulgarian and Romanian mafia.

But focusing only on the negative in Bulgaria and Romania would be unreasonable. Although rooting out corruption is not easy, the governments in Sofia and Bucharest know they are under pressure to improve. Nor should we forget that at similar stages of economic development many Western countries suffered from serious levels of corruption themselves. Improvements will take time. Italy and Greece, to name but two long-established member states, have very little to shout about even now.

In bringing in the two countries, the EU has also imported two vibrantly growing economies. Bulgaria posted record growth of 6.7 percent in the third quarter of 2006.

Romania's economy surged by 8.3 percent in the same period. If they continue to grow at such rates the two economies will more or less double in size over the next 10 years, putting

them, toward the end of the next decade, in more or less the situation in which the Czech Republic finds itself today. That is not a bad prospect.

The two countries' economies also appear to be relatively well run. Bulgaria's government hopes to run a fiscal surplus in 2007. Romania is aiming for a budget deficit of 2.8 percent of GDP this year. That is below the 3.0 percent limit established as one of the conditions for adopting the euro—a goal that both countries, rightly or wrongly, have set for themselves.

THE RISK OF BACKSLIDING

Of course, the big question that arises here is: Will Bulgaria and Romania maintain the momentum toward reform that is necessary to sustain these impressive results? The two countries performed well in response to the "conditionality" associated with the EU accession process—put your house in order or we will not let you in. But now that they are members, what happens next?

Those who doubt the two new entrants' ability to succeed in the EU, and there are many, will inevitably point to the disappointment felt in some quar-

ters over political developments in the four leading postcommunist countries since they joined the EU almost three years ago. Hungary, it will be recalled, was hit last year by its biggest wave of demonstrations since the end of communism, after Prime Minister Ferenc Gyurcsany was caught on tape admitting that he had lied about the parlous state of the economy for years. Slovak elections in 2006 saw the rise of the populist leftist Prime Minister Robert Fico, who stunned many by going into government with the far-right Slovak National Party and the Movement for a Democratic Slovakia, led by the authoritarian former Prime Minister Vladimir Meciar. Poland, the biggest of the countries to accede to the EU in recent years, raised eyebrows with the formation of a government including the homophobic League of Polish Families and the Self Defense Party headed by Andrzej Lepper, who has gone on record in praise of Adolf Hitler's early economic policies.

The Czech Republic has been unable to form a meaningful government at all since elections last June led to complete political deadlock.

With the exception of Slovenia (which joined the

euro currency zone on January 1, this year), not one among the last wave of accession countries meets the criteria laid down for euro membership, and there are doubts that any will do so by the end of the decade. Global financial institutions such as the International Monetary Fund and the World Bank have raised concerns about fiscal irresponsibility and "reform slippage" in several of these countries since they joined the EU. The worry has to be that Romania and Bulgaria will go the same way.

Much depends on how serious one believes the current problems in the new member states really are. Some have argued that the criticism has been overdone, pointing, first, to the rise of unpleasant nationalist forces in Western Europe as well; and, second, to the fact that the older members of the EU are far more deeply entrenched in reform fatigue than are their counterparts in the east.

Up to a point, both arguments are valid. Germany, France, the Netherlands, Belgium, and Austria, to cite but five examples, have all seen a revival in the fortunes of populists and nationalists in recent years. This is a worrying development

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that may be exacerbated as those and other Western European countries come to terms with rising Muslim populations, which themselves contain extremist minorities.

In Western Europe, however, Austria is thus far the only country where such parties have gotten themselves into government—and even there, Jörg Haider and his Austrian Freedom Party provoked a crisis across the whole of the EU. So to dismiss as hypocrisy Western Europe's concerns about nationalism and populism in Eastern Europe does not correspond with current realities, and it smacks of defensiveness.

It is reasonable, in fact, to point out that Western Europe is desperately in need of reforms on its own economic and social fronts. Sluggish growth and mass unemployment have become trademark characteristics of an array of mainstream European countries. Again, however, there is a significant difference between east and west. Lack of reformist zeal in Western Europe is at least partly a result of the fact that, unemployment rates notwithstanding, most people in those countries enjoy a high and stable standard of living. Only the few in the formerly communist countries enjoy a standard of living comparable with westerners'.

Failure to sustain reform momentum in Eastern Europe could leave huge swaths of the region's population in conditions of permanent backwardness—a state of affairs that could lock such countries into a vicious cycle in which populist and retrograde forces assert themselves with ever-greater vigor. This is not the only plausible scenario, nor is it necessarily the most probable. But it cannot be dismissed lightly.

So what can be said about the dangers of backsliding in Bulgaria and Romania on the basis of what we already know? As things stand, the governments of both nations are committed to continuing economic and institutional reforms and have sensibly sought to manage expectations about what the EU will and will not do for their countries. Bulgarian President Georgi Parvanov told his people in January that “The European Union is not a horn of plenty or a free lunch for poor relatives, but a system of strict rules and requirements.” Both Parvanov and his Romanian counterpart, Traian Basescu, have made all the obligatory noises about the dangers of complacency. But this is hardly surprising, just a matter of weeks after the two countries joined the EU. The real question is whether action will correspond with rhetoric.

As far as the dangers posed by populist forces are concerned, it is not hard to find examples in both Romania and Bulgaria of the kind of political groupings that could cause problems. In Bulgaria, though he eventually lost to the incumbent Parvanov by a substantial margin, hard-line nationalist Volen Siderov made it to the run-off stage in last October's presidential election, garnering 24 percent of the vote. The name of his party, ominously, is “Attack.” Concerns about nationalism also exist in Romania, centering around the long-established Greater Romania Party of Corneliu Vadim Tudor (once described as a “court poet” for former dictator Nicolae Ceausescu) and the rise of the New Generation Party headed by Gigi Becali (the flamboyant owner of the Steaua Bucharest soccer club). How these parties will fare inside the EU is unclear. But, as the evidence from the last round of enlargement suggests, it would be naïve to think accession will be a silver bullet. There is no cause for panic, but there are plenty of reasons to keep a watchful eye.

In general, the accession of Bulgaria and Romania gives these countries a new opportunity for rapid development and democratic consolidation. Foreign investors' perceptions of political risk within the new entrants will inevitably be improved. This will add to their attractiveness based on the low-cost but highly skilled labor that both nations possess in abundance. Democracies tend to do well in clusters, and Romania and Bulgaria have just joined the most closely integrated family of true democracies in the world. Whether they will use these opportunities or squander them is now up to them.

THE ENLARGEMENT EFFECT

There is more at stake here, however, than the fate of the two countries themselves. Romania and Bulgaria are situated in a region fraught with unpredictability and unanswered questions—in Ukraine and Moldova, in the nations across the Black Sea, and in the western Balkans (which, with this wave of enlargement, are now completely encircled by EU nations).

In one sense, it is of course crucial to the future accession hopes of countries neighboring the two newcomers that Romania and Bulgaria do well inside the EU. All across the western part of the union, voices have been raised in support of the idea that enlargement must now pause, at least until the EU's broader constitutional situation has been resolved. But there are also many who would seize on future problems in Bulgaria and Roma-

nia to justify definitively ending an enlargement process about which they were unenthusiastic in the first place. Spectacular successes in these two countries, on the other hand, would help shift the balance of power back the other way. Success in Bulgaria and Romania is perhaps a necessary, though not sufficient, condition of future accession for many of the two countries' neighbors.

Putting aside economic and societal developments in Bulgaria and Romania, another highly significant consideration could yet convince skeptics that locking the region inside EU structures is important. That issue is energy security, a subject that shot to the forefront of public debate in Europe following the oil and gas dispute between Russia and Belarus (which coincided with Romania and Bulgaria's accession). That dispute, which saw Russia cut off the flow of oil toward Poland and Germany, among other countries, through the Druzba pipeline, raised new fears about European vulnerability to Russia's use of energy policy as a political and economic weapon. It also carried echoes of a similar dispute with Ukraine at the beginning of 2006, when gas supplies were briefly cut off, provoking concerns about energy security right across the continent.

Romania and Bulgaria are already important transit routes for gas, and pulling the western Balkans into the EU as well could provide immediate benefits in terms of transit security, not least to EU member Greece in the south. The planned Nabucco pipeline—seen as running from Turkey's eastern border with Iran and Georgia, through Bulgaria, Romania, and Hungary, to Austria—could also become an important component in a strategy of at least partly reducing EU dependence on Russia. In addition, Bucharest is now mulling over the prospect of building a terminal to import liquefied natural gas from Qatar, from which Romania would boost and diversify supplies for Central and Eastern Europe. Both Romania and Bulgaria are looking to expand their own domestic production as well.

Of course, the two new EU members will not on their own solve the problem of over-dependency on Russia for energy supplies. But they will open up some new possibilities that are likely to be welcomed in Brussels and in many of the established member states. This could set some good prece-

dents in terms of the wider energy-diversification benefits of bringing in surrounding countries.

Leaving aside the qualitative changes that Romania and Bulgaria bring to the EU, the quantitative changes—the addition of around 30 million new citizens and two new governments—will inevitably exacerbate problems that the EU has so far failed to address adequately.

On the institutional level, two new positions have had to be invented on the European Commission to respond to the diplomatic necessity for each member country to have a top-level post. Bulgaria's Meglena Kunova has become consumer protection commissioner, while Romania's Leonard Orban has become commissioner for “multi-lingualism”—a bureaucratic sinecure if ever there were one.

And if the European Commission is looking more bloated than ever, the European Council now has another two sets of governments to contend with, adding greater urgency to questions about the decision-making process—majority voting, qualified majority voting, national vetoes, and the like—as well as about the wider constitutional issues that fell into limbo following the rejection of the proposed treaty in referenda in France and the Netherlands.

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FRINGE BENEFITS

Such institutional problems in fact reflect a larger, unresolved ideological question about what the EU is for and what it can accomplish as it continues to expand. On the foreign policy front, the addition of the two Black Sea countries brings the EU into greater proximity with trouble spots such as Chechnya, Georgia, and Kosovo. This increases the need for Brussels to formulate coherent responses to issues in these places, but also allows it to draw on a new pool of expertise on how to go about dealing with such issues. The EU has already benefited from the addition of former communist countries such as Poland, which has allowed it to import foreign policy know-how in its dealings with Russia, Belarus, and Ukraine. Bulgaria and Romania, too, will inevitably color thinking about areas that they perhaps understand better than many other EU member states.

In broader terms, Romania and Bulgaria, both members of NATO since 2004, are likely to strengthen Atlanticist forces within the EU and further dim the

prospect of the EU's ever becoming a rival to America in international affairs. Both countries supported the United States during the run-up to the war in Iraq, in the face of frenzied opposition from France and Germany, and both deployed relatively sizable troop contingents. Washington has struck deals with Bulgaria and Romania for new military bases, giving the US military greater reach into the Middle East.

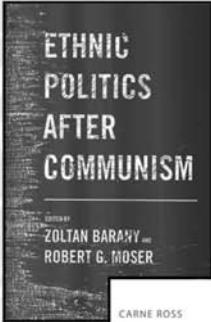
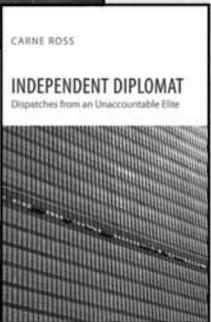
Moreover, like most other former communist countries that are now in the EU, Romania and Bulgaria retain residual affection for the United States because it was a bulwark against communism during the cold war. Even though such sentiments will inevitably subside with time, anti-Americanism has little mileage in the political culture of either country. As Romanian Foreign Minister Mihai Razvan Ungereaunu put it in an interview with the Associated Press last year: "We'll keep close to the United States." And, echoing terminology used by Polish officials to describe their own relative regard for the United States and the EU, he added: "We're not in a psychological drama where we have to choose between father and mother. We don't have to say whom we love most."

Internally, of course, the increase in the number of states to 27, combined with the ongoing debate about how to revive a European constitu-

tion, should bring the EU closer to the ever-present, though usually submerged, question about the character of the institution itself. "Finality" has been a word that for too long has struck fear into the hearts of everyone who believes in the European project. What exactly is the end state that the European Union is aiming for? A superstate? A country called Europe? A federal arrangement with semi-independent member states ceding some, though not all, powers to a supranational government? A looser association, perhaps looser than the one that already exists, of independent states whose *raison d'être* is to pool resources when it makes sense but to go their own way when it does not? Variations on all of these themes persist as streams of thinking across the EU. Yet, while they excite debate among journalists and analysts, there has been a conspicuous silence about these ideas among most of the continent's political elites.

If the EU is ever going to emerge as a coherent body, at peace with itself and its constituent member states, it is vital that one or another of the aforementioned visions for the future emerges as victorious, and does so quickly. A union of six member states—the union whose first treaty was signed half a century ago—felt it could safely ignore such questions, as France and Germany drove the

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whole process forward and formed the institution according to their own interests and, in important respects, in their own image. An EU of 27, in which the power of the Franco-German axis has been drastically diminished, can no longer afford the luxury of putting things off indefinitely and resorting to the meaningless cliché of an “ever-closer union,” which no one is prepared to define.

THE QUESTION OF EUROPE

My own view is that this latest round of enlargement has in one sense actually made what can be called the existential question in Europe easier, not harder, to resolve—if, that is, rational judgment is unclouded by emotion. For it has surely been obvious since the time of the last wave of enlargement in 2004 at the latest, and it is even more obvious now, that the European project has reached (and perhaps exceeded) the limits of what the peoples and governments of the continent will accept in terms of the depth of pan-European integration. The EU can certainly keep on pushing integration further from above, as it has done for years. But its credibility as a democratic institution and its very legitimacy might suffer irreparable damage as a result.

We have come to a point, exemplified by European responses to the US-led intervention in Iraq, at which it is crystal clear that the EU can never have a meaningful foreign policy platform on some of the most important issues in global affairs. The member states, the big ones in particular, go their own way and always will. On the economic and social fronts, fundamental differences of approach exist on taxation, regulation, welfare, and employment policy. These reflect differing priorities and traditions that will never be subsumed under the umbrella of a single authority. If anyone still labors under illusions that national identities are slowly being merged into some kind of European “demos” (where, for example, the Portuguese are held to be moving closer to the Finns, and the Poles to the Spanish!), they need only attend a European football match to see precisely where ordinary people’s loyalties really lie.

Continued attempts to ram the square peg of deep integrationist fantasy into the round hole of nationally oriented expectations can only encourage further instances of the kind of backlash we saw in the French and Dutch referenda on the EU constitution. Such attempts may also do much to foster the rise of the kind of far-right extremism across the continent that is partly explained by attempts in Brussels to encroach on national sovereignty and tradition.

Tough as it will be, it is time for Brussels and the member governments to face reality and state publicly that integration has gone as far as it is ever going to, and may in some areas need to be rolled back. By trying to do less, the EU may find that it can act as a more effective and unified force. By attempting less, in other words, it may well be able to accomplish more.

The effect of such a move to bring finality to the integration process would not merely be cathartic, clearing up uncertainties and removing unnecessary tensions. It would also go a long way toward addressing some of the concerns about further enlargement. An EU composed of a looser association of states would be able eventually to accommodate the likes of Ukraine, Turkey, or Serbia, for example, far more easily than a tighter association. One of the main concerns among the opponents of further enlargement is that countries with big populations or troublesome political environments would dilute both the power of existing members and the EU’s sense of itself as an organization bound together by shared, core values. A shallower EU will find it much easier to be a wider EU.

As new members of the union, Romania and Bulgaria may feel it is too early for them to initiate such a discussion. It is not certain in any case that their leaders have given any more thought to such matters than the leaders of most of the countries they have just joined. But perhaps their mere presence will now concentrate minds on an issue that has been left on the back burner too long. ■