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### ***Democratization in Postcommunist Europe: Illiberal Regimes and the Leverage of International Actors***

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### **About the Author**

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# **Democratization in Postcommunist Europe: Illiberal Regimes and the Leverage of International Actors**

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## **ABSTRACT**

The European Union (EU) may be presiding over the most successful democracy promotion program ever implemented by an international actor. Among postcommunist states with a credible EU membership perspective, we can see a significant – though far from complete – convergence toward liberal democracy. This is all the more interesting since ten years ago many of these states had illiberal or authoritarian regimes. I focus in this article on the sources of political change in previously illiberal regimes before and after ‘watershed elections,’ especially in the Western Balkans. I argue that over time the EU’s leverage strengthened the hand of liberal forces against illiberal ones by way of four mechanisms: creating a focal point for cooperation, providing incentives for adapting, using conditionality, and serving as a credible commitment for reform. Consequently, most political parties have eventually changed their agenda to make it compatible with the state’s bid for EU membership. I investigate the domestic conditions that have caused these mechanisms to function only weakly in Serbia and Bosnia.

The European Union (EU) 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 a more transparent market economy. The puzzle is one of causation: Does the EU only accept liberal democracies? Or, does the *condition* of being a

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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 ten 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. In other postcommunist states, however, one faction monopolized power, and created the conditions of illiberal democracy for their own political and economic gain. By illiberal democracy, I mean a political system where regular elections of some kind take place, but elected rulers and the state institutions they control do not respect the juridical limits on their powers or the political liberties of their citizens. They violate the rule of law, the separation of powers, and the boundaries between the state and the economy. Important for our cases, they abuse the limits on their powers and the political liberties of citizens in order to suppress rival political parties or groups. In illiberal democracies, important requirements of EU membership were at loggerheads with the sources of political power of ruling elites. Progress toward the EU was slow or absent. Even as the EU began to implement the conditionality of the pre-accession 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.

Yet 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, the centerpiece of most enlargement studies thus far. I argue in this article that over time the EU's leverage strengthened the hand of liberal forces against illiberal ones: not in a duel where good vanquishes 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 post-communist politics have 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 that game. Once

membership is achieved the parameters change again – and evidently they become looser – but this is beyond the scope of this article.

How does EU leverage translate into domestic political change in illiberal regimes? The EU’s “gravitational force” pulling countries on a liberal democratic path is invoked very often; my purpose in this article is to unpack just how this may work. I have identified four mechanisms that contribute to regime change, 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 and other domestic actors 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: for the new governments moving forward in the EU’s pre-accession process and receiving various intermediate rewards is tied to adopting laws and implementing reforms. Second, the process itself serves as a *credible commitment to reform*. Reversing direction becomes costly for any future government. As candidates move forward in the process, governments are locked into a predictable course of policymaking that serves as an important signal to internal and external economic actors about the future business environment. Through the pre-accession process, the EU bundles together the influence of many international organizations and other international actors, and sustains this influence over time.

The six cases that I explore in this article – with the corresponding watershed elections in brackets – are Romania (1996), Bulgaria (1997), Slovakia (1998), Croatia (2000), Serbia (2000) and Bosnia (2000/2006?).<sup>1</sup> I am not arguing that the wish to join the

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<sup>1</sup> The 2000 elections in Bosnia do not qualify as full watershed elections since the Bosniak nationalist party (SDA) stayed out of power only briefly, and the Croatian nationalist party (HDZ) never left office. The

EU influenced how voters cast their ballots in these elections: in all six cases, voters probably 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 pre-accession 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 another wave of *adapting* as most of the formerly illiberal parties adjust their agenda 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 political change – and it is this change that in 2006 is so visibly stalled in Serbia.

Scholars have only begun to explain the substantial variation in the policies and the institutions adopted by East Central Europe's so-called 'early reformers,' but the question of why postcommunist governments with liberal preferences adopted generally liberal policies is ultimately not that puzzling.<sup>3</sup> 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, the mechanisms that I identify have functioned weakly, and the status of Bosnia as an international protectorate means that they have functioned differently. And while all six countries have made at least some progress, exploring the variation in the speed and content of that progress helps illuminate the domestic conditions that determine how well external

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2006 elections may come closer. Serbia did have decisive 'watershed elections' in 2000, but political parties have adapted to the Western liberal democratic and economic agenda only slowly and erratically. It is significant that both Bosnia and Serbia-Montenegro are the states where fundamental questions of statehood remain unsettled or unresolved. Here I analyze only Serbia's domestic politics, centered on Belgrade, even though Serbia was formally part of the country Serbia-Montenegro until June 2006. I use Bosnia as shorthand for the full name of the country, Bosnia and Herzegovina.

<sup>2</sup> For the argument that the prospect of EU membership does impact how voters cast their ballots, Tucker, Pacek and Berinsky 2002.

<sup>3</sup> I use "East Central Europe" as shorthand for those *postcommunist* states of East Central and South Eastern Europe that have already joined the EU, or that are officially considered candidates or proto-candidates. See Table 1.

incentives can help overcome illiberal rule. Indeed, it is possible that in five or ten years we will conclude that the mechanisms I set out in this article were ultimately not strong enough to overcome countervailing domestic forces in Serbia or Bosnia.

This article is organized in five parts. The first part explores the literature on the influence of international actors on democratization in general, and the impact of the EU on credible future members in particular. The second part shows the divergence in political and economic trajectories among postcommunist states after 1989, and the signs of convergence among EU candidates over the last decade. The third explains the mechanisms of *focal point for cooperation* and *adapting* in bringing political change to illiberal regimes. The fourth explains the mechanisms of *conditionality* and *credible commitment to reform* in helping to lock in democratic changes. The fifth explores 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.

## **1. International Actors and Democratization**

The impact of international actors on democratization is now one of the most exciting areas of study in international relations and comparative politics. This is something of a departure from past scholarship. In diverse literatures on democratization and economic reform in Latin America, the Caribbean, Asia or Africa, the impact of external actors was usually considered harmful or at best indifferent.<sup>4</sup> The exception was democratization on the European continent, where joining the EU was credited with supporting transition and consolidation in Portugal, Spain and Greece.<sup>5</sup> Since 1990, the greater and apparently more constructive impact of international actors on democratization worldwide can be attributed in part to the end of the Cold War, which removed (perhaps temporarily) ideology as a trump card for regime type in the eyes of Western foreign policy. Jon Pevehouse finds that several regional organizations worldwide have bolstered the likelihood of democratic success on the

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<sup>4</sup> Haggard and Webb 1994, 5; and Schmitter 1986, 5. See also Kahler 1992.

<sup>5</sup> Pridham 1991; Whitehead 2001; and Ziblatt and Bizziouras 2005.

part of their members.<sup>6</sup> Steven Levitsky and Lucan Way demonstrate that strong political, economic and social linkages with Western countries undermine the ability of elites in competitive authoritarian systems worldwide to thwart domestic democratization efforts.<sup>7</sup>

Yet postcommunist East Central Europe has taken center stage in demonstrating the potential of external democracy promotion efforts. There, regime change in 1989 took place on the very highly institutionalized European continent, where many established international organizations and a parade of other transnational actors were well-placed to develop strategies for shaping domestic political change. While the extent, the time frame and the track record of these strategies has varied greatly, virtually all of them have aimed at promoting some aspect of liberal democracy and free market capitalism. This ‘bundling’ of sustained external influence has been far less apparent in other regions of the world where, even since the end of the Cold War, international actors have so often pursued episodic, incompatible or even mutually antagonistic agendas when seeking to influence domestic politics.<sup>8</sup> But of all of the international actors active on the European continent, I argue that the EU has had by far the greatest leverage on domestic political change in states that became credible future EU members – both directly, and by amplifying the leverage of other actors.

By demonstrating how EU leverage has helped loosen the grip on the postcommunist polity of elites that seek to perpetuate illiberal democracy, this article contributes to the recent literature on the origin, the dynamics and the demise of democratic hybrids.<sup>9</sup> Scholars have debated whether the democratization of communist states can be productively compared to democratization in other parts of the world owing to the uniqueness of communism’s impact on the polity, the economy and society.<sup>10</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

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<sup>6</sup> Pevehouse 2005.

<sup>7</sup> Levitsky and Way 2006. See also Schmitter 2001.

<sup>8</sup> For the argument that IMF-style economic reforms in Eastern Europe were less ideologically charged and more compatible with democratic politics than in Latin America, see Pop-Eleches 2006.

<sup>9</sup> Karl 1995; Zakaria 1997; Diamond 2002; and Levitsky and Way 2002.

<sup>10</sup> Bunce 1995; in debate with Schmitter and Karl 1994.



competitive authoritarianism – is in many respects similar across countries and regions. And it turns out that the way that they lose power – through elections – is often similar as well.<sup>11</sup> The incentives of EU membership, however, are not so easily generalizable. In unpacking the mechanisms that help dislodge illiberal regimes in postcommunist countries, I shed light on a worldwide phenomenon, but the source of durable political change that I uncover – the prospect of EU membership – is only available at this time to certain East European states.

### *EU Enlargement and Domestic Political Change*

In the study of EU enlargement to postcommunist states, there is broad agreement that the EU' pre-accession process has brought potent if uneven conditionality and socialization to bear on domestic politics in the candidate states.<sup>12</sup> 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>13</sup> But those states where illiberal democracy took hold and economic reforms were neglected have had a long way to go in their relationship with the EU before they could begin negotiations, or even obtain candidate status. In this article I fill this gap in the literature by specifying the causal mechanisms by which EU leverage undermined illiberal regimes, and then locked in progress toward liberal democracy and economic liberalization after these regimes were ousted. I neglect investigating the effectiveness of EU conditionality in specific policy areas in favor of its impact on regime outcomes and the overarching composition of national party systems.

Here it is important to take a step back and look briefly 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

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<sup>11</sup> Levitsky and Way 2006; McFaul 2005; and Morjé Howard and Roessler 2006.

<sup>12</sup> Among the most theoretically innovative analyses of the impact of the EU and NATO across multiple policy areas and countries are Jacoby 2004; Epstein 2007; and the contributions to Schimmelfennig and Sedelmeier eds. 2005. For the groundbreaking study of how the EU and other international actors used conditionality to improve the treatment of ethnic minorities, Kelley 2004a.

<sup>13</sup> The wealth of recent studies focusing on EU conditionality include Grabbe 2006; and Pridham 2005. For the EU's impact in specific policy areas see, for example, Andonova 2003 (environment); Dimitrova 2002 (public administration reform); Epstein 2006 and McDermott 2006 (economic policy); Mattli and Plumper 2004 (regulatory reform); and Sissenich 2007 (social policy).

rapidly emerged as a matter of national interest after 1989 in many of the ‘early reformers’ because it offered substantial geopolitical, socio-cultural and economic benefits, including the protection of EU rules for weak states.<sup>14</sup> 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, while failing to avert, end or significantly diminish illiberal strategies for winning and exercising power in others. The turning point occurred in 1995 as the EU made 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 is 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.<sup>15</sup> 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 verification procedures to enter an international organization. For states that fail to enter an enlarging EU along with their neighbors, a steady flow of aid, expertise, trade, and foreign direct investment is diverted away from states that are not in the queue to join the EU towards those that are.<sup>16</sup> 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 for EU membership of rich West European states as well as relatively backward states from post-communist Europe.<sup>17</sup>

The *potential* political will to satisfy the EU’s entry requirements set the stage for the effectiveness of conditionality within the EU’s pre-accession process. As I will show in the

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<sup>14</sup> Hoffmann and Keohane 1993, 388; and Keohane 1993, 293-6.

<sup>15</sup> For a fuller discussion, Vachudova 2005.

<sup>16</sup> World Bank 2000; Grabbe 2001; and Kaminski 2001.

<sup>17</sup> Mattli 1999.

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 pre-accession process – of the way that the EU “delivers” political and economic conditionality – that have made the EU’s leverage effective. They are: asymmetric interdependence, enforcement, and meritocracy.<sup>18</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 an interdependent relationship flows from asymmetry, and the ECE states have much more to gain from the relationship than the EU.<sup>19</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>20</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 pre-accession process.<sup>21</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 were they too disingenuous (thanks to enforcement), nor did they despair that the system was stacked against them (thanks to meritocracy). While 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.<sup>22</sup> The European Commission’s

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<sup>18</sup> Vachudova 2005, 108-17.

<sup>19</sup> Keohane and Nye 1977.

<sup>20</sup> Moravcsik 1991; Moravcsik 1998; and Moravcsik and Vachudova 2003.

<sup>21</sup> In comparison to what other international actors have managed, the level compliance has been remarkable, even though in absolute terms substantial portions of the *acquis* have been poorly implemented at the time of accession. Cameron 2003.

<sup>22</sup> The EU’s approach to negotiations with Turkey risks severely testing the meritocracy principle. If the determinant of Turkey’s membership becomes a French referendum instead of the quality of Turkey’s

evaluations and the European Council's decisions about the overall status of candidates or proto-candidates have generally been accepted as reflecting accurately the state of compliance.

The meritocracy principle has held up surprisingly well even in the complicated and contested relationship between the EU and several Western Balkan states. It was put to the test in 2005 by the decision to put on hold the start of membership negotiations with Croatia because of the government's failure to cooperate fully with the ICTY in delivering the indicted war criminal Ante Gotovina to the Hague. Despite protests that the state administration had been cooperating, the Croatian government responded with initiatives to improve compliance. No government official or major political party leader condemned the EU's decision in public, or questioned the advisability of Croatia complying rapidly with EU demands.<sup>23</sup> The meritocracy principle has been put to the test again in 2006 as the EU has suspended the start of negotiations on an association agreement with Serbia because of the failure of the Serbian government to deliver indicted war criminal Ratko Mladić to the Hague. The response by the Serbian government and party leaders has been much more critical than in Croatia. However, the (nationalist) prime minister Vojislav Koštunica and his government have persevered with proposals to put Serbia back on course, and have not questioned Serbia's obligation to arrest Mladić.<sup>24</sup> While Serbian leaders often say that they will deal with the EU as "equal partners," the reality that this is impossible for any candidate is becoming better understood.<sup>25</sup>

At the outset of the enlargement process, it is unlikely that the EU intended to tackle the democratization of a country as vexing as Serbia. 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

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reforms, it will be obliterated. Turkey's status as a credible future member is consequently already compromised, and may well explain the recent slow-down of Turkey's reforms.

<sup>23</sup> Interviews with Croatian and EU officials in Brussels, 2005.

<sup>24</sup> *Reuters*, 16 August 2006.

<sup>25</sup> *Polityka*, 3 October 2005.

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 that the EU's credibility as a foreign policy actor was most clearly at stake. The Stability Pact raised the EU's official membership queue in 2000 to eighteen candidates and proto-candidates (see Table 1).

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 has been most overt in Serbia and Bosnia. 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 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>26</sup>

### *The Outsourcing of International Influence*

I argued above that the EU has had by far the greatest impact of any international actor in shaping the course of political change in ECE states since 1989. This is because the EU has had an outstanding reward – membership – to offer states that establish a functioning liberal democracy and market economy, as well as the most valuable 'intermediate rewards' to offer along the way. In comparison, other international organizations and other kinds of

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<sup>26</sup> *SME*, 18 June 1998.

external actors have, individually, much less to offer – and have asked for much less in return.

But the EU's leverage has also amplified directly, significantly – and often by design – the influence of other international actors in the region. In some policy areas, the European Commission has simply 'contracted out' the conditions that candidates should meet, and the assessment of whether they have done so.<sup>27</sup> The centerpiece of the Regular Reports is a general evaluation of how the candidate is meeting those Copenhagen Requirements that are above and beyond the norms, rules and regulations in force among existing EU member states as expressed in the *acquis*. For the protection of ethnic minority rights, the Commission had depended chiefly on the evaluations of the OSCE High Commissioner on National Minorities, and also the Council of Europe. Put simply, governments fulfill their obligations to the Council of Europe and the OSCE because the EU has incorporated these obligations (and implicitly the approval of these organizations) into the requirements for EU membership. In this way, the EU has boosted the influence of both international organizations, granting legitimacy to the standards that they set and creating material sanctions for the violation of those standards

The economic requirements of the Copenhagen criteria also include an overall assessment of whether the candidate has a functioning market economy. On the fitness of the economy, the Commission has listened to the views of the World Bank, the IMF and the Economic Commission for Europe of the United Nations, boosting their influence in a similar way. The most striking recent case of 'outsourcing' has been the EU's insistence that Serbia, Croatia and Bosnia cooperate fully with the International Criminal Tribunal for the former Yugoslavia (ICTY) in order to satisfy the Copenhagen Criteria of robust democratic institutions and the protection of ethnic minority rights. The EU has been periodically uneasy with the ICTY's assessments of whether or not a state is "cooperating fully," but it has realized that if it does not act in step with the ICTY then it will undermine very severely its authority.<sup>28</sup>

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<sup>27</sup> Kelley 2004a.

<sup>28</sup> Interviews with officials of the European Commission and the European Council, Brussels, July 2005.

A more diffuse way that the EU's leverage has boosted the influence of a wide array of transnational actors is by creating incentives for local elites to learn from them. As I argue below, the prospect of joining the EU creates incentives for political parties to change their agendas, and to translate those changes into how they govern when in power. Politicians have therefore been interested in learning about the content of a pro-Western agenda, especially those that have recently abandoned nationalist, anti-market or anti-democratic practices. But strategic learning has extended far beyond politicians. The opportunities associated with moving toward the EU for economic actors and civic groups have also created demand for the conferences, workshops and programs offered by Western non-governmental organizations and foundations.

Moving forward, I make the assumption that the states in this study all have an equally credible prospect of qualifying for EU membership, and can expect roughly equal treatment in the pre-accession process. (If anything, the EU has erred on the side of leniency and inclusion in the cases of Romania and Bulgaria.) Thus, holding the incentives of EU membership high, constant and exogenous, I turn to explaining the puzzle of the remarkable divergence – and subsequent convergence – in their response to these incentives.

## **2. 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 9 states in 1989<sup>29</sup> to 27 in 1995. By 1995 the spectrum of political outcomes among these 27 states ranged from liberal democracy to rigid authoritarianism.<sup>30</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 states in East Central and South Eastern

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<sup>29</sup> The Soviet Union, Poland, Hungary, Czechoslovakia, Bulgaria, Romania, East Germany, Albania and Yugoslavia. For the 27 post-communist states on the European continent (without the “east” of unified Germany), see Figure 1. On why so many new states, see Bunce 1999b and 2005.

<sup>30</sup> On divergence in regime types among postcommunist states, see Cameron 2001; Cameron 2005; Fish 2005; and Kitschelt 2003.

Europe. But the variation among the states of East Central Europe was also striking, ranging from liberal democracy in Poland and Hungary to authoritarianism and war in the disintegrating Yugoslavia.<sup>31</sup>

A decade later, do we see a convergence toward liberal democracy and economic liberalization among the sub-set 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 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 with states such as Kyrgyzstan and Ukraine. Figure 2 shows that by 2003 Bulgaria, Romania, Croatia and, most dramatically, Slovakia, had made substantial progress in catching up with the 'early reformers' on *both* political and economic measures.<sup>32</sup> Figure 2 also shows that by 2003 all but Bosnia had "pulled away" from the post-Soviet states on their political freedom scores; this trend continued in 2005 with some improvement across the five Western Balkan states.

We can also point to a variety of other measures that indicate gradual progress and convergence. Elections are free and fair, and all large, mainstream parties are committed to the democratic rules of the game – except perhaps the Serbian Radical Party (SRS) in Serbia. Ethnic minorities are in a much better position in Romania, Slovakia and Bulgaria, with no signs of reversal. Croatia and (more slowly) Serbia are moving toward liberal democracy after emerging from a decade of authoritarianism and war that implicated both polities in state-sponsored genocide. All of the formerly illiberal democracies have made progress toward the next milestone of EU membership – from a catapult to membership on the part of Slovakia to the opening, finally, of negotiations on an association agreement between the EU and Bosnia. As discussed above, Serbia has yet to open similar negotiations, but at least

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<sup>31</sup> For more comprehensive treatments of political outcomes in postcommunist states, see Anderson, Fish, Hanson and Roeder eds. 2001; Appel ed. 2005; Bunce 1999a; Ekiert 2003; Ekiert and Hanson eds. 2003; Rupnik 1999; and Vachudova 2005.

<sup>32</sup> Excluding the Western Balkan states from the group of EU candidates, David Cameron finds that by 2001 the ten EU candidates (including Bulgaria, Romania and Slovakia) extended rights and liberties such that they were comparable to 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. Cameron 2001.



relations with the EU have become a daily obsession of domestic politics. There are still myriad problems in absolute terms with the quality of democracy in all of these states, but the relative progress of each state since 1995 is indisputable.

It is more difficult to make the case that the Western Balkan states of Albania, Bosnia, Macedonia and Serbia-Montenegro are converging with ECE frontrunners on the measures of economic liberalization and economic institutional change alone. Indeed, as Figure 2 and 3 show, they fit quite comfortably in the group of post-Soviet slow-pace reformers. Only Croatia shows signs of rapid economic progress. This is also the finding of George Georgiadis after analyzing 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>33</sup> Serbia and Bosnia as well as Macedonia, Albania and Montenegro face exceptionally difficult obstacles for economic revitalization that are too complex to discuss here. Still, if the quality of political competition continues to improve (considered below), there are good reasons to expect that progress in the EU's pre-accession process, tied to greater access to the EU market and more foreign investment, will bring economic liberalization and institutional improvements over time as it has for previous candidate states.<sup>34</sup>

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. In other words, there appears to be no trade-off between democratization and economic liberalization.<sup>35</sup> Figures 1-3 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 on market reform. Similar patterns emerge using a variety of indexes for economic

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<sup>33</sup> Georgiadis 2005.

<sup>34</sup> European Commission 2006; and World Bank 2000.

<sup>35</sup> Fish 1999: 808-9.

reform against the Freedom House democratization index.<sup>36</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 lowest increase in income disparities.<sup>37</sup> In Latin American states, for example, the relationship between democratization and market liberalization that we see in Figures 1-3 would look quite different.<sup>38</sup> The positive correlation among ECE's frontrunners can be attributed partly to integration into the EU economy, and also to the EU's insistence that liberalization be accompanied by institutional change. It is stalled economic reform in the hands of illiberal elites – and not EU-induced liberalization – that damages the well-being of the general population. This makes it possible to lump the EU's democratic and economic requirements together instead of problematizing their divergent effects.

### **3. Regime Change in Illiberal Democracies**

Why do we see so much divergence in regime types among postcommunist states? There is substantial evidence that the quality of political competition determined their early trajectories. In conditions of limited political competition, illiberal elites could win and concentrate 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>39</sup> Scholars have developed several related explanations for the variation in political outcomes that we observe after 1989. These include the configuration of domestic elites at

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<sup>36</sup> Using a World Bank/EBRD Structural Reform index against Freedom House data and averaging the scores received for each year between 1990 and 2000 yields a similar result: Oatley 2004, 386; and Aslund 2002, 362. See also EBRD 2000.

<sup>37</sup> World Bank 2002, 73-4, 107.

<sup>38</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 from the proximity of the wealthy EU market. See Roeder 1999.

<sup>39</sup> Vachudova 2005, 11-61; and Mansfield and Snyder 1995. The seminal work on the grip of rent-seeking elites profiting from partial economic reform in postcommunist states is Hellman 1998. See also Ganey 2001; and Gould 2004.

the moment of regime change;<sup>40</sup> the outcome of the first democratic elections;<sup>41</sup> and the character of political competition in the new polity.<sup>42</sup> In Croatia, Serbia and Bosnia, the disintegration of the Yugoslav federation,<sup>43</sup> the demobilization of liberal-minded publics through ethnic violence,<sup>44</sup> as well as other factors created more highly authoritarian regimes than in Bulgaria, Romania or Slovakia. But the basic recipe for concentrating power was the same: suppressing opposition groups, plundering the economy and exploiting ethnic nationalism. The mechanisms that I highlight in this article all work to improve the quality of political competition by breaking this concentration of power in the hands of illiberal elites.

In the relationship between the EU and all credible future members, we can expect compliance with EU requirements when these are compatible with their domestic sources of power.<sup>45</sup> For the illiberal rulers at hand (see Table 2), EU requirements were obviously at loggerheads with the ways that they won and held power at home such as abrogating democratic standards, and remunerating cronies through highly corrupt economic practices. Consequently, the EU's leverage generally failed to influence directly the domestic policies of illiberal regimes.

Instead, I argue that the relationship between the EU and credible future members helped change the domestic balance of power in illiberal democracies against (highly) rent-seeking elites by strengthening the opposition. Given that flawed but regular elections were taking place, the key was the impact of the EU's leverage on opposition political parties and

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<sup>40</sup> Bunce 1999a; McFaul 2002; Vachudova and Snyder 1997.

<sup>41</sup> Fish 1998.

<sup>42</sup> While there is broad agreement that the character of political competition including the (non)concentration of power helps determine the quality of democracy in postcommunist states, there is considerable debate about how to define and operationalize it. See Fish 1999, 803-8; Frye 2002; Grzymala-Busse 2003; Grzymala-Busse 2006; O'Dwyer 2004; Orenstein 2001; and Vachudova 2005. For the similar measure of political openness versus closure, see Fish 2005.

<sup>43</sup> Bunce 1999b.

<sup>44</sup> Gagnon 2005.

<sup>45</sup> Several studies concur that credible EU membership incentives elicit compliance from ECE governments only when the requirements of membership are compatible with their overall domestic agenda and therefore adoption costs are low: Kelley 2004a and 2004b; Schimmelfennig 2005a and 2005b; Vachudova 2001 and 2005.

other groups in society. These domestic actors served as the intermediary 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 political change. Ultimately, through these mechanisms, EU leverage helped create what the illiberal democracies were missing at the moment of transition: a more coherent and moderate opposition, and a more open and pluralistic political arena.

### *Focal Point 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, Bosnia, 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.<sup>46</sup> 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, controlling key media outlets, labeling critics of government policy as unpatriotic, and in some cases engaging in physical harassment. While 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. In a recent study, Marc Morjé Howard and Philip Roessler similarly find that a key factor in dislodging illiberal ('competitive authoritarian') regimes is the formation of a strategic coalition by opposition elites for the purpose of mounting a credible challenge to the ruling party.<sup>47</sup>

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<sup>46</sup> In Bulgaria the opposition was largely united in the UDF party. Embarking on political and economic reforms to qualify for EU membership, however, became a core of the UDF's platform, instead of the party's earlier, unpopular backward-looking retribution and restitution policies. Interviews with UDF government officials, Sofia, 1998.

<sup>47</sup> Morjé Howard and Roessler 2006.

Western actors, in cooperation with local nongovernmental organizations, sometimes took a very direct role in trying to unite and strengthen the feuding opposition leaders in Romania, Slovakia, Croatia and Serbia. The most dramatic attempts involved the Serb opposition which was repeatedly assembled by Western actors at conferences in various European capitals in hopes of overcoming personal enmities and forging closer and better cooperation against the Milošević regime.<sup>48</sup> In Bosnia, Western actors brokered an alliance among less nationalist parties competing in all three party systems (Bosniak, Bosnian Croat and Bosnian Serb). In addition, the EU signaled that only certain groupings of opposition elites would be acceptable partners for the ‘return to Europe,’ directly influencing the coalition potential of individual political parties. This helped end the episodic cooperation of some opposition parties with the illiberal regime, and excluded the possibility of an opposition party creating a coalition with the ruling illiberal party after the next elections.<sup>49</sup>

Meanwhile, reproaching the ruling elites for forsaking the country’s place in Europe – and promising to move the country decisively toward ‘Europe’ – became a key tenet of the opposition’s platform upon which all parties and other opposition groups could agree. In some cases, this was very concrete: In Slovakia, when the opposition parties finally came together with key civil society actors at the Democratic Round Table, they agreed to satisfy all EU requirements in an attempt to rejoin the first group of countries joining the EU.

A similar consensus came about in the opposition coalition, the Democratic Convention of Romania (CDR), and created much-needed common ground between the CDR and the Hungarian Democratic Union of Romania (UDMR).<sup>50</sup> 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 they would confront on the road to the EU.<sup>51</sup> Still, the goal of ‘rejoining Europe’ was

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<sup>48</sup> I participated in two such meetings, one in Vaduz in 1998 and another in Bratislava in 1999.

<sup>49</sup> This was particularly important in the run-up to the Slovak elections of 1998: see Fisher 2006; and Henderson 2004.

<sup>50</sup> On Slovakia, interviews with Grigorij Mesežnikov and Eduard Kukan, Bratislava, 1998. See also Bútorá, Mesežnikov, and Bútorová 1999. On Romania, interviews with members of parliament from the DCR, Bucharest, 1998.

important because it provided some map for what will happen after regime change, whether or not the parameters of this effort were well understood.

### *Adapting*

Western actors offered information to opposition political elites and other domestic actors 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 shifted substantially their position on ethnic minority rights and on economic reform to oppose the illiberal regime, and to make their parties fit the increasingly attractive “pro-EU space” on the political spectrum.<sup>52</sup> This space was particularly attractive given the growing and increasingly visible costs of illiberal rule. What motivated individual political elites was in each case a different mixture of political calculation, on the one hand, and a desire to promote the “European” vocation of their countries, on the other. But in most cases my interviews as well as the steady defection of politicians from the illiberal parties suggested that these individuals considered the political prospects of the opposition parties more attractive than the short-term gains of being part of the ruling clique.<sup>53</sup>

Western representatives of international institutions, governments and non-governmental organizations 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 fostering an open pluralistic political arena, and on rights for ethnic minorities within this arena. In many cases, Western actors served to

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<sup>51</sup> Interviews with Miljenko Dereta, Jovan Teokarević and Jelica Minić, Belgrade, 2005. See also the issues of the first EU-focused publication in Belgrade *Evropski Forum*, 2004 and 2005, with articles and editorials by Serbian politicians and academics.

<sup>52</sup> Jon Pevehouse also argues that international organizations may change the positions of elite actors, but he attributes these changes to persuasion and to guarantees for authoritarian elites, while I attribute them here to changing political incentive structures. See Pevehouse 2002: 524.

<sup>53</sup> Pavol Demeš, interviews in Bratislava, 1998 and 2005. Interviews with former opposition members in Zagreb, Belgrade and Sarajevo in 2004 and 2005. On the evolution of the Slovak and Croatian opposition, see Fisher 2006.

validate the information presented by local pro-democracy NGOs. Many different Western organizations and governments interacted with opposition elites through countless meetings, workshops and conferences in national capitals and abroad, and also supported opposition groups with financial assistance.<sup>54</sup> Local opposition elites often moved directly from Western-funded NGOs or academic institutions into politics. Thus 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, and which parties they chose to cooperate with before and after the elections.

Scholars studying the incidence and success of democratization have turned in recent years to the role of nongovernmental organizations and civic groups in mobilizing the population against undemocratic leaders.<sup>55</sup> In many cases international actors have been linked to civic mobilization, for example, through funding for nongovernmental organizations, 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 price of “deepening vicious circles” elsewhere.<sup>56</sup> But by the late 1990s, Western funding for and attention to NGOs in other postcommunist countries had increased substantially. A “virtuous” circle emerged most clearly in Slovakia.<sup>57</sup> Local NGOs played a special role, compensating for the weakness of opposition parties with extensive surveillance and criticism of the illiberal government, and helping to generate 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, Serbia and Ukraine – with Western assistance

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<sup>54</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. For a related argument see Solingen 1998.

<sup>55</sup> Demeš and Forbrig eds. 2005.

<sup>56</sup> Ekiert and Kubik 2000, 48-49. See also Mendelson and Glenn eds. 2002; and Ottaway and Carothers eds. 2000.

<sup>57</sup> Interview with Robert Benjamin, National Democratic Institute, Washington, DC, 2003

Another factor that paved the way for *adapting* to an EU-compatible agenda by local politicians was that the EU enlargement process helped break the information monopoly of the illiberal regime. Evaluations of a country's progress within the EU's pre-accession process provided a powerful alternative source of information on the political and economic performance of the government. While 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 at each milestone in the pre-accession process.<sup>58</sup> As the enlargement project continued, EU leaders became more willing to take a decisive stand on issues of domestic politics in the candidate countries, leading to very specific demarches against Slovakia's Mečiar government, and outright financial assistance for and coaching of opposition elites in Serbia in the late 1990s.

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 the illiberal regime, and suggested alternative strategies that were 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>59</sup>

#### **4. 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 in 2000 (see Table 2).<sup>60</sup> They were replaced by coalitions of "reformers" intent on implementing reforms and move the country forward in

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<sup>58</sup> Interview with Pierre Mirel, European Commission, Brussels, 2003. Interviews with other Commission officials in Brussels, 2005.

<sup>59</sup> Snyder 2000, 355.

<sup>60</sup> For a different angle on the importance of these elections, see Bunce and Wolchik 2006.



the EU's pre-accession process (see Table 3). I am not arguing that EU leverage was decisive in the electoral defeats of these illiberal regimes; rather, it was decisive in shaping the political and economic agendas of the opposition parties that came to power -- and ensuring that these agendas were carried out.<sup>61</sup> This included enmeshing the state in progressively satisfying the requirements of the EU's pre-accession process. Once this occurred, the high costs of pulling out of this process motivated even previously illiberal ruling parties to adopt a political strategy that is compatible with qualifying for EU membership. After the watershed elections, we see virtually no backsliding as successive governments make progress on political and economic reform. They may move forward quickly (Slovakia) or slowly (Serbia), but there have been no wholesale reversals of policy, despite electoral turnover. The case for forward momentum is weakest in Bosnia and Serbia, as I explore below. I now turn to two mechanisms that help pull countries toward a more liberal trajectory after watershed elections, and help prevent illiberal reversals after subsequent elections.

### *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 pre-accession process requires 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 pre-election rhetoric would be judged against their post-election actions in the EU's monitoring reports. The tasks at hand and the pay-offs 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 attempted 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 that is still in limbo in 2006.

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<sup>61</sup> For a similar argument emphasizing the power of ideas in combination with conditionality, Marinov 2004.

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 pre-accession process is centered on a strategy of gate-keeping: if a candidate does not comply, it can be held back from the next stage in the process. For the first eight post-communist candidates, the main stages were: (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 post-communist 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) opening negotiations on the SAA; and (3) signing the SAA.<sup>62</sup> For Slovakia, the challenge was getting the green light to begin negotiations with the EU. For Bulgaria and Romania, the greatest hurdle has been implementing reforms to mitigate corruption and weak state capacity on the eve of accession. For Croatia, cooperation with the ICTY and reform of state institutions connected to the secret services and the military prevented the start of negotiations for membership until late 2005; they are now underway. For Bosnia and Serbia, the first hurdle – satisfying the requirements for opening negotiations on an SAA – has been tough indeed. 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*

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<sup>62</sup> This is not without precedent: in the early 1990s, the EU did attach conditions to signing association agreements with the first round of postcommunist applicants, though it did not do much to enforce them.

Economic actors have had every reason after 1989 to question how far postcommunist states would go in implementing liberalizing reforms. Indeed, many have stopped at some kind of partial economic reform that privileges insiders and fostered corruption. How can postcommunist governments signal that they are serious about reform?<sup>63</sup> For domestic and foreign economic actors, especially investors, progress in the EU's pre-accession 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 pre-accession process has created the expectation that comprehensive economic reforms would proceed apace.<sup>64</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>65</sup>

Once a candidate is well on the way to joining the EU, the costs of losing ground or reversing course become prohibitive – for any government.<sup>66</sup> The EU's good opinion becomes a direct factor in the decisions of foreign investors, while credit rating agencies such as Moody's and Standard and Poor adjust credit ratings in reaction to EU assessments and to the release of the EU's Regular Reports.<sup>67</sup> And, as I discuss below, the fact that qualifying for EU membership is such a mammoth project of domestic politics compels mainstream parties to reach a consensus about the underlying thrust of political and economic reform. The exigencies of the EU's pre-accession process thus reassure economic actors that the commitment to liberal economic reforms will be protected from two threats: from economic downturns and from government turnover. Continuing economic reform becomes the most likely ongoing strategy for current and future governments.

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<sup>63</sup> Haggard and Webb 1994, 21. See also Pevehouse 2005.

<sup>64</sup> Hall and Taylor 1996, 955.

<sup>65</sup> Pevehouse 2005.

<sup>66</sup> Interviews with government officials in Bratislava and Zagreb, 2001 and 2005 respectively.

<sup>67</sup> Interview with Joly Dixon, European Commission, Brussels, 1998.

Ongoing economic reform in the context of the EU's pre-accession 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>68</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 pre-accession 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>69</sup> Progress in the pre-accession process builds credibility using a similar mechanism as legislative participation; namely it makes extrication from and violation of international agreements very difficult.

### *Why No Reversals? A Second Wave of Adapting*

The two mechanisms I have described here – conditionality and credible commitment – highlight the benefits for candidates of the *process* of joining the EU – as opposed to the benefits they receive, and the changes that they undergo, as full EU members.<sup>70</sup> Most important, the mechanisms of conditionality and credible commitment help explain why future governments in the candidate states, despite their very different political profiles, do not halt or reverse reform. Indeed, these mechanisms ideally trigger a second wave of *adapting* as formerly illiberal (or even authoritarian) political parties transform themselves and adopt positions that are consistent with Western liberal democracy and economic reform. Besides the Serbian Radical Party (SRS) and the Socialist Party of

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<sup>68</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, Tucker, Pacek and Berinsky 2002.

<sup>69</sup> Martin 2000.

<sup>70</sup> The study of how EU membership transforms members in myriad ways has been dubbed ‘Europeanization.’ See Cowles, Caporaso and Risse 2001. Some scholars use this term also to describe how candidates transform themselves in order to qualify for membership, e.g. Grabbe 2006; and Schimmelfennig and Sedelmeier eds. 2005. I prefer to keep these two processes analytically separate.

Serbia (SPS) in Serbia, there are virtually no parties left in any countries in the EU queue that oppose qualifying for EU membership that might win elections or take part in a governing coalition.

Political parties learn that they can adapt their agenda to the expectations of the EU and other international actors – and, in some cases, get back very quickly in the political game. The most dramatic turnarounds so far have been by the PSD in Romania and the HDZ in Croatia.<sup>71</sup> While in opposition, both parties shed their extreme nationalist rhetoric and adopted a modernizing program based on economic reform and a more efficient state.<sup>72</sup> Upon winning re-election in 2000 and 2004, respectively, both parties continued to satisfy EU requirements – and on some measures did a better job than their “reformist” predecessors. In 2005 the BSP in Bulgaria was also re-elected after years of gradually shifting toward the agenda of a mainstream European socialist party. All three parties were returned to power while their country was still qualifying for EU membership, and made progress toward membership a priority of their government. Ironically, as part of the EU’s process, the PSD, the HDZ and now the BSP governments have had to tackle endemic corruption in the economy and in state institutions that their party comrades helped create.

Shut out of power from 1998 to 2006 while Slovakia implemented reforms that allowed it to join the EU in 2004, the HZDS has taken a different course. The EU made the tradeoff faced by the Slovak voter at the 2002 elections abundantly clear: re-elect Mečiar, and Slovakia will not be invited to become an EU member at the Copenhagen European Council summit in December 2002. The HZDS was increasingly frantic to regain the international respectability. The party program declared “its irreversible decision to support Slovakia’s integration into the EU with all of its might;” but the party’s transformation appeared limited to these kinds of declarations.<sup>73</sup> The HZDS has now entered government again in 2006, with quite unsavory coalition partners. Since Slovakia has already joined the

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<sup>71</sup> On the turnaround of PSD leader Ion Iliescu, see Tismaneanu and Iliescu 2005.

<sup>72</sup> International party links have also played a role. For example, the PSD and the BSP, acceptance by the Socialist International and the Party of Socialists (in the European Parliament) was an important additional external incentive from programmatic change. See Petrova 2006.

<sup>73</sup> Bilčík 2002, 25; and Henderson 2004.

EU, the constraints on its behavior in government will be much looser, and its transformation quite different, from that of the PSD, the HZD or the BSP.

*Bosnia and Serbia: Testing the Limits of the Theory*

Bosnia is a unique and bedeviling case because the country functions as an international protectorate with three separate party systems – that of the Bosniaks, the Bosnian Serbs and the Bosnian Croats. Since the end of the war in 1995, power has been concentrated in the hands of the three nationalist parties: the Bosniak Party of Democratic Action (SDA), the Serb Democratic Party (SDS), and the Croatian Democratic Union (HDZ-BiH). The motor for reform in Bosnia has been the power of the Office of the High Commissioner (OHR), whose “Bonn powers” allow for the removal of duly elected but obstructionist politicians, and for passing laws by decree. But the power of the OHR and, more generally, the involvement of the international community gives Bosnian politicians an easy alternative to spearheading difficult political and economic reforms – doing nothing. This is compounded by Bosnia’s labyrinthine decision-making structures and ethnic distribution of power that make any reform attempts all the more forbidding. Meanwhile, power has remained in the hands of the nationalist parties that prosecuted the war, using ethnic nationalism to rally voters and enriching themselves by controlling a deeply corrupt economy. The recipe and the rewards for illiberal elites concentrating power in their own hands has been much the same here as elsewhere.

Still, changes are afoot in the international community and in the three party systems that may turn Bosnia’s upcoming 2006 elections into true watershed elections. As Bosnia makes (slow) progress toward joining the EU, the imperative of strengthening the Bosnian state – and by extension Bosnian politicians – has come to the fore. As the European Commission quipped in response to the former High Commissioner, ‘the EU will not negotiate an SAA with Lord Paddy Ashdown.’ Most likely in 2007, the Bonn powers will be discontinued and the OHR will be merged with the EU’s mission to Bosnia. And while the nationalist parties have governed from 2002 to 2006, they have clearly done some *adapting* to an EU-compatible agenda as relations with the EU have taken center stage in the domestic debate. Even the hard-line SDS in Republika Srpska has not wanted to be seen as

obstructing the start of the negotiations of Bosnia's SAA agreement, and has ceased calling for unification with Serbia.<sup>74</sup> The EU finally agreed to open SAA negotiations with Bosnia in late 2005 after a divisive package of police reforms was passed (and the EU now warns that these negotiations will not be concluded until this package is implemented).<sup>75</sup>

As regards the three party systems, changes that began in 2000 seem likely to accelerate after the crucial October 2006 elections. In 2000, the international community provided a very concrete focal point for cooperation among Bosnia's 'non-nationalist' parties: the OHR brokered and assisted the creation of an electoral alliance called the Alliance for Change. The two main Bosniak parties in the Alliance were the multi-ethnic Social Democratic Party (SDP) and the Bosniak Party for BiH (SBiH); they governed along with eight tiny parties as well as small coalition partners among the Croat and Serb parties. The Alliance did have some reform successes, but was extremely fractious and did little to break the hold of the nationalist parties on the economy or to take responsibility for government from the OHR. For these and other reasons, I do not consider the 2000 elections as 'watershed elections.' In 2002, the Alliance dissolved and the nationalists regained power.<sup>76</sup> What many observers hope is that the nationalist parties will be unseated in the 2006 elections by a mix of stronger, moderate parties representing the Bosniaks and the Bosnian Serbs (the Croats are likely to elect the HDZ again), allowing for a more effective assault on the stultifying institutional and criminal obstacles to reform.

Things would seem to be much more straightforward in Serbia, a sovereign state, where the Milošević regime was evicted in the watershed elections of 2000. Yet the mechanisms that I set out in this article are functioning only weakly. After the assassination of Prime Minister Zoran Djindjić in March 2003, Serbia suffered a severe slowdown in reform as the opposition coalition DOS (Democratic Opposition of Serbia) fragmented and lost momentum. After the 2003 elections, the new Serbian government led by Prime Minister Vojislav Koštunica and his Democratic Party of Serbia (DSS) took a much more

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<sup>74</sup> Interview with SNSD party member, Sarajevo, 2005.

<sup>75</sup> Enlargement Newsletter, European Commission, 28 July 2006.

<sup>76</sup> Interview SDP party official, Sarajevo, 2005. Also, interviews with Taida Begić and Ivan Barbalić, Sarajevo, 2005. See Bose 2002; and ICG 2003 on the evolution of Bosnia's political parties.

nationalist stance, yet at the same time the tangible output of compliance with EU conditions increased as measured by some kinds of economic reforms, and by the number of indictees delivered to the ICTY. Moving up in the EU's pre-accession process was gradually fixed as the goal of reform. In the spring of 2005 the Commission assessed Serbia-Montenegro's progress positively in its feasibility study, and negotiations on an SAA were set to start in October 2005. They were suspended, however, in October 2005 and again in May 2006 because of Serbia's failure to apprehend indicted war criminal Ratko Mladić.

Like Bosnia, Serbia has suffered from having the daily bread of domestic politics consumed by the unsettled and contentious nature of the state. The status of Kosovo and, less so, the uncertain disposition of the federation with Montenegro, has provided endless ammunition for the extreme nationalist parties, and easily distracted the voter from socio-economic concerns. It has also enabled the nationalist opposition parties to remain nationalist (particularly Koštunica's party), and forced the more liberal opposition parties to take nationalist stands. Meanwhile, it has given the extreme nationalist/illiberal parties – the Radicals and the Socialists – little reason to change how they get votes, especially since they are also profiting from the tremendous grip on the economy of criminal gangs and from the Serb public's opposition to cooperation with the ICTY. Thus the adapting of illiberal elites from the Radical and the Socialist parties has been more of a trickle than a flood, even though neither party has been returned to power since 2000.<sup>77</sup>

Still, there is some movement: members of the Socialists are informing themselves about the EU, and the 'reform' wing of the party is happy to adopt EU membership as a forward-looking economic program.<sup>78</sup> The most telling will be if these parties form a government while Serbia is attempting to qualify for EU membership, which is quite possible given the popularity of the Radicals and the long road still ahead for Serbia. As for Koštunica's government, during the summer of 2006 it has vocally renewed its commitment to apprehending Mladić in order to open the way for the start of the SAA negotiations with

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<sup>77</sup> Interviews with G-17 and SPS party members, Belgrade, 2005. Also, interview with Romania Vlahutin, Belgrade, 2005.

<sup>78</sup> Interview with SPS party member, Belgrade, 2005.



the EU. So far it has not, as some predicted, turned away from the EU's pre-accession process.

## 5. How Important is the Credible Prospect of EU Membership?

My aim in this article has been to identify the specific causal mechanisms that translate international influence into domestic political change, breaking the hold of illiberal rulers on power and sustaining reforms in the context of the EU's pre-accession process. But is EU leverage a necessary condition for regime change and for locking in liberal democratic and market liberalizing reforms? We can point to recent "democratic breakthroughs" through watershed elections in Ukraine and Georgia as cases where illiberal leaders have been unseated by civic movements in countries that have no officially recognized prospect of joining the EU. These civic movements converged on a 'pro-Western agenda,' and their ability to unify against the illiberal regime was one of the keys to their success; the *focal point for cooperation* and *adapting* mechanisms functioned in similar ways.<sup>79</sup> In the case of Ukraine, following the "Orange Revolution" in the autumn of 2004, the government of Ukrainian president Viktor Yushchenko pledged comprehensive reforms, and sought the prospect of EU membership as an anchor for Ukraine's democratic revolution. However, the EU refused, offering Ukraine instead a close relationship in the context of its European Neighborhood Policy.

It is too early to judge Ukraine's ability to pursue reform following the Orange Revolution. The preliminary evidence for what happens after watershed elections without the discipline of the EU's pre-accession process, however, is not very promising: The Yushchenko government's plans for reform have become 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 a durable forward momentum to reform without them (consider how slowly Serbia has made progress since 2000). In the

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<sup>79</sup> McFaul 2005; Demeš and Forbrig eds. 2007; and Way 2005.

parliamentary elections in March 2006, Yushchenko's party lost its majority in parliament. It will be critical to see whether the political parties opposing Yushchenko have *adapted*, or will adapt, to a Western agenda. And until Ukraine gives up trying to make the EU recognize it as a credible future member, it will be difficult to disentangle the motivations for government policy: what reforms are an attempt to compel the EU to accept Ukraine as a potential candidate; what reforms are aimed to satisfy the EU in the framework of the ENP to gain greater access to the EU market; and what reforms are driven by other factors unrelated to the EU.

Another alternative explanation for the EU membership incentive is to theorize that there are different motivations for elite behavior. Anchored in the logic that material rewards create incentives for compliance with EU rules, the mechanisms presented in this article are part of a rationalist argument that engages a debate that has emerged in the international relations literature between so-called rationalist and constructivist approaches.<sup>80</sup> Both seek to identify the mechanisms that translate international influence into change: change in the behavior of domestic elites, and change in broader domestic outcomes. Studies in the rationalist camp generally argue that mechanisms based on material interests and rewards explain the lion's share of policy change owing to international influence.<sup>81</sup> Studies in the constructivist camp argue that other, cognitive mechanisms based on the power of norms, socialization and the desire for approbation from Western actors must *also* be taken into account to understand fully the timing and content of externally-driven domestic change.<sup>82</sup> To give an example, rationalists point to strategic learning from international actors on the part of East European elites, while constructivists would expect to find social learning that is not based on the expectation of political or economic gain. Thus Ukrainian elites over time may have been persuaded and socialized by an array of international actors to accept the desirability of liberal reforms. Yet even here the prospect of membership may weigh in: the

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<sup>80</sup> See Checkel 2001 and 2005; and Jupille, Caporaso and Checkel 2003.

<sup>81</sup> Kelley 2004a and 2004b; Schimmelfennig 2005a and 2005b; and Vachudova 2001 and 2005.

<sup>82</sup> Epstein 2007; Gheciu 2005; Grabbe 2006; Jacoby 2004; and Spendzharova 2005. See also the discussion in Schimmelfennig and Sedelmeier eds. 2005.

social context of relations with Western actors will be quite different for elites in a country that is on its way to joining the EU than for elites in one that is not.<sup>83</sup>

## **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. I have presented a model that reveals how four different mechanisms of international influence function at different junctures during the process of political change. By no means does EU leverage erase or even diminish many domestic differences: but it does improve the quality of political competition, while narrowing the parameters of domestic policymaking as states comply with EU rules in order to qualify for membership. We see a significant – though certainly far from complete – convergence among candidates as they get closer to accession. 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. The unseating of illiberal regimes is obviously not confined to states in the EU's pre-accession process. But the EU, I argue – and time will tell – creates the conditions for 'locking in' liberal democratic changes, ideally by compelling even the former illiberal ruling parties to adapt to an EU-compatible agenda.

If ten years from now the EU has coaxed Serbia and Bosnia down the road to where Slovakia, Bulgaria, Romania and even Croatia stand today, then we will have further evidence for the effectiveness of EU leverage in overcoming illiberal rule.<sup>84</sup> In Slovakia, Bulgaria and Romania, liberal democratic institutions have become entrenched, and the political arena has remained pluralistic and vibrant. Ethnic nationalism has faded visibly from political discourse, and the participation of ethnic minority parties in governing coalitions is routine. The economy and its regulation by state institutions has improved. Meanwhile, the international position of these states has or will soon improve dramatically as

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<sup>83</sup> Epstein 2007.

<sup>84</sup> There are several ways that the EU could adapt its leverage to make it more effective in the Western Balkan cases, but that is beyond the scope of this article.

they take their seat as full members of the EU. Ultimately it is the subsiding of ethnic tensions that may be the most outstanding result, proving wrong all of those that argued that the presence of ethnic minorities would scuttle attempts to build liberal democracy. For its part, Croatia is now moving rapidly forward with reform of the economy and the state and with compliance with the ICTY; however, the treatment of ethnic minority Serbs, including government connivance in their non-return, remain deeply troubling.

From a global perspective, getting ruling elites to make policies and wield power within the parameters set by the EU's pre-accession process signifies an outstanding improvement: better respect for basic democratic standards, more robust political competition, better protection of ethnic minority rights, ongoing reform of the economy and, in some cases, cooperation with the ICTY. However, we see a great deal of variation in domestic policies and 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 actors. What stands out on final analysis is the diversity that stems from the choices of these domestic actors, and from the conditions that they face. Thus any theories that seek to divine whether international *or* domestic factors caused particular domestic outcomes – instead of tracing how international factors may have influenced domestic actors – are bound to come up short.

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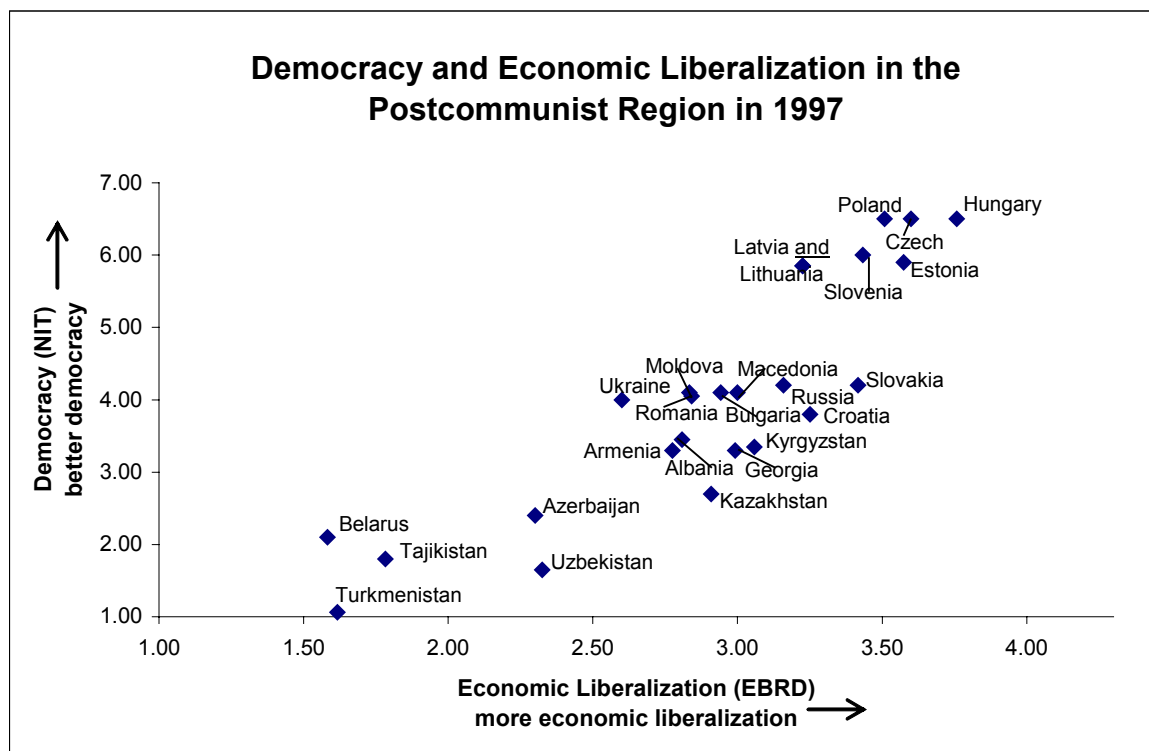
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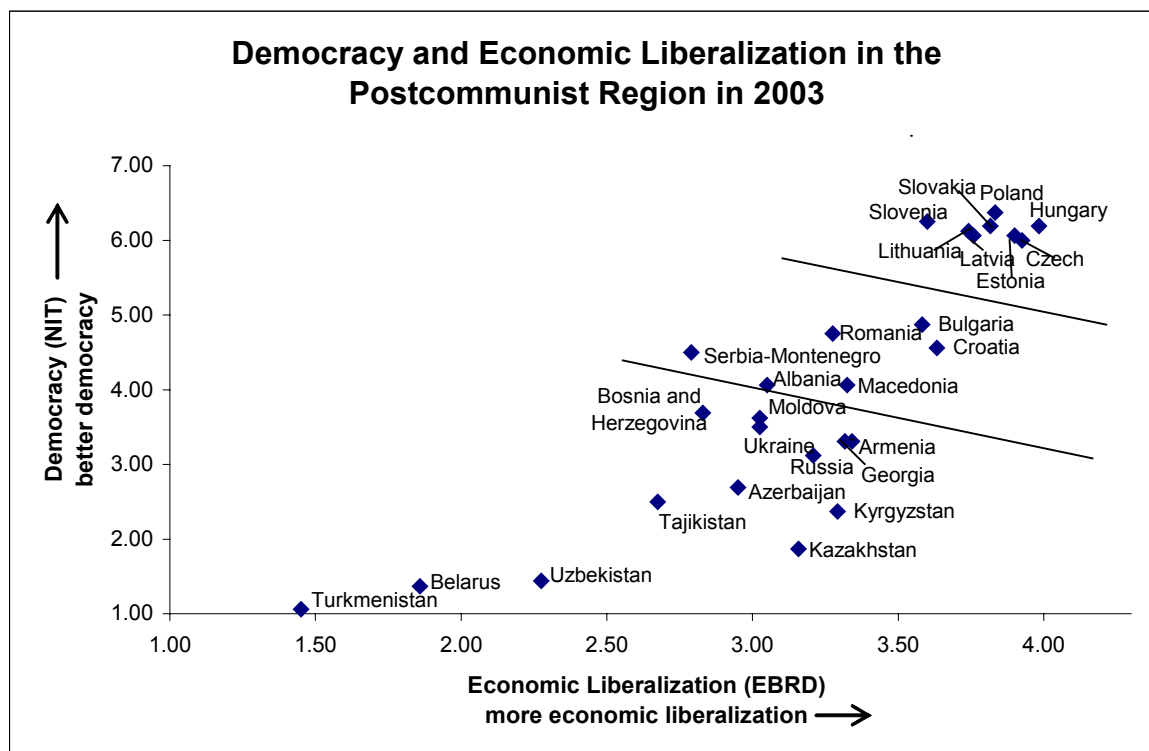
**Figure 1:**  
**Democracy and Economic Liberalization in the Postcommunist Region in 1997.**

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. 1997. *Transition Report 1997*. London: European Bank for Reconstruction and Development.

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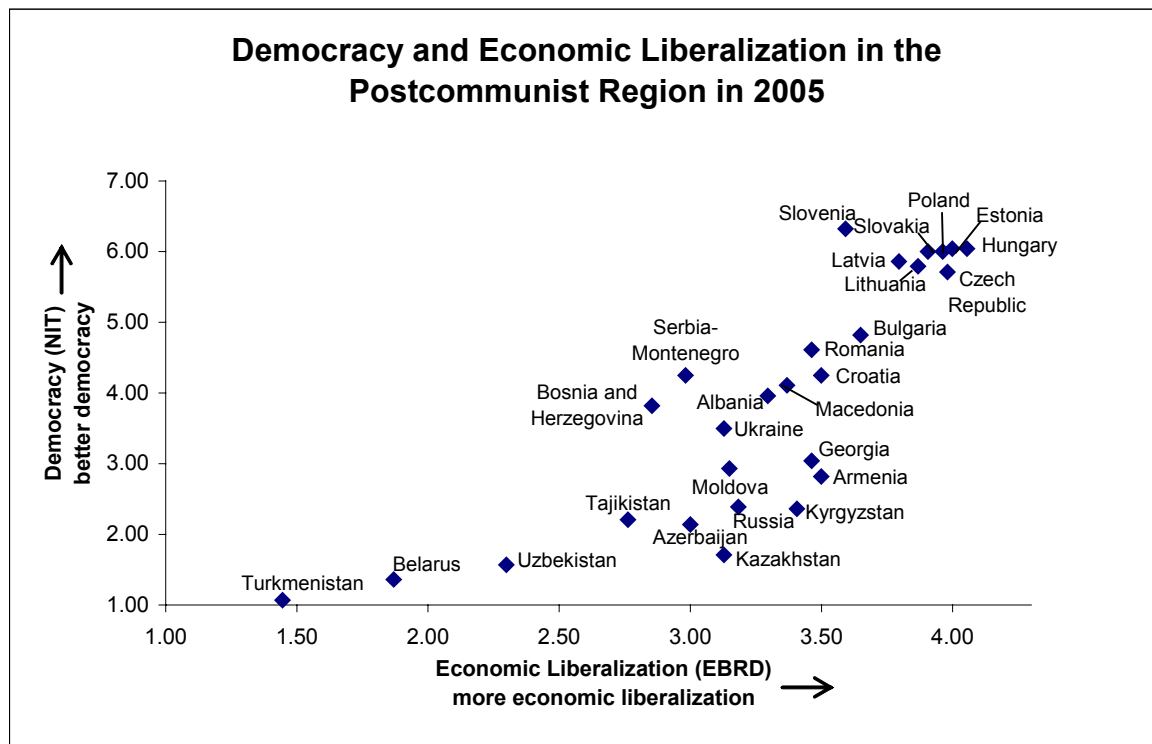
**Figure 2:**  
**Democracy and Economic Liberalization in the Postcommunist Region in 2003.**

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. 2003. *Transition Report 2003*. London: European Bank for Reconstruction and Development.

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<<http://www.freedomhouse.org/research/nitransit/2003/index.htm>>.



**Figure 3:**  
**Democracy and Economic Liberalization in the Postcommunist Region in 2005.**

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. 2005. "EBRD Transition indicators by country." In *Transition Report 2005: Business in Transition*.  
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Table 1

# ***The Queue to Join the European Union, 2006***

<i>EU-15 in order of accession</i>	<i>New Members 2004 in order of application</i>	<i>Candidates in order of application</i>
France	Cyprus 1990	Turkey 1987
Germany	Malta 1990	Bulgaria 1995
Italy	Hungary 1994	Romania 1995
Belgium	Poland 1994	Croatia 2003
Netherlands	Slovakia 1995	Macedonia 2004
Luxembourg	Latvia 1995	
	Estonia 1995	<i>Proto-Candidates</i>
U. Kingdom 1973	Lithuania 1995	<i>promised membership in 1999 Stability Pact</i>
Ireland 1973	Czech Rep. 1996	
Denmark 1973	Slovenia 1996	Albania
Greece 1981		Bosnia-Herzegovina
Spain 1986	<b>= 25 members</b>	Montenegro
Portugal 1986		Serbia
Sweden 1995		Kosovo?
Finland 1995		
Austria 1995		<b>= 35 members</b>
<b>= 15 members</b>		



Table 2

***Illiberal Regimes and Watershed Elections, 1990-2000***

<b>Country</b>	<b>Illiberal Regime</b>	<b>In Office</b>	<b>Watershed Elections</b>
Romania	National Salvation Front, then Party of Social Democracy in Romania (PSDR) With extremist left + right parties Leader: President Ion Iliescu	1990-96	1996
Bulgaria	Bulgarian Socialist Party (BSP) BSP-controlled governments of experts 92-94 Leader: Multiple.	1989-91 1994-96	1997
Slovakia	Movement for a Democratic Slovakia (HZDS) With extremist left + right parties Leader: Prime Minister Vladimír Mečiar	1992-94	1998
Croatia	Croatian Democratic Union (HDZ) With extremist right parties Leader: President Franjo Tudjman	1990-2000	2000
Serbia	Socialist Party of Serbia (SDS) + Serbian Radical Party (SRS) Leader: President Slobodan Milosevic	1990-2000	2000
Bosnia	Bosniak Party of Democratic Action (SDA) Serb Democratic Party (SDS) Croatian Democratic Union (HDZ-BiH) * SDS with coalition partners	1990-2000; 2002-2006 1990-2000; 2000-2006* 1990-2006	2006?

Table 3

***Reformers and Reforming Illiberals, 1996-2006***

<b>Country</b>	<b>Reforming Government</b>	<b>Illiberals Reform?</b>
Romania	Democratic Convention of Romania (DCR) Broad coalition of center and right parties Leader: President Emile Constantinescu In power 1996-2000.	Yes. Renamed Social Democratic Party (PSD). Member Party of European Socialists. In power 2000-2004.
Bulgaria	Union of Democratic Forces (UDF) Single party. Center right. Leader: Prime Minister Ivan Kostov. In power 1997-2001.  National Movement Simeon II (NMSS) Single party. Center right. Leader: Prime Minister Simeon-Saxe-Coburg In power 2001-2005	Yes. BSP leading party of coalition government with centrist parties. Member Party of European Socialists. In power 2005 –
Slovakia	Slovak Democratic + Christian Union (SDKU) Broad coalition of left, center + right parties Leader: Prime Minister Mikuláš Dzurinda In power 1998-2002.  SDKU + SMK + KDH + ANO Center-right coalition. Leader: Prime Minister Mikuláš Dzurinda In power 2002-2006	Maybe. HZDS part of governing coalition with populist socialist and extreme right parties. In power 2006-

Croatia	<p>Social Democratic Party (SDP) + Croatian Social Liberal Party (HSLs) In coalition with small centrist parties. In power 2000-2003.</p>	<p>Yes. HDZ returns to power as a conservative party in coalition with centrist parties. In power 2004-</p>
Serbia	<p>Democratic Opposition of Serbia (DOS) Broad coalition of left, center + right forces. Leader: Prime Minister Zoran Djindjic. In power 2000-2003; assassinated March 2003.</p> <p>Democratic Party of Serbia (DSS) In coalition with small parties. Supported by SDS. Leader: Prime Minister Vojislav Koštunica. In power 2003-. Inconsistent behavior as a “reforming government.”</p>	<p>No. Socialists (SDS) and Radicals (SRS) are unreformed. They have not been returned to power since 2000. Together they poll as much as 40% of vote.</p>