

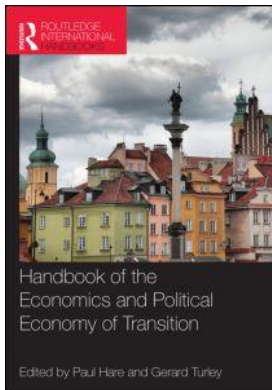
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Paul Hare, Gerard Turley

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László Csaba

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ENLARGEMENT OF THE
EUROPEAN UNION*László Csaba***Introduction**

The European project has been, from the very outset, *deeply political*. The idea of eternal appeasement, rooted in the experiences of the three devastating wars of the 1870–1945 period, has paved the way to an idealist–constructivist rethinking of the dismal experiences with the *Realpolitik* of the entire post-Westphalian period, starting with the peace treaty concluding the Thirty Years War in 1648. The founding fathers of the European project, Adenauer, Schuman and de Gasperi, were deeply convinced of the need to rebuild Europe from scratch. This reconstruction was meant to be material, ideational, institutional and policy level, so that it would affect the everyday lives of citizens, and would result in peace and prosperity on the old continent. For subsequent generations, including that of Helmut Kohl, François Mitterrand and Jacques Delors, i.e. until the 1990s, this emotional and political commitment dominated other, including economic considerations (Delors, 2004).

The European project as a moving target

European integration could never have become a reality without two *external conditions*. One was uncontested Soviet/Russian military hegemony, especially in terms of ground troops and traditional weapons, lasting at least until 1990. This made the joining of forces imperative for the political class of the non-Sovietized part of Europe. And similarly, the emergence of the cold war, the antagonism of the two military blocs, NATO and the Warsaw Pact, created incentives for implementing European integration in more than one area. The second factor was thus the USA. It has been, from the very outset, a silent but indispensable third party to the interaction of Europeans. Providing a strategic umbrella over a militarily inferior and factional community of democratic states was thus vital. However, so was ideological support for Europeans joining forces and ‘taking care of their own business’. Both have long been instrumental in pushing the often lukewarm, nationalist and hesitating European leaders towards more rather than less co-operation in a number of areas.

The European project started with the European Defence Initiative of 1950, quickly voted down by both the French and German legislatures. Ever since this first debacle, the *modus operandi* of European integration has been *incrementalism and partial solutions*, rendering the usual

yardstick in social sciences, coherence, irrelevant for each and every area and at all times. Meanwhile, the original objective of creating a federal state – commonly dubbed as *finalité politique* – has been pushed back to a remote historical perspective. As a consequence, both the unfinished nature and the internal contradictions, as well as the ensuing *constant compromises and crises*, are among the fundamental features defining what the EU is all about. Therefore the move towards an ‘ever-closer Union’, as well as the constant enlargement of the club with more and more new members, both count among the factors defining how the European project is being implemented on the ground.

The move from the European Coal and Steel Community (1951) to the Common Agricultural Policy (1957), common market – first only in industrial goods (1970) – and common external tariffs, common external trade policy (1975) and single market (1986), single currency and early proposals about political union (1992), all constitute milestones on a bumpy, but clear road towards a constitutionally limited central power.¹ While the EU has never intended to be a state *strictu sensu* – as it does not possess either a monopoly over the use of force or a monopoly right to impose taxes – it is clearly more than a free market or even a mere commonwealth of fully independent states. Supranational arrangements, especially those such as the European Court of Justice (ECJ) and the European Central Bank (ECB), but in part also the directly elected European Parliament with its prerogatives to co-decide over a number of vital issues, constitute a *halfway-house solution between a federation and a club*. The supranational organs may decide, without the consent of member-state legislatures, on concrete issues. European law, in a number of areas, is directly enforceable within the nation states. In theory, European law enjoys pre-eminence over national legislation, while in practice, the transposition of European stipulations into national rules is often a complex and controversial process.

Being concerned with enlargement, we omit any discussion of how and why the European Economic Community (EEC) has been deepening, why and how it has extended the competences of common policies over more and more areas, as listed above, and why it has transformed itself into a political, economic, legal union and adopted joint arrangements on such policy areas, which were traditionally seen as the heart of national sovereignty.² If we merely list monetary policy, centralized in the hands of an ECB, not directly responsible to any of the national legislatures, or common foreign and security policy, justice and home affairs, or the imposition of the rulings of the supranational European Court of Justice, overruling on occasion major economic and policy decisions of national elected governments, we can get the picture.

In this context, the gradual but steady *expansion of Community competences*, both by the individual area of activity, and by including new members, is the name of the game. This is not something that is in need of explanation, quite the contrary. It has been felt, from the very outset, that the six nations setting up the EEC in 1957 were just the vanguard, not the entirety of Europe. With reference to the then recent uprisings in Hungary and Poland, the Treaty of Rome, adopted in 1957, explicitly stated that the EEC was ‘*open to all European democracies*’.

This has proven to be a truly strategic statement. First and foremost, it reflected the deep conviction that the division of Europe into democratic and Communist halves was unsustainable in the historic perspective. It provided hope and orientation for generations, for a brighter future and for the possibility to change that which, at times, was portrayed and perceived as eternal, namely the Soviet conquest of Central and Eastern Europe. However, equally importantly, *it provided an anchor for democratization in the South of Europe*. It helped Turkey to move away from military rule, through the first Europe Agreement in 1963, that offered the promise of eventual full membership, albeit in the possibly rather distant – and unspecified – future. It helped Greece to restore democracy and stabilize a restive population via the fast-track entry of Greece to the EC in 1981. It also assisted and even anchored the democratization processes in

Spain and Portugal, two countries with limited democratic credentials and relatively closed economies in the pre-1986 decades.

However, the most formative – and indeed *transformative* – enlargements have been those to the north. Taking Britain on board from 1 January 1973 – together with Ireland and Denmark – has truly changed the nature of the entire European project. It is unsurprising that the founding members – and France in particular – would have been reluctant to allow the UK to join the European project. If for no other reason, Great Britain, a former imperial power and an island state, never having been enthusiastic about the federalist project on the continent, is itself a bulwark against turning Brussels into a super-state, now or at any time in the future. *Incorporating Britain has made the Community project truly European*, by neutralizing EFTA and other, in theory, competing structures. Letting the British in has lent additional weight – financial, military and political – to the Community. However, it has also *watered down the ambitious original project*. It warranted a go-slow strategy, lack of idealism and enhanced materialist–pragmatist approaches for decades to come, until the collapse of Communism led to changed hearts – at least for some time.

The second, and no less transformative enlargement, has also been to the north, i.e. by the accession of *three neutral countries, Austria, Finland and Sweden in 1995*. On the surface, it looked quite easy. All three countries were in good shape, enjoyed high productivity levels, were rich welfare states and, by the same token, net contributors to Community coffers. No ethnic divisions, no conflicts with neighbours, no threats to their respective democracies by extremist forces or an authoritarian past. However, in reality these countries *formed a new core*, a hard nut to crack. These countries have never been emotionally committed to the idea that combining armed or other forces might be a good thing in its own right. On the contrary, they tended to ask for the palpable material additional benefits any joint project may or may not deliver.

As a result the new members of 1995 tended to be quite sceptical towards the evolving project on political union, and especially of developing the European Security and Defence Policy. They were critical about the efficiency of major spending areas, like farming and infrastructure. They were uncomfortable about the lack of transparency that featured in community decisions reached in Brussels in most areas. These nations also distrusted the various ‘grand bargains’ struck among the big countries, especially over military involvement, or setting major expenditure priorities for the financial guidelines. In other words, they *strengthened the inter-governmentalist trend* in EU affairs, emphasized the materialistic and de-emphasized the idealistic elements. Besides, *new priority areas*, such as gender equity, environmental protection, social standards and research and development were put on the agenda.

Eastward enlargement – too early or too late?

When the Soviet Empire collapsed in 1989/91, this dramatic historic turn took most analysts and policy-makers by surprise. What mattered from our perspective was the fact, that *the EC was completely absorbed in its own internal affairs: in implementing the single market project of 1986 and preparing itself for the monetary union/EMU*, to be launched from 1992. Therefore the historic earthquake, rendering *inter alia* the reunification of Germany a reality by October 1990, was met with scepticism and resentment. ‘Digestion’ of the previous southern enlargement was still far from complete.

‘Deepening first, widening next’ was the basic maxim of decision-makers. Also, most of them became quite fearful, having experienced southern enlargement, about taking on board more poor countries. With only 30–50 per cent of the per capita GDP of the EU-12, combined with assertive nationalist economic platforms, *eastward enlargement to bring in the new democracies was perceived as a real threat to the EU*. The would-be candidates, calling for generous measures of

redistribution, or threatening to send millions of migrants to the wealthy core EU, were not really welcome. The Nordic enlargement by three rich countries with no great power aspirations – and an associated reluctance to spend on strategic grounds – had only exacerbated the situation. The debates over the need to cap Community expenditures at a very low fraction of Community GDP (no more than about 1.25 per cent) had a major influence on budgetary outcomes for the entire 1991–2011 period.

It is perhaps unsurprising, that not only did deepening – EMU and the political union envisaged by the Maastricht Treaty – take precedence, but also the seemingly smooth Nordic enlargement did so as well.³ While the latter required the pronounced Russian interest in keeping the neutrality and non-alignment of those three countries to be disregarded, taking on board the poor and unstable Eastern economies, ruined by decades of Communism, seemed a lunatic idea for the Community of the 1990s, by then driven more by interest than by the initial idealism. To be fair, enthusiasm for democratic and market transitions did in due course create a major strategic impetus leading to the eventual enlargement. While the Commission itself tended to be pro-active ever since the 1989 launch of the PHARE assistance programme, member-states, who have the final say, were less enthusiastic. Fears of mass migration and inflated transfer claims, as well as caution against what seemed the extension of the German sphere of influence at the expense of French and British interests, have slowed down the process (as is nicely documented in Winters, 1994).

Judging by the fact that the journey lasted 15 years and in the case of Romania and Bulgaria 17 years, it must have been an arduous trip. Indeed, this process had a number of layers (cf. Balázs, 2002). At square one, we find the success of West European integration in the 1951–91 period, providing a decisive challenge to the *outright and visible economic failure* and eventual dissolution of its *alternative*, the eastern integration bloc of countries, CMEA. Second, the abolition of Soviet tutelage across the region did open up some geopolitical room for manoeuvre, as would be needed for a major change of trade and political orientation. Against this background – and especially observing the re-emergence of Russia asserting claims for privileged partnership with its ‘Near Abroad’ ever since 1993 – *the integration of the former socialist countries with the EU was alarmingly slow*. Third, it took about four years for the EU even to spell out the criteria for accession, in the June 1993 Copenhagen Council. It took a further six years until the Berlin Council of March, 1999, for the financial framework for the eventual and gradual eastward enlargement to be created, in the shadow of the ‘humanitarian intervention’ in the former Yugoslavia.⁴

But judging by other criteria, however, enlargement might still be seen as premature. Adopting new institutions, whether an independent judiciary, or a competition agency, has often remained formal and rudimentary. Harmony between home-grown solutions and the joint accomplishments, i.e. rules and regulations enshrined in the 100-thousand pages of the *acquis communautaire*, has been less than perfect. This is understandable if for no other reason than that the Union rules were devised by and for more advanced economies, where transition-related issues were simply non-existent. To give just one example, creating contestable markets has not been regarded as a government job in the old EU countries, it is mostly a given. By contrast, wholesale privatization in Central and Eastern Europe was an opportunity to create competition and de-monopolize production in the former Socialist economies. Failing to do so inevitably created efficiency losses.⁵

Likewise, copying social standards – e.g. early retirements, disability compensation, wage legislation – typical of the old EU countries translated into lastingly high unemployment and low labour market activity levels, with an extended presence of the informal economy as a lasting phenomenon. True, the extension of the universalist welfare state had been a

product of the late socialist period (Berend, 2009). Later it was trimmed back rather than revoked during two decades of transition. Still, this relatively generous welfare state was premature (Kornai, 1992) and bore no relation to the productivity levels actually achieved by those economies.

It is natural to ask whether there is anything for which the EU might/should be ‘blamed’? The answer is non-trivial, for more than one reason. First, during the 1990s, there was a tendency on the part of local élites to do whatever they could to show themselves as ‘good Europeans’, implying a degree of over-zealousness to adopt EU arrangements locally. Second, EU officials often tended to be patronizing and required compliance with the pettiest detail of their ‘rules of the game’. Third, during the association and later accession negotiations, EU partners did have a trump card of not accepting local suggestions, ranging from conditions in detention centres to such trivialities as the regulations on tea boilers.⁶ Fourth, especially in the phase preceding accession, via the so-called *acquis screening*, the Commission had an instrumental way of checking in enormous detail how legislation was being applied on the ground.

Overall, the *involvement of the Commission was far greater*, and owing to the fluidity of transition societies, *its influence exceeded anything comparable to the Northern and Southern enlargements*. Notwithstanding this, the outcome was predetermined primarily by the domestic balance of forces. However, especially in comparison to countries with no immediate EU perspective, such as Ukraine, Russia or Serbia at the time, or the even poorer and conflict-ridden Caucasian countries, it is difficult to ignore the fact that *the EU perspective and perceptions in Brussels really mattered*. Both played a significant and progressive role in shaping the actual outcomes in the countries which eventually joined the EU. We may observe similar improvements in the cases of Croatia and Serbia as soon as their eventual membership had moved within reach. And unsurprisingly, some *regression is clearly demonstrable among those left out from the enlargement process*, since 2000 (Haukkala, 2009).

Enlargement has proved to be premature in more than one dimension. First, improvements on the fiscal front, accompanied by early accession to the eurozone, have yet to materialize. If the EU has indeed served as a disciplinary device on a number of occasions and for diverse countries, EMU and the rules of fiscal surveillance have fallen well short of pre-empting sub-optimal policies. And even though the major derailments happened in Greece, Ireland, Italy and Portugal, rather than in the new members, *it is difficult to see how EU rituals contributed to improved fiscal and macro-economic performance*. True, three tiny states, Slovenia, Slovakia and Estonia managed to adopt the Euro in 2007, 2009 and 2011, respectively, but larger countries continued to drift and no quick fixes are in sight for the current decade.

Likewise, there is not much sign of those decentralizing and marketizing reforms, which, in theory, could have been triggered by prospective EMU membership, and which are needed anyway to create sustainable public finances for the long run. Among the non-economic issues, improvements in the rule of law, or better respect for the environment, or improved social rights for citizens are yet to materialize in the new member states. In each of the listed areas, domestic commitment, rather than external coercion is the real measure of what has or has not been delivered. *If countries do not spend voluntarily on issues that figure high on the Community agenda, it is a clear indication of their divergent priorities – in other words, their lack of maturity in regard to the joint agenda*. This is perhaps one of the reasons, why – *unlike in any preceding enlargement* – neither new policy agendas, nor new volumes and objectives of funding, and also no change in the ways of functioning of the common institutions, could be observed. If anything, this no-change scenario has been the *differentia specifica* of the eastward enlargement.

Who transforms whom and why?

Conventional wisdom at the onset of transition was simple. Countries coming from the distorted world of the Soviet Empire would become ‘normal European nations’. In concrete terms this seemed straightforward, namely a one-way street to Europeanization. This meant no more and no less than *copying the well-functioning arrangements from Western Europe*, from macroeconomic textbooks to the opening hours of tiny shops in downtown areas.

As experience has amply demonstrated, things have evolved otherwise. First, as was only to be expected on the basis of an analogy with the medical sciences, any implant tends to function in the context of the recipient organism. The latter may absorb, transform or even reject the former. Arrangements that could not be integrated into local conditions, tend to remain formal or ineffectual. Second, as in nature, any action triggers a reaction. Countries that joined the EU on the base of given arrangements have developed expectations based on those. The latter relate primarily to transfers, their size and scope. One of the most frequently cited references was that of the southern enlargement. Then a combination of lavish transfers, aggressive bargaining positions of the new members, and inefficient uses were the rule, rather the exception, as documented by a series of *ex post* Cohesion Reports of the Commission. While new eastern members wished to replicate the precedent, this was a nightmare scenario only to be avoided by the old and rich members – which they actually have averted.

Third, new members have developed an assertiveness of their own, following the – often bad – example of old members, whenever it came to discussing visions, strategies or issues other than their immediate material or power interest. The decline in popularity of the European project, demonstrable via surveys like the Eurobarometer, is largely due to the decline in idealism, in the over-selling of the material content of integration, which remained rather limited.

Fourth, *new members remained net contributors for several years*, since their limited administrative capacity constrained their ability to draw on Community funds of various sorts, while contributions up to one per cent of GNI had to be made in full. By redistributing such a tiny fraction of overall income, a number which is to be sustained in the 2014–20 budget period, the EU funds are unlikely to work miracles in any area that one might mention. By contrast, institutional anchoring and involvement in Community policies are likely to remain formative for the concluding phases of transition.

In more general terms, this implies that new members were perhaps too eager to copy the preoccupation of old members with issues of low politics. In so doing they also contributed to the strengthening of inter-governmentalism in the EU. The latter is a euphemistic term for describing the demise of most, if not all, visionary and long term projects, and the stagnation in terms of moving towards *finalité politique*.

Fifth, the latter must be seen as a novelty against the overall historic dynamism of the EU that we discussed earlier. Despite all of its ills, the project of ‘ever-closer Union’ continues to be in the making, implying also more political, economic, financial and legal co-operation, especially in areas relating to the lives of everyday citizens, like money and migration.

Sixth, *attempts to ‘politicize’ the Union* by allowing for the more abstract and less down-to-earth issues to capture the agenda, *have actually backfired*. The latter is well symbolized in the ill-fated project to create a basic law for the Community, an initiative started in 1997. This idea has clearly overdone the parallel of the EU to the nation-state. The project, which was aborted by referenda rejecting the incomprehensible and practically irrelevant deals struck by representatives of the political class, ended in the Lisbon Treaty of 2009, ‘de-constitutionalizing’ the EU (Reh, 2009).

What has been the contribution of the new member-states to this modest outcome? Formally speaking, their representatives were involved already prior to accession in the work of the Constitutional

Convention convened in Laeken in 2002–03. Furthermore, since 2004, their representatives sit on all EU fora, from Ecofin to ECJ. Still, the input of the new members, other than voicing their immediate material and power interest, has largely remained negligible.⁷

The sheer increase in numbers as well as in diversity calls for new ways of operation in the EU. *Europe 2020*, a strategic document adopted in June, 2010, is an attempt to give an answer to those new challenges, bringing the Union closer to citizens and allowing for more flexible and less bureaucratic forms of co-operation. However, it is hard to overlook the fact that *crisis management, first in the old members, and later in Greece, Portugal and Ireland, has overshadowed any strategic thinking, let alone action*. The foot-dragging over the priorities of the financial guidelines for 2014–20 does not suggest any sign of fundamental reform, either in terms of spending priorities, or in terms of operation.

As a consequence, and quite paradoxically for the non-participant observer, new members have by no means become agents for change (cf. also Csaba, 2009), either within the EU itself, or more widely; thus they *have not adopted a stance of advocacy for further enlargements*. In isolated cases, such as Austrian, Italian and Hungarian support for Croatia finally has led to the conclusion of all negotiating chapters by the end of the Hungarian EU Presidency in late June 2011. Granting candidate status to Serbia, Macedonia and Montenegro in 2009 were thus steps in the right direction. They have already exerted major influence on those nations, including giving rise to the extradition of respective national heroes, such as generals Gotovina and Mladić, to the International Criminal Court in The Hague, Netherlands.

It goes without saying that *by far the most challenging and immediate task for further eastward enlargement is that of Turkey*. Half a century of partnership, and six years of membership talks have yielded some important insights (for details, cf. Philippidis and Karaca, 2009).

From the practical perspective Turkey has made major advances, from being a military dictatorship with an inward looking economy to a multi-party system, with a pluralist press and an economy functioning in a customs union with the EU. Over 5 million persons of Turkish origin live in Western Europe. Thus, from the economic perspective, enlargement is by and large a done deal, save for EMU. On the other hand, political developments in Turkey, moving towards a more authoritarian and more Eastward looking set of policies since 2006,⁸ the tip-toeing over human rights issues and limitations on freedom, have repeatedly raised fundamental questions. Namely: *Does the largest secular state in the Near East indeed share what is termed for shorthand ‘European values’*; or does it pay lip service to them as long as its economic interests are best served this way.

This dilemma shows in its entirety why the question raised in the title of this section is critically important for the future of the EU. In the case of Turkish membership, a country of 74 million people, the EU’s traditional ‘take it or leave it’ approach of unilateralism makes little sense and in any case could probably never succeed. An EU including Turkey will never be like the EEC of the Six. The latter was a small club, whose leaders were anchored in the Catholic tradition, and wished appeasement and unity, on both political and moral grounds. The Community of 30+ is going to be a broad commonwealth of secular nations, with policies based on interest rather than ideas. Conversely, Turkey within the EU will no longer resemble the state created by Mustafa Kemal Atatürk, based on the four core principles of: (a) the leading role of the army as a general and final arbiter; (b) nationalism; (c) the presumption of a single, indivisible Turkish nation defined by citizenship, not ethnicity or religion; and (d) state ownership and economic self-sufficiency.

This author certainly does not possess the answer to the open-ended debate over where the ultimate boundaries of Europe should be drawn. One may or may not want to jump into the emotional debate over Turkish membership, its terms and timeline. What is most relevant, from

the academic perspective, is that we have managed to illustrate and perhaps demonstrate: *joining the EU is not comparable to joining 'just another international organization'*. If for no other reason, this is because EU membership has been, and also will be, transformative of the society and economy of any acceding nation.

Notes

- 1 This is enshrined in the Lisbon Treaty, effective from 2009.
- 2 For details of both policies and institutions, see the monographic accounts by Wallace *et al.* (2010); and Moussis (2006).
- 3 Maastricht, institutionalizing monetary union putting forward the first proposals towards political union, was adopted in 1992, Northern enlargement materialized in 1995, while EMU was launched in 1999; Eastern members joined in 2004 and 2007, respectively.
- 4 It seems that NATO membership was taken – informally – as a pre-condition for EU membership.
- 5 'Privatizing' Hungarian energy providers to foreign state-owned firms, while retaining their monopoly position, creates the weird situation that a unit of electric energy costs about 40 per cent more in Budapest than in Paris, despite the quite different income levels in the two capitals.
- 6 These are areas where the Community does not possess immediate competences for supranational action.
- 7 For instance, one of the initiatives of then President Prodi to cut back the number of Commissioners to six, encountered vocal resistance from the new members, each sticking to an 'own' place in the Commission. Thus, one of the few truly supra-national bodies of the EU had to develop portfolios for which there is no Community competence, such as protecting small languages or taxation, just to be filled by a representative of each member. Workability of such committees, let alone the cosiness of the top decision-makers in a minimum circle of 90 persons, needs no further elaboration.
- 8 While the first AKP government of the moderate Islamists tended to overdo European expectations, the tide and related practices have changed in their second and third term in office. Membership negotiations move, if at all, at a snail's pace.

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