

EU AS AN ATOMIC SYSTEM: THE INFLUENCE OF EUROPEAN UNION ON ITS MEMBERS AND OUTSIDERS

Natalia Timuş
PhD Student, Central European
University, Budapest, Department of
Political Science
pphtin01@phd.ceu.hu

Abstract

The present paper examines both the character and the degree of EU involvement in domestic transformations, as well as internal factors that would explain the resistance to or acceptance of EU requirements. It presents the weakness of external influence literature, such as diffusion or coordinated interdependence in explaining the degree of EU direct influence on domestic changes by analyzing the variables of geographic proximity and the degree of integration into the European structures. The study reveals that as EU membership perspective is the major instrument of EU influence on domestic transformations, once candidate states become full members the Union loses its power to force its new members into carrying out domestic changes according to EU stipulations. Also, the analysis of outsiders that are not EU candidates illustrates that EU influence is not the major factor in determining domestic changes according to European level policies. The degree of domestic discretion is the decisive factor in this context determining the type and the

degree of EU involvement in domestic transformations.

Introduction

During the last years the subject of the influence of European integration process on domestic transformations of non-member states has captured scholarly interest, particularly within the growing literature of Europeanization.

Depending on the research questions that scholars address in their works, there can be distinguished several major categories of outsiders. The first group deals with the so-called EU “adaptive outsiders,” specifically European Free Trade Association EFTA countries that came closer to Europe in order to avoid the negative externalities of European integration process. The second group includes post-communist candidate countries from Central and Eastern Europe, as well as Malta and Cyprus, and Turkey. Scholars have been investigating the impact of EU enlargement conditionality policy on successful domestic transformations of candidate states towards democracy and market economy.

After the recent 2004 enlargement and the new developments of EU external policies, scholarly research interests have expanded to examine EU involvement in domestic changes of its

neighboring countries - associated states from Western Balkans and countries within the framework of European Neighborhood Policy ENP. However, despite the growing number of studies on EU members and outsiders, the present literature fails to provide a theoretical approach that would examine both the character and the degree of EU involvement in domestic transformations, as well as internal factors that would explain the resistance to or acceptance of EU requirements.

The present paper addresses this limitation by providing an analysis of EU influence on different groups of states (both members and outsiders). It starts with International Relations and Comparative Politics theories on external influence, particularly with the logics of diffusion theory and of coordinated interdependence and discusses the expectations of these theoretical approaches regarding the European level influence on internal transformations of EU states and outsiders by advancing the analogy of European Union as an atomic system. It addresses the question of how and what kind of EU influence is exercised on domestic transformations in the context of other European and global poles of influence (epicenters) based on two major variables: the proximity from the EC nucleus and degree of integration within the European Union. It shows that the proximity from the European institutions and direct borders with EU members, as well as the official degree of integration within European

structures are not the major factors in determining the mechanism and outcome of the Europeanization process, particularly with regard to the direct EU pressure on domestic transformations and reveals other important variables from EU and domestic levels.

The Interaction between European and Domestic Processes and Actors

The study of the European influence on domestic changes, similar to other Europeanization literature, brings into theoretical analysis the relationship between the international system and domestic ones and joins the larger debate that aims at bridging IR and CP approaches. Thus, a starting point of the present work is the clarification of major theoretical arguments on the influence of external factors on national and sub-national structures and actors.

One of the approaches that tackle the confluence of international and domestic variables in explaining domestic transformations is diffusion approach. In social sciences, diffusion model comes to explain the spread or the dissemination of certain policies and practices within a population or social system.¹ The major argument is

¹ Robert Eyestone, "Confusion, Diffusion, and Innovation," *American Political Science Review*, 71 (1977), David Strang, "Adding Social Structure to Diffusion Models: An Event History Framework," *Sociological Methods and Research*, 19 (1991), David Strang and Sarah A. Soule, "Diffusions in Organizations and Social

that traits and practices developed in a particular population, state, or international organization (epicenter) spread to other places and influence the choices of their counterparts and neighbors. The logic of diffusion is largely based on spatial dependency and the geographical proximity of a country to the epicenter is an important variable in explaining the constraints and opportunities offered to internal elites by the diffusion of norms and practices.²

The analysis of different types of interaction between the external and domestic factors has advanced various classifications of channels of outside influence on internal structures, including both the coordinated and uncoordinated interdependence. So, for example, Whitehead's work³ represents a pioneering approach that brings together various mechanisms of external influence. The scholar advances three main "linkage processes" that characterize the international dimensions of democratization in Europe and Americas: contagion, control, and consent. While the first two headings

deal merely with international level factors, the third takes into account the developments on the domestic level that affect the success of international influence on democratic consolidation. It envisages that external actors and developments offer their support to reform-oriented internal forces (both societal and political actors) that share common grounds with international democracy-promoters in order to assure the successful implementation of external policies and practices.

Following a similar reasoning to Whitehead's third "linkage process" - consent, Jacoby⁴ advanced the "coalitional approach" to external influence. After presenting the three modes of international influence on post-communist transformations: inspiration (a flow of ideas from outside to inside), subsidy (material and political benefits), and substitution (direct imposition of foreign services and templates, with the most aggressive form of military occupation), the scholar argues that foreign inspiration and subsidies have proved to work best in cases where there existed an implicit partnership, a coalition strategy with domestic actors, specifically with post-communist reformers. Coalition approach, an alternative to substitution, emphasizes the need of external support for "minority traditions" and like-minded domestic actors in order to

Movements: From Hybrid Corn to Poison Pills," *Annual Review of Sociology* 24 (1998).

² Jeffrey Kopstein and David A. Reilly, "Geographic Diffusion and the Transformation of the Postcommunist World," *World Politics* 53 (2000).

³ Laurence Whitehead, "Three International Dimensions of Democratization," in *The International Dimensions of Democratization: Europe and the Americas*, ed. Laurence Whitehead (Oxford: Oxford Studies in Democratization, 1996).

⁴ Wade Jacoby, "Inspiration, Coalition, and Substitution: External Influences on Postcommunist Transformations," *World Politics* 58, 4 (2006).

achieve a higher probability of successful and long-lasting implementation of liberal-democratic reforms.

The works on European influence on domestic changes of EU outsiders engage in the debate on external dimension of internal transformations and provide new theoretical and empirical findings on the subject. Both logics discussed above are present in Europeanization studies: the one of diffusion model, understood as the spread of values and practices from the EC epicenter inside and outside EU borders in the form of an uncoordinated interdependence, and the logic of coordinated EU influence on domestic transformations of its members and outsiders.

Two major lines of reasoning dominate the theoretical approaches towards the study of EU impact on domestic changes in non-member states. The first one builds on rationalist accounts and argues that the power of European influence derives from its direct pressure through material and political benefits provided by EU. In this context, the Europeanization literature on candidate states argues that the combination of EU membership perspective with intermediary rewards was the central element of EU leverage in successful implementation of democratic and market economy reforms in CEE candidate countries. EU incentives provided technical and financial support to domestic reformers and political legitimacy for like-minded

national actors. The lack of full membership promise, the major instrument of EU external leverage, decreases substantially EU bargaining power and the acceptance of EU requirements by domestic utility-maximizing actors, as it is the case of European Neighborhood Policy.⁵

An alternative reasoning builds on constructivist understanding of the normative power of European Union. So, EU constitutive liberal-democratic values and "ways of doing things" can be "exported" outside EU official boundaries through mechanisms of socialization and persuasion, depending on their attractiveness to domestic political and societal actors and their historical and cultural heritage.⁶ Most research designs on EU leverage on outsiders include both lines of theoretical reasoning, examining both rational and ideational mechanisms.⁷

⁵ Judith G. Kelley, "New Wine in Old Wineskins: Promoting Political Reforms through the New European Neighbourhood Policy," *Journal of Common Market Studies* 44, 1 (2006).

⁶ R. A. Epstein, "International Institutions, Domestic Resonance and the Politics of Denationalization," (2006), Frank Schimmelfennig and Ulrich Sedelmeier, "Introduction: Conceptualizing the Europeanization of Central and Eastern Europe," in *The Europeanization of Central and Eastern Europe*, ed. Frank Schimmelfennig and Ulrich Sedelmeier (Ithaca, NY: Cornell University Press, 2005).

⁷ Wade Jacoby, *The Enlargement of the European Union and Nato: Ordering from the Menu in Central Europe* (Cambridge; New York: Cambridge University Press, 2004), Juliet Johnson, "Two-Track Diffusion and Central Bank Embeddedness: The Politics of Euro Adoption in Hungary and the Czech Republic," *Review of International Political Economy* 13, 3 (2006),

Although a number of studies provide a comparative systematized analysis of the mechanisms and channels of EU level influence on its outsiders, few of them attempt to specify potential results of this process and to provide a classification of the broad variety of outcomes of EU involvement in domestic transformations.

EU as an Atomic System

A starting point towards discovering different patterns of interaction between European and domestic levels is the representation of the EU as an epicenter that directly and indirectly spreads its values and practices, and influences the choices of its member states and outsiders. The logics of diffusion theory and of coordinated interdependence are helpful in providing a broad picture about the relationship between European and national levels.

Figure 1 offers an original representation of EU and of the countries it interacts with as an atomic system, allowing for a better understanding of the degree of both

direct and indirect EU level influence on domestic developments in different groups of states. It addresses the question of how and what kind of EU power is exercised on domestic developments in the context of other poles of influence (epicenters) on European continent particularly and across the globe in general. Following the physical analogy of the atomic structure, it is based on two major variables: the proximity of the EC nucleus (operationalized as the distance from Brussels and the sharing of direct borders with EU members) and degree of integration within the European Union (based on the official agreements signed between the Union and the different groups of states).

European Community as a nucleus. We start with the idea that the European Community represents the nucleus of the depicted atomic system. EC is the epicenter of institutions and practices of European type liberal democracies. During the Cold War period, the European Communities represented an attraction pole of prosperous market economy development and liberal-democratic principles, first of all for Western European countries. After the collapse of the Soviet empire, the European Union was one of the major actors in setting the foundations of the New Europe in the historical *Charter of Paris for a New Europe* in 1990, among other European and international institutions (CoE, OSCE or NATO).⁸

Judith G. Kelley, *Ethnic Politics in Europe: The Power of Norms and Incentives* (Princeton, NJ: Princeton University Press, 2004), Frank Schimmelfennig, "Europeanization Beyond Europe," *Living Rev. Euro. Gov.* 2, 1 (2007), Frank Schimmelfennig and Ulrich Sedelmeier, "Governance by Conditionality: Eu Rule Transfer to the Candidate Countries of Central and Eastern Europe," *Journal of European Public Policy* 11, 4 (2004), Schimmelfennig and Sedelmeier, "Introduction: Conceptualizing the Europeanization of Central and Eastern Europe."

⁸ Frank Schimmelfennig, "The International Promotion of Political Norms in Eastern Europe:

Individual freedoms and human rights, liberal-democratic principles, as well as conflict settlement by peaceful means have been declared the constituent norms of the new European continent. Since then the European Union has been the major promoter of these fundamental norms of the New Europe and has been perceived as the nucleus of the family of European democratic states.

Although liberal democratic and market economy principles have been promoted by other regional organizations (such as CoE or OSCE), as well as international ones (NATO, IMF, WB), it is the EU's merit to bundle together the influence of different regional and international actors and to sustain it over time through its unique conditionality instrument. The research on external influence of international actors (IAs) on domestic transformations has mostly pointed out the weakness of IAs to support successful domestic transformations. So, for example, the studies of democratization processes in Latin America, Africa, or Asia show that external forces were regarded as having a negative or "at best indifferent" impact on democratic consolidation.⁹

A Qualitative Comparative Analysis," *Central and Eastern Europe Working Paper*, 61 (2005).

⁹ Laurence Whitehead, ed., *The International Dimensions of Democratization: Europe and the Americas*, rev. ed. (Oxford; New York: Oxford University Press, 2001).

Concomitantly, the influence of international organizations such as the IMF or WB, which apply some specific conditionality policies in their relations with domestic actors, is also a weak one merely because they do not "tip" the political elites in favor of domestic reformation according to their guidelines.¹⁰ In this context, the European Union presents a unique case of its involvement in democratic consolidation across the European continent. EU conditionality policy, specifically its membership perspective, has been described as having a strong positive influence on successful transition and consolidation of liberal democratic principles in the case of its southern enlargement (Spain, Portugal, and Greece) and of CEE candidate states.¹¹ The unique combination of intermediary incentives with the final reward of granting full association with the European club of states makes EU membership superior to any other membership perspectives of regional or international organizations. The strong EU level direct influence on domestic arenas is determined by extensive requirements of internal transformations according to EU rules of the game and a greater pooling of sovereignty as compared to other IO.¹²

¹⁰ Stephen Haggard and Steven B. Webb, "Introduction," in *Voting for Reform: Democracy, Political Liberalization, and Economic Adjustment*, ed. Stephen Haggard and Steven B. Webb (New York: Oxford University Press, 1994), 5.

¹¹ Whitehead, ed., *The International Dimensions of Democratization: Europe and the Americas*.

¹² Milada Anna Vachudová, *Europe Undivided: Democracy, Leverage and Integration after*

In light of the European studies debate whether the European Union's influence on domestic transformations is a positive or a negative factor, the present work agrees with the studies that argue the EU has made a significant positive contribution to the promotion of democratic and market economy reforms in its (aspiring) candidate states, particularly in the case of the post-communist space.

Concomitant to the exercise of a direct EU power, there is a strong indirect influence from the EU level on domestic change towards liberal democracy and market economy because the Union has been perceived as an epicenter of skills and knowledge expertise, committed to refine and improve its practices. Therefore, the European Union presents a unique example for countries in search of a successful model of democratic and market economy transformations, specifically across the European continent. As Di Maggio and Powell pointed out in their 1983 study, states tend to model themselves after similar political and economic structures they identify as being more legitimate and/or successful.¹³

Finally, the sum of total formal and informal norms and practices developed on the EU level create a specific type of

Communism (Oxford; New York: Oxford University Press, 2005), 7.

¹³ Paul DiMaggio and Walter Powell, "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields," *American Sociological Review* 48 (1983): 152.

democracy and market economy promotion according to the "EU way of doing things". A specific type of "European democracy" can be distinguished from other versions of democracy, such as American, Russian, Asian, etc, which is an essential element of European Union's identity.¹⁴ For example, in the area of human rights a distinctive element of the EU model as compared to the American one is the opposition to the death penalty and the stress on social and economic rights, while in democracy promotion the difference between the US and EU is the focus of the latter on the establishment of political associations both in political and civil sectors.¹⁵ Also, the EU's approach towards democracy promotion is based on "soft power" and "soft security," as opposed to American military interventionism in promoting its democratic model. It prefers tools such as positive (incentive-based) or negative (suspension) conditionality, political dialogue, capacity-building, persuasion and learning as opposed to direct appliance of military force.

¹⁴ Judith G. Kelley, "International Actors on the Domestic Scene: Membership Conditionality and Socialization by International Institutions," *International Organization* 58, 3 (2004), Jeffrey Kopstein, "The Transatlantic Divide over Democracy Promotion," *The Washington Quarterly* 29, 2 (2006), Bruno Tertrais, "Europe/Etats-Unis : Valeurs Communes Ou Divorce Culturel ?," *Fondation Robert Schuman*, 10 (2006).

¹⁵ Tanja A. Börzel and Thomas Risse, "One Size Fits All! Eu Policies for the Promotion of Human Rights, Democracy and Rule of Law" (paper presented at the Workshop on Democracy Promotion, Stanford University, 2004), 30.

Last, but not least, the regional cooperation approach the EU adopts in its relations with non-European third countries, even in some cases when some groups of states do not perceive themselves as being part of a “region,” (e.g. Mediterranean or Africa, Caribbean and Pacific (ACP) countries) is also a distinctive EU feature.¹⁶ In this case, the European Union tends to promote its own model of regional integration, characterized by a more enhanced cooperation that goes beyond the free trade areas and the pooling of sovereignty in favor of strong supranational institutions.

The structure of European Union’s atomic system

In figure 1 different groups of states are represented in different layers or “shells” depending on their atomic orbitals – distances from the EC epicenter. The first shell is composed by EU member states, which form the tight-bound electronic cloud. They are characterized by a small orbital and European Community is expected to exercises a strong magnetic force on them through direct and indirect influence on their domestic developments because of the high degree of integration into the European Community.

The second layer of the EU atomic system is represented by EU candidate states. They have a longer distance from the EU atomic nucleus and are partially bound to European Community through diverse Association Agreements. Although the attraction force of EU nucleus is lower in this case, it is still strong enough for the European Union to exercise substantial active leverage through its accession conditionality policy combined with intermediary incentives and the final reward of EU membership. At the same time, the European Union exercises an indirect influence on domestic changes of credible candidate states by virtue of its existence and its way of doing things. European level norms and practices emanated from the EU nucleus are believed to have an intrinsic value, regardless of the material incentives provided by the EU.

The next cloud of countries from the EU atomic system is represented by the nearly free states, comprising European outsiders that are bound to the European nucleus through some specific agreements within such frameworks as EFTA or ENP. Although being characterized as nearly-free, they still can have an impact on the working of the European system through the production of some weak periodic perturbation or disturbance to the European club of states, due to their political or economic instability or security threats. The term “nearly bound states” describes well the relationship between the European

¹⁶ Jean B. Grugel, "New Regionalism and Modes of Governance - Comparing Us and Eu Strategies in Latin America," *European Journal of International Relations* 10, 4 (2004): 607-08.

Community and this group of outsiders. The strong EU conditionality policy, combined with material and political rewards, as in the case of candidate states, is missing in the agreements signed with these outsiders. That is why the European Union is expected to have a lower degree of direct pressure on their domestic transformations.

Two different groups of states can be distinguished within this electronic cloud. The first one is represented by EFTA countries that are both closer to EC nucleus, being surrounded by EU member states, and are more integrated within the EU. Countries like Norway or Switzerland had to adopt a significant part of EU legislation, particularly economic *acquis*, in order to be able to join EU internal market and overcome the negative consequences of European integration. Thus, the expectation would be to find a lower degree of EU direct influence as compared to the previous two layers, but still a significant degree of indirect influence, determined by the pressure to adapt to EU regulations in some specific policy domains in order to avoid negative externalities of European integration process.

The second sub-layer of the nearly-free electronic cloud is composed of EU neighboring states from the European continent, such as East European and South Caucasian neighboring countries. They are further in their distance from the EC epicenter and are less integrated within the EU through the official framework of European Neighborhood

Policy as compared to the previous groups of states. As a result, according to theories of external influence, the European Union is expected to have a lower degree of direct pressure on domestic transformations in these countries, while the degree of the indirect EU influence largely depends on the European aspirations of each of these states and their resonance to European norms and values. So, for example, some countries like Ukraine, Moldova, and Georgia would engage in an anticipatory adjustment to EU level regulations, using the existing EU Action Plans as a starting point, in order to express in practice their European aspirations and in hope that one day they would be considered as potential EU candidates, both on the grounds of satisfying geographical criteria for EU accession and complying to EU *acquis communautaire* as a result of their domestic transformations.

Finally, there is another group of states that can be related to EU system. These can be identified with free or non-integrating electrons in an atomic system because of the bigger distance from EC epicenter and a low degree of integration within the EU through the official agreements signed between Brussels and non-European outsiders. First of all, EU conditionality policy has been much weaker with regard to non-European outsiders, such as Mediterranean region, African Caribbean Pacific group or Asia and Latin America (ALA). In most of the cases EU political conditionality, aimed at promoting democracy, human rights,

and the rule of law (Copenhagen criteria) is much weaker than in other cases because its major positive instruments are usually limited to EU market access through preferential trade agreements. This carrot, of course, is much smaller than the one of obtaining full EU membership that can be applied by the EU in relations to European non-member states.

Concomitantly, because of the “soft” nature of EU power in its external relations and its “positive approach” of “managed compliance” through open and constructive dialogue,¹⁷ the sticks that the EU can use in relations with third states are also weaker. They are limited usually to the potential suspension clause of an agreement (e.g. Cotonou agreement for ACP or Mediterranean agreements) or the “appropriate measures” that can be taken by the partners of the agreement in case of the violation of an agreement (the case of New Independent States NIS). Therefore, the European Community can exercise a very limited or no direct force at all on domestic transformations of its non-European outsiders, which gives these states a greater degree of freedom in their relations with the EU.

As regarding the indirect EU influence on domestic changes of this group of states, it is mostly limited to cases of voluntary adjustment to EU institutional

templates and practices, lesson drawing and inspiration from EU rules during the process of domestic transformations.

Other atomic systems. Apart from the nature of EU regulations and domestic factors mentioned above, the degree of attractiveness of EU institutions and “way of doing things” depends also on some international level factors, such as the existence of other poles of attraction. For example, the figure 1 can be expanded as to represent the structures of the atomic systems around other epicenters across the world that emanate different institutions and practices than EC. These epicenters can represent an international organization (such as NATO) or an international actor in the form of a single state (e.g. the USA, Russia, or China).

The relationship between EU level institutional templates and practices and the ones promoted by other atomic nuclei determines also the degree of influence the EU can have on different groups of states represented in figure 1 as different shells. So, in the case of the USA and NATO, because of the similarity of norms and practice between these epicenters and the EC, both EU member and non-member states do not perceive them as alternative systems. By contrast, in most of the cases NATO membership and good relations with the US are seen as coming hand in hand with European integration, or even as a criteria of judging on the readiness of a country to join the EU.

¹⁷ Börzel and Risse, "One Size Fits All! Eu Policies for the Promotion of Human Rights, Democracy and Rule of Law", 8.

A completely different phenomenon can be observed in the case of the relationship between the Russian pole of attraction and the EC. The historical and cultural legacies the Russian empire and later USSR had on Central and East European states, Caucasus and Central Asia played a significant role in defining European level influence on post-communist democratic transitions. Concomitantly, smaller orbitals of most of these countries from Russian nucleus, as compared to the distance from EC epicenter, represent an important factor of EU impact on domestic transformations of post-Soviet countries. Concomitantly, the institutional templates and practices emanated by the two epicenters differ radically. By contrast to the European model, based on liberal democracy and market economy, the Russian Federation tends to promote its own "Russian type democracy" and economic reforms, which are believed to be the proper ones for political and economic development of former Soviet republics.¹⁸ The unique paradigm of Russian-style democracy has reasserted itself especially during the Putin era, with the powerful executive at its head without any serious challenges to his power and firm control of the state's political, economic, and security developments. Therefore, particularly in the case of

European neighboring states from NIS, the Russian factor represents an important element of determining the attractiveness or the repulsion of EU model and the potential perturbations that can appear in the nearly-free states shell or among the free electrons of the EU atomic system.

The Pitfalls of External Influence Literature in Explaining Europeanization Process and Outcomes

The theoretical and empirical arguments presented above prove important limitations of the applicability of the atomic system structure to EU relations with its members and outsiders, based on diffusion approaches and other external influence literature. It reveals that in the case of European integration process the proximity to European institutions and direct borders with EU members, as well as the official degree of integration within European structures, are not the major factors in determining the mechanism and outcome of the Europeanization process, particularly with regard to direct EU pressure on domestic transformations.

First of all, comparing the initial two layers of the EU atomic system from figure 1 - EU member and candidate states, the empirical evidence shows that shorter orbitals from EU nucleus and the higher level of integration within the European structures does not determine a stronger direct influence of Brussels on member states as compared

¹⁸ Michael Emerson and Gergana Noutcheva, "Europeanisation as a Gravity Model of Democratisation," *CEPS Working Documents*, 214 (2004), Nelli A. Romanovich, "Democratic Values and Freedom "Russian Style"," *Russian Social Science Review* 45, 1 (2004).

to the candidate states, which are farther from the EU epicenter and less integrated through Association Agreements. By contrast, the status of member of European Union offers domestic actors the possibility of participating in the process of EU policy-making and they can amend EU policies or suggest a policy initiative that would express their domestic interests. EU members also prove to be more hesitant in adopting EU level policies, having the freedom of remaining out of the area of applicability of certain EU regulations, as well as the veto power. At the same time, during the accession process the candidate states have to “eat the whole meal” of EU conditionality without being able to participate in the process of EU policy making regarding their countries and being obliged to undergo complex domestic transformations according to EU requirements. Thus, EU direct involvement in the process of domestic change is higher in practice in the case of EU candidates than in the case of member states.

The present study argues that the major explanation of this state of art is the fact that European membership perspective has been the strongest instrument of EU direct influence on domestic transformations of aspiring candidate states. As long as certain states express their willingness to join the European club of states and the European conditionality policy offers them significant intermediary rewards (material and political) and the ultimate reward of full EU membership, the

accession countries are ready to comply with EU level policies. Depending on domestic factors, such states will comply with EU requirements calling for radical transformations. In this case the European Union will have the opportunity of exercising a direct influence on domestic changes, setting the rules of the game, depending on the degree of EU pressure and the determinacy of EU level policies, as well as on the degree of domestic engagement.

Yet, once European membership was achieved, as in the recent cases of the 2004 and 2007 enlargements, although new states are more integrated within European structures, Instead of gaining more direct influence Brussels actually loses its power to directly pressure its newcomers into adopting domestic changes according to EU requirements. Second of all, the geographic proximity and the degree of integration into European institutions do not prove to be the major factors in determining EU direct influence with regard to the nearly-bound states, such as EFTA or European ENP countries. Although EFTA countries such as Norway or Switzerland are surrounded by EU members and are closer to EC nucleus, they are not exposed to significant EU direct pressure. It is so because another important factor determines the type and the extent of EU involvement – domestic degree of engagement in transforming according to EU level policies. As public referenda had shown, neither Norwegian nor Swiss people desired to become full members

of European Union, although they had this possibility. As these two states represent cases of stable democracies, self-sustained, rich countries and also have a history of state neutrality (Switzerland), their domestic actors have not perceived any major benefits to becoming a full member of the EU. These countries could afford to remain outside the European club of states because they could deal with the negative externalities of European integration process by adapting to EU standards only in the required policy domains, such as the adoption of EU economic *acquis* with the purpose of obtaining access to EU internal market.

By contrast, the post-communist emerging democracies from the ENP framework, although further from the EC epicenter, allow for a higher degree of direct EU involvement in domestic transformations, yet conditional on the fact that EU membership perspective is not ruled out from the official bilateral agreements, although it might be not explicitly mentioned at present. The domestic willingness to comply with EU standards is based on different reasoning. For example, being newly established democracies, after the disintegration of the Soviet system these states have perceived the European Union as a “guru” of successful domestic transformations towards a stable society where democracy, human rights, rule of law, market economy, and peaceful conflict resolution are well-established principles safeguarded by European level institutions. The like-minded

domestic actors, promoting liberal-democratic principles, need the EU’s economic support (financial assistance for carrying out transition reforms), political legitimacy, and security guarantees (particularly against Russian domination in the region). Therefore, they are more inclined to allow a higher degree of EU direct involvement in domestic transformations with the hope for a more enhanced cooperation agreement that would stipulate the opportunity of obtaining EU membership perspective.

Conclusion

While investigating the explanatory power of IR and CP variables of external influence the present paper advances several important conclusions. First of all, the work suggests the pitfalls of diffusion approaches and external influence literature in explaining the degree of EU direct involvement in domestic transformations of its members and outsiders. Based on the analogy of the EU as an atomic system, it shows that geographic proximity and the degree of integration into the European structures are not the major factors in determining the direct influence of European Union on domestic changes.

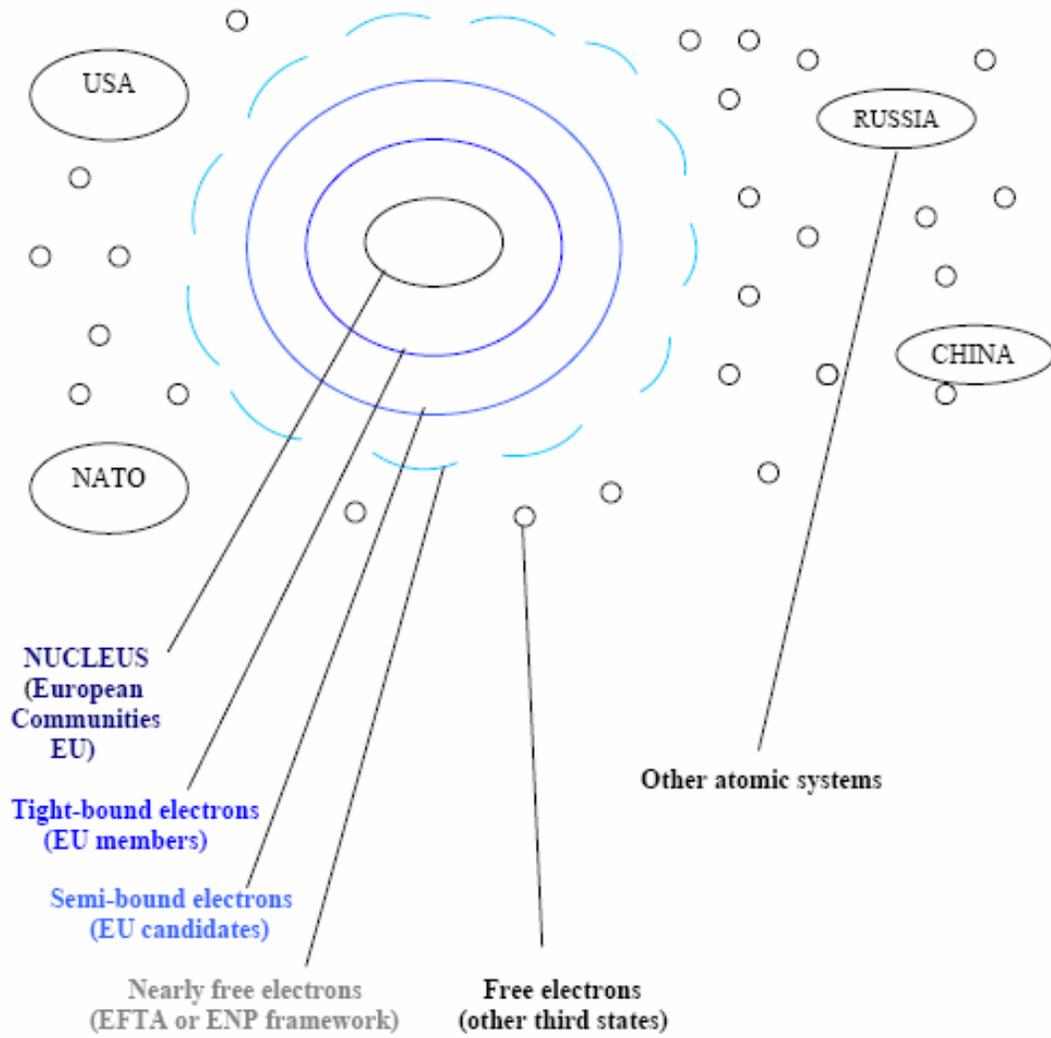
Second, the empirical evidence from the comparison of EU member and candidate states reveals that EU membership perspective has been the strongest instrument of EU direct influence on domestic transformations of aspiring candidate states. However,

once candidate countries become EU members, as in the case of recent 2004 and 2007 enlargements, and they are officially more integrated within the European Community. However, rather than obtaining more direct influence on domestic transformations, Brussels actually loses its power to force its new members in carrying out domestic changes according to EU stipulations. Finally, the analysis of outsiders that are not EU candidates illustrates that EU influence is not the major factor in determining domestic transformations according to EU policies. The degree of

domestic discretion is the decisive factor in this context determining the type and the degree of EU involvement in domestic changes. National and sub-national actors choose to comply with EU requirements depending on the costs of covering the negative externalities of European integration process and the perceived benefits from adopting EU policies at domestic level.

FIGURES

Figure 1. EU as an atomic system



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