National Interests, State Power, and EU Enlargement

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Some fifteen years after the collapse of communism, the uniting of Western and Eastern Europe through a substantial enlargement of the EU is perhaps the most important single policy instrument available to further a more stable and prosperous continent. Eight postcommunist states have concluded negotiations with the EU for full membership in 2002, and several more are poised to do so later. In this article, we seek to outline in the very broadest strokes the most important structural forces of national interest and influence underlying the dynamics of enlargement itself and its future consequences for EU governance. We do not claim our analysis is comprehensive, only that it seeks to capture the most significant of the underlying forces in play.

The apparent success of enlargement and the terms on which it is taking place have surprised many analysts and aroused many critics. Most commentators treat enlargement as a radical break in the history of the EU. They find the prospect of enlargement itself mystifying and invoke idealistic motivations on the part of European governments to explain it. At the same time, many criticize the EU for taking too long to enlarge and for imposing burdensome conditions on the candidates. Still others fear that enlarge-

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ment without substantial federalizing reform will mean gridlock and crisis for the EU's institutions.

In this article, we challenge these conventional presuppositions. The EU enlargement process and its likely consequences for the future are hardly mysterious when viewed from the perspective of national interests and state power—and this viewpoint also offers a more optimistic prognosis for the future. Just as occurred in the past, leaders of current EU members are promoting accession because they consider enlargement to be in their long-term economic and geopolitical interest. While some interest groups in current member states oppose enlargement because they will bear a disproportionate share of the short-term costs, the EU bargaining process is working this out much as it has prior conflicts about the uneven distribution of the costs of integration projects that are beneficial overall. East European states take part in the laborious accession process because EU membership brings tremendous economic and geopolitical benefits—particularly as compared to the uncertain and potentially catastrophic costs of being left behind as others move forward. While the candidates have had to comply with the EU's requirements and acquiesce to certain unfavorable terms, EU membership has remained a matter of net national interest. On balance, the sacrifices demanded of them seem entirely in keeping with the immense adjustment, and the immense benefits, involved. Most requirements, meanwhile, have motivated East European governments to implement reforms that improve the state and increase aggregate economic welfare.

Looking forward to the consequences of enlargement, we find little reason to predict that enlargement will cause the gridlock of EU institutions or, indeed, that it will significantly change the course of European integration at all. The applicant countries are numerous, backward, and diverse—and indeed their bargaining power will increase once they are members. Yet as they are absorbed into the EU's decision-making process, new members are likely to do little more than reinforce existing trends in EU politics, such as growing conflict over the budget and increasing cooperation outside of the first pillar.

Negotiating enlargement

Each previous round of EU enlargement has gone through a parallel and predictable negotiation process. In these rounds, applicant countries have consistently found themselves in a weak negotiating position vis-à-vis their EU partners and accordingly have conceded much in exchange for membership.

To see why, it is helpful to introduce a few insights from basic bargaining theory. In interstate negotiations involving the EU, relative bargaining power tends to track relative preference intensity—one key element in the "liberal intergovernmentalist" theoretical synthesis that undergirds many studies of major EU bargains and of international cooperation more generally. The logic is straightforward: those countries that gain the most by engaging in more intense interstate cooperation—more precisely, those for whom cooperation is most attractive relative to unilateral (or mini-lateral) policy making—have the most intense preferences for agreement. They are thus willing to compromise the most on the margin to further it. In the language Robert Keohane and Joseph Nye introduced to international relations theory, interstate bargaining outcomes reflect patterns of "asymmetrical interdependence"—all other things equal, more "interdependent" countries tend to benefit more from liberalizing markets and are, thus, willing to make concessions to do so.[1] Within the EU, such beneficiaries tend to be (all other things equal) those countries that are smallest in gross national product (GNP) terms, for which the increased economies of scale of entering the European market are of greatest marginal significance. The existence of distinct comparative advantages in relevant export sectors further shapes their specific interests. Once the back and forth of negotiation is complete, the subjective sense for such countries is often of having bargained poorly, because they are forced to make disproportionate concessions during the negotiations. Yet in fact this is a function of the large overall net benefit to them, which also swiftly compels ratification and implementation of the resulting agreement.

1. Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (Boston: Little, Brown, 1977).

The negotiation of the original Treaty of Rome during the mid-1950s, one of us has argued, offers a striking illustration.[2] Just as the logic above would predict, the country whose foreign minister had initially proposed the customs union and that benefited the most per capita from its realization, the Netherlands, was forced to make the greatest concessions on the margin to achieve agreement. The result was that the treaty was viciously criticized by Dutch politicians and the public—more so, perhaps, than in any other of the six original member states, even though (or precisely because) nonratification by the Netherlands was never a realistic option. The obverse case in the 1950s was that of France, which, as Alan Milward and others have shown, achieved almost all of its negotiating goals in large part because, as a large and macroeconomically uncompetitive country, French nonratification was a realistic possibility up until the final moment.[3] Add to these structural economic realities a general German tendency to be somewhat more forthcoming to cement geopolitical alliances—a constant of European integration until, and beyond, 1989—and bargaining outcomes within the EU are close to what basic bargaining theory predicts.

Since the beginning, this same pattern has characterized EU bargaining over enlargement. Specific interstate concessions and compromises have tended to reflect the priorities of the EU's core countries, and disproportionately the most powerful among them, even as more peripheral countries benefit as much or more overall. Enlargement negotiations with Britain, Ireland, Denmark, Greece, Spain, Portugal, Sweden, Finland, and Austria track this pattern. In each case, bargaining demands by applicant countries for recognition of their particular circumstances were stripped away one by one until a deal was struck that disproportionately reflected the priorities of existing member states. Thus Britain in 1973, though relatively poor, ended up a large net contributor to the EU budget. Ireland, Denmark, Greece, and Spain were subsequently forced to accept agricultural arrangements

2. Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastrich* (Ithaca, NY: Cornell University Press, 1998), 60-67, 86-158, 479-85.

3. Alan Milward, *The Reconstruction of Western Europe, 1945-51* (Berkeley: University of California Press, 1984), 220; Moravcsik, *Choice for Europe*, 148.

not particularly well suited to their particular comparative advantages, and often involving lengthy transition periods, and no special financial benefits. In the 1990s, the enlargement to include Sweden, Finland, and Austria imposed full membership on countries that initially sought greater market access in the context of a less comprehensive commitment.

So it has been, and so it is likely to remain with the current applicants from Central and Eastern Europe. EU member states and the eastern applicants will both benefit from the basic fact of EU enlargement, but the applicants will benefit more and thus desire it more. This asymmetry of interdependence and thus power is evident from the simple fact that the collective GNP of the next ten applicants for membership totals no more than 3 to 5 percent of the fifteen current EU members (the EU-15)—less than any other enlargement of the EU except lone Greece. This is roughly the weight of Mexico's economy as compared to that of the United States.

Since 1990, the expected political consequences of this fundamental asymmetry have been evident. They are clearest in the form of the preaccession process, in which applicants must satisfy the Copenhagen criteria and adopt the EU *acquis* in its entirety to qualify for membership. Until recently, the negotiations have been little more than a process of checking that the candidates have adopted EU law, chapter by chapter and page by page. The requirements are massive, nonnegotiable, uniformly applied, and closely enforced. The transition from communism has meant not only building a market economy from the ground up but also creating a modern regulatory state capable of implementing the EU's *acquis*, now far more substantial than during any previous wave of enlargement. This itself imposes a heavy burden in the sense that the EU compels new applicants to transpose and implement standards of internal democracy, state administration, and detailed regulatory protection that the EU-15 have had a half century to accommodate. It also imposes something of a double standard in a handful of areas, chiefly the protection of ethnic minority rights, where candidates are asked to meet standards that the EU-15 have never set for themselves. Some EU rules even appear ill considered, unsuited to transitional economies, or ill suited for particular countries. And the intrusive verification procedures that follow these standards are a tough blow for national pride.

Yet for the construction of a well-functioning market economy and a strong, democratic state—long-term goals that are hardly contested—the requirements for EU membership have been, on balance, positive. They have promoted valuable reforms: creating an independent civil service, overhauling the judiciary, improving oversight of financial markets, and blocking bailouts of uncompetitive but influential sectors. To be sure, applicants have had to divert their meager public resources from health and education to implementing an *acquis* devoted primarily to the regulation of economic production. Still, locking the applicants into the EU legal and regulatory frameworks promises to limit corruption, improve administrative capacity, attract foreign investment, and altogether facilitate fuller insertion into the EU and global economy—thereby bringing substantial returns to the national budget over the long run. Entering the EU is expected to raise output and growth rates by stimulating entrepreneurship, foreign direct investment (FDI), and technology transfers. Studies indicate that because of raised investor confidence, FDI inflows have been concentrated in those postcommunist states that are on track to join the EU. One study forecasts long-term total gains to the new member states ranging from €23 to €50 billion.[4]

The economic reforms demanded by the EU, including the withdrawal of the state from many areas of the economy, do impose a large adjustment cost on economically and politically vulnerable countries. Applicants have had to expose industry to competition from Western firms; sharply decrease state subsidies to weak sectors; and privatize relatively quickly large enterprises, banks, and state utilities. Yet many of these reforms are an integral part of completing the transition to market capitalism and

4. Richard E. Baldwin, Joseph F. Francois, and Richard Portes, "The Costs and Benefits of Eastern Enlargement: The Impact on the EU and Central Europe," *Economic Policy* 24 (1997): 125-76. See also Heather Grabbe, *Profiting from EU Enlargement* (London: Centre for European Reform, 2001); and Bartlomiej Kaminski, "How Accession to the European Union Has Affected External Trade and Foreign Direct Investment in Central European Economies" (Policy Research Paper 2578) (Washington, DC: World Bank, 2001).

attracting foreign investment, particularly on the European continent. The absence of EU pressure might well mean much greater rent seeking by elites in control of "gradual" reforms. Twelve years on, the evidence is indisputable that the EU frontrunners that have reformed the most rapidly have also registered the highest rates of economic growth and suffered the lowest increase in income inequality—as compared to their eastern and southeastern neighbors that opted for more gradual reforms after 1989.[5]

In recent years, the EU has of course also imposed some more narrowly self-interested conditions. These are in precisely those areas where advanced industrial democracies have customarily crafted such exceptions, not just within the EU but also within the General Agreement on Tariffs and Trade (GATT), World Trade Organization (WTO), and North American Free Trade Agreement (NAFTA). The applicants have been forced, again in accordance with our theoretical expectations, to sacrifice some portion of the benefits of membership over the short and medium term. They will receive lower (albeit still substantial) subsidies from the Common Agricultural Policy (CAP) and from the Structural and Cohesion Funds than did the previous poorer applicants. Outlays from the EU budget to new members have been capped at 4 percent of their gross domestic product (GDP), far lower than their predecessors. This effectively limits their receipts and protects those of the richer existing members. The applicants will also have to accept special provisions related to some areas of European integration, including long transition periods for certain benefits such as the free movement of labor and equal access to the EU's agricultural subsidies. Finally, elements of the Schengen Accord will be grandfathered into the treaty, effectively making any third-country citizens found to be illegally residing in EU countries the financial and legal responsibility of the states, generally new members, through which they entered the EU. Many of the special provisions reflect the demands of narrow special interests or the concerns of voting publics in the existing members.

5. Joel S. Hellman, "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions," *World Politics* 50 (January 1998): 203-34; World Bank, *Transition the First Ten Years: Analysis and Lessons for Eastern Europe and the Former Soviet Union* (Washington, DC: World Bank, 2002).

Many view these unfavorable terms of accession as prima facie unreasonable, but the logic of bargaining outlined above suggests a more nuanced conclusion. The applicants are forced into concessions precisely because the basic benefit offered to them—membership—is of such great value. This benefit so outweighs the costs—particularly those of exclusion—that applicants make concessions even when no coercion is threatened. Take structural funding, for example. In any other context except one in which even higher transfers have been made, a transfer totaling 4 percent of the recipient's GDP would be recognized as an almost unprecedented act of international solidarity. Such is the logic of "asymmetrical interdependence." The only circumstance we can envisage that could perhaps lead to absolute losses for enlargement countries is one in which the agricultural sectors of new members were both denied any effective subsidy and were entirely unable to withstand market pressures from subsidized products originating in Western Europe. Yet for the moment, a situation so extreme does not appear to be emerging from the negotiations.

The puzzle posed by enlargement is thus not so much why the accession countries are so anxious to enter but why the existing EU-15 are willing to let them in. Here, too, the final tally of enlargement's costs and benefits is the subject of considerable debate. Frank Schimmelfennig has argued that economic and geopolitical interests cannot account for the EU's decision to embark on such an ambitious and costly enlargement. Instead, confronted by the power of norm-based arguments, the West talked itself into a commitment to admit countries that share its liberal values—and this "rhetorical entrapment" has subsequently sustained enlargement despite the fact that mere association for East European states would have better served the EU's interests.[6]

6. Frank Schimmelfennig, "The Community Trap: Liberal Norms, Rhetorical Action, and the Eastern Enlargement of the European Union," *International Organization* 55 (winter 2001): 47-80. See also Rachel Epstein, "International Institutions and the Depoliticization of Economic Policy" (Paper presented at the European Consortium for Political Research [ECPR] Workshop "Enlargement and European Governance," ECPR Joint Sessions of Workshops, Turin, Italy, 22-27 March 2002).

Scholars who consider EU enlargement as a triumph of supranational entrepreneurship or of norms over interests point to the costs of making East European states full members as opposed to mere associate members. While there is no doubt that a measure of idealism played a supporting role in the decision to enlarge, we would do well to consider the context of national interests and power. Interstate idealism seems never to be as powerfully professed as when it runs parallel to material self-interest. Three points suffice.

1. The overall effect of enlargement is modest. The ten new members, we have seen, represent less than 5 percent of the current EU GDP and thus can have relatively little impact. Rhetorical idealism can flourish when the impact is marginal.
2. Distinct material benefits, however modest, accrue to the EU-15. The candidate countries will add to the internal market 100 million new consumers in rapidly growing economies. One study projects that the EU-15 countries will gain about €10 billion from enlargement over the long term, considerably more than the cost to the EU budget of having the new members.[7] Perhaps more important, the geopolitical stabilization and economic revitalization of the European borderlands is likely to dampen nationalist conflict and make illegal immigration more manageable. Some of a more "Gaullist" persuasion even believe that the EU will thereby gain greater clout as a geopolitical actor. Rhetorical idealism can flourish when measurable economic and geopolitical benefits are on offer.
3. These benefits come at a more limited cost to the EU-15 than some initially expected—though, of course, some member states and interest groups do bear a disproportionate share of those costs. Industrial trade, for example, already has been nearly fully liberalized with little disruption to the EU's sensitive sectors, such as steel and textiles. The safeguard measures allowed for EU producers under the association agreements will thus disappear largely unnoticed. Agricultural trade also has been largely liberalized with few disruptions—indeed, it is the candidates that worry about the dumping of cheap produce after enlargement. Even for some of the key players that seem to have the most to lose, the costs do not outweigh the benefits. Germany, for example, with its high unemployment and proximity to eastern labor, may face adjustment costs in the short term, but along with Austria, it is predicted to have the highest overall permanent net increase in GDP from

7. Baldwin, Francois, and Portes, "Costs and Benefits of Eastern Enlargement," 125-76.

enlargement. Rhetorical idealism can flourish when the economic costs are marginal or sunk.

There is, of course, the visible and controversial matter of sharing the EU's pricey financial transfers with new members. As we have seen, agreement on how to distribute monies from the EU's Structural and Cohesion Funds, and from the CAP, is almost certain to come largely at the expense of the candidates, whose poor regions and poor farmers will have to accept a phase-in of transfer payments. The EU will hammer out a compromise between recipients, contributors, and reformers, much as it has in past rounds of enlargement. Here there is, however, one wild card. One cannot exclude a scenario resembling that of Britain in 1975, when popular rejection of EU membership threatened to trump net national interest. Even if the new members are better off in absolute terms, getting into the EU in 2004 with new member farmers getting much lower payments, Poland in particular warns that in these circumstances, the referendum on entering the EU may not pass. This may well afford the candidates some extra bargaining leverage. To be sure, there will also be losers among traditional beneficiaries of the CAP in Western Europe. But here the pressure of enlargement dovetails with the longstanding trend (powered by the fierce desire of several existing EU members and the EU's trading partners) toward CAP reform—a trend that reflects, ultimately, the declining number of farmers in Western Europe and renewed pressure from net contributor countries like Germany. Again, only rejection by referendum, we believe, could derail the process.

As with the accession countries, the highest costs among the EU-15 may be political rather than economic. Enlargement is unpopular with EU voters, many of whom associate it with rising illegal immigration, international crime, and unemployment. While there is little evidence that enlargement will contribute measurably to any of these problems (to the contrary!), EU politicians have nonetheless had to satisfy restive publics. In the short term, the asymmetry of power between the EU and the candidates in the accession process has made such accommodation relatively easy: new members will not be allowed to lift their internal Schengen borders for many years, they will be required to reinforce their external borders, and they will wait for up to seven years after accession before their citizens enjoy the right—at least in the abstract—to live and work anywhere in the EU. Before the decade is out, the issue may disappear, as stagnant population growth in the EU is likely to leave old members scrambling to attract workers from the new members or third countries.

Overall, there is little reason to believe that enlargement runs counter to the interests of either existing or new members. Each is acting in response to structural imperatives predicted by basic bargaining theory and revealed in the behavior of their EU predecessors.

Consequences for the applicant countries

This is not, however, the end of the story. Once in, new EU members have tended to do substantially better for themselves, primarily because they can work more effectively within formal decision-making rules to promote their interests. Membership effectively reverses the power relationship between core and peripheral members of the EU. The broad trend in EU politics over the next two decades is likely to be heavily influenced by this shifting balance of power.

Again, basic bargaining theory provides an instructive guide. EU members can enact treaty change only by unanimity. In any such exercise, therefore, each EU member wields substantial bargaining power vis-à-vis its EU partners. While each is formally equal, the precise distribution of bargaining power depends on patterns of asymmetrical interdependence. Specifically, it reflects the extent to which various countries favor new reforms. (Here the threat of expulsion from the EU has but a fraction of the credibility of the threat of exclusion from joining at all.) Typically, the core members and the richer countries have proposed and most intensely favored new initiatives (e.g., the Single European Act, the single currency, strong regulatory protection, a common policy on immigration, foreign policy cooperation), thereby casting the newer and poorer member states in the role of effective veto players. Small-country veto players, not least new members, are therefore likely to find themselves in a far more advantageous position. The result, theory predicts and history confirms, is likely to be a series of concessions and side payments from core countries in exchange for the support of others.

Over the years, this power has been wielded by successive applicants in different ways but with broadly similar consequences. In 1975, two years after the Tory government under Edward Heath had negotiated British entry—on terms so strikingly unfavorable that Britain, though never a wealthy country by per capita EU standards, has been a net contributor to the EU budget ever since—a Labour government under Harold Wilson called for a referendum. Afraid that the British would vote no, thereby embarrassing the entire institution and triggering a wholesale renegotiation, the French and Germans established a system of regional funding that transferred substantial resources to Britain. Public-spirited justifications were later concocted, but Helmut Schmidt was more brutally honest when he referred to regional policy as a bribe covered only by "swimming trunks with 'regional policy' written on them."[8] In successive waves of negotiation, the Greeks, Spanish, Portuguese, and Irish benefited in similar ways. The "Club Med" countries threatened to block various initiatives—the Single European Act, the Maastricht Treaty—unless financial transfers were upped. The result was the construction of a set of international financial transfers on a scale unknown since the Marshall Plan. At their height, structural funds accounted for 8 percent of Portuguese GDP.

There is every reason to believe that the bargaining power of the eastern candidates will similarly improve once they become full members, and there is little reason to doubt that they will use it. Indeed, the veto threat is in many ways likely to be greater than in the past. The next twelve prospective new members are highly diverse, but they are also numerous and almost certain to agree that any financial advantages old members enjoy over them should be reversed. If they join forces, they will collectively have the ability to block unanimous votes, such as those on budgetary

8. Moravcsik, *Choice for Europe*, 258.

matters. Given that it will be difficult for the EU to settle the budget for 2007 onwards prior to enlargement, the candidates will already be full members by the time the EU starts the next epic round of budgetary negotiations. Moreover, they will also be able to block votes by qualified majority (108/345 = 31 percent) in a quite unprecedented fashion—a reflection of the radical over-representation of smaller countries in the EU system. (If fewer new members enter in the first round, this threat of course recedes.) The long transition periods and unequal benefits currently being imposed on the applicant countries have instructed them that only by playing tough in EU bargaining can they get a better deal, just as they learned in the 1990s that only full membership would give them full access to the EU market. For all these reasons, new members are nearly certain to deploy their voting power in an effort to secure a greater share of EU spending. In the next section, we consider to what extent they will succeed.

Consequences for the European Union as a whole

The conventional view is that the increase in the number of member states and the greater diversity of their views will not only create pressure for financial transfers, as we have just seen, it will also trigger breakdown or gridlock in the EU's decision-making process. The proper answer to this threat, many maintain, is more extensive use of qualified majority voting. While the precise level of transfer payments is difficult to predict, we argue in this section that wholesale pessimism about the viability of EU decision making with up to twenty-seven diverse members greatly exaggerates the pitfalls ahead.

Some believe that the prospect of gridlock increases with the number of actors because the threat comes from the random likelihood of an individual veto under unanimity, which increases exponentially as the EU enlarges.[9] Yet—the cases of Thatcher's

9. Interview with Michel Petite, 1998. This back-of-the-envelope argument recurs in many European Commission publications. For the similar political science orthodoxy on numbers, see Kenneth A. Oye, "Explaining Cooperation under Anarchy: Hypotheses and Strategies," in Kenneth A. Oye, ed. *Cooperation under Anarchy* (Princeton, NJ: Princeton University Press, 1986), 1-23. This argument, following the institutionalist paradigm, assumes high transaction costs—a widespread assumption that we have challenged elsewhere.

Britain under agricultural subsidies, Greece over Macedonia, and the Irish referendum notwithstanding—the binding constraint on EU policy making is not generally imposed by the probability of individual vetoes. Instead, it is imposed by the level of conflict of interest among blocks of states. Diversity of interest, not the number of members per se, is the real issue.

Can diversity be translated into an effective voting power by new members acting as a block? This scenario is widely viewed as the major threat to the functioning of the EU, and it is so viewed primarily because new members are unlikely to support great strides forward in European integration. This is indeed plausible. Even after joining in 2004, they will be working to satisfy the requirements for membership in parts of Schengen and in the EMU and will hardly be on the lookout for more *grands projets*. None, moreover, are particularly enamored with the EU's supranational institutions. Euro-skepticism is rising among applicant countries that have endured pressure for unpopular concessions in the negotiations and that have received stiff report cards from the Commission every autumn for almost a decade.

Yet this is unlikely to cause a logjam, let alone threaten the current achievements of the EU, for three reasons.

1. The new members are not all that unruly. Budgetary policy aside, there is little evidence that they will import divergent or destabilizing policy agendas into the EU. On most issues they will instead join existing coalitions. This of course means that certain voting coalitions will be strengthened. In some areas, such as immigration, new members and old members tend to see eye to eye: keeping foreigners out is popular, east and west. Elsewhere may be some fascinating twists and turns. Poland may turn out to be France's greatest nemesis in the competition for agricultural subsidies, but after entry, Poland could presumably also be France's staunchest ally in preserving a generous CAP. At most, however, this would mean a slowdown in further integration, not a threat to the existing *acquis*, since most existing EU policies are deeply enough embedded in both the laws and societies of the member states as to be effectively irreversible.
2. Current core member states have no consensual *grand projet* that could easily be stalled by the vetoes of unruly new members seeking budgetary side payments. This has been the lesson of three successive treaty amendment exercises over the past decade. Nor

would it be easy for new members to employ their voting power in qualified majority votes to block legislation, since the internal market is largely complete and legislation moves forward at a slower pace than ten years ago. Today, EU governments are instead prioritizing policy areas that lie partly outside of the first pillar, such as foreign policy, immigration policy, and monetary policy.

3. In precisely these areas of current interest outside of the first pillar—and some within it—flexible institutional mechanisms other than majority voting can be used to combat gridlock. In recent years, nearly every major initiative in the EU has involved only (or has provisions to involve only) a subset of EU members: EMU, social policy, foreign policy, environmental policy, and so on. The trend is toward differentiation, flexibility and ad hoc arrangements. In many of these areas—foreign policy and flanking policies to EMU being prime examples—uniformity is not required for effective policy making. From the perspective of collective action theory, the EU is more about coordinating "coalitions of the willing" than avoiding "free riding." Isolationist new members can sit it out with neutral old members, countries with geographical interest and expertise can work together—and no harm is done. Finally, and most cynically, member governments no doubt favor flexibility, though they do not say so in public, as a means to avoid placing themselves in a position where poorer countries can extort financial side payments. Overall, as Heather Grabbe has argued, flexibility provides an institutional mechanism to ensure greater decision-making efficiency when "the ability and willingness of member-states to be integrated in the EU's policies . . . vary much more than in the current Union."[10]

It is tempting—and none too difficult—to construct scenarios whereby increased diversity will undermine domestic order in new member states of the EU and thereby undermine the EU's common institutions, politics, and culture. But few of these scenarios withstand close analysis. Enlargement is in fact more likely to reinforce current EU trends toward slower legislative and reform output; greater budgetary conflict over structural funding; more pressure to reform the CAP; greater "pillarization" of governance; a stronger Council vis-à-vis the Commission; more recourse to flexibility and coalitions of the willing; a shift in focus from deepening to widening; and above all, an emergent "consti-

10. Heather Grabbe, "The Governance of the EU: Facing the Challenge of Enlargement," *New Economy* 9 (June 2002): 115.

tutional compromise" in which the regulation of much of the economy is internationalized but social, cultural, educational, and other policies remain largely national. Die-hard federalists view this compromise as a prima facie sign of failure; they have provoked a constitutional convention to re-inspire Europeans to move the metaphoric "bicycle" of European integration forward. But it is not a failure. Instead of proving Europe's constitutional compromise bankrupt, enlargement reveals its maturity and durability. This is true both in the sense that further deepening is no longer necessary to solidify prior reforms and that widening to include new members, for all of their diversity and backwardness, takes place with relative ease and without a major change of course. At the same time, the EU will have had a hand in building the most unified, prosperous, and free continent of Europe in modern history.