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"The Central and Eastern European member states
in the EU's emerging core-periphery divide"

Differentiated Membership and Core-Periphery Divide in the EU:
Negative-regressive Divergence in the New Member States

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Abstract

The main message of this paper is that the rich and impressive international literature on differentiated integration (DI) has mostly neglected the increasing Core-Periphery Divide. The special DI case of the NMS has been completely marginalized and it has remained under-researched. DI has been considered from the very beginning only as a vehicle of dealing with the "neutral" heterogeneity in the EU in the "policy" dimension (in the "socio-economic" processes), not discussing enough even its "political" dimension (transnational decision-making process) and not taking into account at all its "polity" dimension (the democratic system of institutions as the embodiment of the European values). Mistakenly, it has been considered evident that in NMS the DI would not hurt the European values as the base the democratic European *polity*. Even before the global crisis it was a fatal mistake of not distinguishing between the *positive* and the *negative* "polity DI", and/or between the *progressive* and *regressive* "policy DI", although both the negative and regressive DI represent a basic divergence from the mainstream EU developments.

Introduction: The transformation crisis as a creative crisis in the EU

The EU has gone through several development stages that have necessitated the permanent redefinition of the EU. There have recently been obviously three markedly different periods of crisis: (1) the "immobility crisis" in the 2000s, (2) the global crisis in the late 2000s and early 2010s and (3) the "transformation crisis" in the mid-2010s. Due to both the external conditions and the domestic developments the types of differentiated integration/membership (DI) in these three periods have also been crucially different. *First*, the immobility crisis came from the asymmetrical nature of the EU developments, advancing in some fields but not ready to move further in some other, closely interrelated fields in this decade of disorder. The "Fair-Weather Europe" or the "Fair-Weather Euro" is a dangerous myth about this period of an "asymmetrical Europe" due to the lack of coherence among and within the various policies, and to the ensuing half-made decisions with the too easy compromises. *Second*, in the global crisis period there

was a painful priority of direct crisis management. This crisis marginalized all other vital EU problems by concentrating on the saving the euro and keeping the competitiveness of the EU Core in the turbulent world. Altogether, the global crisis produced a lost decade with a lost (young) generation. It proved that the EU had to pay a high price for the "systemic misfit" both in the entire EU as the increasing Centre-Periphery Divide and within the NMS as the widening gap between their modernised and underdeveloped parts.¹

Third, the global crisis has pushed the EU in the present transformation crisis to the way of "harmonising" its institutions and policies with each other. It has been a creative crisis, in which the DI discussions have a special significance with the dilemma of convergence and divergence under the pressure of running globalization and increasing integration. There was a long debate on differentiated integration/memberships even before the global crisis, and this massive body of the sophisticated literature on DI has tremendously grown due to the global crisis (e.g. Closa, 2010 and Emmanouilidis, 2010). The more recent comprehensive works has covered completely both the history as the problematization of this topic (see Tekin, 2012a,b) and provided the overview as its horizontal and vertical integration structures (see Leuffen et al., 2013). In fact, these recent works offer a point of departure for the current DI research including all three dimensions: first, "differentiation of areas of political action (policy dimension)", second "differentiation processes and decision-making within the EU (politics dimension)" and, third, "differentiation of the institutional and constitutional architecture of the EU (polity dimension)" (Diedrichs et al, 2011: 13). Finally, the Ondarza papers (2013a,b) have described the present ambiguous situation and warned seriously from the "pitfalls" of the DI by "splitting" of Europe drastically to Centre and Periphery. Thus, the DI literature has finally introduced a new version of Centre-Periphery relations but in my view, based on a flawed concept of the politically "neutral" DI.

The Western bias as a conceptual trap in discussing DI

"The 2011-2012 period will most likely be marked by an increased polarisation between core and periphery Member States. (...) the risk of seeing a two-speed Europe develop, with growing economic performance gaps among the 27." (Fabry, *Think Global – Act European*, Vol. III, 2011:XV).

In the huge and impressive international DI literature there has been a Western bias, since it has dealt almost exclusively with the problems of old member states. It has not concentrated on the increasing Core-Periphery Divide in the present, transformation crisis period either, and the special DI case of the NMS has been completely

marginalized. Paradoxically, there have been many references in the mainstream literature to the drastic change in the DI developments of the EU as a whole following the Big Bang-type Eastern enlargement, but both the "negative externalities" of the Eurozone and the particular character of DI in the NMS has remained under-researched. The main problem is that the differentiated integration has been considered from the very beginning only as a vehicle of dealing with the "neutral" heterogeneity in the EU in the "policy" dimension (in the "socio-economic" processes), not discussing enough even its "political" dimension (transnational decision-making process) and not taking into account at all its "polity" dimension (the democratic system of institutions as the embodiment of the European values). Supposedly, DI would be just aiming at facilitating the socio-economic development ("catching up process") by other *policy* means. Thus, the whole DI debate has been restricted to the "technical" side by neglecting the "polity" side, and it has remained evident that the DI would not hurt the European values as the structure of the democratic European *polity*. However, even before the global crisis it was a fatal mistake of not distinguishing between the *positive* and the *negative* "polity DI", and/or between the *progressive* and *regressive* "policy DI". Altogether, from among the three dimensions of DI, the "policy" dimension has been very well analysed and the "politics" (decision-making) dimension has also been studied, but the "polity" (the EU basic values as the democratic system) dimension has been largely neglected that has been crucial both in the South and the East.

Actually, in the case of "polity DI" already the Rome Treaty stipulates that only the *democratic* European states can be members of the EU. It is evident, indeed, that in the European democracy there can be various national models and it can be considered as *positive* divergence. Moreover, before the Eastern enlargement the EU had elaborated the democratic (polity) conditionalities for accession in the Copenhagen criteria. Yet, it became also evident that the NMS countries after the accession became already democratic and they would stay democratic. The issue of the *negative* divergence has not been raised until now, although not only the Eastern, but – much earlier – some Southern states would also have deserved some closer inquiry. The EU has acted very restrictedly when tackling "polity" issues and it has "over-respected" the "sovereignty" of member states. In fact, all member states have supported this low profile approach, since all of them have wanted to avoid making precedents of interfering into the internal affairs of other member states. Nevertheless, the *negative* divergence occurred already much before the global crisis and it has become a widespread practice due to the global crisis as a political backsliding in some member states that has produced an increasing democracy gap within the EU. Finally nowadays, the EP as the Guardian of Democracy has realized that the regular violation of the democratic European values is dangerous for the EU and it has to be stopped by all means, since the EU has to pay a high price for

neglecting the negative divergence in NMS by over-respecting the principle of non-interference.

No doubt that the DI has also been necessary in the socio-economic development (the policy aspect) because of the (increasing) heterogeneity of the EU. In this policy aspect, however, there is an alternative between the *progressive* divergence as the creative capacity of DI and the *regressive* divergence as the missing or incomplete accommodation both to the EU internal workings and to the changing external conditions. Even the *progressive* divergence of specific national developments, as a vehicle or policy instrument for catching up with the mainstream development in the optimal way, has also generated a lot of problems and complications. But in the last analysis the *progressive* divergence can be helpful for the EU's common future, given that through the transitory stages and forms it may lead to the more convergent EU. Quite to the contrary, the *regressive* divergence means refusing or avoiding the necessary - institutional as well as policy - adaptation to the EU and/or to the changing external conditions. It is in fact a non-compliance with the EU "practical-technical" or policy-oriented membership rules that results in the socio-economic backsliding with an increasing competitive gap.²

The regressive divergence is at the same time a serious violation of the EU's competitive model as the mainstream policy development, hence it is harmful for the effective EU membership. The Copenhagen criteria stipulate not only the democratic polity but also the "competitive policy", since they prescribe the capacity of the member states to withstand the competitive pressure within the EU. Obviously, these two types of the negative polity and regressive policy divergences have closely been interrelated. Their closest meeting point is just at the elaborating, executing and monitoring the *strategic direction* of the socio-economic development in the member states. It is easy to point out that negative divergence produces regressive divergence and vice versa. In fact, they are different sides of the same coin. The "non-democratic" and "non-competitive" member states are not just lagging behind quantitatively, but sliding back qualitatively to some kind of "low performing" way of development. Thus, in the spirit of Copenhagen criteria the well-performing thick democracies and the low-performing thin democracies can be contrasted. The Commission as the *Guardian of Treaties* has acted in many cases against the *regressive* divergence where direct rules exist, but it could not go beyond this very narrow understanding of *acquis* because the strategic direction of socio-economic development has remained in the member states' competences. This contrast between the policy and polity dimension can also be conceptualized in the terms of low politics and high politics. Finally, the European Parliament as the *Guardian of Democracy* has begun to act in some cases against the negative divergence of democracy decline, although so far only with small success.

This common *negative-regressive DI* generates a vicious circle of backsliding democracies within the EU that could have been observed first in the South and later in the East. Although this effect of negative-regressive DI existed even before the global crisis, but it has been intensified by the global crisis. In my view, this twin – polity and policy - approach of DI explains the present situation in the EU28 better than the conventional DI analysis. Moreover, this twin approach makes it clear that the negative-regressive divergence even in one country would hurt the EU as a whole. Therefore, the EU has paid a high price for the repeated “non-interference” in Greece in the last decades, at least a serious warning should have been sent out at the entry to the Eurozone. In general, the twin DI approach can be best illustrated by the contrasting Danish and Greek cases, since they indicate that (1) the negative-regressive divergence goes back much before the Eastern Enlargement and (2) it is a current problem, since the Eurozone member Greece still extremely diverging in both ways, whereas the non-Eurozone member Denmark still basically converging in both ways. The simple fact that the formally “converging” Greece is in a deep recession, whereas the formally “diverging” Denmark is a success story, shows the conceptual failure in the former DI approach. Thus, the twin approach is important to evaluate the NMS case where the individual national models of “pseudo-convergence” have also generated a deep divergence in both polity and policy aspects, although in different ways country by country.

The EU has always been a “unity in diversity”, this membership differentiation has still become more and more marked not only with the widening, but also with the deepening process through both the broadening institutional architecture and the increasing policy universe. No doubt that the global crisis was a turning point in strengthening the divergences within the EU, although even earlier the “Differentiated integration serves to accommodate the diversity and plurality of the member states.” (Closa, 2010: 4). Janis Emmanouilidis has also noted reacting to the global crisis that “More than ever before the EU needs to operate at different speeds – and there are numerous reasons why this is so. The enlarged Union is characterised by a growing diversity of interests, an increase of economic, financial, social and geopolitical heterogeneity and diverging objectives and expectations concerning the future path of integration prevent consensus about Europe’s *finalité*.” (Emmanouilidis, 2010: 97). Thus, after the long debates, “The idea of a ‘multispeed Europe’ has therefore been a reality for some time. (...) differentiated integration has long since become a reality of the integration process.” (Ondarza, 2013a: 5,7).

However, in my view, the EU28 is much more than a “Multi-Speed” Europe. It is already a “Multi-Floor” Europe, since the different member states’ positions have been institutionalized, i.e. rather strictly arranged and regulated legally. In the EU’s operating system there are in fact Four Floors as institutionalized membership positions. Therefore,

in the present stage of transformation crisis it is not enough to refer to the deep divide between the Core and Periphery in general, but it is necessary to specify both of them in a more detailed way as Core-1 and Core-2, as well as Periphery-1 and Periphery-2. Above all, the Core has two meanings. First, the developed and dynamic part of the EU ("West-Continental" – Core-1) has the *fully effective membership* of the Eurozone members with their deep integration and full decision-making capacity. Second, there is a new, DI-related meaning of the Core referring to the group of countries that has followed (almost) all common EU policies except for the Eurozone membership ("Nordic EU" – Core-2). It has produced the *partly effective membership* given their shallow "political" integration or big "political" DI, since they do not take part in the vital decision-making process in the Eurozone. The problem can be formulated as "the political status of Euro opt-outs", since nowadays it has become even more important with the further institutionalization of the Eurozone. However, the analysts from the Nordic states have argued that the flexible integration in the case of the Eurozone has not punished the opt-outs in the decision-making process because they have been able to use their big network capital in influencing the decisions (Naurin and Lindahl, 2010: 505).³

Obviously, this argument also means that those member states with smaller network capital have been unable to do so, and this leaves the problem open for the Periphery-2, and actually to the great extent for the Periphery-1 as well. Consequently, it is important nowadays to distinguish between the Southern and the Eastern Periphery. The new situation defines the "South" as the Periphery-1 with the *partly marginal membership*, since they are Eurozone members at the legal level but have been marginalized in the effective EU decision-making processes. The "East" (Periphery-2), the group of New Member States has in fact *fully marginal membership*, despite the fact that some of them are Eurozone members, yet none of them are among the real decision-makers (see Vida, 2010, 2012). As a result, in the global crisis period there was an increasing differentiation both between Core-1 and Core-2, and between Periphery-1 and Periphery-2 (South and East). The Core aspect includes the increasing leading role of Germany in the EU28 and the emerging tension in the German-French engine in the Core-1. Beyond this, in the Core-2 the "high speed group" of Nordic countries (Sweden and Denmark), given its "overdevelopment", has developed a weakening interest in the Eurozone and Schengen, and in the further EU convergence at all, above all after the global crisis. The long debate about the German role in the crisis management and in the transformation crisis demonstrates that both the Core-1 and the Core-2 have suffered a deep fragmentation process even within their "clubs" that has strongly influenced the EU top level decision-making processes as well.

The Periphery aspect, as the differentiation between Periphery-1 and Periphery-2 (South and East) has been caused above all by the sovereign debt crisis due to the

underdevelopment of Periphery-1. The South has in fact fallen out of Core-1, since the formal attachment to it has only been a pseudo-convergence that has turned from an asset to a liability for the Core-1 due to the serious burden of their huge sovereign debts (see Magone, 2013). The Periphery-2 (East) as the NMS region has also declined in many ways, but this further socio-economic peripheralization has remained relative unnoticed for a long time in the EU, therefore it has been called "the forgotten crisis" in the international media (Handelsblatt, 2013). The decline of the Periphery-1 is much more dangerous for the Core-1, given that the South has been much more involved into a dysfunctional and asymmetrical Eurozone integration, so for the Core-1 much more is at the stake in the South. The EU has elaborated a well justified criticism of Southern public sector "practices", but Greece is a clear case that the tough preconditions were set only belatedly, not at the entry to the Eurozone.

Negative externalities and national resistance – the double evil in the DI

"the German government as primary driver of the reforms should follow the example of the Salzburg Group and reach out to those Central and Eastern European countries that are interested in accession to the euro and gradually integrate them into the new euro system. This should make it possible to stop the disintegration of the Union and move toward a centre of gravity in the EU that offers its members the flexibility they need and also empowers them with the capacity to act effectively together." (Ordanza, 2013b: 32).

Actually, in the DI analyses both the "negative externalities" – as harmful impacts of "Common Market" in general and Eurozone in particular – and the reasons of the "national resistance" to the EU rules by the weaker member states have remained neglected. As to the negative externalities, contrary to the previous assumption and the conventional wisdom that "the monetary union would force its least productive members to undertake structural reforms needed to modernise their economies", the new finding is that in the Eurozone these modernizing effect has appeared not in the South but in the North, since "the same circumstance that allowed delays in the periphery actually forced reform on a reluctant Germany" (Fernandez-Villaverde et al., 2013: 1-2). As the neoclassical economics argues, the capital goes to the place of high return. Similarly conventional political science claims that capital export with its spill-overs has a modernising effect. In fact, to a great extent it is just to the contrary. Capital export has also exported social crisis from the North to South, and although it has generated there some modernization effects, too, but it has produced no substantive development. In the same way, the usual analyses in the core countries have not targeted at the real issues in the case of the East either. The East has become the semi-periphery of Germany and

Austria, and it has been closely integrated to the Core-1 by production structures. This situation, despite of its modernising effects, has unleashed dependent development, since these NMS countries have become internally deeply divided between the modernised and the declining parts. Thus, the domestic social cohesion is the crucial issue in NMS, i.e. to be united not only with the EU, but also uniting the country as a whole. No surprise that these negative externalities have also caused national resistance in the weaker member states. The main reasons of this "resistance", however, have been domestic and they need a wider explanation later.

In the Four Level Europe, the internal structure of the EU has to be defined in the terms of *policy* memberships and *institutional* memberships. Consequently, the policy (sectorial) and the institutional (regional) memberships are also the main types of DI. The differentiation between/among the MS may emerge along the lines of sectorial integration with a set of different memberships at various policy levels, but these policy memberships may generate step by step the various legally formalized institutional memberships as well. The EU is usually more dynamic in introducing new policies than creating the proper institutions for them because their institutionalization comes only much later. However, in the top-down model the EU may establish institutional memberships in certain policy fields from above. The classical case is the Eurozone itself for the common monetary policy. Institutional memberships have two forms, namely first when the MS concerned do not form a region as neighbouring countries, or second, when they are also regionally connected. In such a way, the "Four-Level Europe" with its "regional memberships" is the simplest description of the present EU situation, but in a moving contradiction with the weak "policy memberships". When the Eurozone dares to take a big step ahead in the further integration, it finds the biggest difficulty in its own group because the Core-Periphery split re-appears within the Eurozone with a vengeance. The EU28 has very differentiated membership system, since in the Multi-Floor Europe there has been a very varied legal-political and socio-economic landscape with diverging regional and policy "memberships".⁴

The policy membership is the point of the departure and the institutional membership is the end of the process in the regulation of the policy fields concerned. In the bottom-up model of the usual policy development within the EU goes through the stages of cooperation-coordination-integration, in which finally the integration would presuppose an institutionalization with complete regulation. On the other side, in the top-down model the institutionalization is given as a theoretical construct forced upon from above, therefore it has to face an empirical test of the proper cooperation and coordination already in its institutionalized form. Obviously, the Eurozone and many other cases like the Schengen Area have not yet passed this empirical test resulting in a real, effective integration through institutionalization. In general, the increasing

divergence process, unleashed by the global crisis has appeared both in its “deepening” and “widening” aspects. The deepening, as the depth of policy convergence process (cooperation – coordination – integration), has been downgraded in many policy fields from integration to coordination or cooperation. The widening, as the width of convergence process (the number of policies involved), has also turned to the opposite with the decreasing number of the coordinated policy fields. In both processes the UK has acted as the trendsetter, but the Brexit and/or the Euroscepticism is not discussed in this paper.

Against this global pressure, however, the transformation crisis has recently demanded a progressive redefinition the EU, namely polity-wise as the rebuilding the all-European architecture and policy-wise as the dynamic extension of the EU policy universe. The present decade will be a tough stress test for the EU in intellectual learning and social innovation. In a word, the global crisis raised the alternative between the More Europe (Integration) and the Less Europe (Fragmentation), i.e. re-establishing the integrative balancing within the EU by running ahead and creating a “harmony” at higher level, or removing the latest achievements to restore the balance at a much lower level. The true believers of Less Europe argue for coordination instead of integration and/or for the “renationalization” of policies instead of their “communitarization”. The clearest case of this divergence process in both ways was the wave of economic nationalisms in 2008-2010 with all of their dire consequences. In 2011 the EU started a counter-tendency with some “Pacts” and other measures, since most member states still opted for the growing integration. Nonetheless, due to the neglect for the growing gap between Centre and Periphery, nowadays the More Europe tendency is still facing the dilemma between the more competitive Core Europe with a thriving “North and West” and the less Cohesive Europe with a declining “South and East” in the Periphery. The Core-Periphery Divide will certainly grow further, if the dual devil of negative externalities and national resistance are not prevented in the near future. This paper argues first of all against the national resistance in NMS as a fatal deviation from the EU mainstream developments.⁵

The negative-regressive differentiated integration in the New Member States

“Facing creeping shortcomings in the functioning of democracy in Europe is just as important as resolving the euro/economic crisis.” (Stratulat and Ivan, EPC, 2012: 2).

In the present situation the EU faces the Alternative Scenarios between the Cohesive-Integrated Europe and the Fragmented-Disintegrated Europe. The continued convergence and some coherence can be kept in some vital policy fields (“Common Market”), but without a radical political turning point the policy disintegration will still

dominate in the Eurozone with disastrous consequences for the "polity DI" – i.e. for democracy - in both the South and the East. In the present open situation it is still risky that the EU may produce strict regulations for a well-defined policy field, but leaves its wider linkages and basic social indicators unregulated or unbalanced. In the last analysis, the EU28 proves to be a Multi-Floor Europe, in which the "common denominator" has always been redefined. If it is reduced to a minimum, then the EU28 will be fragmented and it can finally fail, since the present dangerous fragmentation processes will be accelerated and they will produce new kinds of deep division in the EU28 as deeply diverging "sectorial" and/or "regional" integrations of the MS structured along the Core-Periphery Divide.

Among the earlier steps of regulating DI, the Amsterdam Treaty as a preparation for the Eastern enlargement was one of the turning points in coping with diversity. This Treaty split the EU into two parts, since some former members were allowed to opt out from some incoming policies (euro and Schengen), whereas no opt-outs were allowed for the NMS, only some derogations for their introduction. The Schengen and the Eurozone memberships are still mandatory for the NMS, but only after some time when the "internal" conditionalities are met. This implies that the Eastern enlargement was not a "full" accession, only a partial one that has to be completed with some policy memberships afterwards, already within the EU. Therefore, at the time of the Eastern enlargement the debates were very intensive on the DI issues, and these debates have returned with a vengeance nowadays when the Core-Periphery Divide is again high on the agenda. As a preparation for the Eastern enlargement the enhanced cooperation was regulated in the Amsterdam Treaty and this effort was continued by the Nice Treaty. This situation produced a wave of literature that focused on the flexible membership. This term became fashionable and many publications appeared on this topic, as for example Emmanouilidis has pointed out that "a higher degree of flexible integration is a necessity if the EU27+ wants to remain effective (...) closer cooperation between a limited number of EU countries can help to overcome stalemate, improve the functioning of the Union and reduce tensions between those who want to deepen collaboration and those who are not (yet) ready or willing to do so." (Emmanouilidis, 2010: 97). But later, after the failed Constitutional Treaty, the term became neglected, although it opened up a very fertile theoretical debate on many issues, which are still haunting the DI literature. Most probably, the flexible integration (FI) is a more proper term than differentiated integration (DI), since flexible integration can express the adequate regulation in the spirit of "From Threat to Opportunity" (Kurpas et al, 2006), whereas the DI term has been overloaded by the cases of "lost opportunities".⁶

In present re-regulating process of divergences the criteria for the flexible membership have to be elaborated. Nicolai von Ondarza (2013a: 6) has suggested a

complex model: "In the future, three guidelines should therefore be followed when using the instrument of differentiated integration. First, current and future DI initiatives should guarantee *permeability*. That is, even non-participating Member States should be informed and involved through EU institutions. (...) Second, the pro-integration Member States should agree to the *limitation* of using DI instruments only within the EU framework. (...) Third, but not least in importance, a strategy of *consolidation* is required to bring the various forms of differentiated integration back together. (...) Providing that these three conditions are fulfilled, differentiated integration will allow the necessary integration steps to be taken within the core of Member States to deepen the EMU without causing the EU as a whole to unravel or split." No doubt that at formal level this is a good construct for DI, since it provides the proper conditions for the genuine flexible integration. But as the most recent message in the mainstream literature it still neglects the specification of the substantial problems of South and East that can only be approached through the terms of negative-regressive divergences. Only the extended integrative balancing as a new, "flexible" cohesion policy (Freise and Galbert, 2013) with the twin DI approach (polity-policy) can provide a remedy against the backsliding of democracy and competitiveness in NMS.⁷

Although the mainstream "Western" literature has often referred to the increasing DI following the Eastern enlargement, this NMS case has not been specified. While in the NMS countries there have been regular attempts to describe the DI issue in the East (Periphery-2), these efforts have usually not been incorporated into the mainstream theories. The main message of this paper is that the reference to "heterogeneity" of member states is not a proper explanation in itself for the DI in the EU, since this term represents some kind of "neutrality". This neutral approach hides the vital issue of negative-regressive divergence in NMS that becomes clear only if it is contrasted with the mainstream EU development. What is more, the EU documents have also been based on the evolutionary idea about the quicker or slower but positive, converging development in NMS. They have not asked about the diverging negative-regressive tendencies, mostly due to the "national resistance" of NMS countries to the membership rules.⁸

The new member states from the South and the East have very rarely declared openly that they have not been ready for the EU adjustment, since at most they have negotiated for further derogations. Nevertheless, well beyond the shorter or longer delay in the proper adjustment process, in the real world there have been clear signs of the negative-regressive DI as distorted Europeanization or even De-Europeanization. This negative diverging process in NMS, however, has not been dealt with seriously by the EU leadership or by the experts so far, and therefore, it has not been taken care properly. The "forgotten crisis" of the East was mentioned from time to time by the international media but not at the official forums. For this neglect the EU is now paying the high price

in the South, and the price may be equally high in the East. By neglecting or at least marginalizing the negative-regressive divergences in NMS, and concentrating exclusively on the short term tasks of the Core-1 - or at most in the Periphery-1 - the long term perspectives of the EU28 may become lost or distorted.

In general, the EU history has shown that the conditionalities have always been severed when the EU has "redefined" itself. Namely, the increasing negative-regressive divergence of NMS provoked by the global crisis has reproduced in some ways the pre-accession situation for the NMS "at a higher level", since they are already within the EU formally-legally but regarding the real, competitive-effective membership they are in the EU still just "partially". They have to "enter" the EU again nowadays in terms of the full policy and institutional memberships, under more difficult conditionalities than originally. Sarah Kahn-Nisser (2010) has examined the changing concepts of membership, by noting that the accession is a social-constructive process through which the previous outsiders become insiders. It is very important to emphasize, indeed, that the membership (with the conditionalities) has been a social construct, since nowadays there is a big revision of this construct under the term of *Copenhagen Revisited*. The Copenhagen Revisited Project has been raised in the EU from different angles. It is not only because of the poor performance of NMS, but the perspectives of the West Balkan integration have also drawn attention to this issue (Nicolaidis and Kleinfeld, 2012).

The closer analysis of the NMS countries presupposes the conceptual framework of Europeanization and Democratization as the external and the internal reform drivers, and these terms can facilitate the proper description of the negative-regressive divergence. In the usual EU adjustment process the new members have to reach at least the "minimal" EU *compatibility* for the formal-legal membership. For the NMS countries the alternative is to stay at this "minimal" level of *formal membership* with low performance and weak competitiveness or to reach the "maximal" level of *effective membership* with high performance and strong competitiveness within the EU. However, after a decade of membership, it is clear that the NMS countries are not yet competitive in the EU, since they have been either unable or reluctant to complete the Europeanization project by following and implementing the EU level regulations of the policy and institutional memberships. Instead, they have produced a "reduced", *formal-legal*, low performing democracy with poor governance and non-sustainable social progress. Altogether, after ten years they still have a "thin", low profile Europeanization and Democratization, and not yet reached the high *performing* democracy with an effective EU membership and good governance as a "thick" Europeanization and Democratization.⁹

Europeanization has been high on the agenda only externally, in the all - directly EU related - institutions and policy fields as the "EU-ization" (Flockhart, 2010), although domestically the NMS countries have lagged behind in the other - not directly EU related

- "internal" matters as the complete Europeanization. Therefore, a strict distinction has to be made between the narrow, legally enforced EU adjustment and the broad, social progress based Europeanization. The same distinction can be seen from different angles, e. g. between the formal-institutional Europeanization in legal terms and the complex, deep Europeanization in socio-political terms. These "thin" and "thick" Europeanization can also be called "facade Europeanization" and "substantial Europeanization". It can also be paralleled with the formal-procedural and the substantive-performance Democratization. This distinction appears at the EU level between the legally united Fragmented Europe and the socially united Cohesive Europe. Altogether, the Europeanization-Democratization in NMS - with its positive or negative reinforcing processes, its virtuous or vicious circles - can lead both to the catching up process and to the peripheralization.¹⁰

Thus, the main problem of "neutral heterogeneity" mentioned above returns with a vengeance in the NMS case, since the DI has been considered from the very beginning of their membership only as the legal-technical instrument dealing with their heterogeneity in the EU ("policy" as "socio-economic" dimension), by not taking into account the European values seriously ("polity" as democracy dimension). Mistakenly, it has been evident for the EU in the NMS case that their DI would not hurt the European values as the base the democratic European *polity*. Supposedly, DI would be just aiming at supporting their socio-economic development in the catching up process by other *policy* means. Although the Bulgarian and Romanian accession already gave a serious warning sign about their negative-regressive divergence, the whole DI debate in their case was still restricted in the Progress Reports to the "technical" side by neglecting the "polity" side. Thus, even before the global crisis it was a fatal mistake of the EU not distinguishing in NMS between the positive and the negative, as well as between the progressive and the regressive DI.

Originally the Road Map of NMS was conceived in the terms of catching up with the average GDP in the EU. Even the official EU success reports after five years of membership were conceptualized and documented in the GDP-based catching up process, whereas at the time already the "Going beyond GDP" was very high on the agenda in the EU. No doubt that this type of "quantitative" catching up process has also been a basic precondition of the Cohesive Europe as an elementary working of the Convergence Machine, but without the "qualitative" catching up based on social progress it is by far not enough. All the indicators have proven that the divergence in NMS has appeared first of all in the new qualitative EU2020 terms and this has been the main reason of their "backsliding" under the pressure of the global crisis (WEF, 2012). The divergence of the NMS region from the mainstream EU developments has produced a decline in all respects of democracy, governance and sustainability as a complex deficit,

and finally it has led to a blind alley in the global competitiveness. The main lesson from these painful NMS developments is that “the history does not move in straight lines”, and the cycles of progress and decline may follow each other. Obviously, due to the global crisis, the Reverse Wave in democratization has become the new global trend with its setbacks in many countries. However, the East has shown more serious decline in democracy than the South and their backsliding process has culminated in the mid-2010s. Moreover, these democracy, governance and sustainability deficits have appeared much more drastically in NMS than in the developed member states, and in turn they have generated a deeper Core-Periphery Divide (the Core-1 and Periphery-2 Divide) than ever before.

Conclusion: The need for a new start of NMS in the EU

The present DI model has proved to be a failure to facilitate the “diversity management” and to improve the Core-Periphery Divide in the EU. In the last analysis the NMS countries have not been able to reach the level of sustainable social progress, quite to the contrary, their historical itinerary in the EU has proven to be unsustainable, and the global crisis has drastically aggravated their position. Although significant progress has been made in NMS in many policy fields, nowadays the setbacks have still dominated not only regarding the “quantitative” development, but above all in the “qualitative” development. Actually, this opening qualitative gap has also been the main reason of the failures in the quantitative catching up process, since these qualitative factors have been the main drivers for the new type of economic growth.

Basically, it has turned out that NMS have been lagging behind first of all in the new, more sophisticated terms of human investment, good governance and social progress, i.e. in the complex indicators of social capital and well-being. This “ever increasing” gap has appeared first of all between their “old timer” socio-economic development and the demands of the “new times” for the well-being type of development with modern human and social services. So far the NMS have been unable to generate the proper “extended reproduction” of their society with its various functions to reach the level of sustainability in social progress. Quite to the contrary, they have downgraded themselves in a vicious circle to the reduced reproduction of society. Therefore, they have to launch a new Europeanization program, and they have to open up towards this new type of European development in order to have “More Europe at Home”. All in all, they cannot continue even the simplest catching up process without overcoming the democracy, good governance and sustainability deficits on their own that means actually their proper “re-entry” to the EU.

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Notes:

¹ This paper relies on the recent mainstream DI literature (see e.g. first of all Tekin, 2012a,b, and Ondarza, 2013a,b), but I focus here on the Centre-Periphery Divide from the side of NMS. I have introduced the terms of integrative balancing, Multi-Floor Europe, policy (sectorial) and institutional (regional) memberships, and re-interpreted the terms of cohesion policy and Cohesive Europe etc. in my former papers (Ágh, 2013a,b and 2014a,b), and in this paper I try to further develop them. First I elaborate the conceptual framework in a contrast with the West-centric views and later I try to analyse the common problems of the NMS.

² As Gerda Falkner has pointed out, non-compliance and non-convergence have been connected in general, but the non-democratic and non-competitive models have also been connected in the Hungarian and Romanian cases in particular (Falkner, 2013: 20-21, referring to my analysis, Ágh, 2012).

³ There has been an increasing gap between the "Northern lights" and the "Southern cross" as *The Economist* comments: "A two-speed Europe has historically been a political spectre, but is has now become an economic reality. It is happening within the euro area, the heartland of European integration. On the fringes of the single-currency zone Greece, Ireland and Portugal have become ensnared in a sovereign-debt crisis. But in its northern core, driven by the German powerhouse, economies are reviving and public finances are solid. Now many fear that the economic divide could turn into a political chasm." (*The Economist*, 2011:31-32).

⁴ The most recent case is the emerging regional memberships in the functional macro-regions (FMR) like the Danube Strategy. See my parallel paper for this UACES conference on the Danube Strategy (see also Ágh, Kaiser and Koller (eds) 2011).

⁵ The financial-economic crisis has developed into a deep political and social crisis in NMS, all countries have shown similar negative trends (see Bertelsmann, 2013, 2014 and WEF, 2013, or Buckley, 2013; Demos, 2013; Epstein and Jacoby, 2014; Innes, 2014; Sedelmeier, 2014; The Economist, 2014). Obviously, Hungary can be the worst case scenario in the negative-regressive DI, given its diminishing competitiveness, but first of all due to its "illiberal democracy" that has recently been openly declared by prime-minister Orbán (2014).

⁶ First of all, Alex Warleigh (2002: 57-59) has argued in an often quoted book on DI that more flexibility leads to more complexity and less transparency, so it has raised the issue of democracy *deficit* (see also Wohlgemuth and Bandi, 2006). Moreover, the flexible integration with its "inner clubs" defines also some new rules for the collective decision-making in the EU but that raises also the problem how their decisions concern the non-members of these "clubs" (Harstad, 2006: 683-684) – and this problem is still with us.

⁷ Bard Harstad (2006) has emphasized even in the title of the paper the need for "Mandatory and Minimum Participation Rules". In the same spirit Nicolai von Ondarza (2013a,b) has also described the minimal criteria for convergence.

⁸ DI has often been discussed in the NMS literature, see e.g. Brusis, 2005; Malová, 2010; Mansfeldová et al., 2005; Zubek and Goetz, 2010, and several volumes of the Together for Europe Series (e.g. Ágh and Vass, 2013).

⁹ The NMS countries differ in their EU integration strategy to a great deal, and their integration efforts can change from time to time. Nowadays, the more pro-integration countries have been more "*converging*" with the EU mainstream developments and consolidating their position in the EU like Poland and Slovakia, while some others have recently been in the "Europe of nations" group like Hungary and Czechia.

¹⁰ There is no space here to present the complex data of international ranking institutions (Bertelsmann and WEF) on the democracy, governance and sustainability deficits in NMS. I have done it in my Progress Report at length (Ágh, 2013a).