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## **THE POLITICAL ECONOMY OF THE ACCESSION TO THE EUROPEAN UNION: THE CASE OF POLAND.**

### **Question to be researched**

This thesis will seek to explain why, in Poland, certain economic policies have not been Europeanized yet. Despite multiple pressures, that the EU exerts and the scope of contacts that have developed between the EU and Central European countries, inertia<sup>1</sup> occurs. Why?

### **Historical/Economic/Political relevance**

The issue of the Eastern enlargement of the European Union has been on the agenda for over a decade. However, only recently the process has gained momentum. The Commission confirmed that it had "set out a roadmap for concluding negotiations by the end of 2002."<sup>2</sup> Moreover, the Treaty of Nice agreed in December 2000 stipulates institutional reforms necessary for accommodating new members. Recent events and new circumstances dictate that 'accession issues' be addressed both empirically and theoretically.

The first implication of the study is about the European/external pressures exerted in countries that are not member states yet. The EU can effectively govern beyond its territory, as the *sine qua non* for accession is the compliance of prospective entrants with the rules, norms and policies of the EU. The *EU accession conditionality* encompasses economic, political and *acquis* criteria.<sup>3</sup> Consequently, Europeanization is taking place, which entails the adjustment of national institutions, laws, policies and actors to the Brussels arena. The accession conditionality affects policy options and outcomes across a range of areas in applicant countries. The EU influences domestic policy-making and political economy far beyond that exerted in previous applicant countries (they only had to implement policies resulting from *acquis* - 'the obligations of membership'). No possibility of opt-outs from parts of agenda is allowed. The extension of EU-governance is obvious. Additionally, there are also informal pressures, both economic and political, being exerted by different actors from the EU and member states. Furthermore, the Accession Partnerships are more targeted and conditionality for aid and other benefits has been specifically related to meeting certain conditions.

The second implication is about political decisions and interests, how they influence the location of economic activities and the distribution of costs and benefits of these activities. Thus, it is about the interactions between politics and economics and the consequences for the distribution of wealth and power among societies. The EU has an opportunity to shape the rules that define the development of new market economies. The question to be posed is how the EU has affected "the institutional underpinnings of government policy and social organization that are fundamental to the operation of economics."<sup>4</sup>

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<sup>1</sup> Inertia takes the forms of lags, delays in the transposition of directives, implementation as transformation, and resistance to EU-induced change

<sup>2</sup> Speech of the President of the European Commission -Romano Prodi -in the European Parliament, Brussels, 8 November 2000

<sup>3</sup>The Copenhagen European Council laid down criteria for membership in June 1993. 1. Political criteria (stability of institutions guaranteeing democracy, the rule of law, human rights and respect and protection of minorities); 2. Economic criteria (the existence of a functioning market economy and the capacity to cope with competitive pressures and market forces within the Union); 3. '*Acquis*' criteria (adoption of the entire body of the EU legislation known as *acquis communautaire* - over 80,000 pages of legal text)

<sup>4</sup> Crouch and Streck (1997) *Political economy of Modern Capitalism; Mapping Convergence and Diversity*. London: Sage

### Historical/Policy significance of the research

This research is to contribute to a debate on the processes of Europeanization in countries which are not the EU member states yet. As the topic constitutes a relatively unexplored terrain, there is a need to invest effort in theorising and empirical research.

### Theoretical relevance

The theoretical aim of this research is to investigate whether existing theories are relevant to the study of EU enlargement to the East. While much has been written about European integration, most of the scholarly work is concerned with the developments at the European level and domestic level in member states but they do not address the issue of enlargement sufficiently. In fact, there is no “enlargement theory” (Ulrich Sedelmeier, 2001). The subject has been so far neglected in theoretical studies of the EU (Schimmelfenning 2000, Wallace forthcoming). There are no sufficiently detailed models of the national public policy and policy-making that are actually emerging in CEE to say how much convergence is taking place (Grabbe, 1999).

I would claim that theories of Europeanization and political economy can help analyse the complex reality of accession process. The literature on Europeanization addresses the issue of “the growing institutionalization of the EU policy process at the same time as it indicates the ‘Europeification’ or ‘Europeanization’ of national politics and policy-making.”<sup>5</sup> This line of research treats the EU as a set of independent and intervening variables and seeks to explore its impact on national policy patterns and domestic politics.<sup>6</sup> On the other hand, an IPE approach takes into account interrelations between state, society and market. Gilpin (1987) claims that “a theory of political economy will require a general comprehension of the ways in which social, economic, and political aspect of society interact.”<sup>7</sup> Strange (1994) puts forward the fundamental question of IPE on how power has been used to shape the political economy and the way in which it distributes costs and benefits, risks and opportunities to social groups, enterprises and organization within the system: *who-gets-what?*

In general, the level of European adaptation pressure on domestic political economy and the extent to which the domestic context facilitates or inhibits adjustments explain a differentiation in institutional adjustment across countries and policy sectors. Radaelli (2000) claims that the post-ontological focus of Europeanization brings us to questions, such as the role of domestic institutions in the process of adaptation to Europe. The final results in terms of ‘strengthening’ or ‘hollowing out’ of the state are always conditional, for example, it depends on the configuration and response of domestic institutions. Börzel & Risse (2000) claim that the lower the compatibility between European and domestic processes, policies, and institutions, the higher the adaptational pressure. The external dimension of EU-governance should not be ignored. By framing its relations with outsiders in terms of the perspective of membership, by establishing structures and stepping stones towards accession, the EU can more effectively govern beyond its territory (Lykke & Murphy, 2001).

However, there are some drawbacks of 'Europeanization literature' approach. My criticism will concentrate on its two aspects. First, the conceptual research on the impact of Europeanization on domestic change has been restricted to member states only, although there is evidence of

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<sup>5</sup> Cowles, Caporaso, and Risse, 2001. *Europeanization and Domestic Change*. Ithaca: Cornell University Press

<sup>6</sup> Lavdas, Kostas A., 1997. *The Europeanization of Greece. Interest politics and the Crises of Integration*. London; Macmillan Press Ltd

<sup>7</sup> Gilpin, Robert (1987) *The Political Economy of International Relations*. New Jersey: Princeton University Press.

Europeanization outside the current domain of the EU.<sup>8</sup> Moreover, there is no definition of Europeanization with the reference to countries which are not member states. Does Europeanization mean the same for Germany and Poland? We need to remember about a status of applicant countries from Central East Europe as 'countries in transition.' The issue of power relations is not addressed explicitly. There are crucial differences in relations between the EU - member states, and the EU - applicant countries. Second, the research seeks to address mainly political issues and political systems, being penetrated by European policies, but neglecting economic dimension. I will claim that economic factors matter. Consequently, I would propose to 'adapt' a conceptual framework offered by Europeanization literature.

### **Proposed alternative theoretical solutions**

In order to explain why inertia occurs in response to the pressures of Europeanization we need to consider an endogenous dimension. I will suggest analysing '*state's idiosyncrasy*'. By this phrase, I mean state-society-market relations: complexions of government in Poland, the role of domestic institutions, domestic pressures and interests and the nature of the economy. It will help assess the extent to which the control of economic and political activity is 'nationalized.' In this context, 'nationalization' means stressing distinctively Polish character, as opposed to Europeanization. Although all-encompassing EU policy prescriptions leave little room for Polish policy-makers to manoeuvre, policy-makers still attempt to have a say.<sup>9</sup> This is an expression of 'nationalization' of policy-making. Consequently, the research will address the issue of Polish efforts to be in a position to influence regimes governing aspects of the European political economy, to get some leverage, although it understands that the whole process of accession is an asymmetrical game with the hegemonic EU<sup>10</sup>. The relations can be described as policy-maker/ policy taker pattern.

### **Theoretical significance of the research**

By pinpointing main drawbacks of Europeanization literature I want to propose a framework for approaching a 'distinctive case' of applicant countries from Central and Eastern Europe. This research should offer a potential for understanding the impact of the processes of Europeanization on the development of public policy in Poland, and evolving European dimension of Polish political economy.

### **Methodology; research designs**

Case study of one of policy sectors in Poland where inertia occurs (but second case can be included for some comparisons)

### **Data and data sources**

The use of multiple methods should help overcome the main obstacles to knowledge. Interviewing and library research are among the most useful methods. Interviews are crucial for revealing inside views of the process, personal experiences, opinions and attitudes. Policy-makers, negotiators and interpreters may give verbal and visual accounts of the accession process. Official documents will be analysed; Commission reports on progress towards accession, other EU documents and reports such as negotiation positions. Moreover, the National Plan for the Adoption of the Acquis, documents and reports produced by governmental departments are important.

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<sup>8</sup> As Radaelli (2000) pointed out in *Whither Europeanization? Concept stretching and substantive change* European Integration online Papers (EIoP) Vol. 4 (2000) N° 8

<sup>9</sup> Fowles (2001) claims that it is worthy of investigation the vagueness of some of the accession criteria and requirements which gives the EU or the candidate states more room for manoeuvre is.

<sup>10</sup> Checkel (2000) uses the term 'hegemonic actor' to describe the role of the EU in the process.