



# COMING TOGETHER OR DRIFTING APART?

Political Change in New Member States, Accession Candidates, and Eastern Neighbourhood Countries

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Tanja A. Börzel

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Freie Universität Berlin  
MAXCAP  
„Maximizing the integration capacity of the European Union: Lessons and prospects for enlargement and beyond“  
Ihnestr. 22  
14195 Berlin  
Germany  
Phone: +49 30 838 57656  
Fax: +49 (0)30 - 838-55049  
[maxcap@zedat.fu-berlin.de](mailto:maxcap@zedat.fu-berlin.de)  
[www.maxcap-project.eu](http://www.maxcap-project.eu)



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# COMING TOGETHER OR DRIFTING APART? POLITICAL CHANGE IN NEW MEMBER STATES, ACCESSION CANDIDATES, AND EASTERN NEIGHBOURHOOD COUNTRIES

TANJA A. BÖRZEL

## Abstract

Some of the key questions we seek to examine in MAXCAP's work package 1 are whether the EU's 2004/2007 enlargement has been a success in political terms for the new member states. How do the political effects of Eastern enlargement compare to the changes in democratic and effective governance we observe in (potential) candidates, and to what extent does the European Neighbourhood Policy deploy transformative power in the absence of a membership perspective?

This working paper shall provide the basis for assessing the EU's external integration capacity in terms of the political change in new member states, current and potential candidates, and neighbourhood countries. First, the paper offers a conceptualization of political change by focusing on democratic and effective governance. Second, it discusses different indicators that allow to measure changes in the democratic quality and governance capacity. Third, it reviews and assesses the macro-quantitative data available.

The paper finds that political change in post-communist countries after the end of the Cold War shows overall progress, which is more pronounced and less diverse with regard to democracy than governance capacity. Still, there are significant disparities in democratic quality and governance capacity that mark a rift between the "old" member states in Western Europe and the "new" member states and candidate countries in Eastern Europe, which becomes even more pronounced when the Eastern neighbours of the EU are included in the analysis.

In MAXCAP's future research, we will adopt a more x-centred approach to understand the effects of the EU on democratization and democratic consolidation as well as on governance capacity in the context of enlargement and the European Neighbourhood Policy. This will also allow us to grasp the magnitude of political change by exploring problems of democratic back-sliding within all three clusters of countries and the extent to which the lock-in by the EU has failed and why.

## The Author



Tanja A. Börzel holds the Chair for European Integration at the Freie Universität Berlin. She received her PhD from the European University Institute in Florence, Italy in 1999. From 1999 to 2004, she conducted her research and taught at the Max Planck Institute for Research on Collective Goods in Bonn, the Humboldt-Universität zu Berlin and the University Heidelberg. Her research focus and teaching experience lie in the field of institutional theory and governance, European integration, and comparative politics with a focus on Western and Southern Europe. She mainly concentrates on questions of institutional change as a result of Europeanization as well as on the diffusion of European ideas and policies within and outside of the EU. Since 2009 she has been leading the Kolleg-Forscherguppe (KFG) “The Transformative Power of Europe” together with Prof. Dr. Thomas Risse and she is coordinator of the MAXCAP consortium.

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## 1. Introduction<sup>1</sup>

With enlargement, the EU has sought to actively promote democracy, human rights, and the rule of law. The ‘golden carrot’ of membership is considered to form the core of the EU’s transformative power in the context of Eastern enlargement. As in the case of the Central and Eastern European countries (CEEC), the EU seeks to transform the domestic structures of its Southern and Eastern neighbours in order to foster peace, stability, and prosperity in the two regions closest to its border. The European Neighbourhood Policy (ENP) was explicitly designed to address problems of ‘bad governance’. The EU sees authoritarianism and corruption as major sources of political instability that create significant negative externalities for the EU, including illegal immigration, transborder crime and energy insecurity. Against this assessment, it seems only rational that the EU seeks to replicate its successful experiment of promoting good – both effective and legitimate – governance in the CEEC and, consequently, modelled the ENP on its Enlargement Policy (Kelley 2006). Yet, how effective a transformative power is the EU? Has the EU been able to increase the aptitude of non-members to satisfy its political criteria for membership and closer relationships below membership, respectively (see Schimmelfennig 2014)?

One of the aims of the first work package (WP1) of MAXCAP is to assess the extent to which the EU’s 2004/2007 enlargement has been a success in political terms for the new member states, how its Eastern enlargement’s political effects compare to the changes in democratic and effective governance we observe in (potential) candidates, and to what extent the European Neighbourhood Policy deploys transformative power in the absence of a membership perspective. More specifically, WP1 will assess the EU’s external integration capacity in terms of changes in democratic consolidation, democratization, and governance capacity in the new member states, the current and potential candidates in the Western Balkans and Turkey, and the European Neighbourhood Countries (ENC). With respect to the new member states, we will establish whether we need to re-evaluate previous conclusions on the EU locking-in democratic changes. Regarding the (potential) candidates from the Western Balkans and Turkey as well as the neighbourhood countries, we will aim to find out whether the EU has been able to repeat its relative success of Eastern enlargement and push democratic reforms further rather than merely shoring-up incumbent regimes with limited democratic credentials and governance capacities.

This paper shall provide the basis for assessing the EU’s external integration capacity. It starts with conceptualizing the political change in new member states, current and potential candidates, and neighbourhood countries focusing on the two components: democratic and effective governance. The second part will discuss different indicators that allow to measure changes in the democratic quality and governance capacity. We will provide a review and assessment of the macro-quantitative data available. The third part uses two indicators that appear most appropriate to trace political changes with regard to democracy and governance capacity in the new members, current and potential candidates, and the Eastern neighbours. The paper concludes with an outlook on the way ahead in terms of exploring and explaining the variation we observe across countries and across time.

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## 2. The EU's External Integration Capacity: Political Change in Democracy and Governance Capacity

Since the end of the Cold War, the EU has sought to actively foster peace, stability and prosperity in the post-communist countries by essentially exporting its norms and principles of good governance to promote the democratic quality and effectiveness of government institutions (cf. Börzel et al. 2008b). EU enlargement policy became the most comprehensive foreign policy framework for encouraging domestic reform processes in non-member states. In 1993, the Copenhagen European Council formally accepted the possibility of membership of all associated CEE countries – provided that they become functioning democracies and market economies capable of applying the EU body of law (*acquis communautaire*).

In Eastern Enlargement, the EU had been mostly concerned with human rights, minority protection in particular (Kelley 2004; Sasse 2008; Schwellnus 2005), and the administrative capacity of the CEE candidates for legal approximation with the *acquis communautaire* (Dimitrova 2002). Democratic consolidation was an issue with Slovakia, which was relegated in 1997 to the second group of CEE countries not deemed ready for opening accession negotiations for the illiberal tendencies of the Meciar government (Dimitrova/Pridham 2004; Henderson 1999; Haugthon 2007; Pridham 2002). With the second group, including also Bulgaria, Romania, Lithuania, and Latvia, the EU became increasingly concerned about the slow progress regarding judicial reforms and the fight against corruption. The accession of Romania and Bulgaria was postponed by two years due to insufficient progress in minority protection, the rule of law, the fight against corruption, and the competitiveness of their economies (Haugthon 2007; Noutcheva/Bechev 2008).

The EU approach to the current candidate countries in the Western Balkans has been closely following the CEE trajectory (cf. Elbasani 2013; Magen/Morlino 2008). Similar to enlargement, the EU Western Balkan policy *inter alia* aims at “the creation of an institutional and legislative framework to underpin democracy, the rule of law and human and minority rights, reconciliation and the consolidation of civil society, the independence of the media and the strengthening of legality and of measures to combat organised crime” (Council of the European Union 2000). Yet, in order to stabilize a region ridden by ethnic violence and lingering conflicts, strengthening the effectiveness of governance institutions has become even higher a priority than in the CEE countries (Bieber 2011; Börzel 2013; Pickering 2011). Problems of limited and contested statehood are less of an issue in Turkey. Yet, besides locking-in democratic change, particularly in the area of minority rights, public sector reform and the fight against corruption have been a major focus in its accession process (Börzel et al. forthcoming; Müftüler Baç 2005; Noutcheva/Düzgit 2012). Next to strengthening Turkey's governance capacity, the EU has sought to resolve the frozen conflict in Cyprus, the Kurdish question, and the Turkish-Greek conflicts in the Aegean Sea (Celik Betül/Rumelili 2006; Cengiz/Hoffmann 2013; Diez/Noutcheva 2009).

As in the case of the past and current candidate countries, the EU seeks to transform the domestic structures of its neighbours in order to foster peace, stability, and prosperity. The European Neighbourhood Policy aims at promoting the democratic quality and effectiveness of government institutions of the EU's Eastern and Southern Neighbours, without offering a membership perspective, though (Börzel/van Hüllen 2011; Kelley 2006; Magen 2006).

It is the task of the fifth work package (WP5) of MAXCAP to explore in detail the political effects the EU seeks to have on the domestic structures of new members, candidates and neighbours (see also Börzel 2010; Börzel et al. 2008b; Börzel/Risse 2009). While its goals, modes, and strategies may vary across and within these three groups of countries (Börzel et al. 2008a; Wetzel/Orbie 2011a), overall, the EU aims at promoting their democratization and democratic consolidation, on the one hand, and at improving their governance capacity, on the other. The former includes the rule of law, minority rights, and other political reforms that are necessary to qualify for (more) integration with and into the EU. The latter refers to the administrative capacity, the quality of public service, regulatory quality, and the fight against corruption. This paper, hence, will provide a basis for assessing the EU's external integration capacity in terms of improvements in the democratic quality and governance capacity in new and non-member states (see Schimmelfennig 2014).

The EU's external integration capacity is highly contested, largely due to the absence of a (consistent and credible) membership perspective that would increase the preparedness for membership of non-members (inter alia Bieber 2011; Caiser 2011; Magen 2006; Noutcheva/Düzgit 2012; Schimmelfennig/Scholtz 2008; Silander/Nilsson 2013). A comparison of changes in democratic quality and governance capacity across time and countries paints an ambivalent picture, though. In order to measure the strength of the EU's external integration capacity, we need to assess the degree of change in the democratic quality and governance capacity in new member states, current and potential candidates, and neighbourhood countries. After having established that there is progress in democratization and democratic consolidation as well as governance capacity, we can investigate to what extent these changes in the EU's external integration capacity, or the lack thereof, can be attributed to the EU's modes of political integration or rather relate to other factors, such as domestic drivers (e.g. elite constellations, communist legacies) or the influence of other external actors (e.g. Council of Europe, U.S., Russia). Focusing on the performance of new and non-members also allows for detecting unintended manifestations of the EU's modes of integration as they have been discussed for the EU stabilizing non-democratic and corrupt regimes in its Southern and Eastern neighbourhood (Börzel/Pamuk 2012; Wetzel/Orbie 2011b; Youngs 2004). Likewise, it helps exploring more recent concerns that EU may have failed to lock-in democratic changes in new member states (Börzel/Van Hüllen 2013; Sedelmeier 2014; Spendzharova/Vachudova 2012).

MAXCAP treats democratic quality and governance capacity as two different manifestations of the EU's external integration capacity. Yet, depending on the understanding of democracy and governance capacity, the two aspects are entangled.

## 2.1 *Democracy: Thin vs. Thick*

The early literature tended to define democracy in terms of free and fair elections and its institutional requirements (Dahl 1971; Schumpeter 1950). A minimalist definition of "electoral democracy" with its focus on the processes of free and competitive elections sustained by civic and political rights is easy to delineate from issues related to effective governance, such as administrative capacity, the quality of public service,

regulatory quality, and the fight against corruption. Electoral democracy has been increasingly contrasted with a thicker conceptualization of liberal democracy, which also requires certain structural elements, including the rule of law and checks and balances to constrain the power of the executive as well as extensive provisions for political and civil pluralism (Diamond 1996; Lipset 1994; O’Donnell 1996).<sup>2</sup> The thickest and most encompassing concept seeks to systematically account for structural conditions underpinning or “embedding” democratic processes, including state capacity, civil society, and socio-economic development (Linz/Stepan 1996; Merkel 2004; Wetzel/Orbie 2011b). Governance capacity becomes, hence, a prerequisite for democracy since it relies on “the effective capacity to command, regulate, extract”, i.e. needs a “functioning state and a state bureaucracy” (Carothers 2007; Fortin 2012; cf. Huntington 1968; Inglehart/Welzel 2005; Linz/Stepan 1996: 11; Mann 1984; Putnam 1993).<sup>3</sup>

Minimalist <i>Electoral Democracy</i>	Thin <i>Liberal Democracy</i>	Thick <i>Embedded Democracy</i>
<ul style="list-style-type: none"> <li>• competitive, multiparty political system</li> <li>• universal adult suffrage</li> <li>• regular, free, and fair elections</li> <li>• political rights</li> <li>• free and pluralist media</li> </ul>	<p style="text-align: center;">+</p> <ul style="list-style-type: none"> <li>• separation of powers</li> <li>• rule of law</li> <li>• civil liberties (freedom of association, protection against state interference)</li> </ul>	<p style="text-align: center;">+</p> <ul style="list-style-type: none"> <li>• effective governing institutions (stateness/governance capacity)</li> <li>• accepted governing institutions (political culture, social integration)</li> <li>• socio-economic development</li> <li>• civil society</li> </ul>

*Table 1: Thin and Thick Democracy*

The EU has adopted a thick concept of embedded democracy, which it projects on to candidate and neighbourhood countries. The Copenhagen criteria for membership, which also inform the European Neighbourhood Policy, not only require countries to have stable institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities, and market economy. They also have to be able to implement the *acquis communautaire* which presupposes an intact monopoly of the use of force as well as functioning governing institutions, and an effective public administration in particular

<sup>2</sup> A broader understanding also covers behavioural and attitudinal aspects, such as the absence of anti-democratic forces and a strong public belief that democracy is the most appropriate form of governance (Linz/Stepan (1996); cf. McFaul (2004); Pridham (2009)).

<sup>3</sup> Bäck and Hadenius (2008) propose a reverse causal relationship exploring the effect of democracy on state capacity. For critical reflections on the general link between governance and democracy see North et al. (2008).

(Dimitrova 2002, 2005). As we will explore in further detail in WP5, EU conditionality and capacity-building tends to focus on improving the structural conditions for democracy (governance capacity, socio-economic development) rather than directly improving the democratic quality by insisting on free and fair elections or the respect for political and civil rights. Where the EU pays attention to the rule of law, it is related to the fight against corruption rather than democratic accountability (Börzel/van Hüllen 2011; Wetzel/Orbie 2011b; Youngs 2009).

While the EU sees democratic and effective governance as two sides of the same coin, its policies vary in the extent to which they aim at improving the democratic quality of a regime or at strengthening its governance capacity (Börzel et al. 2009; Lavenex/Schimmelfennig 2011; Wetzel/Orbie 2011b).

## 2.2 *Governance Capacity: Monopoly of Force, Administrative Capacity and Bureaucratic Efficiency*

Like democracy, governance capacity is a multi-dimensional concept. A principal distinction can be made between input and output-oriented approaches. The latter measures the governance capacity of states in terms of performance. The focus on governance output is ultimately based on political theories that hold that individuals cede some of their natural rights to the state which in return provides them with public goods and services, such as security, representation and welfare. Or, the state is tasked to provide such goods and services where markets fail to do so (Milliken/Krause 2002; Zürn/Leibfried 2005). Performance or quality indicators include civil violence (Fearon/Laitin 2003; North et al. 2012), economic growth (Acemoglu/Robinson 2012; North 1981), welfare provision (Skocpol 1992), or democratization (O'Donnell 1993). Yet, such output-related measures of governance capacity are problematic since different actors, state and non-state, can and do provide public goods and services, which explains, for instance, why failed states are not necessarily ungoverned spaces (Risse 2011b).

Input-oriented approaches therefore focus on the two dimensions of the state that are deemed constitutive for the effective provision of public goods and services: the monopoly of the use of physical force and the adoption and enforcement of central political decisions. The two dimensions are based on Max Weber's concept of the state as an institutionalized authority structure with the ability to rule authoritatively and to legitimately control the means of violence (Risse 2011a; Weber 1947). They also correspond to Mann's distinction between infrastructural and despotic power (Mann 1984). The extent to which a state holds the monopoly of the use of force within its territory can be quite easily measured by the absence or presence of other actors that deploy means of violence, such as rebel groups, secessionist, warlords, criminals, or terrorists (Fearon/Laitin 2003). The ability to adopt and enforce central political decisions is more difficult to grasp.

One strand of the literature focuses on administrative capacity in terms of the resources an administration has at its disposal to adopt and implement collectively binding decisions, including money, personnel, and expertise (cf. Migdal 1988; Soifer 2008; Stark/Bruszt 1998). Another emphasizes bureaucratic efficiency

defined by the degree of institutional fragmentation in an administration (dispersion of administrative competencies and strength of inter-administrative coordination), its autonomy (independence of political interference), the level of professionalism of bureaucrats (performance-based recruitment and promotion), or the level of corruption (Bäck/Hadenius 2008; Evans/Rauch 1999; Geddes 1994; Mungiu-Pippidi 2006). Table 2 summarizes the three dimensions of governance capacity.

<i>Monopoly of the use of force</i>	<i>Administrative Capacity</i>	<i>Bureaucratic Efficiency</i>
control over means of violence	administrative resources	bureaucratic quality
<ul style="list-style-type: none"> <li>• military capacity</li> <li>• non-state actors using means of violence</li> </ul>	<ul style="list-style-type: none"> <li>• finance</li> <li>• personnel</li> <li>• expertise</li> </ul>	<ul style="list-style-type: none"> <li>• institutional fragmentation</li> <li>• institutional autonomy</li> <li>• professionalism</li> <li>• control of corruption</li> </ul>

Table 2: *Monopoly of Force, Administrative Capacity and Bureaucratic Efficiency*

### 3. Measuring Political Change

As we have seen in the previous section, the literature has conceptualized democracy and governance capacity in different ways. Accordingly, we find a variety of indicators that measure different aspects or dimensions. A study commissioned by the Statistical Office of the Commission of the European Communities (Eurostat) and published more than a decade ago identified 170 initiatives that undertook major efforts to measure democracy and good governance, of which “45 main initiatives have developed methodologies or indicators that have stood the test of time, are used frequently in empirical studies and policy documents, are updated regularly or are cited as examples of best practice” (Landman 2003: 1). This paper has to confine itself to discussing the most frequently used because of the wide geographical and long temporal coverage.

#### 3.1 Democracy

The Freedom House ‘Freedom in the World Index’ (FH) indicator for *political rights* conforms most closely to the concept of electoral democracy since political rights enable people “to vote freely for distinct alternatives in legitimate elections, compete for political office, join political parties and organizations, and elect representatives who have a decisive impact on public policies and are accountable to the electorate”.<sup>4</sup> The scores range from 1 through 7, with 1 representing the highest and 7 the lowest level of freedom. Data are available since 1972 and for 195 countries. The *Freedom in the World* rating (free, partly free, not free) averages the scores for political rights with the ones for civil rights, the latter of which report on the freedom of expression, belief, and association, the rule of law, and the protection of personal autonomy from state interference. Freedom House also identifies “electoral democracies” that meet certain minimum standards with regard to the electoral process and political rights. While being widely used, Freedom House is criticized for including too many components in its definition of political and civil rights and for not

4 <http://www.freedomhouse.org/report/freedom-world-2012/methodology>; last access November 23, 2013.

providing clear coding rules (Bollen 1986; Munck/Verkuilen 2002; Ryan 1994). Moreover, there are too few intermediate steps in the 7 point scale to detect quality differences, particularly in consolidated democracies over time (Bühlmann et al. 2008). Finally, it has been accused of an ideological bias against former communist states and Islamic countries (Landman 2003).

In order to capture both procedural and structural elements of democracy, FH political and civil rights are combined with the Polity IV (Börzel/van Hüllen 2011). *Polity IV* codes the authority structures of 167 states that have a total population of 500,000 or more over the period 1800-2012. The scheme consists of six component measures of executive recruitments, constraints on executive authority, and political competition. It also allows to detect changes in the institutionalized qualities of governing authority. The scale ranges from -10 to 10 where -10 is the least democratic and 10 the most democratic regime.<sup>5</sup> For computing the combined Freedom House/Polity IV index, the average of FH political rights and FH civil rights is transformed to a scale 0-10; so is Polity IV. Both are averaged into the combined score. Where data on individual countries are missing, values are imputed by regressing Polity IV on the average FH political rights measure, which is possible since the two indices correlate (see below).<sup>6</sup> The combined index shows a higher validity and reliability than its constituent parts (Hadenius/Teorell 2005). Since both Freedom House and Polity IV do not have intermediate values, the combined indicator has similar difficulties in measuring differences and changes in the quality of autocracy/democracy (Coppedge et al. 2011; Landman 2003; Reich 2002).

Freedom House and Polity IV are by far the most frequently used indicators to measure (changes in) democratic quality of regimes. There are a few alternative measurements: The voice and accountability indicator of the World Bank's World Governance Indicators (WBI) measures the extent to which citizens are able to participate in selecting their government and enjoy political freedoms (expression, association, media). Unlike FH political rights and Polity IV, the dataset only exists since 1996 and has certain years missing. Moreover, WBI voice and accountability suffers from serious problems of reliability when making cross-time comparisons, since the number and nature of sources used have changed over time to increase the validity of various components (Apaza 2009; Langbein/Knack 2010).

The Bertelsmann Transformation Index (BTI) defines five criteria for measuring the status of political transformation, aka democracy: political participation (elections), stateness (governance effectiveness), rule of law (separation of power), stability of democratic institutions (performance and acceptance), and political and social integration (culture). BTI, hence, adopts an embedded concept of democracy. It hence combines, and partly uses, measures of other indices. Political participation, for instance, combines free and fair elections (FH political rights) with effective power to govern, and political freedoms (WBI voice and accountability).<sup>7</sup> BTI status of political transformation suffers from similar weaknesses as WBI. Measures for the five criteria are only available since 2003 and lack data for every other year. Their focus on transition countries precludes a comparison with consolidated democracies since Western industrialized states are not covered. Finally, the scale changed over time and the sources used are not transparent (Blodt 2005; Coppedge et al. 2011).

5 <http://www.systemicpeace.org/polity/polity4.htm>, last access November 23, 2013.

6 For the combined index, FH political rights is transformed to a scale 0-10 and then averaged with Polity IV. It performs better in terms of validity and robustness than the constituent parts Hadenius/Teorell (2005).

7 <http://www.bti-project.org/index/methodology/>, last access November 23, 2013.

An equally broad index has been developed by the Economic Intelligence Unit (EIU). Its Democracy Index uses ratings on the score 0-10 for 60 indicators that are grouped in five categories: electoral process and pluralism, civil liberties, functioning of government, political participation, and political culture.<sup>8</sup> Similar to Freedom House, countries are grouped together according to their index values into four groups: full democracies, flawed democracies, hybrid regimes, and authoritarian regimes. Like WBI and BTI, the index starts rather recently in 2006 and is only available for selective years, which precludes a solid cross-time comparison. Measurements rely mostly on expert surveys; the data lacks transparency and is not openly accessible (Coppedge et al. 2011).

The *democratic accountability indicator* of the *International Crisis Risk Group* (ICRG) seeks to capture the responsiveness of governments to their citizens, with higher responsiveness attributed to lower risk. It forms part of the ICRG model for forecasting financial, economic, and political risk, being one of 12 political risks components and scores range from 0 (high risk) to 6 (low risk).<sup>9</sup> Like BTI, ICRG relies on data collected and evaluated by regional experts. Moreover, its clientele are mostly international investors which may distort assessments of risks toward those that are considered most relevant for business (Williams/Siddique 2008). Like EIU, the data are not openly accessible but have to be purchased.

The *Polyarchy Dataset* compiled by a Finish professor, Tatu Vanhanen, follows Dahl's rather thin concept of democracy focusing on party competition and political participation.<sup>10</sup> Rather than relying on expert assessments, both measures are calculated using election data (the share of votes of small parties, percentage of total population casting a vote). While *Polyarchy* has the advantage of "objective" and easily accessible data, it is based on a minimalist concept of democracy (Hadenius/Teorell 2005). Moreover, the dataset ends in 2000.

Research on democracy and democratic change can draw on a variety of measurements, of which we have only discussed the most frequently used. Each has its weaknesses. Beyond questions of validity, reliability and availability of data, we can distinguish two types of indices: those adopting a rather thin concept of democracy, focusing on basic civil rights and the conduct of free elections (Freedom House, ICRG, Polyarchy), and those working with a thick concept of embedded democracy including structural preconditions, such as the performance (stateness, rule of law) and acceptance (political culture, social integration) of government institutions (BTI, WBI, EIU).

The various indices highly correlate (figure 2). Since MAXCAP seeks to evaluate democratic quality and governance effectiveness separately, without denying that they might be causally linked, we will use the combined measure of *FH political rights* and Polity IV. By imputing missing values, we obtain time series data for all our 23 countries in the years 1972-2012, which allows us to trace democratic changes across time and space. The findings in the next section on the changes, or the lack thereof, are robust, i.e. do not depend on the measures we use.

8 [https://portoncv.gov.cv/dhub/porton.por\\_global.open\\_file?p\\_doc\\_id=1034](https://portoncv.gov.cv/dhub/porton.por_global.open_file?p_doc_id=1034), last access November 23, 2013.

9 [http://www.prsrgroup.com/ICRG\\_methodology.aspx#PolRiskRating](http://www.prsrgroup.com/ICRG_methodology.aspx#PolRiskRating), last access November 23, 2013.

10 <http://www.prio.no/Data/Governance/Vanhanens-index-of-democracy/>, last access November 23, 2013.

	Variable	Mean	Std. Dev.	Min	Max
FH political rights & civil rights	fhpr_cl	2.62	1.51	1	6.5
Polity IV	polity2	6.7	4.89	-7	10
FH mit Polity IV kombiniert	fh_polity2	7.8	2.39	1.13	10
WGI Voice and Accountability	wbgi_vae	0.22	0.74	-1.77	1.32
ICRG bureaucratic quality	icrg_bq	2.19	0.89	1	4
ICRG corruption	icrg_corr	2.54	0.87	1	5
ICRG law and order	icrg_lawan~r	4.23	0.73	2	6
WGI government effectiveness	wbgi_gee	0.15	0.67	-1.17	1.15
WGI Control of corruption	wbgi_coc	-0.07	0.6	-1.15	1.02
WGI Rule of Law	wbgi_rle	0.04	0.67	-1.29	1.09
WGI regulatory quality	wbgi_regqual	0.34	0.77	-1.85	1.39
TI corruption perception index	cpi	3.78	1.16	1.5	6.7

Figure 1: Democracy and Governance Capacity Indicators (MAXCAP 23)<sup>11</sup>

	fhpr_cl	polity2	fh_pol~2	wbgi_vae	icrg_bq	icrg_c~r	icrg_l~r	wbgi_gee	wbgi_coc	wbgi_rle	wbgi_r~l	cpi
fhpr_cl	1											
polity2	-0.87	1										
fh_polity2	-0.97	0.97	1									
wbgi_vae	-0.97	0.83	0.93	1								
icrg_bq	-0.73	0.62	0.7	0.81	1							
icrg_corr	-0.4	0.26	0.34	0.52	0.56	1						
icrg_lawan~r	-0.32	0.23	0.29	0.31	0.42	0.43	1					
wbgi_gee	-0.84	0.68	0.79	0.9	0.88	0.52	0.37	1				
wbgi_coc	-0.8	0.62	0.73	0.87	0.83	0.61	0.39	0.94	1			
wbgi_rle	-0.84	0.69	0.79	0.9	0.83	0.54	0.44	0.96	0.93	1		
wbgi_regqual	-0.88	0.78	0.86	0.91	0.78	0.38	0.27	0.92	0.84	0.92	1	
cpi	-0.62	0.43	0.55	0.69	0.68	0.59	0.31	0.81	0.89	0.81	0.68	1

Figure 2: Correlation of Democracy and Governance Capacity Indicators (MAXCAP 23)

### 3.2 Governance Capacity

Governance capacity features somewhat more prominently in the (external) Europeanization literature, which reflects the interest of both the EU and the research community in the effective implementation of the *acquis communautaire*, for which governance administrative capacity and bureaucratic efficiency deem indispensable in both member and non-member states.

By far the most studies draw on one or several of the *World Bank Governance Indicators* (WGI) for *government effectiveness*, *regulatory quality*, *rule of law*, and *control of corruption*. It also includes *voice and accountability*, which, however, is a measure for democracy rather than governance capacity. *Government effectiveness* focuses on the perception of the quality of public services, the public administration, the policy-making process and the commitment of the government. In a similar way, *regulatory quality* reports

11 MAXCAP 23 refers to the 11 new member states, which joined the EU since 2004, the five current and potential accession candidates (Western Balkan + Turkey), and the six Eastern European Neighbourhood Countries/Eastern Partners.

on the perceptions of the ability of the government to effectively provide public goods and services while *rule of law* taps into the confidence in and compliance with the law as well as the enforcement by the public authorities (policy, courts). Control of corruption, finally, relates to perceptions of the level of corruption and the fight against it. The WGI rescales the individual indicators, including voice and accountability, and constructs the composite measure as their weighted average. The scale ranges from -2.5 to 2.5. Beside the problems already discussed (see above), the aggregate indicators draw on more than 30 different sources, which raises issues about the independence of assessment and transparency of the data. Moreover, the WGI indicators overlap and partially measure the same broad concepts (Apaza 2009; Landman 2003; Langbein/Knack 2010).

The *Political Risk Rating of the International Crisis Risk Group* (ICRG) provides a similar variety of indicators as WGI, including bureaucratic quality, law and order, and corruption. Democratic accountability is also part but again relates to democracy rather than governance capacity. The scale for the three governance capacity indicators ranges from 0 to 6 (to 4 for bureaucratic quality). Similar to WBI regulatory quality, ICRG bureaucratic quality measures the ability to govern and make effective policies but also focuses on recruitment and training. Likewise, ICRG law and order strongly resembles WGI rule of law. ICRG corruption assesses corruption and corrupt practices, such as secret party funding, job reservations, nepotism etc. Yet, it relates to the political risk associated with corruption rather than corruption per se, which explains why it does not strongly correlate with WGI control of corruption (see figure 2). Moreover, ICRG data draw on expert opinion polls that use a small sample of individuals, mostly from the business world, that offer their assessments of corruption, the rule of law, or the quality of the bureaucracy. As a result, their opinions tend to reflect the general state of the economy rather than governance capacity (Landman 2003).

The BTI stateness indicator covers the monopoly of the use of force and basic administration. However, it also includes state identity and religious interference, which adds to the problems already discussed above.

Corruption and rule of law (independence of the judiciary) feature prominently in other, less well known and used measurements, such as the Public Institutions Index of the World Economic Forum (starting only in 2006), the Public Sector Performance Indicators of the European Central Bank (only available for 1990 and 2000), or the government efficiency index used in the World Competitiveness Yearbook, which is also used in the aggregation of the WGI government effectiveness and contains a “modernization bias” towards minimal state intervention, competition, and a strong middle class. A frequently used measurement for corruption is the Transparency International Corruption Perception Index (CPI), which is a composite index combining several surveys and polls on the perceptions of the degree of corruption by business, risk analysts and the general public. The scale ranges from 10 (highly clean) to 0 (highly corrupt). In 2012, TPI changed the scaling to 0-100. The CPI starts in 1995 and exclusively relies on surveys. Aggregated data is available for 1980-1985, 1988-1992 and 1993-1996 using different sources.

The different governance capacity indices are somewhat more heterogeneous (see figure 2). The World Governance Indicators correlate with each other as well as with ICRG bureaucratic quality. The TPI Corruption Perception Index strongly correlates with WGI whereas its relation with both ICRG indicators is weaker.

Given the availability and reliability of data (time series since 1972 without measurement changes), ICRG bureaucratic quality would appear to be most appropriate to trace changes in governance capacity. It is precisely the focus on political risk which seems to capture all three components of governance capacity by measuring the “strength and expertise to govern without drastic changes in policy or interruptions in government services”, “the degree to which the bureaucracy tends to be somewhat autonomous from political pressure” and the existence of “established mechanism for recruitment and training”.<sup>12</sup> Yet, the data set is incomplete. It leaves out three of the Western Balkan countries (Bosnia Herzegovina, Macedonia, and Montenegro) as well as Georgia. For the other five Eastern partners and the three Baltic States, data is only available since 1999. Moreover, there is very little variation both across countries and across time. Finally, the measurements are highly subjective since they rely exclusively on expert opinion polls.

The TPI Corruption Perception Index is a measure of corruption, which is a good proxy for universal access to public goods and services (Mungiu-Pippidi 2013). Yet, there is no data for the majority of Western Balkan states (Bosnia Herzegovina, Macedonia, Montenegro, and Serbia). Time series for the rest of the countries only cover 1999-2011.

This leaves us with the WGI government effectiveness and WGI regulatory quality, which significantly correlate with both TPI Corruption Perception Index and ICRG bureaucratic quality. Like ICRG regulatory quality, WGI government effectiveness reports on the perceptions of the quality of public service delivery and of the public administration. WGI regulatory quality taps into the perceived ability of government to make effective policies. It, hence, relates to an input-oriented concept of governance capacity and also shows more variation without changing the overall ranking of the countries.

#### **4. Comparing Political Change in Post-communist Countries**

The combined measure of FH political rights and Polity IV allows us to trace changes in democracy over time for new member states, current and potential candidates and neighbourhood countries.

##### *4.1 Democracy: Catching-up, Locking-in, or Sliding-back?*

Most of the 10 CEE, which joined the EU in 2004 and 2007, respectively, had already reached a relatively high level of democracy when they received a membership perspective in 1993, which did not change significantly until they began negotiating their accession to the EU in 1999. Only in Estonia, Latvia, Slovakia, and Romania, which all started well below the CEE average, we do see some significant improvements in democratic quality until they joined the EU in 2004/2007. However, only Estonia and Slovakia kept their progress after accession. Latvia, Romania, Bulgaria, and even Hungary, the former poster-child of democratization, first slowed down in their reform efforts (Levitz and Pop-Eleches 2009) and started to show some signs of

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<sup>12</sup> [http://www.prsgroup.com/ICRG\\_methodology.aspx#PolRiskRating](http://www.prsgroup.com/ICRG_methodology.aspx#PolRiskRating), last access November 29, 2013.

back-sliding in the past years after the Fidesz party of Viktor Orban came to power in 2010 and started to overhaul the Hungarian constitution (Birdwell et al. 2013: 44-45, 57-59; Sedelmeier 2014). Risks or tendencies of democratic back-sliding are mostly associated with regard to minority rights (Sasse 2008; Schwellnus 2009), the functioning of political parties and party systems (Haugthon 2014; Innes 2014; Vachudova 2008), control of corruption, and the independence of the judiciary (Spendzharova/Vachudova 2012; Vachudova 2009).

If the EU has been able to lock-in democratic change in six of the 10 new member states in Central and Eastern Europe, it might have failed the other four. They have not crossed the line of 7,5, which Hadenius and Teorell defined as the cut-off point separating democracy from autocracy (Hadenius/Teorell 2006: 5). The EIU Democracy Index 2011 still considers them “flawed democracies” (see below). In 2009, Levitz and Pop-Eleches acknowledged a slowing down or “coasting along” of the new members (Levitz/Pop-Eleches 2009: 467-468) but found no evidence of backsliding because they kept outperforming other post-communist countries precisely in those areas targeted by EU accession conditionality. Five years later, the more recent dips of leader Hungary and laggard Romania may be less serious than the persistent decline of Latvia since 2006 by altogether 0.92 and Bulgaria since 2007 by altogether 0.75, which could indeed indicate some backsliding.

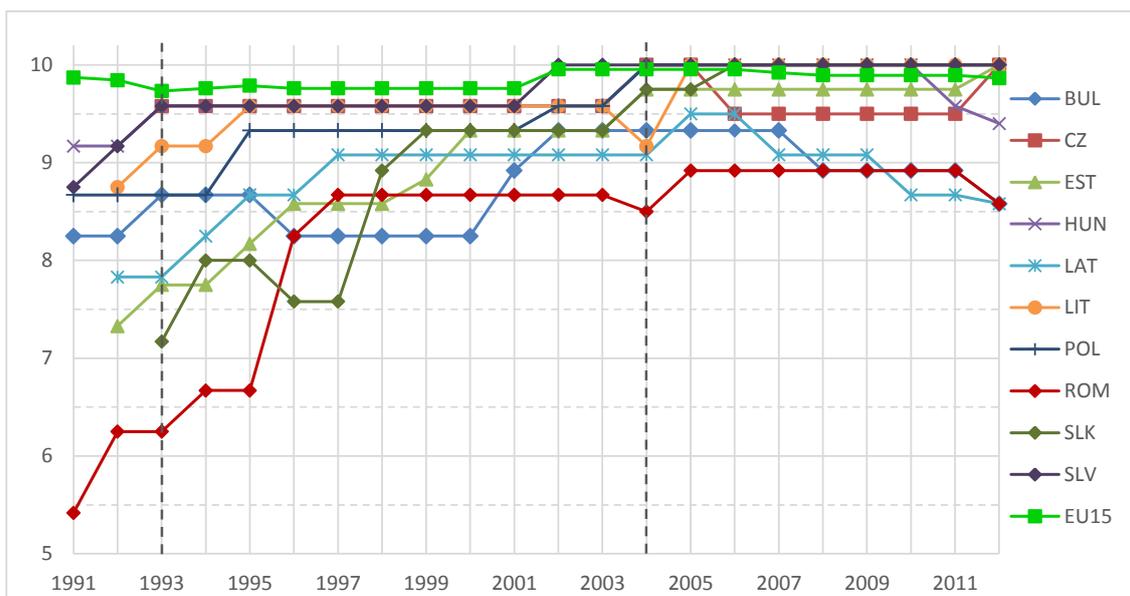


Figure 3: Democracy in the CEE-10 and EU-15: Locking-in or Sliding-back?<sup>13</sup>

13 Croatia is not included since it only joined in 2013 and the data only covers 2012.

The trajectory of the current and potential candidates in the Western Balkan and Turkey is less ambiguous.

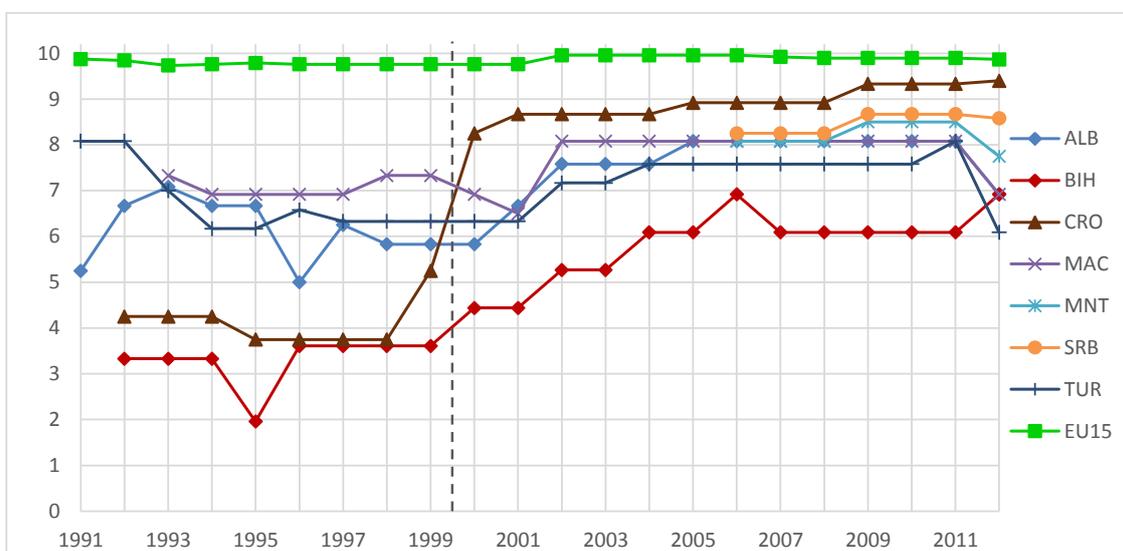


Figure 4: Democracy in the Western Balkans, Turkey and the EU-15: Catching-up?

Turkey and the Western Balkans have made substantial progress since the EU recognized them as potential candidate countries in 1999 and 2000, respectively.<sup>14</sup> They started at a much lower level of democracy than the CEE; only Turkey and Croatia had crossed the threshold for democracy. Since the turn of the millennium, they have moved ever closer, Croatia being rewarded for its progress with becoming the 28<sup>th</sup> member state of the EU. Yet, a closer look reveals a more nuanced picture; while Croatia and Serbia seemed to have locked-in their democratic changes, the others have not made substantial progress since the last eight years or so. Turkey, Albania and Macedonia hover around the democracy threshold, showing some recent trends of potential back-sliding, while it is too early to tell whether Bosnia Herzegovina will cross-over.

The Eastern Partnership Countries (EaP), by contrast, have not made any significant progress towards democracy. They seem to have developed rather stable hybrid regimes “in the gray zone between democracy and autocracy” (cf. Carothers 2002; Hadenius/Teorell 2006: 1), which have been referred to as “semi-authoritarianism” (Ottaway 2003), “electoral authoritarianism” (Schedler 2006) or “competitive authoritarianism” (Levitsky/Way 2010). All Eastern Partners are below the democratic threshold. Belarus is the most authoritarian regime in Europe. It persistently violates the political and civil rights of its citizens and elections are neither free nor fair (Kvashuk et al. 2013: 58-59). Azerbaijan has successfully resisted democratic reforms, too. Amid human rights violations and large scale corruption, the Azeri regime has sought to bolster authoritarian rule instead of transforming it (Kvashuk et al. 2013: 54-55).

Armenia has seen a steady decline in democracy. Wide-spread corruption and clientelism have substantially undermined the democratic quality of parliamentary and presidential elections, and judicial independence is still wanting (Börzel/van Hüllen 2014; Kvashuk et al. 2013: 50-51). While the coloured revolutions in

<sup>14</sup> There is not sufficient statistical data available on Kosovo to include it in the analysis.

Ukraine and Georgia brought substantial improvements, Ukraine has returned to square 1 with democracy deteriorating during the past years for failure to conduct free and fair elections in 2012 and to end selective justice (Kvashuk et al. 2013: 44-45). Since it dropped below the threshold for democracy it had crossed in 2005 with its record deteriorating for three consecutive years, the Ukraine can be considered a case of democratic back-sliding. In Georgia, it remains to be seen whether the first peaceful changes in government through the ballot box in 2012, and 2013, are indicative for a reversal of the authoritarian tendencies of the late Saakashvili regime (Börzel/Risse 2013; Kvashuk et al. 2013: 38-39). Moldova appears to be most advanced in terms of democracy but has not made any progress over the past years. The election of a president in March 2012 ended a three year-long political deadlock and enabled some political reforms, including the adoption of anti-discrimination and anti-corruption laws. However, 2013 saw another political crisis which resulted in the dismissal of the government. The politicization of state institutions and ongoing conflicts among the oligarchs of the country appears to jeopardize Moldova's position as a frontrunner among the EaP (Kvashuk et al. 2013: 32-33). It remains to be seen whether the country will cross-over the democratic threshold again or whether we observe a second case of democratic back-sliding.

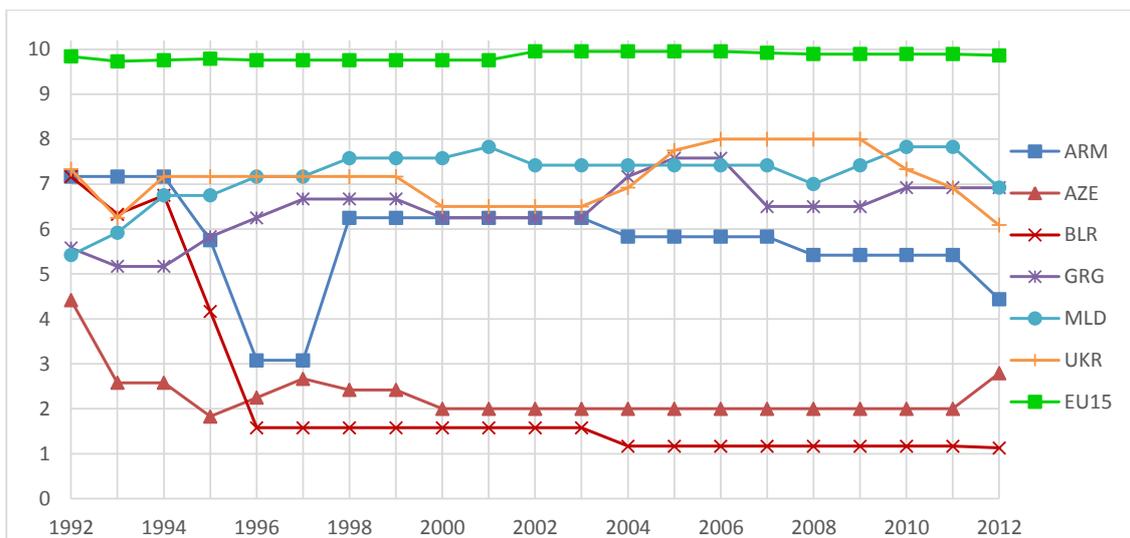


Figure 5: Democracy in the Eastern Neighbourhood and the EU-15: Stuck between Autocracy and Democracy?

Since the turn of the millennium, there is hardly any evidence for major democratic changes in post-communist transition countries. Bosnia Herzegovina is the only country that has persistently improved its democratic record remaining, however, at a comparatively low level. The others seem to have stagnated or show some indications of regressing. These findings cast some doubt on the EU's capacity to lock-in democratic changes even in countries that have passed the litmus test of membership.

#### 4.2 Governance Capacity: Stabilization and Selective Improvement

Governance capacity measured by the WGI regulatory quality shows similar tendencies for the new member states as we have observed them for democratic change. Most of the CEE countries had already reached a rather high level when they started negotiating their accession to the EU (Dimitrova 2002, 2005). There is, however, more variation with Lithuania, Estonia, Slovakia, and Slovenia leading the new member states, and Romania and Bulgaria catching up but still trailing behind (Bachtler et al. 2013; Meyer-Sahling 2009; Vachudova 2009) and showing some tendencies of slowing down in their reform efforts (Levitz/Pop-Eleches 2009); if not sliding back after they joined the EU in 2007 (Mungiu-Pippidi 2014).

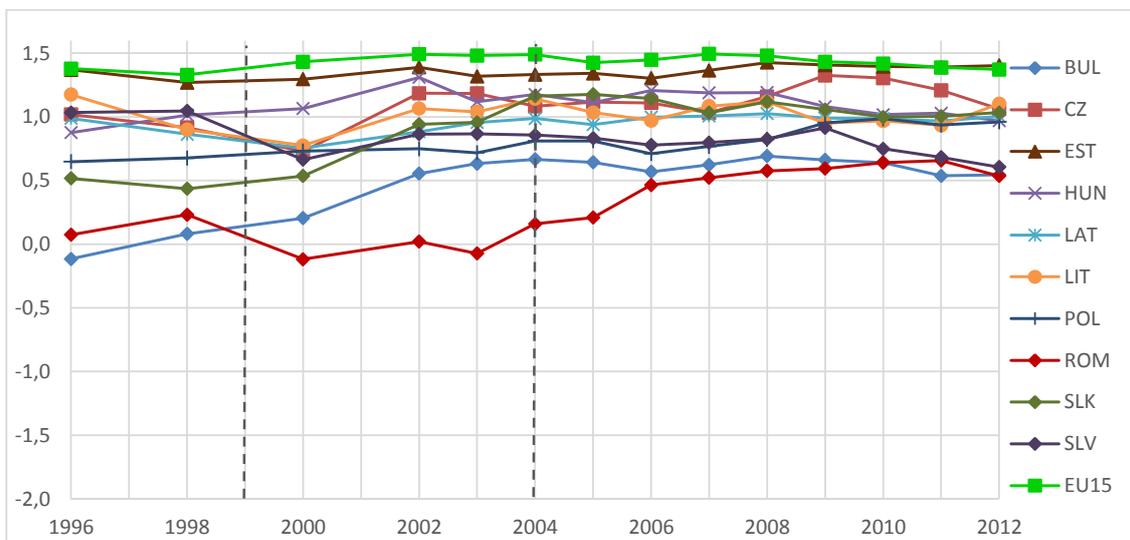


Figure 6: Governance Capacity in the CEE-10 and the EU-15

The Eastern Partners show a similar pattern to the new member states. The three Southern Caucasus countries are the only ones having subsequently increased their governance capacity with Georgia (Börzel/van Hüllen 2014) outperforming the others at an overall lower level than the CEE countries though (Mungiu-Pippidi 2014).

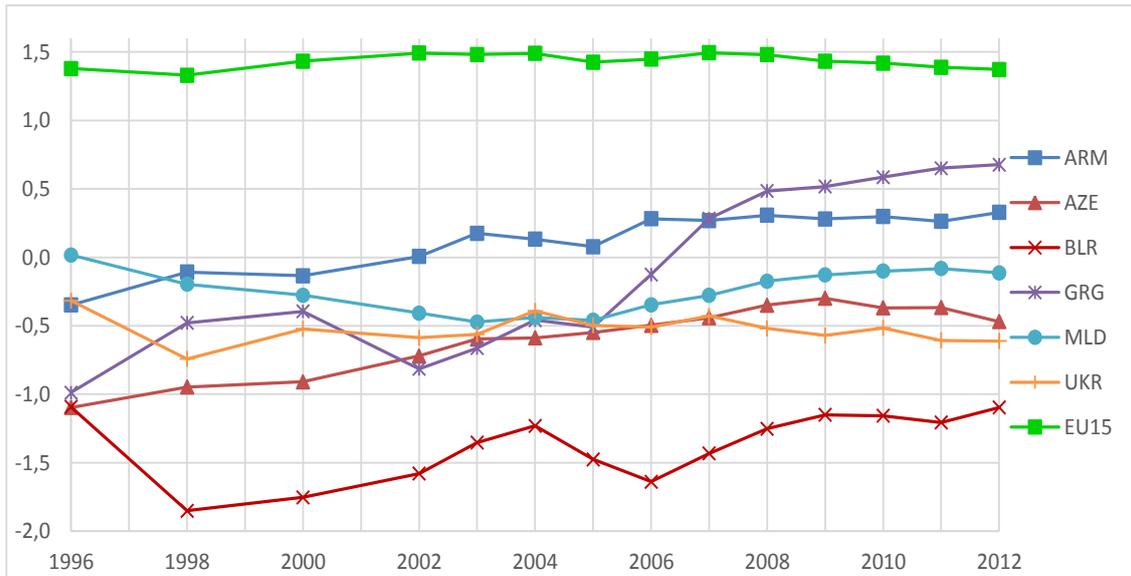


Figure 7: Governance Capacity in the Eastern Neighbourhood and the EU-15

Only the current and potential candidates in the Western Balkans show some overall albeit moderate improvement, which is also confirmed by the literature (Cohen 2010; Elbasani 2013; Mungiu-Pippidi 2014). Interestingly, the variance in governance capacity is lower among the current and potential candidates than in their democratic quality. Moreover, Croatia, which joined the EU in 2013, has barely caught up with the CEE laggards, Romania and Bulgaria while it has overtaken them with regard to its democratic quality.

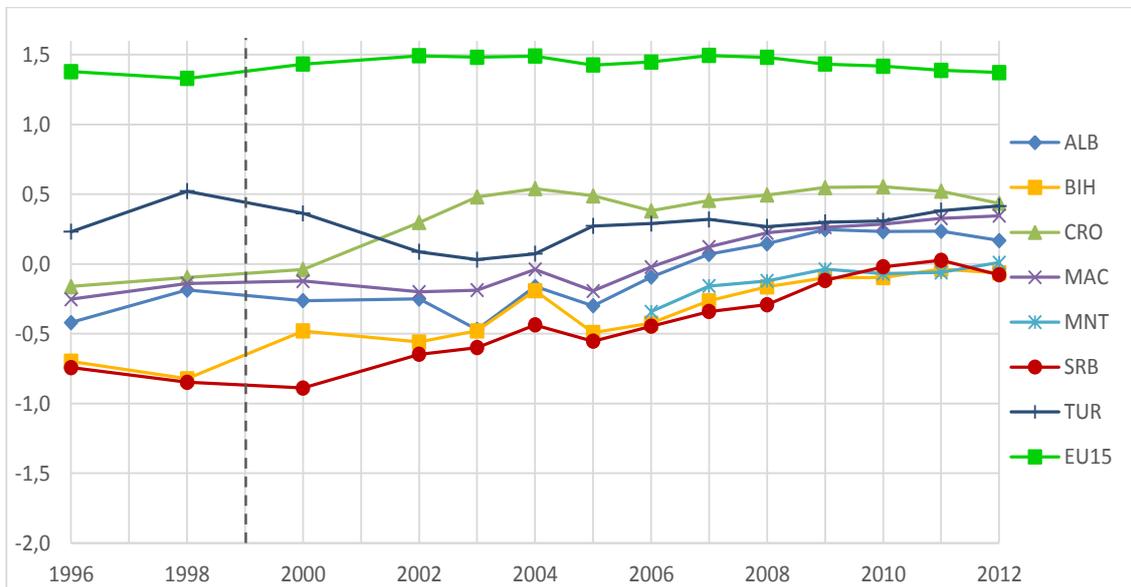


Figure 8: Governance Capacity in the Western Balkans, Turkey and the EU-15

Overall, our data show at best moderate political change in the post-communist countries, which have joined the EU by now, obtained candidate status or are part of the “ring of friends” the EU seeks to build with its European Neighbourhood Policy. Moreover, the changes we observe are not necessarily irreversible.

### 4.3 *Validating our Findings*

Our findings are confirmed by the few studies that compare political changes in new member states, current and potential candidates and Eastern neighbourhood countries using macro-quantitative data.

The Catch-Up Index (CUI) seeks to analyze whether the 10 post-communist countries, which joined the EU in 2004, and 2007, respectively, have been catching up with the “Western” member states of the EU.<sup>15</sup> The five current and three potential candidates are included, too. The CUI measures convergence and divergence along four dimensions drawing on existing datasets: Economy, Quality of Life, Democracy and Governance. Each score has an equal weight and is composed of several indicators, which are weighed differently. Democracy, for instance, combines FH Freedom in the World (which is in itself a composite indicator) and FH Freedom of the Press with WGI Voice & Accountability, the EUI Democracy, Satisfaction in Democracy, Trust in People, the E-Participation Index, and the Disrespect for human rights by Global Peace Index. The Governance category is equally broad and measured through seven indicators based on ten sub-indicators ranging from the WGI Control of Corruption, the TPI CPI, WGI Political Stability, EIU Stability, WGI Regulatory Quality, WGI Rule of Law, to selected indicators from the Global Peace Index on conflicts and tensions in a country, homicide rates and E-Government Development. The combination of sub-indicators, some of which highly correlate, might be problematic and their weighing might be somewhat arbitrary, the country ranking largely conforms to the findings of this paper, particularly with regard to the democracy leaders (Estonia, Czech Republic, Slovenia, Poland, and Slovakia among the new members and Croatia, Serbia and Montenegro among the candidates) and the democracy laggards (new members: Romania, Bulgaria, Latvia; candidates: Turkey, Albania, Bosnia Herzegovina, Macedonia). The correspondence is somewhat weaker for the governance capacity in the new members but still fits the overall picture.

The DEMOS EU Backslider Report assesses the democratic performance of both old and new member states.<sup>16</sup> It draws on a broad concept of democracy to measure the evolution of democracy across all EU member states, using 22 indicators from the World Bank WGI, the Cingranelli-Richards (CIRI) Human Rights Database, and data from the European Values Study (EVS). These are grouped into five dimensions: electoral and procedural democracy, fundamental rights and freedoms, tolerance of minorities, active citizenship, and political and social capital. For all five dimensions and all of the indicators, the quantitative index is supplemented with in-depth qualitative analysis. Based on an integrative rather than additive assessment of the various indicators, DEMOS identifies signs of democratic back-sliding among both new and old member states. While Bulgaria and Romania are consistently worst performers across all five dimensions, Hungary’s and Latvia’s performance has been substantially declining, although it is observed to have stopped in Latvia recently (Birdwell et al. 2013: 52-53, 59). Yet, France, Italy, Greece, and Portugal also show some indications of democratic back-sliding since the financial crisis had hit in 2008.

15 <http://www.thecatchupindex.eu/TheCatchUpIndex/>, last access December 6, 2013.

16 [http://www.demos.co.uk/files/DEMOS\\_Backsliders\\_report\\_web\\_version.pdf?1380125822](http://www.demos.co.uk/files/DEMOS_Backsliders_report_web_version.pdf?1380125822), last access January 6, 2014.

The European Integration Index for the Eastern Partnership Countries (EaP Index) has been designed as a “speedometer” of European integration for Eastern Neighbourhood Countries or Eastern Partners (EaP) as they are now called (Kvashuk et al. 2013: 12). It assesses “deep and sustainable democracy” forming the core of the approximation between the Eastern Partners’ institutions, laws and practices with those of the EU. Like the CUI, the EaP Index follows the broad concept of embedded democracy, including not only elections, political and civil rights but the quality of public administration (policy formulation and coordination; impartial and professional civil service) and the fight against corruption. The EaP Index also covers governance capacity to the extent that it evaluates the “management structures and policies in the EaP countries that define “the capacity to deal with the growing EU-related agenda” (Kvashuk et al. 2013: 15).<sup>17</sup> The EaP Index relies on expert assessments collected by a questionnaire developed by civil society representatives from EaP countries and publicly available data. It is produced by the International Renaissance Foundation and the Open Society European Policy Institute. In accordance with our findings, the EaP Index reports Moldova as the top performer in the region, closely followed by Georgia, and with some distance, though, by Ukraine. The laggards are Belarus and Azerbaijan, with Armenia ranging in the middle between leaders and laggards.

The Democracy Index 2011 of the Economist Intelligence Unit (EIU) provides a global assessment of “Democracy under Stress”, encompassing the old and new member states, current and potential candidates, as well as the Eastern partners.<sup>18</sup> It draws on five different dimensions (see above) and groups countries into four categories. Only half of the EU member states qualify as full democracies, among them the Czech Republic as the only newcomer. The other 14 are flawed democracies, including France, Italy, Greece, and Portugal. Most of the current and potential candidates also fall into this category. Turkey, Albania, and Bosnia Herzegovina score as hybrid regimes, together with Ukraine, Georgia, and Armenia. Azerbaijan and Belarus, finally, are considered authoritarian. Regarding the risk of democratic back-sliding, the EIU Index confirms the trends identified by DEMOS, with Hungary, Bulgaria, Romania, and Ukraine experiencing the greatest stress, but also finding Portugal, Greece, France, and Italy in decline.

The various indices do not allow for a systematic cross-time comparison. The CUI provides scores for 2010 only, while DEMOS compares country scores of 2012 with the previous year; the EaP Index covers 2012 and 2013, and EIU 2006, 2008, 2010, and 2011. Research using macro-quantitative data on political change in post-communist countries rather than trying to isolate the effect of EU membership or accession suffer from similar problems with regard to time-series data. Moreover, there are hardly any studies that follow a y-centered approach comparing post-communist new members, current and potential candidates, and some of the Eastern Neighbours. Focusing on different versions of embedded democracy, they confirm that Estonia, Czech Republic, Slovenia, Poland, Slovakia, Croatia are consolidated democracies while Romania, Bulgaria, and Latvia are still on their way to consolidation. Bosnia Herzegovina, Albania, Macedonia, and the Ukraine, by contrast, qualify as defective, i.e. unconsolidated electoral democracies. Moldova and Russia are “very defective” and Belarus “autocratic” (Fuchs/Roller 2006; Merkel 2010). Likewise, the few studies

17 The EaP Index covers a third concept, linkage, referring to the growing political and social ties between the EaP countries and the EU.

18 [http://www.sida.se/Global/About%20Sida/S%C3%A5%20arbetar%20vi/EIU\\_Democracy\\_Index\\_Dec2011.pdf](http://www.sida.se/Global/About%20Sida/S%C3%A5%20arbetar%20vi/EIU_Democracy_Index_Dec2011.pdf), last access January 6, 2014.

on governance capacity in post-communist countries find Estonia, Lithuania, the Czech Republic, Slovakia, Croatia among the leaders and Bulgaria, Romania, Serbia, Albania, Montenegro, and Bosnia Herzegovina among the laggards (Cohen 2010; Meyer-Sahling 2009; Vachudova 2009).

In sum, research using cross-sectional time series data to analyze political change in post-communist countries is rare. The few existing studies report on their most recent performance and focus on democracy rather than governance capacity. They confirm the findings of our analysis using a combined indicator of Freedom House and Polity IV for democracy and the World Bank Indicator for regulatory quality for governance capacity. All countries have made progress over the past 25 years. They form three distinct clusters, which appear to correspond to their level of association with the EU (cf. Schimmelfennig 2014). The new member states comprising the 10 Central and Eastern European countries and Croatia perform best with regard to both democracy and governance capacity. Serbia is closing in with regard to democracy. The other current and potential candidates in the Western Balkans and Turkey have been catching-up; however, Turkey, Montenegro and Macedonia show signs of democratic back-sliding since 2010. The Eastern Partners, finally, are the most heterogeneous cluster. While Belarus and Azerbaijan have been persistently lagging behind, the Ukraine, Georgia and Moldova appeared to be catching-up with the candidates, outperforming some of them with regard to both democracy and governance capacity. Like in the cases of Montenegro, Macedonia, and Turkey, it remains to be seen whether Moldova and Ukraine are experiencing some democratic back-sliding or only a temporary draw-back in their democratic consolidation.

The clustering certainly reflects different levels and speeds of integration with the EU. However, are the EU's attempts at drawing these countries closer the cause or the effect of the political changes we observe? Most of the CEE countries already performed quite well with regard to democracy and governance capacity when they received a membership perspective in 1993. Romania, Bulgaria, and Croatia made significant progress but started from a much lower level. This is also the case for the other Western Balkan countries, particularly with regard to democracy, whose performance over time is in stark contrast to the Eastern Partners, the laggards of which have only limited interest in a closer cooperation with the EU. These varied patterns might confirm the importance of a credible membership perspective to lock-in political change in transition countries (Moravcsik/Vachudova 2003; Schimmelfennig/Sedelmeier 2005). At the same time, the different trajectories point to the importance of domestically driven changes, where reform coalitions are empowered by the EU membership perspective, as we have seen it in Slovakia, Croatia, and Serbia (Elbasani 2013; Pridham 2002; Schimmelfennig 2008; Schimmelfennig et al. 2003; Vachudova 2005). While the perspective might be more relevant than actual membership for locking-in democracy (Haughton 2007), domestic factors may also explain the backsliding of some new member states. The public protests in Kiev after President Yanukovich refused to sign the Association Agreement with the EU in November 2013 illustrate that it does not necessarily take a membership perspective to empower domestic reform coalitions. At the same time, unfavourable domestic conditions may explain why the EU is largely seen as an ineffective external democratizer or state-builder in some of the potential candidates and Eastern Partners (Bieber 2011; Börzel 2013; Džihic/Wieser 2011; Elbasani 2013; Pickering 2011)

## 5. The Way Ahead: Explaining the Political Effects of the EU

Since the Cold War ended 25 years ago, the European Union has sought to integrate the post-communist countries. Its “big bang” enlargement made 10 of them members of the EU in 2004 and 2007, with Croatia having joined in 2013. The remaining Western Balkan countries and Turkey are current or potential candidates for accession to the EU. The Eastern Partnership, finally, was designed to draw the EU’s Eastern neighbours closer by offering everything but membership. While the EU has been enlarging and evolving, however, Europe appears to be driving apart – not only vis-à-vis the North and South in the currency crisis, but also, perhaps more fundamentally, between the East and West. There are significant disparities in socio-economic development, democratic quality and governance capacity that still marks a rift between the “old” member states in Western Europe and the “new” member states and candidate countries in Eastern Europe, which becomes even more pronounced when the Eastern neighbours of the EU are included in the analysis.

This paper provides a first step in exploring to what extent the East-West divide in Europe is waning or whether the EU’s external integration capacity is weakening. Tracing political change in post-communist countries after the end of the Cold War shows overall progress, which is more pronounced and less diverse with regard to democracy than governance capacity. Time series data give only limited support to “transformative power Europe” (Grabbe 2006). If at all, the EU has locked-in political change by empowering domestic reform coalitions. Beside the “chicken and egg” problem, the data do not tell us anything about the magnitude of such a lock-in effect, which would require some counterfactual reasoning (Levitz/Pop-Eleches 2009).

What we will be able to do is adopt a more x-centred approach to analyze the effects of EU’s modes of integration studied in WP5 on democratization and democratic consolidation as well as governance capacity in new member states, current and potential candidates, and Eastern Partners. This will also allow us to explore problems of democratic back-sliding within all three clusters of countries, the extent to which the lock-in by the EU has failed and why. The implementation of the *acquis* in the new member states, studied in WP2, is particularly relevant for examining scope conditions for the sustainability of the EU locking-in political changes after accession.

Finally, we will identify the factors that explain the variation in political change we have observed in this paper, both across countries and across time. Next to the EU’s modes of political integration and the credibility and effectiveness of its enlargement strategies and negotiations studied by WP4 and WP5, we will pay particular attention to domestic factors that mitigate or enhance the EU’s external integration capacity (see Schimmelfennig 2014).

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**“Maximizing the integration capacity of the European Union: Lessons of and prospects for enlargement and beyond”**

The ‘big bang enlargement’ of the European Union (EU) has nurtured vivid debates among both academics and practitioners about the consequences of ‘an ever larger Union’ for the EU’s integration capacity. The research project MAXCAP will start with a critical analysis of the effects of the 2004-2007 enlargement on stability, democracy and prosperity of candidate countries, on the one hand, and the EU’s institutions, on the other. We will then investigate how the EU can maximize its integration capacity for current and future enlargements. Featuring a nine-partner consortium of academic, policy, dissemination and management excellence, MAXCAP will create new and strengthen existing links within and between the academic and the policy world on matters relating to the current and future enlargement of the EU.