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Post-Accession Crisis in the New Member States: Progressing or Backsliding in the EU?

Attila Agh*

Abstract

The global crisis broke out 'externally' when the 'internal' institutional crisis in the EU reached its peak. In addition, the new member states were still in the post-accession crisis. These three types of 'crises' can be observed: first, a deep systemic crisis is ongoing in the global world; second, the creative crisis is the usual way of development in the EU; and finally third, the serious problems, disturbances, troubles in the new member states are transitory as the unavoidable contradiction of Europeanisation within the EU. Nonetheless, in the deepening-widening relationship, the new members are the main losers of the triple crisis, since the global financial crisis has broken out when they have been in their most vulnerable situation, so it deteriorates significantly their efforts to catch up and reach 'effective membership'.

Two alternative scenarios can be outlined: (1) the 'post-communist track' and (2) the 'completing the membership' scenario. The first scenario has been based on the 'Prague-Vladivostok doctrine', which presupposes that these 'post-communist countries' are basically of the same nature from Prague to Vladivostok and due to the burden of history they are doomed to fail in the process of catching up in the EU. The completing the membership scenario has been based on the Europeanisation process, which indicates that the new member states can reach effective membership by 2015. All in all, a new kind of controversial progress has begun, since the global economic and social crisis with new dangers and new opportunities has accelerated the necessary domestic reforms in the new member states.¹

Keywords: post-accession crisis, effective membership, Europeanization of new member states, deepening and widening of the EU.

Introduction: 'Reconceptualising' the ECE analysis

The East-Central European (ECE) democracies cannot be analyzed in the same framework as the developed and consolidated Western democracies. The present analysis of these new member states presupposes four assumptions:

(1) The 'structural' approach can only be applied to the mature democracies, in turn, the new democracies need a 'genetic' approach, since these countries have not yet completed their social, economic and political structures, and they are still in the process of 'making'. (2) The other extreme approach, the 'post-communist' label has been frequently used as a common denominator for 27 states from the Czech Republic to Mongolia, which leads nowhere. At the same time, the East-Central European states (Poland, Czech Republic, Slovakia and Hungary) have many common political, economic, social and cultural features that have to be analyzed together. (3) Both Democratization and Europeanisation have to be applied as twin conceptual frameworks in the ECE analysis, namely Democratization gives an orientation for the first period until 1998 (anticipative Europeanisation), but Europeanisation can only be the main conceptual device of the analysis for the second period; however, after the start of the accession negotiations (adaptive Europeanisation). (4) Due to the global crisis, the post-accession crisis will be continued under worse circumstances than before. These circumstances can make the division between the old and new member states durable and that also

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1 The article draws on the author's work 'Regional competitiveness in the EU' sponsored by the Hungarian Scientific Research Fund (OTKA 77659).

makes the reassessment of the ECE polities unavoidable. The negative effects of post-accession crisis, overloaded by the global crisis, can also be seen in the results of the 2009 EP elections.²

In fact, the global crisis has produced a *triple crisis* in ECE. It has broken out ‘externally’ when the ‘internal’ EU institutional crisis around the Lisbon Treaty has reached its peak. In addition, the new member states have still been in the post-accession crisis. The character of these crises can be described as follows:

(i) The recent global crisis is the accumulation of long-term negative tendencies in the global economy and in its financial system. The subsequent stages of the crisis and its management are the financial, economic and social periods. As yet, there have been no reliable forecasts about the timeframe and the impact of the global crisis on the EU or on its member states, but it has produced a change of paradigms in the world system and in its subsystems.

(ii) Metagovernance or institution-building at the highest level has appeared in the EU as a need stemming from the emerging new common policies – energy, climate change and innovation – and/or from the intensification of the ‘traditional’ policies like CFSP, home and justice affairs (Hague or Stockholm Program) and European Neighbourhood Policy. This growing tension between the related – missing or weak – institutions and the – newly emerging – common policies may be eased by the implementation of the Lisbon Treaty that demands new efforts also from the ECE polities.

(iii) The EU has demanded further adjustment from the new member states, but the new demands have deteriorated their social situation. First of all, this applies to the requirements for the introduction of the Euro, along with its convergence program. In the new member states, after the economic and political systemic changes the real social systemic change is still either missing or has not yet been completed. There have been many losers of systemic change in these states, but even beyond the direct losers a large part of populations have had over-expectations that resulted in massive disillusionment or malaise, as the latest Eurobarometer surveys have demonstrated. The ‘tsunami’ or monster-waves of the global crisis have shaken the new member states drastically and their full impact cannot be seen as of yet.

Thus, three types of ‘crisis’ can be observed: first, a deep systemic crisis in the global world, while a second one, the creative crisis, is the usual way of development in the EU, and finally, third, the serious problems, disturbances, and troubles in the new member states are transitory as the unavoidable contradiction of Europeanisation within the EU. Nonetheless, *the new members are the main losers of the triple crisis*, since the global financial crisis has broken out when they have been in the most vulnerable situation, so it deteriorates significantly their efforts to catch up and reach ‘effective membership’.³

Fragile governments in East-Central Europe: a top-down view

By the spring of 2009, the East-Central European countries have completed five years of EU membership. This period has received a positive, comprehensive assessment from the EU (Commission, 2009a,b), although from the early 2009 onwards there have also been some EU warnings issued about the shaky economic and political situation in ECE due to the global crisis. Although the post-accession crisis has among other reasons been provoked by some direct effects of the EU accession, such as the requirements of the EU for further institutional reforms and for the introduction of the Euro, the causes of the post-accession crisis, however, are much deeper. They can also be found in the structure of the ECE polities as a whole. In the last analysis, the main problem in the ECE is that political consolidation has to be based on social and economic consolidation, while economic consolidation

2 I have discussed these ECE features at length in my former paper (Ágh, 2008a) titled Democratization and Europeanization of the ECE countries: Post-accession crisis and catching up process in the new member states. I do not deal here with the ECE parties and I do not reproduce here the detailed analysis of the public administration reforms in the ECE countries (Ágh, 2005), since I focus in this paper on the general theoretical problems of the new ECE democracies. I have described the triple crisis at a closer view in a recent paper (Ágh, 2009a).

3 See the detailed current data in Observatory on Europe 2009, in the chapter Enlargement evaluation and the ‘New Europe’ comparative analysis (Ambrosetti, 2009: 99-133). See Bertelsmann, 2009 for the rankings of the ECE states.

has only been partially completed in ECE and social consolidation is still very far down the road. After the EU entry, the post-accession crisis with its socio-economic effects has overburdened the East-Central European countries and their governments. In addition, all these unfinished consolidations have been seriously deteriorated by the global crisis.

The participation paradox – the negative participatory democracy

The electoral history in ECE clearly shows a move from general mobilisation to demobilisation, and it has resulted in low election participation and/or non-representative elections. This problem of political participation deserves a closer theoretical analysis, since this is the direct reason behind the general crisis of the ECE polities. Systemic change in ECE began with the mobilisation of the masses in social movements for a breakthrough in politics as a ‘movementist’ aspect of civil society. But after the breakthrough in democratic transition, the parties managed to demobilise civil society associations and build up a system with the parties as quasi-monopolistic political actors (‘over-participation’). The participation paradox appears in the fact that when the opportunity of participation at free and fair elections has been opened for the citizens of the ECE states, they have turned away from the electoral forms of participation. As a result, the electoral and other participation has become socially asymmetrical, showing the dominance of the winners of systemic change. Thus, the initial large mobilisation at the very beginning of systemic change so far has not generated a ‘citizen’ culture and participatory democracy as a new tradition in the ECE states.⁴

Since the early nineties, the populations of the ECE countries have been split more and more into passive and active sectors. Democracy, however, needs participation through ‘organisational underpinnings’ with a large variety of institutions acting as the connections between culture, social structure and political institutions. They provide a system of social and political integration through the structure and density of social participation. Political integration or involvement means providing the channels of representation for all organised groups. In summary, consolidated democracy has to go beyond the multiparty system to a multiactor democracy that has not yet emerged in the ECE, therefore, even the parties have remained weak and not despite, but because of their monopolising efforts. Democratic consolidation cannot be successful without ‘inviting back’ a large part of this passive 30-40 per cent of the population to national and municipal politics. In the West, there are also the more advantaged or even privileged citizens who have engaged in more intensive forms of participation. This is the case with both conventional and unconventional participatory activities. Conventional activities like electoral campaigns, contacting elected officials and politicians, contributing money to parties, and informally organising (local and/or basic) communities, etc., show a predominance of the more advantaged strata in participatory activities. So do the unconventional ones like demonstrations, boycotts, rent and tax strikes, and blocking traffic. In these latter fields, the contrast in ‘class’ or strata participation is even bigger in the ‘East’ (ECE) than in the West (Bernhagen and Marsh, 2007, Bugaric, 2008).

The participation deficit has been a long lasting burden in ECE. The paradox is still there: popular participation is very unequal in elections and referendums, albeit everybody would consider the institutionalisation or legalisation of the actual unequal voting participation patterns - that is, giving special voting rights for wealthier and better educated people - as highly undemocratic. Yet, unequal participation is a fact in the advanced democracies and it is even bigger in the young ECE democracies. This is a result of both electoral and non-electoral participatory activities turning the governments’ policies to their favour against the underrepresented groups that have usually been neglected by

4 I focus here on the participation deficit, since I consider it as the most important issue. In Czechoslovakia participation in the June 1990 election was 96.8 per cent but in the November 1996 Czech Senate election only 34.6 per cent. In Poland decline came earlier, already reaching 43.2 per cent in the Lower House parliamentary elections (Sejm) in October 1991 but the turnout sank to 40.5 per cent in 2005. It was even lower at the EP elections. The electoral participation in the June 2004 and 2009 EP elections was in the Czech Republic 28.3 – 28.2 per cent, in Poland 20.8 – 24.5 per cent, in Hungary 38.5 – 36.2 per cent and in Slovakia 16.9 – 19.6 per cent. Altogether, in 2004 it was 28 percent in EU10 compared to 45.4 percent in the EU15. It is interesting to note in this respect that the ECE states have developed quite different traditions of electoral participation, the lowest in Poland between 40-50 per cent and the highest in Hungary between 65-70 per cent.

the ECE parties. Consequently, there is a sharp contrast between the young ECE democracies and the Western developments concerning participatory revolution, given the drastic decline of social and political participation in ECE, right after the early mobilisation phase of systemic change. This participatory revolution has not yet been completed in ECE. Altogether, the participation paradox can be summarised in both the socio-economic and political demobilisation dimensions. The economic systemic change first removed a large part of population from the world of labour and pushed it to unemployment or to early retirement. Some employees have been able to re-enter the job market through retraining, but the level of economic activity has remained low, at around 55-65 per cent as an ECE average (Berend, 2007). Thus, the major problem is that despite the rapid economic growth, economic activity has stayed at the same low level, since the 'new economy' could not attract this low skilled population. So high unemployment and high demand for skilled workers have co-existed and the ECE economies have reached a high sustainable growth, but the urban and rural islands of poverty have remained mostly untouched. Based on this economic deficiency, political demobilisation has become rampant and the economic losers have not felt involved in party politics. The ECE parties have been unable to convince a greater part of the population that they have represented their interests. So high disinterest in party politics and high interest for proper representation have also co-existed, since the parties have lost credibility and failed to remobilise the populations. The result is that the populist parties have become much stronger and/or many parties have had a populist turn and have also developed a Eurosceptic profile.

The long-lasting patience has been lost in the present decade, when large masses have been mobilised for protest by the low standard of living and poor public services. The 2000s have been so far the decade of the emerging aggressive extreme-right social and national populism in ECE (Meseznikov et al, 2008). There is a danger that for a rather large segment of the population, there is no other recourse but to join these 'anomical' movements. Another choice is for them to support the extreme right-wing populist or anti-political parties. The bottom line for these common reactions is that the lesser half of the populations have been 'silent' as an ECE average. But the old slogan 'if you do not vote, you do not count' remains profoundly true, since according to the famous formulation, elections are 'the expressions of the democratic class struggle'.

In fact, as a major form of the post-accession crisis, we witness in the second half of the 2000s the 'riot of the masses' or the emergence of negative or perverse participatory democracy in ECE. Given the cumulated social problems of systemic change, the ECE countries have strong domestic reform pressure. Because of the neglected social demands, there has been an outburst of public dissatisfaction in all ECE states, expressing the loss of patience of the greater part of the population in various forms after two decades of systemic change. So far this process has been an elite-managed transformation neglecting the interests and views of the populations, since the meso-governments of social and territorial actors have been weak and there have been no ways and means for manifesting their dissatisfaction with the senilised political elites. Some parties have exploited this mass dissatisfaction and by turning into populist parties they have raised these anomic movements and demands to the level of 'official' politics. This leads to understanding the *destabilisation* processes in ECE, but in order to decode this negative or anomic participatory democracy, one has to later proceed more closely to the analysis of the *deconsolidation* processes.⁵

The representation paradox – 'this is not my government'

The participation paradox has revealed that a large proportion of the population has not taken part in the political process, including elections. Thus, the elected politicians represent, in fact, only a part of the population and very often the lesser half of the population. In the stable, consolidated democracies it may not cause serious problems for legitimacy and performance, but it does produce a *representation* paradox in ECE. A participation deficit by demobilisation usually provokes a crisis

5 In the final analysis this paper is asking about the reasons of the present 'riot of the masses' as negative, anomical or perverse participatory democracy. According to the five criteria of Bertelsmann Transformation Index – governance, political participation, rule of law, stability of democratic institutions, and political and social integration – there has also been a destabilization and deconsolidation process in ECE.

in representation as well. Unequal participation spells unequal influence and the inequality of representation is systematically biased in favour of the more privileged citizens, those with higher incomes, greater wealth, and better education against the less advantaged citizens. The systemic 'class bias' in electoral participation is the biggest problem of political representation. It manifests itself not only from the input side, because the democratic responsiveness of elected officials depends on the quasi-full and equal citizen participation, but also from the output side, because the unequal representation produces biased control and missing accountability of the government, as well as finally poor performance. Therefore, unequal participation can be one of the major problems of political representation in ECE, much more than in the West. Unequal participation with 'class bias' has also appeared in ECE in all participatory forms other than in parliamentary or municipal elections. In such a way, one can conclude that in ECE the constituency or citizenry itself is not 'representative' enough, since the politically marginalised or silent strata have no chance to express their views at the level of national politics. The ECE governments have still been fighting with the transition from government to governance, although this has recently been the major trend in the EU political modernisation.⁶

The *post-accession crisis* has demonstrated that the new member states are still very vulnerable to the EU pressure for structural accommodation. The ECE governments have been shaken by the dual pressure, from both outside and inside. This turning point can also be described as tension between adapting to the EU by completing the membership (institutional reforms, euro-zone and Schengen acquis) and having to deal with social consolidation at the same time (reaching the 'normal' level of standard of living and public services). The collapse of the ECE central governments around entry-time in 2004-2006 indicated that the 'monster waves' coming from the EU hit first the governments and macro-politics in general. But the central governments were only the first 'targets' to hit, indeed. These monster waves have reached meso-politics as well and their absorption capacity of EU resources has been put to a very serious test right in the first years of membership (Dezséri, 2007). Finally, the demands and pressures have concerned more and more the everyday life of all citizens in the new member states, i.e. provoked quick transformations in micro-politics as well (Holzhacker and Albaek, 2007, and Goering, 2008).⁷

A representation paradox appears in three major forms. First, the governments and politicians elected by the active majority at a given election may not be considered legitimate by the others, since 'this is not my government'. Second, these unstable governments have to answer to the populations only at during election periods, so the accountability mechanisms are weak, they do not include the control of social and territorial actors between two elections. Therefore, their feedback is largely missing, the performance of the ECE governments is poor and the social sensitivity of the governments is low. Hence, the rule is that populations change governments regularly and governments cannot plan beyond one cycle, although most policy issues and the EU membership itself would demand long-term strategic planning. Third, the ECE populations do not feel that their governments represent their interests properly in the EU transnational bodies either. In brief, the representation paradox means that the more the governments concentrate the power in their hands referring to the 'representative' democracy, the less representative they are, since they rarely have the sincere support of the majority of the population. The representation paradox may be further deepened by the (party) politicisation of the government (core executive) and/or the entire system of public administration (Sootla, 2008:21) that will be discussed in the second part of this paper.

Fragile governments and shaky coalitions

The ECE governments were overburdened even before the EU accession and they had to face large-scale popular dissatisfaction (Nunberg, 1999,2000 and Taras, 2003). Therefore, they were very rarely returned to the office and usually Right and Left coalitions followed each other due to the angry

6 On the ECE democratization see Croissant and Merkel, 2004; Holzhacker and Albaek; Merkel, 2004,2008.

7 Quite surprisingly the usual EU assessments note that there is a 'political stabilization' in ECE and do not mention the crises of governments. This approach is even stranger in the case of Poland, where they see the stabilization in the government and party system at the 2005 elections, which is highly counter-factual, since the Polish party system collapsed at these elections (Sitter and Henderson, 2006: 171,189,192, see also Sitter and Henderson, 2007). This shows the high insensitivity of the Western analysts to the problems generated by the EU entry in ECE.

reaction of the ECE populations to the difficulties of democratic transition (Tworzecki, 2000). Transition costs have been combined later with the EU accession costs. This general weakness of the ECE governments has been completed by the vicissitudes of the EU entry that have made the functions of the ECE governments more complex and more extended. The political landscape in ECE shows shaky governments and angry electorates, as well as renewed efforts for public administration reforms. In fact, the ECE governments have been rather unstable and fragile and they have rarely served the four years for which they have been elected.

In *Poland* between 1991 and 1993, there were two right-wing governments (Jan Olszewski and Hanna Suchocka), between 1993 and 1997 three left-wing governments (Waldemar Pawlak, Józef Oleksy and Włodzimierz Cimoszewicz), between 1997 and 2001 just one right-wing government (Jerzy Buzek), and between 2001 and 2005 two left-wing governments (Leszek Miller and Marek Belka). After 2005, so far there have been two right-wing governments (Kazimierz Marcinkiewicz and Jarosław Kaczyński); and after the 2007 elections, since November 10th, 2007, Donald Tusk has been the Prime Minister with a centre-right government led by the Civic Platform. Actually, Poland has had by far the most fragile party system and governments, since the average government's lifetime is only slightly more than one year.

In the *Czech Republic*, Václav Klaus had a strong-handed, soft, Eurosceptic, right-wing government between 1992 and 1996 by the Civic Democrats (ODS), which failed at the end of his second cycle and Klaus was replaced in 1997 by the caretaker government of Josef Tošovský. Between 1998 and 2002, a Social Democrat, Miloš Zeman was the Prime Minister, but only in a 'parliamentary coalition' with Klaus, since no party could have a stable majority in the Czech parliament. This overbalanced situation continued between 2002 and 2006, when this instability produced three left-wing governments (Vladimír Špidla, Stanislav Gross and Jiří Paroubek). After the June 2006 elections, Mirek Topolánek (ODS) tried to form a centre-right government in September 2006, but he did not succeed in securing the parliamentary majority until January 2007. On March 24th, 2009, the non-confidence motion was successful against the Topolánek government. The government fell and the transitory government of Jan Fischer entered to govern until the October 2009 elections. On June 28th 2010 Petr Nečas (ODS) formed a coalition government.

There has been major power concentration in the *Slovak* governments that has split the country into two – pro and anti-European – camps. Vladimír Mečiar, the nationalist and populist leader, was the Prime Minister between 1992 and 1994, and between 1994 and 1998, which resulted in the temporary exclusion of Slovakia from the EU accession process. Mikuláš Dzurinda, the leader of the pro-European right-wing was Prime Minister again twice, between 1998 and 2002, and between 2002 and 2006, but his unstable multi-party coalition with a permanent coalition crisis and government reshuffles survived only as an anti-Meciar alliance. Finally, Mečiar and the social-national populism have come back after the 2006 elections, on July 4th, 2006, in the Robert Fico government led by the Smer-SD party. This coalition has also included the nationalist-populist Slovak National Party. Following the June 2010 elections, on June 25th 2010 Iveta Radicová formed a centre-right coalition government.

Government stability in general has been stronger in *Hungary*, where the parliaments have stayed for four years and there have only been three government reshuffles, however, this trend seems to have changed recently. Between 1990 and 1993, József Antall was the Prime Minister heading a right-wing coalition. After his death, the minister of interior affairs (Péter Boross) completed the term. Between 1994 and 1998, there was no change at the top of government and Gyula Horn, the leader of the Hungarian Socialist Party, was the Prime Minister for the whole term. The situation was the same between 1998 and 2002 with Viktor Orbán, the leader of the right-wing Fidesz. In the 2002-2006 cycle, there was a change again in 2004 in the left-wing coalition with Ferenc Gyurcsány replacing Péter Medgyessy at the post of the Prime Minister. The coalition government of Ferenc Gyurcsány was re-elected in 2006 with a large majority and formed the second Gyurcsány government on June 9th, 2006, but the second Gyurcsány government faced very strong populist opposition. The liberal Alliance of Free Democrats left the government on May 1st, 2008. Since May 2008 there has been a HSP minority government. On 21 March 2009 Prime Minister, Ferenc Gyurcsány announced that he would step back and suggested a constructive nonconfidence motion on 14 April 2009 to elect a new Prime Minister. The former Minister of the Economy, Gordon Bajnai has become the new Prime Minister in a

government for a radical economic crisis management.⁸ After the April 2010 elections on May 28th 2010 Viktor Orbán formed a one-party Fidesz government

The ECE countries would have needed stable governments or executive power, since democratic transition and/or EU accession have generated many tensions. Instead, the EU entry has caused a long lasting post-accession crisis, it has further weakened the ECE governments and, in fact, it has sharpened the representation paradox. The global crisis has hit these weak governments very hard with low or missing legitimacy and, therefore, the second tsunami or monster-waves have come, so the ECE governments have turned into very vulnerable crisis management executives.

All in all, first, due to the troubled conditions even in early consolidation, the ECE governments attempted to concentrate all actual powers in their hands, therefore, a strong recentralisation effort can be noticed. In the case of Hungary and later of Poland, the modernisation of government in the nineties meant importing the (West) German construction of a prime-ministerial government. Second, the EU authorities negotiated exclusively with the governments, since the social and territorial actors were not invited to the official delegations, and this practice has basically continued after the EU entry. Political modernisation has always been high on the agenda in ECE and the governments have launched a series of public administration reforms. A recent study of the NISPAcee team reflects the same evaluation: “A great deal of executive work involves attempting to make government policies more coherent and aspiring to govern in a coordinated and effective manner. These goals become all the more challenging when taking into account the problems associated with political instability, weak administrative capacity, the endurance of spoils system and the other complex issues inherent in administrative reform of post-communist countries.” (Connaughton and Sootla, 2008:312).

The ECE ‘general crisis’ in public administration: a bottom-up view

Actually, despite all reform efforts, the multilevel-multiactor type of participative democracy has not yet been introduced in ECE. Therefore, the second part of this paper tries to describe how Europeanisation – as a promotion of democracy in public administration with the requirements of decentralisation and multilevel governance (MLG) – has influenced the process of polity-building in ECE. In the new member states, there has been an asymmetrical polity-building with progressing *external*, but with delayed *internal* Europeanisation, as well as in the almost completed *macro*-institutions versus the half-made *meso*- and *micro*-institutions that has produced a serious *institutional deficit*. This asymmetrical institution-building has deep historical roots in the ‘missing middle’, as a weakly developed form of meso-politics that has been reinforced by the centralistic efforts to cope with the difficulties of democratic transition and EU accession, and by the new, recent efforts to cope with the global recession. Assessing these contradictory processes, I have distinguished between *anticipative* and *adaptive* Europeanisation as stages before and after the accession negotiations. Obviously, nowadays in the post-accession period the main task of Europeanisation is balancing the external and internal Europeanisation, as well as completing the institutional-building process through creating an efficient system of meso- and micro-level institutions in order to reach the stable and balanced polity in a consolidated democracy.⁹

The post-accession crisis has been discussed in this paper from many aspects as the general crisis of the new democracies in the golden age of populism. The most testing problem for the new member states after having reached formal membership is how to develop it into an effective membership.

⁸ In fact, in the last twenty years, including Tadeusz Mazowiecki (1989-90) Poland has had 14 governments with Donald Tusk. The only Prime Minister who completed the four year term was Jerzy Buzek (1997-2001). On the ECE governments see e.g. Brusis, 2004, De Waele and Magnette, 2008, Ismayr, 2006, Mangott et al, 2000, Müller-Rommel et al, 2004, Puchalska, 2005, White et al, 2003,2007.

⁹ The ECE public administration reforms have been discussed in a rich literature, for instance Ágh, 2008b,c; Benz and Eberlein, 1999; Goetz, 2001; Goetz and Hix, Goetz and Wollmann, 2001; Grabbe, 2006; Hughes et al, 2004; Kostecky, 2005; Lippert, Umbach and Wessels, 2001; Meyer-Sahling, 2008; O’Brennan, 2006; Pridham and Ágh, 2001 and Pridham, 2008. This topic has been specially dealt with in the NISPAcee (Network of Institutes and Schools of Public Administration in Central and Eastern Europe, Bratislava) publications (see e.g. NISPAcee Journal of Public Administration and Policy).

This transition from EU *compatibility* to EU *conformity* brings about the completion of the democratic institution-building in order to produce a new system of institutions with high performance. In order to start its systematic analysis, one has to outline first the state of the art in these new ECE democracies with their achievements and specific deficiencies as '*deficit democracies*' compared to the '*defect democracies*' in Eastern Europe (Merkel, 2004). There are some institutional deficits and policy deficits, which are two sides of the same coin and will be treated in a proper conceptual framework developed below. Altogether, these two aspects form the 'objective' side of the newly emerging democracy. On the 'subjective side' of this coin, special effort is needed to discover the 'cultural deficits'. Nonetheless, despite these cumulated deficits, the new ECE democracies have progressed a lot in the first two decades. But the early democratic consolidation has also created a situation in which the contradictions and backlogs have become unbearable and should be removed. At the same time, entering the EU has raised a lot of new requirements, building new institutions and importing new policies, i.e. getting integrated into the European governance. These two effects have caused the general crisis of the new ECE polities, so the post-accession crisis will be described in this paper mostly from the side of the crisis of the political institutions.

The second reform wave –preparing for the effective membership

Two institutional reform waves in ECE. Historically, there have been two reform waves in the ECE states. The first major institutional reform wave in the early nineties was the constitutional reform that radically changed the political system as a whole and carried out the basic democratisation measures. Thus, the Great Transformation as the first generation of reforms has brought about a stable system of basic democratic institutions in ECE. This first reform wave, as a coherent transformation of institutions designed by the early democratic constitutions, was finished around the mid-nineties with the quasi-completion of the macro-institutions, but it created the first institutional deficit in the weak or missing meso-governments. In the first reform wave, the four parallel processes - the 'triple transition' of political, economic, social transformations, and the nation-building - have to be taken into consideration as the main tasks of democratic transition. It regulated the macro-political system in great detail, but left the meso- and micro-politics mostly unregulated. Thus, the first reform wave has produced an *asymmetrical* democracy with a well established and extended macro-political system, on the one hand, and with a weak meso- and micro-political system with only a low institution density on the other. This asymmetrical institutional building has reinforced the traditionally centralised character of the ECE political systems. The constitutional arrangements have stipulated the legal autonomy of the meso-governments of social and territorial actors and that of the micro-system of the organised civil society. But these two weakly institutionalised sub-national levels in their actual relationships to macro-politics have kept the strong financial and political dependence on the central state and this institutional deficit has not yet allowed for 'good governance' with high performance of the new democratic polity as a whole.

The first reform wave was supposed to be followed by the second reform wave that would elaborate the system in detail by completing the democratic institution-building. The first reform wave laid the foundations of the new democratic order, but it did not complete this institutional system in great detail, since it was left for the second wave, including some necessary corrections. The second generation reforms are necessary in all democratisation processes in order to move on to the second phase tasks of fine-tuning and institutionalising the reform. There are three main components to second generation reforms: (1) market-completing measures as corrections of market failures (antitrust legislation and effective guarantees of property rights); (2) equity-oriented programmes designed to ameliorate the widening distributional gap; and (3) institution-building initiatives aimed at good governance and citizens' input into the policy-making process. The quest for good governance includes the creation of a more professional civil service, the modernisation of local and/or regional self-governments, judicial reforms, and establishing a more constructive dialogue with civil society.

Actually, some smaller reform moves were continued in ECE in the nineties, but a coherent, second reform wave did not take place. The second reform wave began in the mid-nineties but it failed to accomplish its tasks and it became a controversial, protracted process with many delays and setbacks. In the nineties, the economic crisis management with fiscal recentralisation became unavoidable, so

the second reform wave at its first attempt was not successful in breaking the quasi-exclusive power of the centralising state. After this failed first attempt, the second reform wave, however, has come back within the EU, and the new member states are trying to cope with its tasks through a second attempt at completing the institutional reforms. In fact, the second reform in the nineties was also supposed to create the proper EU competitive institutions, but it did not complete the task. The second reform wave lost its momentum before the accession and it has left many tasks for the post-accession period. In this situation, a distinction emerged between the ‘absolute’ institutional deficit inherited from the past (including the recent past of early democratisation) and the ‘relative’ institutional deficit, namely the lack or weakness of those institutions, which are needed for EU membership.¹⁰

Actually, the Great Transformation in the early nineties meant ‘only’ a structural accommodation to the EU constitutionally, that is, in general features as an *anticipative* Europeanisation. It was above all a political deal of choosing from among the West European constitutional solutions, followed by a proper transfer of institutions. Turning to the half-made second reform wave, one can see its contrast to the *adaptive* Europeanisation within the EU. The new democratic governance was organised, indeed, first in the central government, then with further steps in the entire state administration. State administration has been constitutionally and ‘technically’ separated from a system of self-governments. With administrative modernisation, the separation of politics and administration (‘elected and selected’) became the basic rule, from the ministries (ministers versus administrative state secretaries) to local communities (mayors versus notaries as the heads of local administration). Politicians appeared as figures democratically controlled by elections, and the administrators as career civil servants with clear professional criteria. This Weberian idea was not new for the Central European cultural and political traditions, but it had been permanently corrupted in the former periods of modern history. The administrative reform ideas were elaborated in the spirit of a comprehensive institution transfer from the West, however, the logic or sequence of transformations still had to be kept. The major trend of the reform of central government and state administration was the decentralisation of power and competences. Hence, despite the asymmetries in the institution-building, the state and public administration were separated as central and local governments, and, altogether, during this structural differentiation a very complex and articulated structure of intergovernmental and public-private relations came to exist in the ECE countries.¹¹

The fragmented democracy. In these ECE democracies, the institutions were only half-made, however in addition, in the first reform wave a ‘fragmented democracy’ emerged, in which the system of ‘checks and balances’ was overextended. The ECE states usually ‘imported’ a powerful constitutional court and an ombudsman’s office, established an independent state attorney as well as an independent judiciary system with partially overlapping competences. The structural-functional differentiation took place without proper coordination and co-operation in the Big Power Triangle (president-government-parliament) and beyond, in the system of checks and balances. In the second generation reform, the macro-institutions of this new, ‘fragmented’ democracy had to be fitted together with the meso- and micro-institutions in order to reach higher level performance. They had to create the Small Power Triangle of ‘intergovernmental’ relations between the central, meso- and micro-governments. This task came to the fore in 1998, when the detailed requirements of structural adjustment to the EU were clearly formulated. The advanced countries have two pillars for the legitimacy of their democratic regimes: legitimacy by procedures and legitimacy by performance. That is, political systems are

10 The concrete itinerary of institution-building has been determined by the internal nature of the institutionalisation process, going necessarily from the transformation of macro-politics through meso-politics to micro-politics. This itinerary has been identical in major outlines, but different in forms and speed, in the various ECE countries. Democratic institutionalization as its blueprint was formulated by the new constitutions had three major stages, above all analytically and conceptually, but also somewhat chronologically. The first one has been concerned with the most decisive parliamentary and constitutional changes; the second one with a major reform of central government, state administration and ‘functional governments’, that is, nation-wide interest organizations; and the third with the detailed elaboration of self-governing civil-society institutions, first of all, local and regional self-governments.

11 In the nineties the governments focused more and more on their own internal institutionalization and democratization: “Restructuring of the government machinery has been at the heart of administrative reform in Central and Eastern Europe. Governments have been operating with obsolete organizational structures or government ‘machinery’ left over from the communist past.” (Nunberg, 1999: 237-38).

accepted by the populations as legitimate if they abide by democratic rules and procedures and if the governance provides high performance. In the new fragmented ECE democracies, this second pillar in the nineties was – and to a great extent still it is – largely missing, although this is a fair demand that democratic institutions have to work, indeed, more efficiently.

The ongoing, painful second generation reforms in the 2000s are a way of coping with the twin challenges of post-accession and early consolidation. After the early nineties, the historical experience of following and importing the West European model became again of particular importance in the late nineties. When the accession period and the negotiations on full membership came closer, the Europeanisation process became more detailed and more sophisticated. In the late nineties, this complex political (and policy) harmonisation with the EU – well beyond the legal one – turned out to be more and more complicated than ‘simple’ democratisation and constitutional transformation, being pragmatically or policy oriented instead of focusing on the political design. The *adaptive* Europeanisation began in 1998 with the accession negotiations and it raised the need to overcome the ‘relative’ institutional deficit by building the EU institutions. The demand for EU capacity with an increasing stress on implementation and effectiveness has jointly appeared with the requirements of democratic consolidation. Notably, in democratic transition the main task was to democratise the whole society and to establish the constitutional state. In democratic consolidation cum adaptive Europeanisation, the performance of these institutions as modernisation, i.e. the improvement of the quality of democracy comes to the fore to overcome the performance crisis in the new member states. It is no longer enough to ‘import’ an institution from the West; the major issue is how it can work properly or efficiently as ‘good governance’ in the EU or as ‘European governance’. For the full implementation of the *acquis*, it is not the political will that is missing, but the administrative capacity to domesticate and implement them properly.

As it has been mentioned above, international political science has also developed the twin terms of ‘defective’ and ‘deficit’ democracy to describe the new democracies. The main difference between these two types of analytical devices is that deficit democracy has to be considered as a normal transitory stage before the full accomplishment of democratic institution-building in an evolutionary process, while defective democracy means the basic distortion of democratisation and it indicates a diversion from this evolutionary process or progress. It is clear that the ECE countries do not belong to the defective democracies, but it is also conventional wisdom that they have not yet reached the stage of full democratic consolidation. EU membership has made it evident that the new member states are still deficit democracies, since the EU requirements have demanded the accomplishment of institution-building – the NUTS system in particular and multi-level governance in general – that was postponed to the post-accession period. The ‘missing middle’ as the very weak institutional meso-structure or meso-governments is a historical tradition in ECE that has not yet been overcome in the democratisation process. Moreover, it has been aggravated and become imbalanced by the rapid growth of the institutional macro-structure. In general, the ECE countries still have a weak institution-density and only a half-developed ‘civicness’ in the form of organised civil society at the micro-level. No doubt they have also had their built-in weaknesses that give the main negative features of the early, immature democratic consolidation.

Adaptive democratisation as a detailed regulation should proceed not only in the general spirit of democratisation, but of necessity according to the very detailed regulations of Europeanisation, so to say, from the ‘economic’ through ‘political’ to ‘social’ Europe. The EU27 has been ‘manageable’ and further formal institutional accommodation processes of the new member states to the workings of transnational EU institutions can also be foreseen with relative ease. In this narrow meaning of the EU level cooperation, the cleavage between the old and the new member states will disappear rather soon. Moreover, in a somewhat wider meaning, the new member states will implement community policies more and more effectively in the coming years, maybe in some cases even better than some old member states. But this is not the full story. It is true that the new member states have begun, but by far have not yet completed the EU adjustment process in the institution-building and policy integration, so they have not yet become ‘effective’ or competitive member states.

The ECE institutional developments in the European policy universe

Meso-governments and policy performance. In order to properly analyze the policy developments, one has to return to the main theme of the institutions and policies being two sides of the same coin. At the same time, institution building is the precondition for the high performance of the polity or for the 'policy revolution'. The second institutional reform wave has aimed at completing the democratic institution building at meso- and micro-levels, since these levels are still missing or only half-completed. This asymmetrical character of the democratic institutions is responsible for the weak policy performance of the ECE countries that has been bordering on 'performance crisis'. Meso-politics in modern societies has a tremendous role in policy performance, including conflict resolution and crisis management, or rationalisation of interest representation in general. In co-operation with micro-politics, it facilitates the workings of the very complex social systems, already unmanageable, or beyond the control, for the state or central government in itself. Thus, the policy development in the second wave of institutional reforms has been strongly intertwined with institution-building at the meso-level through creating effective meso-governments.

Democracy as social condition. Consequently, there is no further democratisation and/or improvement of performance without building meso-governments that also includes the 'interest rationalisation' and institutionalisation of interest groups, having a self-regulating role in their own fields. This usual statement about governance versus government can be extended to all sorts of interest representations, not only to the functional, but also to the territorial self-governments. The real question for the ECE states and societies is not whether they need this interest rationalisation and administrative modernisation, but how it can be arranged. Therefore, one has to look at the functions of organised interests from the angle of their 'governing' or 'administering' roles. Without involving the social and territorial actors in the decision-making process, the whole political system remains in danger of a permanent 'state overload' with issues, of being insufficiently informed and of lacking the adequate support of social groups. Meso-governments with well organised interest groups perform the functions of social integration that neither state nor market could serve. They organise membership and provide an aggregation of their interests and this interest-creating role rationalises the interaction between state and society. This rationalisation increases the efficiency of modern societies tremendously and the structured pattern of interest representation protects state or government from the fluctuating and overwhelming demands of the society. In fact, democracy is a social condition before it is a political system, therefore, the rationalisation of social conflicts is the core task of democracy in its efficient workings.

Effective meso-governments and decentralisation-regionalisation. Effective meso-governments are needed to promote effective membership in ECE, since the most acute problem is the lack of the proper EU capacity at the meso-level. This problem appeared already in the accession period and it may go through the entire post-accession period. The first years of membership have testified that although the absorption capacity of the ECE countries has been meeting the minimal requirements and their sub-national, regional actors have also performed tolerably, their meso-structures are still rather underdeveloped. Therefore, meso-politics has been in the focus of performance evaluations in the first years of membership. Central governments have the initiative in preparing and deciding for the National Development Plan for the next seven years (2007-2013), but meso-politics carries the main burden for structural accommodation within the EU and for its success through enhancing social capacity. The reorganisation of the relationship between macro- and meso-politics as decentralisation and regionalisation is one of the central tasks of the post-accession period as the only way of eliminating policy deficits and enhancing the performance of the entire political system (Dezséri, 2006).

The meso-level, first of all the regional governments, are the optimal place to introduce policy integration, since in this size the strategic planning and its implementation for integrating economic, social and education policies is more simple and transparent. The mobilisation of meso-politics for the new EU workings has evoked two features of regionalisation in a marked way: first, the extension of regional partnership structures and, second, the significance of micro-politics or organised civil society as a solid foundation below meso-politics. The extension of regional partnership structures as the regional governance with socio-economic and territorial actors may be curing the infantile disease, the traditional weakness of the intermediary structures, for both the territorial and social

actors. The local-regional branches of both business associations and trade unions have also found common interests in the promotion of regional development. They have organised policy communities and networks, and even more often issue networks for the common management of matters that have emerged transitorily between/among policy communities, e.g. writing applications for funds. EU membership has also accelerated the building up of new structures along the lines of horizontal and vertical Europeanisation, within the ECE countries and abroad. Most ECE states have failed to organise elected, self-governing NUTS2 regions, but governments have encouraged the regional association of counties (NUTS3) as they did with the settlements (NUTS5 – LAU2) in producing districts or small regions (NUTS4 – LAU1). The Regional Development Councils are but weaker forms of the elected regional governments, since the counties send their elected representatives to these bodies. In fact, all counties have their elected assemblies and these assemblies can also form together some kind of regional assembly that can enhance both the legitimacy and efficiency of the NUTS2 regions. Although there is still a long way ahead to remove the regional deficit as a particular case of institutional deficit and to create the 'framing integration' at the regional level, some basic changes can already be seen (Kosteletzky, 2000).

This unity between institutional capacity and policy performance can be expressed in three terms that are often used as benchmarks of its theoretical background and as major targets in the second reform. First, *effectiveness* means that the political decisions have been carried out and its testing is 'binary': yes or no. Second, *efficiency* indicates the relationship cost/benefit that can be grasped in percentages, and it can be decreased or increased. Finally, *efficacy* relates to the social outcome, whether it serves the strata concerned or the stakeholders, and to what extent. My analysis suggests that the new member states have serious deficits in all three respects: they are often ineffective, since political decisions cannot be carried out (implementation gap). If they have indeed been carried out, they have been made at a rather low efficiency and they hardly satisfy the stakeholders (poor efficacy). This short and sharp summary of the *performance crisis* in an asymmetrical and fragmented democracy has indicated that the lack of proper modernisation has become a very serious problem in EU integration, in order to ensure effectiveness, increase efficiency and provide efficacy. Moreover, I have tried to indicate that the social preconditions for democracy or a 'social construct of democracy', beyond the formal-procedural meaning of democracy, are at the same time those of effective democracy. The emerging new strata and their new actors are about to create a multi-actor democracy, where all the 'partial regimes' are to be made ready for a well working democracy. It is true that the rapidity and profundity with which the transformation is accomplished varies a great deal and diverse roads of development can be identified even in ECE, hence, dissimilarities are also clear among the ECE countries. Yet, the common features of the social and political systemic changes have dominated in the development of these countries. The diagnosis of the infantile disease in Europeanisation and the democratisation of ECE countries as the belated emergence of the meso-systems has displayed these common features in ECE. However, it leads us to a cautious optimism and to a prognosis that the infantile disease of the weak, asymmetrical democracy can be gradually and finally cured.

Inventing social capacity and the participatory democracy in ECE

'Working' institutional capacity in the EU27. The Copenhagen criteria already emphasised "the candidate's ability to take on the obligation of membership", i.e. in short, the EU capacity. This obligation of membership should not be reduced to the readiness to accept the EU regulations and new policies, but it also includes the 'ability' to implement them; therefore, the EU capacity has both institutional and policy aspects (institutional fit and policy fit). The divergence between the formal and substantial institutionalisation was detected by the European Commission very early because legal harmonisation showed an 'implementation gap' between formal rules and non-adequate practices. Yet, among the parallel processes of institution transfer and policy transfer, the former was easier and more regulated as a 'hard' requirement that was mostly tied to the first institutional reform. In the accession process, the EU focused on the institutional developments, therefore, the institution transfer was the easiest way to cope with this task in ECE. Policy transfer with its much more complicated 'soft' requirements has come to the fore much more in the post-accession period and it has been closely connected with

the second wave of institutional reforms supposedly completing the democratic institutionalisation in meso- and micro-levels.

Institutional design and the developmental state

The developmental state as a model for the new member states. The main idea of this social capacity approach is that the Nordic model also has to be followed by the new member states in their ‘completing the membership’ programme. As Mario Telo reiterates several times referring to the idea of ‘Europe as the world’s Scandinavia’, the Nordic model is the optimal Road Map for the new member states in their efforts to catch up, due to “the socio-economic content of the external influence of the European model of society which can balance freedom, justice and solidarity” (Telo: 2006: 222). Already in the EU accession process, there was growing interest in the study of EU capacity in ECE and its creation by the developmental state, and later on institutional design and capacity building became the main efforts in the new member states (Ágh, 2005). In general, the EU has forced the creation of a developmental state upon the new members, since the EU requirements have been dictating the establishment of the new or the transformation of the old member state institutions that has been the typical function of the developmental states. In fact, strategic development planning with the proper system of institutions is obligatory in the EU for those states where the GDP per capita is below 75 per cent of the EU average. The EU ‘orders’ have arrived at the state institutions – mainly at the central governments, but the parliaments and justice systems, including the Constitutional Courts have also been involved – to create proper central organs, then later more and more the meso-level organs for vertical and horizontal Europeanisation. Recently there has been a slow and controversial shift from the national level institutions to the regional level ones, from institutions to policies, from hard law to soft law. It can be summarised as a transition from state capacity to social capacity in the EU requirements and expectations. This process has culminated with EU pressure to introduce new policies (the Euro, Schengen, and Lisbon Strategy) that have both institutional and policy requirements and that need the maximal role of the developmental state in building social capacity. This shift from the state to social capacity has led to the increasing significance of policy sciences, and also to the need to analyze state and social performance by setting their criteria (see e.g. Bertelsmann, 2008).

State capacity and social capacity. In this stage of the institutional design as a dialogue between state and civil society, the main task is creating the social capacity. The internal reform of this new public administration, with its further functional differentiations between territorial levels, and according to various public functions, also appeared as real modernisation and not only as democratisation. The classification of the various aspects of state capacity, in general, can be useful in political science, but the conventional approach considers its connection to and its foundation in social capacity only as of secondary importance. Hence, the relationship between the state and social capacity remains undiscovered, although it has become the most important issue for both the developed and developing states, but most of all for the new member states. In fact, the role of the state has increased in the quickly changing global world creating and/or maintaining sustainable competitiveness. Sally Cummings and Ole Noergaard have set four sets of criteria for evaluating state capacity – ideational, political, technical and implementational. By ideational capacity, they mean the legitimacy of the state and its embeddedness in state and social institutions; political capacity means the ability to make coherent decisions and mobilise the resources from all state institutions for this decision; technical (or administrative) capacity is the intellectual and organisational resources of the state; and finally, implementational capacity means carrying out decisions (from political output to social outcome) (Cummings and Noergaard, 2004: 687–689). Given the high complexity of modern states and the socio-economic and political systemic change, even the creation of state capacity has needed a great effort in ECE. The collection, registration and administration of data on all social sectors for a properly functioning state – e.g. for levying taxes - has become one of the biggest problems in the new member states. For instance, for launching the pre-accession agricultural SAPARD programme the EU authorities needed precise land registration that created huge difficulties for the Land Registration Offices in the new member states.

This new function of permanent adaptation to the changing global circumstances has been called a *developmental state*, i.e. a state facilitating the global adjustment of the country as a whole through the

constant modernisation of its institutions in order to enhance their policy performance. It presupposes that the state strengthens social capacity through maintaining and developing the high level public/social services. The broader view on state capacity that takes into account its relationship with social capacity, however, also adds a relevant dimension to the necessary analysis of the administrative and political capacity of the central state. In the EU it is crucial indeed, whether the state acts in a legitimate way or whether its actions just increase the democratic deficit. Moreover, the distinction between ‘political’ and ‘implementational’ aspects within the administrative capacity may also be worth considering, given that the implementation gap in ECE has been so often criticised by the EU authorities. No doubt a thorough study of the ECE central governments and state administrations could benefit from such a system of criteria, since the ‘state sector’ has to take part in the decision-making process of all EU institutions and to transfer all information coming from the EU to public administration, including all of its levels. State capacity also has to be tested across the whole spectrum of state administration, with two special cases of the judicial system and data collection/administration.

State capacity – strong or weak state? The problems of state capacity lead to a more general question of strong and weak, or ‘large’ and ‘lean’ states. It is not so much an issue of institutions, but that of policies or performances, since institutions and policies are two sides of the same coin. In ECE, there has been a tradition of centralised and ‘big’ or ‘large’ states that claimed to be ‘strong’. Therefore, in systemic change a myth of the ‘small’ or ‘lean’ state has emerged, suggested also by such ‘institutional tutors’ like IMF and OECD, mistaking small for efficient. In fact, both approaches are fatally false in my view, since the ‘big’ state does not become efficient simply by reducing its size, meaning the size of its competences as well as the size of the administrative staff. First, no doubt that the former authoritarian state had to be deprived of many of its earlier competences; however, at the same time even the Europeanisation of the new democratic member states demands an increase of their competences in some other fields, among others the policy integration in the Lisbon Strategy. Second, it is true that there are redundancies even at present in the administrative staff in ECE but, again, the new functions presuppose new, additional and more professional personnel. Thus, not only the ‘big and strong’ approach has become outdated, but also the ‘small and cheap’ approach has been misleading from the very beginning of systemic change and the demand for building EU capacity presupposes more and more the ECE kind of developmental state. The ECE states are not ‘big’ compared to the nation-states of other members as far as the size of the personnel is concerned (both civil servants and public employees), but there are serious problems with their cultural/human capacity. Consequently, the need for change cannot be formulated in *quantitative*, but only in *qualitative* terms. The same applies to the new functions of the state that have to include all the items of the Lisbon Agenda. Above all, the most important task of the state in the new member countries is to build a large social capacity in order to create an optimal relationship between state and social capacity.

Its deficiencies can be found on both sides, in state and social capacity. On the state capacity side, it can be seen in the low capacity of the central government in innovation and interest representation in the EU bodies, and on the social capacity side in that of the larger public for mobilising its resources for EU capacity and competitiveness. The new member states are still coming out very slowly from the ‘inter-governmental’ period, in which they reduced their contacts with the other states mostly to the government to government relationships. Instead, they have to build a complete horizontal Europeanisation through connecting all levels of society inside the countries and throughout the EU. Therefore, the ECE public administrations have missed to a great extent the transition from government to governance and it has remained a system based on *vertical* hierarchy instead of the *horizontal* partnerships in multilevel governance. Various evaluations written in the EU came to the very same conclusion already concerning the general preparedness of the new Central European member states to meet EU requirements – the *most serious bottleneck regarding EU capacity* and at the same time the most serious obstacle to its improvement is *the outdated, low-capacity institutional system*. I call this the ‘missing middle’, since the meso-level institutions are weak, which means that there is a low level of social capacity and policy performance at the same time. From this it follows that radical institutional reform is the main breakthrough point for achieving successful, effective EU membership. However, in parallel with institutional capacity building, increased emphasis should be placed on strengthening policy performance, which facilitates not only the quantitative but qualitative catch-up process in the

EU as well. The planning of an *EU conform* institutional reform, again, necessitates a new conceptual framework by replacing the age old state capacity-centric approach with an approach based on the interrelationship between the state and social capacity in the spirit of developmental state. Social capacity can be the only solid foundation for a national strategy in the EU, since high performance within the EU requires an all-out effort by the ECE societies as a whole. It is true that the national strategy first has to be initiated and outlined in a top-down way, but later it has to be fully developed and implemented in a bottom-up manner.

Institutional design and territorial governance. Social capacity building is not a spontaneous, but a consciously planned process, just like the ‘design’ of competitive institutions required for successful EU membership, as well as the further dynamic of these institutions. In principle, this task can be easily implemented because the design of EU conform institutions required by the EU can be worked out at macro-, meso- and micro-levels as well. EU expectations unambiguously map the framework, since they provide the ‘design’ for necessary institutions, though they carefully avoid stipulating the details, leaving this for national competence. Such a plan or design is, for example, the NUTS Regulation adopted on 26 May 2003, which regulates the three upper levels of the territorial institutional system – macro-regions, regions and counties – in detail, whilst leaving a wide scope in terms of the two lower levels – districts (or small regions) and settlements – so that national differences could be accommodated. Therefore, the most important principles in institutional design are regulated and the really competitive member states take heed of these regulations. The principle of partnership is the uppermost priority in institutional design, which can be construed as a base plan or basic rule because this is the overriding principle of institutional planning and operation in the EU.

Partnership and governance. Partnership as a basic rule of ‘construction’ or institutional design represents the expectations of both participatory democracy and efficiency in the EU. At the same time, it means that ‘inter-nationalisation’ in the EU proceeds above all not on the top as vertical Europeanisation, but at the sub-national levels of horizontal Europeanisation. The required design of EU conform institutions is essentially drawn up in conformity with the partnership principle, which for the time being, is still rather unknown in the ECE political systems. However, the ECE political systems in their very essence are still vertically constructed and hierarchical, in a word, ‘inter-governmental’. In ECE, there is hardly any meaningful horizontal co-operation, since the most characteristic features are vertical superiority and inferiority. Therefore, state capacity has often been damaging to social capacity, so it is counter-productive. The traditional institutional architecture with its overweight and overly centralised state as the main player – or the only player – somehow fits the previous government-based approach, but it completely contradicts the new governance-based approach, which focuses on partnership and multi-party co-operation. The low capacity of the ECE institutional systems is caused principally by an overly centralised state and government, which only intensified during the post-accession process. This is not unique to Hungary, the country I know the best, since the same process was observed in other countries of East-Central Europe. In order to create high social capacity, the first step to take is to build ‘partnership triangles’.¹²

Multi-level governments and policy performance

Partnership triangles. EU expectations can be reduced to three large institutional models or designs, the drawing up and efficient functioning of which are the antecedents and preconditions for every national strategy. Their establishment at minimum level is indispensable to guaranteeing an equally minimum level of a country’s absorption capacity, i.e. *EU compatibility*, but not sufficient to achieve a high degree of *EU conformity*. However, the EU conform institutional architecture –the three main levels of multi-level governance – clearly takes its shape from EU regulations and expectations. I characterise the basic institutional plans as *partnership triangles*, since they are based on the partnership established between three players of different kinds. In line with the general principle of subsidiarity, the *first* partnership triangle is constituted by the EU, the nation state and the NUTS2 regions. In this respect,

12 I have contributed to the elaboration of the MLG in a CoR document with a paper Multi-level governance and metagovernance in the EU: the clash between politics and policy, in The Contributions to the 2008 Ateliers, Brussels: Committee of Regions, so here I do not deal with this issue only in its specific case of partnership triangles.

the concrete and detailed EU expectation is that the region should be an independent player, related directly to the transnational institutions of the EU, and for this purpose it establishes its own staff. The *second* partnership triangle comprises the relation of the nation state with social and territorial players, which in developed market economies was traditionally represented by the institutional system of social dialogue, but has since been extended to include territorial actors as well, with both social and territorial actors having their 'inter-national' contacts within the EU and beyond. The *third* partnership triangle represents the co-operation of sub-national regional governments, on the one hand, with the local, regional, social and economic players, civil and political organisations and networks; and on the other hand, with territorial actors, organisations and representatives of counties (NUTS3) constituting the region and with the districts (NUTS4) constituting the counties, which also includes their 'inter-national' partners.

The first partnership triangle represents the essence of state capacity as *vertical Europeanisation*, which illustrates the capacity of the nation state to intermediate between the trans-national level of the EU and the sub-national levels. At the same time, these mechanisms also work in reverse; that is, the state has to be able to represent the interests of the member state at the trans-national level, to formulate its strategic objectives, to take political decisions in the domestic playing field and enforce national interests within EU institutions, given the fact that 'inter-governmental' relations are very important in their own place and in their proper functions. In the second triangle, the nation state is only one of the partners, standing out principally due to its function as co-ordinator. As noted by international analyses (see e. g. Nunberg, 2000), the genetic defect of the ECE states is their co-ordination weakness, on the one hand, within the state or central government, on the other hand, between the public sphere and other spheres of society. The second triangle represents the intertwining of state and social capacity, its 'power transmission system' and network. If the state intends to distort this essentially horizontal relation and make it vertical, then it deconstructs social capacity and by doing so weakens itself and cuts the 'inter-national' relations. This was the *de facto* situation in the accession process, which resulted in an accession democratic deficit. Literature went into detail about the European Commission, which first of all forcefully demanded the establishment of the NUTS2 regions in the accession process, then at the date of accession did a U-turn and imposed all of its expectations on the central government. Some EU expert documents sharply criticise the European Commission for its new government-centred behaviour and blame it for the backward regional development within the new member states (see Hughes et al, 2004).

Regionalisation as vertical and horizontal Europeanisation. In the new member states, the vertical Europeanisation process has yet to be completed in the form of the first partnership triangle and there is an even bigger delay in the establishment of the second and third partnership triangles. This, however, is the context of *horizontal Europeanisation*, the context of interlinking institutions at the same level and of the same character. This is where the second triangle leads to and this is embodied perfectly in the third triangle. In ECE, the third partnership triangle is at most just emerging in the framework of the Regional Development Councils. They are still rather uncertain about real partnerships and they are hesitant in making their choice between this partnership-related and a semi-state 'quango' existence. The first signs of genuine 'social corporatism' have already appeared and the establishment of local partnership networks has begun in Hungary and elsewhere. But it is basically the various national governments who pull the strings and influence them according to the changing political climate of majority and consensus-based policy, according to the ups and downs of the annual centralised budget.

Sufficient or high social capacity can only be established if the extended form of partnership triangles, which go beyond the above-mentioned structure, exists within that given member state and beyond as a new web of inter-national relations. The first triangle has to go below the NUTS2 regions as the partnership system of districts, counties and regions, which in turn are built on one another both geographically and in terms of development policy. Sub-national regionalisation based on the principle of partnership can be considered to be multi-polar, *county-friendly regionalisation*. This is the only way to achieve real and efficient regionalisation since districts also need to be settlement-friendly, i.e. they have to be built on the partnership principle as well. The second extended partnership triangle is the consensus-based structure of the national political system. Approaching the issue through the examples of Ireland or Spain, this is the basic model of the social pact, or the social-economic agreement. The rapid alignment and development of these countries was based on a

broad social consensus of partners representing various interests, but in agreement on a development strategy. In real terms, the late 2000s in ECE will show whether or not it is possible to reach a social consensus on the implementation of the National Development Plan over the period of 2007-2013 in the EU, a consensus that goes beyond the agreement between the major political parties. The third extended triangle starts from regional government institutions, encompasses the organised regional institutional system, and is organically integrated into local civil society. Empirical studies show that the level of development of the civil society (civicness) is a more important factor than the degree of economic modernisation. On the other hand, these studies point out that even though the integration of quasi-organisations, such as NGOs and others into regional networks has started, these organisations do not yet play an important role in those networks. The integration of territorial actors is also in the first phase; by territorial actors we mean 'associations of associations' in counties and districts therein, which comes back inter-nationally as the contacts across the borders in Euro-regions.

Political and administrative capacity. In the new member states, the central government still wants to be the one and only decision-making authority on every issue, considering all inter-national issues basically as inter-governmental. But while it jealously guards over this decision-making monopoly and strives to exclude all the other players and avoid substantive decentralisation, it paralyses itself and is incapable of enforcing its decisions and implementing them in practice. Furthermore, this is the reason why the central government does not fulfil its underlying decision-making task: making strategic decisions and establishing the national strategy. With regard to the capacity of institutions, one has to differentiate between political capacity and administrative capacity. The first is decision-making capacity, the second is the ability to implement decisions both internally and 'externally' through horizontal Europeanisation-based contacts and organisations. *Political* capacity has three major elements: (1) the assessment of and responding to social expectations, (2) the formulation of objectives and the identification of tools necessary to reach the objectives, (3) the making of decisions. At the regional level, political capacity depends on: (1) the strength of local civil society, (2) the degree of development of local media, and (3) the degree of development of the given region's external relations within the country and abroad. The major elements of *administrative capacity* are: (1) the level of public administration services (management), (2) the treatment of clients (citizens and institutions) as equal partners (fair conduct), (3) financial planning and efficient utilisation of instruments (budgeting). At the regional level, administrative capacity depends on: (1) the GDP per capita and the development of infrastructure, (2) the amount of locally collected and spent taxes and revenues, (3) the level of education and culture at the local level, with special emphasis on the ratio of higher education degree holders. This public policy model is valid at all levels of institutions and does not only characterise state capacity at the macro policy level. This description holds true for social capacity at meso- and micro-policy level as well. The character and degree of institutional political and administrative capacity can be established in concrete terms at every level of the institutional system.

Cultural capacity or civicness. Similarly, to be able to interpret the concept of capacity building, we have to distinguish between *institutional* and *cultural* or *human* capacity. The lesson we can learn from political and economic systemic change is that creating institutions is relatively easy, but it is a much more difficult and lengthy process to operate them efficiently, as it is contingent on cultural or human capacity. Cultural capacity or as Robert Putnam puts it, '*civicness*', is the totality of cultural traditions, such as attitude, conduct and mentality, the natural basis of which is the institutional system of organised civil society. Human capacity, on the other hand, is much easier to grasp in terms of various qualifications, which can easily be expressed in concrete terms of EU knowledge and foreign language proficiency, on which the inter-national relations and EU competitiveness depend. In the accession period, the European Union provided substantial assistance in developing institutional and human capacity, which, however, could not offset the widening qualification divide derived from the exaggerated role of the state and increasing EU expectations. Even in large-capacity countries, such as the Nordic countries, where a large-scale apparatus was available to build EU human capacities, we still saw a 'dual bureaucracy' – albeit temporarily – comprising EU-oriented administration and the 'remaining' national public administration. Obviously, this divide is even larger in ECE and more intense efforts are needed to fully Europeanise national public administration.

Multi-functional region and social capacity. Finally, when expounding on the problem of social capacity building, we have to introduce the concept of the ‘*multi-functional region*’. In ECE, there is a false assumption related to the NUTS2 regions, both in public opinion and sometimes also among professionals. According to this misconception, a region is just a kind of larger county as a NUTS3 unit; it basically performs the same functions as a county does in the current system or it performs the tasks which the county would like to have performed. In practice, the multi-functional character of regions is drawn up by the partnership triangles described above. Amongst these features, the international function keeping direct relations with EU institutions represents in itself a huge set of tasks and challenges. This multifaceted function is further extended by the set of requirements in the second triangle, which focuses on relations of the nation state with other ‘domestic’ and ‘foreign’ EU regions. Finally, the third triangle, the ‘internal’ institutional system of regions requires the largest variety of functions. From the viewpoint of the Lisbon Strategy, the basic unit of international competitiveness – not only within the EU but also beyond – is not the member state, but the highly developed multi-functional region, which is fundamentally responsible for innovation. The task and responsibility of the region is to integrate all factors of competitiveness physically and geographically, and link them with the consciously planned measures and interventions of regional government for enhancing the social capacity. The main factors of social capacity at the regional level are the universities as knowledge centres, investment into human capital, the involvement of businesses in planning, the establishment and running of ICT centres providing business-related or secretarial services, the management of the cycle of planning, programming, monitoring, financing and other administrative and governmental services. Policy integration, consequently, has to be implemented at the NUTS2 regional level, since this integration is the essence and precondition of sustainable competitiveness.

Conclusion: the ECE new democracy at the crossroads

The evaluation of the ECE developments has changed a great deal after the global crisis. Before the global crisis, EU integration in ECE might have been described as a success story with some mixed results and controversial processes, but basically as a positive process. The main issue is that the EU experts in general and the Commission’s Report (Commission, 2009a,b) in particular analysed the economic developments separately from their social background and their political consequences, in a fragmented approach. They did not make serious efforts to put them together for a composite picture in a holistic approach. In the political science profession, however, in the second half of the 2000s there were some indications for ‘backsliding’ in ECE. These indications were restricted to the ‘quality of democracy’, while some social scientists on the other side issued warnings about the deep social and/or employment problems in the new member states. I tried to give a composite picture in the mid-2000s by introducing the term ‘post-accession crisis,’ embracing both the political and the socio-economic dimensions. Altogether, the post-accession crisis demonstrated already the asymmetrical and fragmented character of the ECE democracies, but this crisis still looked transitory and the opportunities of the new member states to catch up with the EU average by 2015 seemed to be rather good. This relatively optimistic mood before the global crisis also suggested that the old-new member relations were no longer the main dividing line within the EU.¹³

The current global financial crisis has changed the perspectives of the ECE new member states drastically, because the impact of the Western participation in the ‘Eastern’ member states has also changed to a great extent. The EU economic participation and multinationals-led economic development accelerated the economic growth before the crisis. But the increasing global crisis has made the ECE countries weak and extremely dependent on the idiosyncrasies of the crisis management of the Western firms and their governments. Also, these Western governments have sometimes been driven to the extremities of ‘economic patriotism’ or, bluntly said, protectionism. The weakness of

13 The assessments around the EU entry were quite positive, see e.g. Di Quirico (2005) and Sedelmeier (2005). The backsliding in democracy terms was noticed even before the global crisis, see the special issue of *Journal of Democracy* (Bütorá, 2007; Greskovits, 2007; Rupnik, 2007) and also Bertelsmann, 2008 and Goehring, 2008. About the threat of populism in ECE see Meseznikov et al, 2008.

the ECE economy under the pressure of global crisis has turned out bigger than before, shifting from financial to economic, to finally a socio-political crisis, since their social weakness has been basically caused by the low level of economic activity or high level of social exclusion in the ECE populations. Economic development has been to a great extent inorganic and, as a result, the ECE economies have been split into a dynamic-integrated part by multinationals and a backward part by the domestic SMEs. Similarly, the workforce has been divided into a dynamic/well-educated and a passive/low skilled part. The economic growth has resulted in a high amount of low skilled people being subject to socio-economic exclusion from the early nineties onwards. Thus, there has been a controversial effect of systemic change and EU membership – it has dynamised the greater part of employees and marginalised and/or excluded the smaller part.

Consequently, the democratisation process has also remained basically asymmetrical in ECE due to the weaknesses of the social and territorial actors and it has turned back, to a great extent, in the form of destabilisation and deconsolidation processes. The victims of social exclusion were suffering from political exclusion as well for a long time, but their recent inclusion into politics has produced a perverse participatory democracy in the form of the success of populist parties. The anomic activities of the loser of systemic change at first caused only some *destabilisation* effects with street disturbances, but later they have culminated in serious *deconsolidation* effects that have eroded the basic foundations of the democratic order. Nowadays, there is a danger that due to the mass discontent, the populist parties can conquer the power and become hegemonic parties for a longer period, neglecting some important democratic rules. Although the basic institutions have remained so far more or less stable and balanced in this controversial process, the entire system of democratic institutions has been shaken and partly eroded in this deconsolidation process that has led to the Golden Age of populism. Obviously, systemic consolidation can only be completed when social consolidation reaches the overwhelming majority of the ECE societies.

All in all, with the global crisis the new member states have proven to be very vulnerable in the socio-economic respect, and as a result of the crisis the old-new member state divide has returned with a vengeance. Instead of continuing decentralisation, the global crisis has provoked further power concentration domestically in the hands of the executive power. The early, immature consolidation has been weakened with these destabilisation and deconsolidation processes. In this controversial democratisation and political modernisation, structural compatibility with the EU has remained stable, but the effective membership, with full democratic governance and competitiveness in the EU, seems to be more remote than before, although some elements of MLG or new modes of governance can also be observed. The basic question still is whether early consolidation is a transitory stage or a new model. The institutional transfer from the West so far has not yet produced a Western type of democracy, and the threat of a populist democracy with hegemonic parties has emerged. There are parallel processes of increasing Europeanisation and backsliding, therefore two alternative scenarios can be outlined as (1) the 'post-communist track' and (2) the 'completing the membership' scenarios. The first scenario has been based on the 'eternal East doctrine', which presupposes that these 'post-communist countries' are basically of the same nature from Prague to Vladivostok and due to the inherited burden of history they are doomed to failure in the catching-up process in the EU. The completing the membership scenario has been based on the Europeanisation process, which indicates that the new member states can still reach the effective membership by 2015-2020. In an optimistic view, the creative crisis in the EU by overcoming the recent global crisis may lead in the ECE countries through radical reforms to a mature consolidated democracy. For sure, the ECE countries have been moving ahead in contradictions as before, but a new kind of controversial progress has begun, since the global economic and social crisis with new dangers and new opportunities may exert pressure on both ECE governments and populations to accelerate the necessary domestic reforms. In the Chinese script, the word 'crisis' has been composed of the two characters of 'danger' and 'opportunity'.

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