

THE EASTERN ENLARGEMENT OF THE EUROPEAN UNION: A
UNIQUE CASE FOR IMPERIALISM

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ABSTRACT

THE EASTERN ENLARGEMENT OF THE EUROPEAN UNION: A UNIQUE CASE FOR IMPERIALISM

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This study analyses the Eastern enlargement of the European Union within the frame of imperialism. For this purpose, the study brings into question the characteristics of the European project, the reasons behind the Eastern enlargement, and the link between globalization, the European integration, and the EU enlargements. In this context, this study argues that the relationship between the EU and the Central and Eastern European countries presents a unique case for imperialism. In other words, the study argues that the Eastern enlargement was a case for the new imperialism. Accordingly, this study mainly focuses on examining this unique characteristic of the new imperialism in the Central and Eastern Europe. The eastern enlargement of the EU has been mostly discussed in the literature regarding the EU as the “return” of the Central and Eastern European countries “to Europe”. In other words, it was argued that the Eastern enlargement provided the return of these countries to democracy and market economy and integration of the west and the east parts of Europe. However, it has more clearly revealed the uneven development in

Europe. The European project expanded to the Central and Eastern Europe after the collapse of the Soviet bloc to restructure the region in line with the requirements of global capitalism. However, the new imperialism in the Central and Eastern Europe has had a unique characteristic by inclusion of these countries in the EU block. The result for these countries has been dependency on the regional market namely the European Single Market.

Keywords: Eastern enlargement, European integration, imperialism, globalization, global capitalism

ÖZ

AVRUPA BİRLİĞİ'NİN DOĞU GENİŞLEMESİ: EMPERYALİZMİN ÖZGÜN BİR ÖRNEĞİ

Doğan, Lütfi

Yüksek Lisans, Siyaset Bilimi ve Kamu Yönetimi Bölümü

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Bu çalışma Avrupa Birliği'nin Doğu genişlemesini emperyalizm çerçevesinde incelemektedir. Bu amaçla, çalışma Avrupa projesinin niteliğini, Avrupa Birliği'nin Doğu genişlemesinin ardındaki nedenleri ve küreselleşme, Avrupa bütünleşmesi ve AB genişlemeleri arasındaki ilişkiyi tartışmaya açmaktadır. Bu bağlamda bu çalışma, Avrupa Birliği ile Orta ve Doğu Avrupa ülkeleri arasındaki ilişkinin emperyalizmin özgün bir örneğini ortaya koyduğunu iddia eder. Bir başka ifadeyle, Doğu genişlemesinin, yeni emperyalizmin bir örneği olduğunu iddia eder. Dolayısıyla çalışma, Orta ve Doğu Avrupa'daki yeni emperyalizmin bu özgün karakterini incelemeye odaklanır. AB'nin Doğu genişlemesi, AB ile ilgili literatürde çoğunlukla Orta ve Doğu Avrupa ülkelerinin "Avrupa'ya dönüş"ü olarak tartışılmıştır. Diğer bir ifadeyle, Doğu genişlemesinin, bu ülkelerin demokrasiye ve piyasa ekonomisine dönüşünü ve Avrupa'nın batısı ile doğusunun bütünleşmesini sağladığı ileri sürülmüştür. Ne var ki, Doğu genişlemesi Avrupa'daki eşitsiz gelişimi daha açık bir şekilde gözler önüne sermiştir. Avrupa projesi, Sovyet bloğunun çöküşünden sonra Orta ve Doğu Avrupa'yı küresel kapitalizmin ihtiyaçları doğrultusunda yeniden

yapılandırmak için bölgeye yayılmıştır. Fakat Orta ve Doğu Avrupa'daki yeni emperyalizm, buradaki ülkelerin AB bloğu içerisine dahil edilmesiyle özgün bir nitelik kazanmıştır. Bu ülkeler açısından sonuç ise, bölgesel pazara yani Avrupa Tek Pazarı'na bağımlılık olmuştur.

Anahtar Kelimeler: Doğu genişlemesi, Avrupa bütünleşmesi, emperyalizm, küreselleşme, küresel kapitalizm





To My Dear Aysun

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LIST OF ABBREVIATIONS

UNDP	United Nations Development Program
UNHCR	United Nations High Commissioner for Refugees
ACP	African, Caribbean and Pacific
ASEAN	Association of Southeast Asian Nations
BRITE	Basic Research in Industrial Technologies for Europe
CAP	Common Agricultural Policy
CECs	Central European countries
CEE	Central and Eastern Europe
CEECs	Central and Eastern European countries
CEFTA	Central European Free Trade Agreement
CMEA or	
COMECON	Council for Mutual Economic Assistance
DM	Deutsche Mark
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECB	European Central Bank
ECF	European Co-operation Fund
ECSC	European Coal and Steel Community
EDC	European Defence Community
EEC	European Economic Community
EFTA	European Free Trade Association
EIB	European Investment Bank
EMI	European Monetary Institute
EMS	European Monetary System
EMU	Economic and Monetary Union
EPU	The European Payments Union
ERM	Exchange Rate Mechanism

ERT	European Roundtable
ESCB	European System of Central Banks
ESPRIT	European Strategic Programme for Research and Development in Information Technology
ETUC	European Trade Union Confederation
EU	European Union
EURATOM	European Atomic Energy Community
EUREKA	European Research Co-ordinating Agency
FDI	Foreign Direct Investment
FRG	Federal Republic of Germany
GDP	Gross Domestic Product
GVCs	Global Value Chains
ICT	Information and Communication Technologies
IMF	International Monetary Fund
ISPA	Instrument for Structural Policies for Pre-Accession
M&A	Merger and Acquisition
MNCs	Multinational Corporations
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
OECD	Organization for Economic Co-operation and Development
PHARE	Poland, Hungary Assistance for Restructuring Economies
RACE	Research in Advanced Communications for Europe
R&D	Research and Development
SAPARD	Special Accession Programme for Agriculture and Rural Development
SEA	Single European Act
SGP	Stability and Growth Pact
TEU	Treaty on European Union

TiVA	Trade in Value Added
TNCs	Transnational Corporations
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States
USD	United States Dollar
WEU	Western European Union
WTO	World Trade Organization



CHAPTER 1

INTRODUCTION

The President of the European Commission Jean-Claude Juncker noted in his annual speech on the “State of the European Union Address 2017”: “For me, Europe is more than just a single market. More than money, more than a currency, more than the euro. It was always about values” (September 13, 2017).¹ He speaks of “a Union of values”. Of course, this is not a new phenomenon. The statements like “European values”, “a Union of values”, “Europe of values”, etc. have been the most repetitive discourses since the beginning of the union project. Then, what are these values? What does the “Union of values” mean? For Juncker, it means “a Union of freedom”, “a Union of equality and a Union of equals”, and a union based on “the rule of law” (2017). For Habermas and Derrida, it is a “European identity”, a “common identity” based on the European culture, which has been learned from the past antagonisms, conflicts, and struggles to solve the contradictions with communication (2003, pp. 293-294). In brief, the values that bring the Europeans together are “democratic norms” and “social values” (Skrobacki, 2005, p. 450). In that case, the European project seems a “Europe of the mind”, but is it (Judt, 1996, p. 3)?

Then, what is the European project? In simple terms, it is the European integration. However, the question is not so simple. What brought the European

¹ For the whole speech see European Commission Press Release Database, http://europa.eu/rapid/press-release_SPEECH-17-3165_en.htm

countries together to form a union? What determines the borders of the Union? Where does the sovereignty lie in the Union?

Moreover, these questions refer to the contradictions of the European integration. The European project has contained contradictions regarding scope, borders and goals of the integration. Furthermore, the contradictions have deepened since the European integration evolved pursuant to milestones of the world economy. The contradictions of the European integration gain more salience when considering the enlargements of the EU as well. The evolution from the union of six Western European countries to the European block consisting of 28 European countries also increased the contradictions regarding the scope, the borders, and the goals of the European integration.

In this study, I will try to go on the questions regarding the characteristic of the European project, the contradictions of the European integration, and the link between globalization, the European integration and the EU enlargements in order to analyse the Eastern enlargement of the EU. This study argues that the Eastern enlargement of the EU is a unique case for imperialism. The European project enlarged to the eastern part of Europe after the collapse of the Soviet bloc and tried to reshape the Central and Eastern Europe (CEE)². This process seems like integration of the west and the east parts of Europe. However, it more clearly revealed the uneven development in Europe. Moreover, the Central and Eastern European countries (CEECs) have seriously suffered from global crisis and the Eurozone crisis since they are dependent on the EU market. Briefly, these

² Central and Eastern Europe (CEE) refers to an extensive zone includes the Visegrád countries (the Czech Republic, Hungary, Poland and Slovakia) in Central Europe, the Balkans, the Baltic States (Estonia, Latvia, and Lithuania), and Eastern Europe. It makes a reference to former communist states. However, the term CEECs (or CEE countries) is a definition of OECD (Organisation for Economic Co-operation and Development) that refers to a group of countries consisting of Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic, Slovenia, and the three Baltic States: Estonia, Latvia and Lithuania. All the CEE countries are currently members of the EU except Albania. In this study, I refer to the countries that became the EU members in 2004 and 2007 enlargements –known as the Eastern enlargement of the EU- while using the term CEECs (or CEE countries).

countries picked up the bill of the crisis. Then, what makes the Eastern enlargement of the EU a unique case for imperialism? This is the main question for this study.

In order to discuss the unique case for imperialism in the CEE, this chapter will focus on the discussions regarding the European project and the enlargements of the EU. The concept of imperialism will be briefly discussed as well. In the second chapter, the reasons behind the Eastern enlargement and the dynamics of the enlargement process will be analysed in terms of the historical context of the European project. The third chapter will focus on the distinctive character of the new imperialism in the CEE. An empirical analysis on the CEECs' economies will clearly reveal their dependency on the regional market. The conclusion chapter will remind us the consequences of the crisis of the European integration and the recent discussions on the future of Europe.

1.1 The European Project, Enlargement and Expansion

There are different interpretations regarding the European project in the literature on the EU. They can be simply categorised in two groups. One of them focuses on the European project as an idea. The interpretations of the European project as an idea bring along discussions about a federation or the United States of Europe, the role of the European integration as a global actor, and a European identity. Junker also has a position on this basis. These interpretations regard the European project as Social Europe based on some values. The other one centres on contradictions of the European integration. Some of them emphasize the imperatives that brought the European nations together. However, they also underline the differences among the European nations that create contradictions. The question of national sovereignty, the debate on the boundaries of the European integration, and inter-imperialist rivalry among some of the European countries are fundamental contradictions of the European project for these interpretations. In this respect, the Eastern enlargement of the EU is also discussed within the scope of these interpretations. This study analyses the

Eastern enlargement in terms of imperialist characteristic of the EU. Thus, this study can be regarded closer to the second group in terms of the discussions on the European project.

The European project was launched with the establishment of the European Coal and Steel Community (ECSC) by Belgium, West Germany, France, Italy, Luxembourg, and Netherlands or by “the Six” in 1950 in order to create a single market for coal and steel, the raw materials of the War. The fluctuation in steel production³, the increasing demand for steel through the years due to the wars and the crisis, and the need for coal⁴ as the primary source of energy for industry brought the Six together to control the production and consumption of these strategic resources. Then, the single market exceeded its limits to include other commodities and services with the transformation of the Union to the European Economic Community by the Treaty of Rome in 1957. This was a significant standpoint for *the Common Market*. In 1968, a common external tariff was imposed by the member states that made the Union a trade block. Common external tariff was the beginning of the Customs Union that would even enlarge the boundaries of the Union in the upcoming years. Thus, the very first stages of the union, the integration of the Six was not primarily inspired by the values mentioned above, rather it was based on the economic values, the values of the market.

Judt evaluates that the process of becoming a union was not an idea, but an imperative as a combined result of the competition among the European powers, the need for construction of Europe after the World War II, the tension of the cold war, and the fear from Bolshevism (1996, pp. 3-30). The question whether

³ For details about the crisis of steel production during the war period, see Magdoff, Harry. *Imperialism: From the Colonial Age to the Present*. New York & London: Monthly Review Press, 1978. pp- 87-88.

⁴ For the importance of the coal for industrialized Western Europe, see Judt, Tony. *A Grand Illusion? An Essay on Europe*. New York & London: New York University Press, 1996. pp. 39-40.

Europe is an “idea” or a “project” (Agnew, 2003, p. 578) has become a dilemma for studies on the EU. However, considering the imperatives behind the integration within its historical context is crucial. Anderson and Hall also underline the historical imperatives that Europe was obliged to take a position. They refer to four correlated “dominant elements of the post-war world: the rise to power of the Soviet Union, the response of the United States, the emergence of the underdeveloped countries and the evolution of “Europe”” (1961, p. 1). How would Europe take a position? A concrete alternative was the need for Marshall Aid (included a considerable amount of military aid) in terms of the reconstruction of Europe in order to overcome the destructive consequences of the war and to revive the European economy. The process of economic recovery with the US aids and investments, the advantages of the Common Market, and the rise of inter-enterprise and cartel agreements were “internal Americanization” for Europe (Anderson & Hall, 1961, pp. 4-6). In other words, the concrete alternative of Europe was to recover free market economy with the protection of US aids and NATO against the communist threat.

Besides, Europe faced with the problem of “the emergence of the underdeveloped countries” or put it differently it was the problem of constructing a new relationship with its ex-colonies. Old imperialist powers of Europe had already constructed a new type of dependency for their ex-colonies during the decolonization process. However, now old imperialist rivals would exploit their ex-colonies as a single block (Carchedi & Carchedi, 1999, p. 122). This new type of European imperialism was primarily based on the new trade rules and “the Development Fund” of the Six to ex-colonies (Anderson & Hall, 1961, pp. 12-13).

Considering the imperatives of the integration, the European project appeared have conceived more as a common market rather than “an idea”. The common market meant a kind of political integration and a defence community as well. Robert Schuman, French statesman who is the founding father of the Union,

highlighted the need for a “common High Authority” for controlling the production and consumption of coal and steel.⁵ He, therefore, had an idea of European federation inspired by the other founding father, Jean Monnet.

The institutional structuring of the Community included significant attempts for political integration. The Common Assembly of the European Coal and Steel Community was founded in 1952 as the law-making institutional body of the Community and it became the European Parliament in 1962. In 1958, the European Commission (1958) as a political body of the Community and the Council of the European Economic Community (today known as the Council of the European Union) as another decision-making body were founded. And lastly, the European Council, known as the leaders’ summits, was organized in 1974. However, the Community could not be a single political entity or a federation; rather, if the enlargements of the Union considered, it became more fragmented entity.

Schuman’s idea of creating a “*United States of Europe*” or “*pan-Europe*” as a federation dates back to the 19th century (Judt, 1996, p. 6). Judt’s remark is reminiscent of the proposal of *Le Moniteur* in February 1848 to create an economic federation of Europe. Another proposal aimed “to extend the German customs union, established in 1834, to include the Netherlands, Belgium, Denmark, and even the Habsburg lands”. The agreement of the International Steel Cartel in 1926 was another example for creating a united Europe. It covered Germany, France, Belgium, Luxembourg, and the Saarland and enlarged to the Czechoslovakia, Austria, and Hungary a year later. The attempts for precluding the downfall of trade like the Oslo Group of 1930 formed by Scandinavian and Benelux countries, the Rome Protocol of 1934 formed by Italy, Hungary, and Austria after the Great Depression, the proposal of Gustav Stresemann (the German statesman) “for an end to customs barriers and even the creation of a

⁵ See the *Declaration of 9th May 1950*, which is known as “the founding text of European integration” Retrieved from <https://www.robert-schuman.eu/en/declaration-of-9-may-1950>

Eurocurrency” in the 1920s, and lastly the French statesman Aristide Briand’s “1929 plan for a united Europe” can be accounted of the initiatives for a United States of Europe (Judt, 1996, pp. 6-8). But, is the United States of Europe a “myth or reality” (Manic, 2008)? Perhaps more importantly, whether a fragmented Europe would be more compatible with the European project than a federation?

Schuman’s expectation of making the Community a defence community for Europe faced challenges. The attempts to create a single European military force like European Defence Community (EDC) in 1952 and Western European Union (WEU) in 1954 literally failed. However, this does not mean that the Western Europeans did not act as a single military power; rather they were militarily integrated within NATO as they regard it as the protector of Europe in terms of the Common Foreign and Security Policy of the Union. In other words, the dominant military power of the US and NATO; and the position of national armies of Europe in NATO disabled the attempts to form a separate military body for Europe. Besides, a significant exemption is the relations between France and NATO during Charles De Gaulle’s years. De Gaulle took a stand against the US’ attempts to dominate Europe especially by militarily supporting the UK; and thus, against the membership of the UK to the Community in the 1960s (Bindi, 2012, pp. 17-18). What was at stake was a nuclear armament race between the US and France. The result of this conflict was the withdrawal of France from NATO in 1966 for 30 years.

The first enlargement of the European Community (EC)⁶ eased the tension in Europe. In the Hague Summit of 1969, the Community set a new agenda concerning “completion, deepening, and enlargement” which was called as the “*Triptyque*” referring to “the completion of the Common Market” especially for

⁶ The European Community (EC) or known as European Communities as well included the European Coal and Steel Community (ECSC), the European Atomic Energy Community (EAEC or Euratom), and the European Economic Community (EEC). The European Community denominated as the European Union in 1992 by the Maastricht Treaty.

financing the Common Agricultural Policy (CAP), “the deepening of the Community” for a new economic and a monetary policy, and enlargement involving Great Britain, Ireland, Denmark and Norway (Bindi, 2012, p. 18). The first two of these countries joined the EC along with the UK in 1973. Norway rejected to join the Community as a result of the referendum took place in 1972. Then, the European integration started to move towards the other parts of Europe.

Gillingham makes an important remark about the reasons of the first enlargement referring to what he calls “a new European situation”. He claims that the Europe of the 1970s witnessed the decline of Keynesian welfare states that meant a regime change (2003, p. 81). Moreover, establishing a monetary union became a necessity for the European Community after the shift from the Bretton Woods system to floating rate, so the regime change “gave a fresh start to European integration” (Gillingham, 2003, pp. 82-83). From this vantage point, the membership of the UK was not so contingent. Gillingham underlines “the fiscal contribution of the UK to the EC” (2003, p. 82).

The European integration tried to accomplish its new agenda, on the one hand; and grappled with the crisis of the 1970s on the other. The crisis led to monetary disorders, the rise of food and oil prices. The significant impacts of the crisis on Europe were the damages on the world trading system with implications on the integration process. The deepening and enlargement process of the Community became seeking for troubleshooting for the crisis. The need for a monetary policy forced the Community to implement The European Exchange Rate Mechanism (ERM) in 1979 in order to create a monetary stability and limit the loss due to fluctuations in exchange rate. It was the first step of creating a monetary system for the Community. Afterwards, the European System of Central Banks (ESCB) was formed in 1989 to implement monetary policies. And finally, the Economic and Monetary Union (EMU) was introduced in 1993 and the plan to create a single currency succeeded in 1999. While the Common Market based on

customs union has provided the commodity mobility, the EMU would control the capital mobility. All that remains was providing the control of labour mobility which would be achieved by the Schengen System. The enlargements of the Community took place in the light of this deepening process.

The second enlargement of the Community towards the Southern Europe was characterized by the structural reform program of Margaret Thatcher. The program was not only for Europe, but for overcoming the economic crisis of the 1970s. Thus, a similar program was implemented in the US by the Ronald Regan government. The structural reform program was primarily based on reducing government expenditures along with real wages, promoting privatizations and liberalization of economy, and weakening the power of working class. Welfare state policies were made scapegoat as the reasons for the crisis and the working class had to pick up the bill. Greece (in 1981), Spain (in 1986), and Portugal (in 1986) became the member of the Community as far as adapting them to this structural adjustment and reform program of capitalism. The EU-9 enlarged to the EU-12. Besides, the membership of Spain and Portugal opened the doors of Latin America for the Community. In the 1980s and 1990s, the Community developed relations with almost all countries in Latin America.

The enlargement and deepening policy of the Community changed the face of the integration. While the borders and the scope of the Union enlarged, it transformed into a more complex integration. The enlargement process of the Community with its different borders like Schengen area, Eurozone, Customs Union, etc. has shaped “a system of differentiated integration” meaning some countries are the members but not in the Schengen system or some of them are in Eurozone but even not the members, etc. (Leuffen, Rittberger, & Schimmelfennig, 2013, p. 18). Nonetheless, the Community pursued its enlargement policy. In 1992, the Lisbon Report defined the terrains that “would be of interest to the EU” like “central and eastern Europe (including Eurasia); the Balkans; Maghreb and the Middle East; transatlantic relations (the United

States and Canada); the North-South dimension (Africa, Latin America, the Caribbean, and Asia); and Japan” (Bindi, 2012, p. 27).

The interest of the EU in the 1990s was primarily on the Central and Eastern Europe, which was the part of former communist bloc. However, in the mid-1990s the enlargement to the northern Europe took place. In a sense, it was the enlargement to some of the European Free Trade Association (EFTA) countries. Austria, Sweden, and Finland became the members in 1995, but Norway once again rejected the membership as a result of a referendum. The European project now embodied with fifteen countries. The European integration had covered an important part of Europe in 45 years since the establishment of ECSC. However, the Eastern part of Europe was kept outside of the integration. The most important reason of this was that the most part of the Eastern Europe was under the control of the Soviet Union. When it collapsed, the interest of the EU in the region aroused. But, we must ask by considering the European project: Why did the EU enlarged to the East?

The interest of the EU on the Central and Eastern Europe was a part of the project of Western powers included the US as well to reshape the countries of former communist bloc. The project was primarily based on exporting neoliberal market economy to the region. It was the new project of imperialism towards former Soviet countries and former Yugoslavia. The project towards the CEECs is named as “Shock Therapy”, which is the model of Professor Jeffrey Sachs of Harvard (Gowan, 2002, p. 188). The program was imposed on the Central and Eastern European countries in four main steps: “liberalisation, stabilization, privatization and institutionalization” (Gowan, 2002, p. 196). The EU started the enlargement process towards CEECs in the 1990s but stipulated the Copenhagen Criteria (Accession Criteria) for the membership. The criteria include political, economic and legislative policies. The economic criteria are oft-repeated

discourse of neoliberalism: “a functioning market economy and the capacity to cope with competition and market forces”.⁷

The EU enlargement reached its peak in 2004 and 2007 enlargements. Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia became the new ten members of the EU in 2004. Romania and Bulgaria also joined the EU in 2007 as a part of the Eastern enlargement. This was the biggest enlargement of the Community in its history. The territories, population, and the GDP of the EU significantly increased with the Eastern enlargement. The number of the member countries rose from 15 to 27. Now the Community was considerably different from the initial Western European alliance. It covered the Southern part of Europe, the Scandinavian countries (except Norway), and the most part of the Eastern Europe. The new face of the Union brought a new dimension to the discussions on the EU as well. The studies on the EU have increased dramatically. The new residents of the European project have been the focal point of the discussions regarding the EU. The EU enlargements, the boundaries of Europe, the role of Europe in the global world, the fragmented structure of the Union, and the contradictory nature of the European project have brought back the very first question: What is the European project?

Felipe González, the Prime Minister of Spain from 1982 to 1996, asks this question in his own words:

...Who are we, the Europeans? What do we wish to place in common? How do we insure freedom in the space we have created? How do we guarantee for ourselves a political and security role in the new global context? What institutions do we need to carry out the tasks we set for ourselves? (1999, p. 29).

He emphasizes the need for discussion on what the EU is and what the EU is not in order to agree on the motivations of the European project. He also ushered in the questions regarding globalization and the role of the EU in global world. In

⁷ For Copenhagen Criteria see the official website of the European Union
https://europa.eu/european-union/index_en

fact, González was in search of establishing a new Europe by adapting to the global world. However, for him, the main problem was “the crisis of the nation-state” (González, 1999, p. 36).

The question of who the Europeans are became a turbulent issue in Europe especially after the Eastern enlargement. Whereabouts of the boundaries of Europe is a relevant question in this discussion. For instance, the inclusion of some Eastern European countries, while excluding Ukraine, Belarus, Turkey, and the Balkan countries from the Union bring to mind a question: “How the European project is ‘bounded’ or framed both institutionally and geographically” (Agnew, 2003, p. 575). Hansen takes the discussion much further by ascertaining the hypocrisy of the EU that while Serbia, Croatia⁸, and Turkey are excluded from the community, some territories in North Africa are parts of the Union like French colonies in Algeria and Spanish colonies of Melilla and Ceuta in Morocco (2004, pp. 52-55). He asks ironically whether “it’s the euro or Africa”, or it is an “African enlargement” (Hansen, 2004, pp. 51-52). The fact that the “EU Europe” has colonies not only in Africa, but also in the Indian Ocean, in the Caribbean, in the South America; and this clearly shows the “relationship between European colonialism and European integration” (Hansen, 2004, pp. 55-58). This point is so significant that motivated me to study on the European project as a project of imperialist expansion.

Reposing González’s question, the role of the EU in the global world order is one of the most discussed issues in studies on the EU. The approaches to this issue are mainly grounded by the common exposition in the discipline of international relations that *taking a game player position in the global world*. For instance, Howorth emphasizes “the need for a grand strategy” for Europe in

⁸ Croatia became the member of the EU in 2013. By the joining of Croatia, the EU enlarged to 28 countries. The membership of Croatia has also been evaluated as the beginning of the Balkan enlargement of the EU. Currently, Albania, Montenegro, Serbia, The Former Yugoslav Republic of Macedonia, and Turkey are candidate countries. Bosnia and Herzegovina and Kosovo are potential candidates.

order to be a global actor to create a harmony and a consensus in today's multi-polar world order (2010, pp. 457-463). However, the problem of the EU, according to Howorth, is the fragmented structure of Europe impeding unity. Rather he suggests "a unitary state" like the other unitary big players: The US, China, Russia, India, and Brazil (2010, p. 464). The "strategic approach" of Europeans must include an "integration of military component" as well with "European logic", which means the need for a European military power against the US dominated NATO (Howorth, 2010, p. 466). In other words, Europe should not accept unipolar US hegemony, but work for bilateral EU-US cooperation. Briefly, it is claimed that the EU's grand strategy could be the guarantor of a stable multi-polar world order. Habermas and Derrida also criticize the divided image of the Europe and national "self-interest" of some countries; and emphasize that there "must be no separatism" but must be a unity under the leadership of "the avant-gardist core of Europe" (2003, p. 292). But where is the avant-gardist core of Europe? It is not so hard to guess: Germany, France, and the UK.

The position of the EU in global world is also discussed by referring to the European type of integration. Unlike other types of integration in global period, the European type of integration does not justify the strong assumptions of globalization on subordination of nation states and elimination of national sovereignty; rather, the European integration is based on the national level, which means that all member states "defend national interest" within the community (Skrobacki, 2005, pp. 448-450).

The EU efforts to "give globalization a human face" by institutionalizing aspiring social values, i.e. the Social Charter, by creating development funds to promote underdeveloped regions, by organizing education programs and providing vocational training to integrate "the participating countries", and by "rejecting neoliberal ideas of globalization" and "market fundamentalism" (Skrobacki, 2005, pp. 452-459). Can the European project really be *the human*

face of globalization? From “colonialism’s crimes of genocide, slavery and exploitation carried out in the name of Europe” (Hansen, 2004, pp. 57-58) to the expansions of the European powers (with NATO) into the Middle East - especially in the wars of Afghanistan and Iraq and in the civil wars in the Middle East (in Syria and in Yemen) - the European project has never been humanitarian, at all.

Similarly, Slavica Manic asks: “Does European mode of globalization really exist?” (2008, p. 2). It refers to a different model of globalization unlike the US model. The proponents of a European model of globalization argue for an “integrated European market”, an EU against US as a great power, and EU’s “own agenda for a different globalization” (Manic, 2008, p. 4). However, the reality of European globalization is the creation of “globalizers” and “globalized”, the “asymmetry” between old and new members of the EU in terms of their economic and social conditions and unequal conditions offered them in the process of membership, the difference between “first-class membership” and “second-class membership” or between “the core of the EU” and “the periphery of the EU” (Manic, 2008, pp. 5-7). Briefly, the European model is a clear indicator of *uneven and combined development* of capitalism.

“The European mode of globalization” is globalization itself that forces the entire world to be dependent on the market forces. Put it differently, it is to force less-developed countries to be dependent on the core capitalist powers. The same of this has imposed to the Central and Eastern European countries. The integration process of those countries was mainly dependence on market economy, on the great powers of Europe, especially on Germany. However, it has been served as integration with global world that will provide them with economic development, emancipation from totalitarianism, and formation of democracy based on civil society. Both the EU integration process and global integration process have been presented for those countries as parallel issues

(Capello & Perucca, 2015, p. 221). However, it was the process of being integrated into global capitalism under the wing of the EU.

Just like mentioned above, the Shock Therapy that imposed to the CEECs led them to transform through the needs of Western powers. “The liberalization shock” caused “weakening of the social power of the industrial working class”. The region’s economy experienced a “depressive shock”; real wages fell especially in Poland, in Czechoslovakia, and in Hungary; the rate of poverty, the rate of murder and suicide increased in the region. The food programme of the Shock Therapy damaged the agriculture of those countries. The IMF policies created fiscal crisis forcing the CEECs’ governments to “cut back on government spending” (Gowan, 2002, pp. 197-211). The EU enlargement process to the East was the chief point of this transformation.

Then, the European project does not seem like creating integration based on the idea of “Union of Values” as Junker claimed. Rather, it seems that the European project is the expansion of European imperialism to concordantly reshaping the Europe for the needs of European capitalism. In this regard, the studies of Guglielmo Carchedi on the EU deserve respect. He (1999; 2001) reveals the expansionist characteristic of the European project, which means the imperialist strategies of both some member countries of the EU and of EU as a whole. In their joint work with Bruno Carchedi, they describe the imperialist strategy of the EU primarily based on four matters: First, relations between the EU and the CEECs as “*the dependent development type of imperialism*” differently from “*the colonialist type of imperialism*”; second, the Common Agricultural Policy as the EU’s imperialist project on the food production of some countries of Europe in order to adapt it to the needs of the EU internal market; third, the common military policy that is the conflicting feature of the EU’s military policy between the failed attempts to establish its own military forces and its dependency to NATO; and the last, the Schengen System as a project of controlling labour mobility (Carchedi & Carchedi, 1999).

1.2 Imperialism and the New Imperialism

Carchedi and Carchedi interpret the EU's relation with the CEECs as the dependent development type of imperialism as pointed above. They distinguish this type from the colonialist type of imperialism referring the relations of the EU with African, Caribbean and Pacific (ACP) countries. The colonialist type of imperialism is based on the exploitation of "colonies' resources" and "the market of the colonial countries as an outlet for the imperialist centre" because the colonial countries were not allowed to live a "substantial industrialization process". On the other side, in the dependent development type of imperialism the important one is "the market of the centre as an outlet for the dependent countries' production" that means the dependent countries experienced a "substantial process of capitalist development but of a dependent type" (Carchedi & Carchedi, 1999, pp. 121-122). Besides, they highlight that this imperialist relation is not built only by some imperialist countries of the EU but also by the EU as a whole (Carchedi & Carchedi, 1999, p.122).

Imperialism in the CEE can be explained with reference to discussions on globalization and the new imperialism. This study argues that the EU has formed an imperialist relationship with CEECs in line with the requirements of global capitalism. However, this imperialist relationship has been actualized in a unique way by including those countries in the EU block and by making them dependent on the regional market. The case of the CEECs becomes distinct as the new imperialism within the regional block. In this respect, before analysing the new imperialism in the CEE, we will briefly discuss the concepts of imperialism and the new imperialism.

The history of imperialism could be traced back to Roman Empire. However, the crucial points in analysing imperialism would be to differentiate between the imperialism of pre-capitalist period and of capitalist period. More concretely, the distinguishing features of expansionism in each period are the fundamental point. The expansion of Roman Empire had also an imperialist characteristic.

The Empire appropriated the land and the surplus by direct military force. This type of imperialism was seen in the conquest of the Americas by Spain and Portugal in the 15th and 16th centuries, as well. The primary motivation of this old “imperialism” was appropriation of the surplus by extra economic coercion and extortion by the conquest of the territories, but it “left the economic basis of conquered or dominated territories intact”. On the other hand, imperialism in the capitalist period has been based on the “inner necessity (of capitalism) to produce and sell goods on an ever enlarged scale” that, in turn, has reshaped the “economies and societies of the conquered or dominated areas” in line with the needs of the “capital accumulation at the center” (Magdoff, 1878, pp. 2-3). The colonization of America and Ireland in the 17th century by Britain was mainly based on this inner necessity of the capitalist mode of production (Wood, 2003b, pp. 89-90). In other words, it differed from the previous type of colonialism that took place for appropriating the land and the surplus, taking the luxury goods and slaves for trade and accumulating wealth.

More precisely, the emergence of capitalism changed the characteristic of imperialism. The old colonial powers, before capitalism, appropriated the territories by the means of extra-economic coercion and mostly control those territories directly, but *capitalist imperialism*⁹ does not directly require the extra economic means to have the territories under control, rather can ensure it by manipulating the market forces with economic means (Wood, 2003b).

The expansion of the capitalist powers especially after the mid-nineteenth century extended the export of capitalism in large part of the world. The studies of Hobson, Hilferding, Kautsky, Bukharin, Luxembourg and Lenin on

⁹ The term *capitalist imperialism* is used for distinguishing imperialism from colonialism. In other words, the term refers to the difference between the imperial activities of pre-capitalist period and capitalist period. The former type was characterized by the appropriation of the land and the surplus of the conquered territories by direct military force. However, the latter has primarily been characterized by the expansion of the capitalist power in order to spread to new territories for providing the needs of its capitalist production and capital accumulation. Here, the emphasis is on the capitalist characteristic of imperialism.

imperialism were based on the analysis of this period. The common point of these studies was that the main characteristic of imperialism is the increase of capital export. Increasing accumulated capital is forced to cross the national borders to find new markets, which leads to the internationalization of capital. The formation of monopolies with an enormous power to drive international market meant that capitalism had come to a new phase namely monopoly capitalism.

According to Lenin, (1) the concentration and centralization of production and capital that created the monopolies, (2) intertwinement of the bank capital and industrial capital that created finance capital, (3) the increase in capital outflow along with commodity export, (4) the establishment of international monopolistic corporations that share the world among them, and (5) the completion of “the territorial division of the whole world among the biggest capitalist powers” brought capitalism to a special stage, which is imperialism (2009 [1917], p. 96). This process appeared as “restless expansion” which is “the accumulation of capital”, the exportation of capitalism, and “the creation of a hierarchy of economic and financial dependency” for an “international division of labour” (Magdoff, 1978, pp. 97-98).

One of the main contribution of Lenin and his contemporaries for the discussions on imperialism is the emphasis on capital export. Magdoff defines two mistakes made in explaining the reasons of capital export in discussions on imperialism. The first one is “the pressure of surplus capital”; however, he points that capital export is an ordinary function of capitalism in that “many countries which buy from industrialized countries fall into debt, since their imports tend to exceed their exports”; thus, the countries that fall into debt need capital from the centres, which means that “capital exports thus become an important prop to the export of goods” (Magdoff, 1978, pp. 119-121). The other one is “the declining rate of profit”, but he claimed that this cannot be applied to loan capital, but “the gap in

marginal profitability” is the main reason for “the flow of foreign investment” (1978, pp. 128-130).

Lenin defined imperialism as a special stage and also as the highest stage in the development of capitalism. The reason that he referred to the highest stage is his belief that monopolization of capital, the completion of sharing the world among capitalist powers and the crisis (the World War I) that capitalism lived due to imperialist competition would bring the end of capitalism (Lenin, 2009 [1917]). However, the most important point that he handed down for the studies on imperialism is that imperialism is not a policy of capitalism or not a product of an ambitious capitalist group, but it is first and foremost a stage in the development of capitalism. After capitalism emerged in England, it compelled the other states of Europe by “the capitalist imperatives of competition, capital accumulation and increasing labour productivity”; and English capitalism became an “external challenge” for Germany and France (Wood, 2003b, pp. 119-120). Moreover, capitalism spread to non-capitalist world by colonizing these regions for the needs of capitalist production. This means that capitalism became imperialism in its development process. The importance to underline Lenin’s point is that imperialism is nothing short of advanced capitalism.

Imperialism had operated through colonization of the non-capitalist world since the seventeenth century. The imperialist rivalry among big capitalist powers to share the world increased after the second half of the nineteenth century. This period was also discussed in the history of imperialism as “the new imperialism”, which “was distinguished particularly by the emergence of additional nations seeking slices of the colonial pie: Germany, the United States, Belgium, Italy, and, for the first time, a non-European power, Japan” (Magdoff, 1978, p. 35). However, the term new imperialism became the main topic in imperialism debates since the US hegemony determined the new characteristic of imperialism that is also correspond to decolonization period. In other words, it was a new period for imperialism – “*imperialism without colonies*”- that the US

re-established the imperialist system “through expansion of exports and enlargement of capital investment and international banking both in the home bases of advanced capitalist nations and in the Third World” thanks to its advantageous economic and military position during the post-war period (Magdoff, 1978, pp. 144-145).

The new imperialism, in a way, is a new stage for imperialism. This new stage does not refer only to the rise of the US imperialism, but also to the period of global capitalism in which the level of monopolization and internationalization of capital has reached a peak. The prevailing period can be differentiated in terms of the new accumulation strategy based on financialization. According to Harvey, an important characteristic of the new imperialism is “accumulation by dispossession” through “the forcing open of markets throughout the world by institutional pressures exercised through the IMF and the WTO, backed by the power of the United States (and to a lesser extent Europe)” (2003, p. 181). Accumulation by dispossession has been performed associated with neoliberalism and privatization (Harvey, 2003, pp. 181-182). The new imperialism, thus, has operated compatible with the new mechanisms of global capitalism.

In fact, the new imperialism is something relevant to the universalization of capitalism in global period. The new imperialism is not “the relation between a capitalist and a non-capitalist world” (Wood, 1999b, p. 3) just like in classical period of capitalist imperialism. Furthermore:

It is not just a matter of controlling particular territories. It is a matter of controlling a whole world economy and global markets, everywhere and all the time. This happens not only through the direct exploitation of cheap labor by transnationals based in advanced capitalist countries but also more indirectly through things like debt and currency manipulation. Inter-imperialist rivalries have changed too. They are still there, but in less direct, unambiguous military forms, in the contradictory processes of capitalist competition (Wood, 1999b, p. 3).

Controlling the whole world economy and global markets does not exclude controlling territories by directly military means as Wood argues. In fact, new imperialism has never refrained from using military interventions for controlling

particular regions when needed. The NATO interventions to Yugoslavia in 1995 and in 1999 (to Kosovo), to Afghanistan in 2001, the US intervention to Iraq in 2003, and again the NATO intervention to the recent civil war in Syria have proved this fact.

Today, the discussions on imperialism focus on globalization and the new imperialism. Globalization, briefly, is “global interconnectedness” in economic, political, social and cultural aspects, etc. (Held et al., 1999). This interconnectedness has been mostly evaluated as integration of the world in all these aspects. But rather economic integration, the reality is the concentration of capital flows within “the Triad between the three richest regions of the North: Japan and the ‘four dragons’, Western Europe, and the United States” and “more than 80 per cent of world’s foreign direct investment” flows between the Triad (Petrella, 1998, p. 50). The increase in the mobility of capital, commodities and labour in global scale and the development in the information and communication technologies have provided the spread of different political, social and cultural relations around the world. However, the so-called integration of the whole world in social, cultural, economic, and technological aspects is an illusion, but the integration among the Triad, the three richest blocks, “is more diffused, intensive and significant than ‘integration’ between these three regions and the less-developed countries, or between the less-developed themselves” (Petrella, 1998, p. 56). On the contrary, the economic and social inequalities have deepened in global period.

Another important feature of this period is that imperialist states have structured the territories by penetrating them with the pressure of international institutions such as the IMF, World Bank and WTO among others. Besides, the imperialist states burden these territories with debt mostly by the international institutions. In other words, the new imperialism exploited the territories by penetrating them mostly by economic means. The IMF adjustment packages, World Bank reforms or new trade agreement were not imposed against the will of dominant coalitions

in the less developed countries. These international institutions could make an impact on policies only if dominant domestic actors had a vested interest in those transformations. After the world recession of the late 1970s hit and was felt in every country to a varying extent, the capitalist classes in the developing countries began to search for solutions similar to their peers in the developed world. In that context, each country's internationalized capitalist classes, backed the penetration of these international institutions perceiving that further integration into the world market would be advantageous for them. Similarly, the states of the less developed world have not been subordinated to the impersonal dynamics of globalized capital. Rather than withering away, the states of the less developed countries carried out these particular transformations. The discussion on globalization and the new imperialism will be further elaborated in the following chapters.

CHAPTER 2

ENLARGEMENT TO THE EAST

2.1 Why Did the EU Enlarge to the East?

The history of the EU enlargements reveals that the EU has not implemented a common or predefined enlargement policy.¹⁰ This does not only mean that the member countries have different perspectives regarding the enlargement. This also means that each EU enlargement process followed a different path in reaction to changing needs and imperatives.

After the decision of enlargement and deepening in The Hague Summit of 1969, the persistent applications of the UK for membership and the possible fiscal contribution of the UK to the Community during the crisis of the 1970s pushed the Community to the first enlargement. The requests of Greece, Spain, and Portugal for membership made Southern enlargement an urging issue at the beginning of the 1980s. The EC could not reject these emerging economies of Europe. While these relatively poor countries of Europe could increase the contradictions within the EC, Southern Europe gained importance as the periphery of European capitalism. Besides, the increasing interest of the EC towards Latin America significantly accelerated the membership process of Spain and Portugal. Thanks to this enlargement, the EC could reach the Latin American market sooner. Southern enlargement was a breaking point for the European integration. The integration was no longer a union of big western European powers. Concordantly, the Single European Act (the SEA) and the Economic and Monetary Union (the EMU) materialized the deepening process

¹⁰ It can be argued that the enlargement policy of the EU has been more specified since the Copenhagen Council in 1993. However, it is still a disputable issue within the EU.

of the integration. It can be argued that the new face of the Union paved the way for new enlargements. However, the more the EU deepened the more challenges the EU had to face to integrate new comers. Nonetheless, the EU enlargements proceeded first to the Northern part and then to the Eastern part of Europe.

Northern enlargement of the EU was not surprising. The relations between the EU and the EFTA had already tightened. After the membership of Austria, Sweden, and Finland, the EU turned its face towards the Central and Eastern Europe. Although, enlargement toward the east came to the fore before the northern enlargement, Eastern Europe was a problematic issue for the EU. Besides, integration with the EFTA countries was prioritized. Especially Sweden as an industrialized country was important for the EU. Briefly, the EU initiated the Eastern enlargement after solving the EFTA issue.

Here, we are in search of the reasons of the Eastern enlargement. Although it was a controversial issue within the EU, what are the factors that could explain the enlargement to the east? Why did the EU member states decide to include such a big population, such poor countries of Central and Eastern Europe in the block? As we argued above, the European project is the expansion of European imperialism. However, it is not a stable pre-designed project. It has evolved with its contradictions. The history of the European integration has displayed these contradictions. Notwithstanding there has been one undisputable motivation for the integration that is expansion and thus enhancing European capitalism. In this context, the EU enlargements could be understood and explained better by taking the needs and imperatives of European capitalism into consideration.

As is known the imperialist competition inherent in European capitalism led to two world wars within the first half of the 20th century. One consequence of the wars for European capitalism was the loss of its superiority to the US capitalism. The other one was the independence of the colonies that brought about significant changes in the characteristics of imperialism. Accordingly, European capitalism had to be restructured in order to pick up the pieces and to regain its

competitiveness. The previous attempts to remove customs barriers, to enhance the trade, to cooperate in production of some essential products for European industry became imperatives for European capitalism in the post-war period. Of course, these were not the only dynamics that forced Europe to integrate. Devastating effects of the wars on masses in Europe and the presence of the Soviet Union as a hope for them strengthened the communist movement in most of the European countries. Socialist and communist parties in Europe became alternative to the power in some countries like France and Italy. That is why to struggle against the communism (not only against the Soviet Union, but also against the communist movements in European countries) appeared as a necessity for European capitalism that forced the integration. The European integration was surely seen as a remedy for recovery of all member countries against the common enemy. Yet, there were other factors as well.

The European integration was the integration of Western European powers in order to keep a tight rein on each other. They derive lessons from the devastating results of the competition among them. In other words, it was a control mechanism for the capitalist competition in Europe. For instance, the French state was the most ambitious actor for integration to serve the needs of French capitalism. Besides, it was crucial for the French government to hold the German progression in check within a union. Thus, the European integration was an output of the competition among Western European powers, as well. And, this can be regarded as the principal reason of the contradictions of the European integration. These contradictions have mostly become visible in the EU enlargements. Nevertheless, the EU expanded over the most part of Europe with the new millennium. Briefly, the European integration started with the integration of Western European capitalism but continued to the organization of all Europe as a capitalist block.

The Eastern enlargement of the EU was the latest attempt of the capitalist block to include the post-communist Eastern Europe in this block. However, for

example Ukraine, Belarus, Moldova, and Russia were excluded from the block. Similarly, Turkey and the Balkan countries are still waiting for membership. Then, some important questions are still remaining: Is the enlargement only for the sake of European capitalism? If so, why did not the EU member states grant membership to some Eastern European countries such as Ukraine? Or why did the EU members opt to include the CEECs to the block rather than developing a formal relationship without granting membership as in the cases of Ukraine, Turkey, and the Balkan countries?

The above questions would suggest a crucial point that the EU enlargement process may not simply refer to granting membership. Rather, the EU has developed different types of relationship with different countries or regions. We can roughly describe three different types of relationship the EU has developed. Firstly, the examples of Eastern European neighbours (Ukraine, Armenia, Azerbaijan, Belarus, Georgia, and Moldova) and the countries of the Mediterranean (Algeria, Morocco, Egypt, Israel, Jordan, Lebanon, Libya, the Palestinian Authority, Syria, and Tunisia) show us how the EU has developed relationship with some countries and regions by keeping them outside the block without a membership possibility. The relationship has been established with them by Association Agreements (European Union Association Agreements) that provides the EU to form a close economic and political cooperation.

Secondly, the EU's relationship with its ex-colonies is another remarkable example of the enlargement process. The European imperialism has maintained its penetration in African, Caribbean, and Pacific (ACP) countries by directly economic means after decolonization period.¹¹ The Lomé Convention is a clear

¹¹ The independence of ex-colonies provided them a political independence to take control over their borders; however, the imperialist powers penetrated into those areas by manipulating market forces for the sake of the needs of the imperialist core. This mechanism has become the hegemonic characteristics of imperialism after decolonization period. However, this does not mean that European imperialism has used only economic means after decolonization period. The European imperialist powers have maintained its military presence in ex-colonies. And it is important that these powers did not flinch from military interventions when they need. It

indicator of this relationship. It was an agreement (since 1975) between the EEC and the ACP countries based on duty-free exports of some agricultural and mineral products from the ACP countries to the EU. However, The Lomé was not only a trade agreement. The EU has also introduced Lomé Development Aid to the ACP countries through the European Development Fund and increased its investments to those countries via the European Investment Bank. This relationship has provided a control mechanism for European imperialism over the production of the ACP countries. This type is a clear example of the expansionist characteristics of the EU.

And finally, the EU's relationship with Turkey and the Balkan countries has developed differently from examples mentioned above. The relationship has been established by granting those countries membership possibility. In other words, the EU member states have left the door open to them by granting them candidate status. Of course, the EU may include them in the block in the next years; however, up to now, it has preferred to leave them wait at the doormat connecting with Turkey through the European Union-Turkey Customs Union and with the Balkan countries via the Association Agreements.

These different types of relationships signify that the EU enlargement process involves not only including the block with membership, but also keeping them at arms length while excluding from the block. The enlargement of the EU to the CEECs means that the EU preferred to keep them within the block. These typologies refer to enlargement strategies of the EU. However, it is important to state that the European integration was not disposed to enlargement at the beginning of its establishment. It was an integrated capitalism in Western Europe in the post-war period. On the other hand, the enlargement came to the fore in conjunction with the 1970s, which was the crisis and then reorganization period of the world capitalism. The European capitalism was in the middle of the crisis

should not be forgotten that capitalism has based on the unity of economic means and extra economic means.

and one of the cornerstones of the world capitalism to reorganize itself, as well. The integration gained a new meaning within such a context. Thus, the new face of European integration had a tendency to enlarge. However, an important point is that the enlargement was not limited with strong economies of Europe; rather, the European integration became an extended capitalist block containing the most part of Europe. That is why analysing the process that pushed the European integration to enlargement can provide an explanatory basis for the Eastern enlargement.

2.1.1 Globalization and Integration

The economic integration of the Western Europe from its beginning was a significant example of regional integration in terms of internationalization of economy. The integration provided Western European countries with an advantage in international trade as it meant elimination of national trade barriers particularly within the region. In addition to this, it created a cooperation and control mechanism for productive sectors across those countries. Thus, the European integration took shape as an integrated capitalism in Western Europe. Under these favourable integration conditions, the Western European states could act as a capitalist block in the world economy. Increasing number of “inter-enterprise and cartel agreements” (Anderson & Hall, 1961, p. 5) within the Western Europe expedited the process of monopolization and internationalization of the world economy.

The economic effectiveness of the Western European capitalist block in the world economy prevailed within a competition with the US as the hegemonic economic power until the crises of the 1970s. After the 1970s, the face of the world economy has changed towards a new competition period. The positions of both the US capitalism and European capitalism have shaped in accordance with the trends of the new period. This new period of the world system is called as *globalization*. It has been much claimed that the process of the

internationalization of the world economy has been at a new stage. In other words, the world capitalism has taken yet another turn.

Then, what is the new in terms of the internationalization of the world economy? David Ruccio rightly compares “global economic integration” of turn of the century and of the 1870-1913 period to reveal that the internationalization of economy is not new phenomenon; on the contrary, the increase in “the activities of international trade, finance, production, and migration” shares similar features both in the 1870-1913 period and at the turn of the century (2003, pp. 78-79). In other words, “the level of international openness” is not something “unprecedented” (Weiss, 1997, p. 7). In that case, the change is not regarding the scale of the international economic activities. Today, what is new (for the period since 1970s) is “a growth in the number and size of transnational corporations”, the increase in “the internationalization of service-sector activities”, the dramatic rise of capital flows, and the increasing role of global financial institutions like the World Bank and the IMF that regulates and liberalizes national financial markets (Ruccio, 2003, p. 80). However, the change is not stated only as globalization of the world economy, but it also refers to extra-economic changes. Petrella categorizes a set of processes regarding globalization:

Globalization of finances and capital ownership, globalization of markets and strategies in particular competition, globalization of technology and linked R&D and knowledge, globalization of modes of life and consumption patterns; globalization of culture, globalization of regulatory capabilities and governance, globalization as the political unification of the world, globalization of perception and consciousness (1998, pp. 47-48).

It seems that globalization involves different dynamics in almost each aspect of social sphere. The developments in information and communication technologies have provided accessing knowledge around the world. This has led to increase in mutual interaction across the globe in economic, social, political and cultural aspects. Moreover, this interaction has brought along transmission of modes of life, consumption patterns, social and political values in global level. Nevertheless, these set of processes could not provide global integration. The

globalization claim has been made up of an ideological discourse. Now, we will focus on the claim of globalization of the world economy.

The globalization of the world economy comes to the fore in two levels: Globalization of production and globalization of finance. While the former refers to the rise of foreign direct investment (FDI) and the increasing number of transnational (or multinational) corporations (TNCs); the latter implies increase in financial flows and the hegemonic role of global financial institutions (the IMF and the World Bank) on financial markets. However, these two levels are not apart from each other. It means that capital flows, TNCs, and global financial institutions become effective on both industrial markets and financial markets. In other words, production and finance are interdependent sectors. The advocates of globalization or so-called “globalists” show capital flows (mostly FDI) as the evidence for the globalization of economy. Then, to what extent do capital flows give rise to globalization of the world economy? Weiss objects to the point that the flows of FDI lead to economic integration of the world; rather she underlines some points regarding FDI that: (1) an important part of the FDI is concentrated on “non-productive” sectors that are mostly service sectors; (2) again a remarkable rate flows within “existing ventures” that means it is “concentrated on merger and acquisition (M&A) activity”; and (3) the rates of short-term investments like portfolio flows significantly increase rather than long-term investments; that all the points make clear the mistake regarding that increase of FDI creates “a globalization tendency” (1997, pp. 8-9). A similar objection is made by Petrella. While acknowledging the increase in capital flows since the 1970s, he rejects such a globalization tendency:

Increasingly, capital flows became more concentrated within the Triad between the three richest regions of the North: Japan and the ‘four dragons’, Western Europe, and the United States. By the end of the decade, more than 80 per cent of world’s foreign direct investment originated from and went to the three regions of the Triad. By contrast, the share of the world’s capital stock going to poor countries had been reduced from about 14 per cent in 1982 to zero in 1989 (Figure 2.3). Even the mild recovery in 1989 did not alter this basic financial division of labour of the world’s financial resources (1998, p. 50).

The share of capital flows within the Triad indicates that poor and developing countries, contrary to popular belief, do not attract huge amount of FDI, but rather capital mostly circulated within three richest blocks. Then, it can be concluded that capital flows do not signify a globalization tendency. Instead capital flows demonstrate a concentration tendency of the world economy in specific regions.

Together with capital flows, the increasing role of TNCs in the world economy or “multinationalization” process of the economy (Petrella, 1998, p. 46) is seen as a sign of globalization as well. Actually, this process reveals the increasing level of monopolization (Petrella, 1998; Foster, 2002) and oligopolistic market structure (Petrella, 1998). TNCs are firms that engage in various economic activities like production, distribution, investment, research and development, etc. in two or more than two countries. TNCs mostly comprise of parent firms (mostly domestic corporations) and subsidiary companies in abroad. TNCs tend to monopolize their sector, as they grow with mergers and acquisitions. The power of TNCs in the international markets has led to oligopolistic structures. Consequently, the total annual sales of some TNCs have exceeded the GDP of several countries.¹² That is why it is usually asserted that TNCs control not only the world markets, but also the governments. Besides, it is also asserted that TNCs and global institutions like the IMF, the World Bank, and the WTO run the global world order, suggesting the demise of nation states. No doubt, both TNCs and those global institutions are so powerful to penetrate all parts of the worlds, to control and to direct the world order. However, this does not mean the end of the nation states (Weiss, 1997; Petrella, 1998; Wood, 1999a and 2003a; Foster, 2002; Yeldan, 2009; Akbulut, 2013). Quite the contrary, nation state still appears to be the main agency that provides control of labour mobility and maintains social order for the sake of capital mobility. Globalization of production and finance do not contradict with the capitalists’ need for nation

¹² See *Global Policy Forum*. <https://www.globalpolicy.org/empire/47068-a-brief-history-of-transnational-corporations.html>

state. The rise of capital flows, the number and the role of TNCs in the world economy, the level of financialization, and the power of global financial institutions imply a *differentiation* in capitalism (Akbulut, 2013, p. 165). Thus, the new period is not globalization as a new social order, but a *global capitalism* (Petrella, 1998; Wood, 1999a; Akbulut, 2013). In this context, nation states have been restructured to be more compatible with global capitalism. The nation state with its new privatized role (Petrella, 1998, p. 56) still has a crucial function for capitalism. Furthermore, the hegemonic role of TNCs and global institutions within global capitalism does not extinguish the need for nation state:

The question then is whether 'global' capitalism has found other and better means than the nation state to perform all, or indeed any, of these basic functions. Even a moment's reflection should make it clear that no other institution, no transnational agency, has even begun to replace the nation state as a coercive guarantor of social order, property relations, stability or contractual predictability, or any of the other basic conditions required by capital in its everyday life. The state still provides the indispensable conditions of accumulation for global capital, no less than for very local enterprises; and it is, in the final analysis, the state that has created the conditions enabling global capital to survive and to navigate the world. It would not be too much to say that the state is the only non-economic institution truly indispensable to capital. While we can imagine capital continuing its daily operations with barely a hiccup if the WTO were destroyed, it is inconceivable that those operations would long survive the destruction of the local state (Wood, 2003a, p. 134).

As discussed above, the new period of the world order does not depict a picture of integrated world economy. Instead, concentration and integration of economy within and among three regional blocks characterizes today's world economy; that is why contrary to globalization, "triadization" is a better concept to define the integration of global world (Petrella, 1998, p. 56). In other words, there is no integrated world economy in global scale. The integration appears within and among the Triad (North America, Western Europe, and Japan plus South-East Asia); and the rest of the world: "almost all countries of Africa, most parts of Latin America and Asia (with the exception of countries from South-East Asia) as well as parts of the former Soviet Union and Eastern Europe" is excluded from this process, which is "de-linking" (Petrella, 1998, pp. 56-59). De-linking process displays that global capitalism tends to integrate in regional level rather than the global level.

It would appear that, global integration is nothing short of an ideological discourse of global capitalism. The discourse on global integration may be valid in terms of circulation of commodity and money (finance) in global scale and in terms of consumption culture. Global capitalism sustains itself by succeeding penetration to every corner of the world with commodity and money. The mobility of commodities creates a consumption culture in global scale that you can, for example, eat McDonald's, drink Coca-Cola, and put on Nike, Adidas, or H&M in almost all over the world. Even you do not have to carry any cash (or different currencies) in your pocket. Credit cards come to the help of you. It is possible to buy with your credit cards in most parts of the world. This refers to an important level of integration in financial markets. The development in information and communication technologies (ICT) and in transportation speeds up this circulation process as well. However, the process regarding the circulation does not indicate globalization of the world economy, but it justifies that capitalism is an international system and the level of internationalization of capital has reached its peak.

On the other hand, as mentioned above production in global capitalism mostly organized in national and regional level, rather than global level. The claims regarding globalization of production contradicts with "three trends" of world economy: (1) "... in the main industrialized economies around 90 per cent of production is still undertaken for the domestic market" that refers to "the national bases of production"; (2) concentration of production and investment "in the rich North" that leads to "North-South divisions"; and (3) the increase in "intra-regional trade" that means the tendency of "regionalization" (Weiss, 1997, p. 11). In addition to this, contrary to expectations an important amount (81 per cent) of the world's FDI took place (in 1991) "in the high-wage – and relatively high-tax – countries: principally the US, followed by the UK, Germany, and Canada" (Weiss, 1997, p. 10). The main reasons of why MNCs (multinational corporations) do not invest more in which "wages and taxes are lowest" are the need for new technologies and "knowledge-intensive labour", the advantage of

“physical proximity between producers and suppliers” in terms of new production methods, and the advantage of national institutional framework for the firms (Weiss, 1997, p. 10). Then, globalization of production is nothing more than an illusion. However, regionalization seems to more profitable for global capitalism. Briefly, global capitalism organizes where the profitability is at maximum in compliance with general rule of capitalism.

Global capitalism maintains itself, on the one hand, by concentration of production and investment in regional blocks; and on the other hand, by liberalizing and privatizing national markets (neoliberalism) via the dominance of global economic institutions. In global period, a dramatic increase took place in number of regional integration attempts around the world. The EU, The North American Free Trade Agreement (NAFTA), The Association of Southeast Asian Nations (ASEAN), The EFTA, The Central European Free Trade Agreement (CEFTA) are most known of them. These attempts mostly aim to succeed regional development and to increase their competitiveness in the global scale. However, they are not homogeneous blocks. In other words, uneven development and the capitalist hierarchy within these blocks provide a dominant role to the great powers within the block – to Germany within the EU or to the US within NAFTA. On top of regional blocks, the great imperialist powers also have dominant role on global institutions like the IMF, the World Bank, and the WTO. These imperialist powers manipulate national markets by their influences on global institutions. Further:

In a sense, the new forms of imperial domination by means of debt and financial manipulation, or even foreign direct investment, are what they are precisely because they provide a means of penetrating national boundaries, barriers that hardly existed for older forms of colonial domination by direct military means. And, of course, this kind of imperial power, no less than earlier forms, is exercised by nation-states, whether directly or through international agencies (Wood, 1999a, p. 10).

Then, globalization appears as the new imperialism. The hegemonic economic activities of global period like “(a) subcontracting to foreign sweatshops, (b)

foreign direct investment, and (c) international lending” are nothing short of “constituting and reproducing imperialism” (Ruccio, 2003, pp. 87-88).

Nonetheless, the new imperialism is not only based on directly economic means, but it does not forego military interventions to control global capital and maintain capitalist exploitation as well. The military interventions to Afghanistan, Iraq, Kosovo and (now) Syria indicate that the new imperialism still needs force, invasions and wars. These imperialist interventions aim for both controlling market forces of invaded regions and penetrating into those regions to gain advantageous position against other imperialist rivals. In this context, it can be observed that globalization as the new imperialism has revived the will for expansion.

The imperialist expansionism of global period, on the one hand, is the result of inter-imperialist rivalry; on the other hand, is a necessity for penetration of the new set of rules of global capitalism to the periphery. The new set of rules clearly refers to the rules of neoliberal economic project: liberalization of economy, privatization of public sectors, decreasing wages and government expenditures, dependency on trade rules of the WTO, and financial dependency to the IMF and World Bank. It is obvious that adapting to these rules means for the periphery to accept the dependency to the imperialist centre, as long as the periphery consents to such an adaptation process. This process is mostly managed by debiting the periphery. Moreover, this dependency is presented as the only way for economic development by the imperialist centre. The neoliberal hegemony preaches this all around the world. And, it is so significant that this process exactly refers to integration. One of the best ways for adapting the periphery to neoliberal market conditions and for establishing and maintaining the dependency within global capitalism is seen as regional integration. The rise of regional integration attempts in global period justifies this point. That is why the relation between globalization and integration makes sense within the context of imperialist expansionism.

Globalization-expansion relationship has been a milestone for the European integration as well in terms of bringing forward the enlargement. The European integration made Western Europe a big capitalist block during the economic recovery period of the 1950s and the 1960s. Despite the negative impacts of the 1970s' crises, Western Europe has become one of the biggest three regions of the world in which capital is concentrated and centralized. The EU (or priorly the EC) has been a big actor of inter-imperialist rivalry in global capitalism. This is one of the main reasons of the expansion of the EU. The EU expansionism took place both by enlarging to the other parts of Europe and by establishing relations with the rest of the world via association agreements and free trade agreements. The EU expansionism within Europe mainly aimed at enlarging the borders and scope of regional integration. Increasing importance of regional integration in global capitalism has pushed the community first to complete the integration of the Western part of Europe with the first enlargement in the 1970s, and then to enlarge the block to the other parts of Europe. Even if each enlargement episode took place under particular conditions, the enlargements of the EU were the output of the period of global capitalism. This period was characterized by both the crisis and the reorganization of European capitalism in accordance with the needs of global capitalism. Our discussion about globalization and integration provides an explanatory ground for the process that brings the EU to the Eastern enlargement. Now, we will look at the specific conditions in which European capitalism enlarge to the Eastern Europe.

2.1.2 The Bottleneck of European Capitalism

European capitalism has undergone a transformation in the aftermath of the structural crisis of capitalism in the 1970s. The restructuring period of Europe after the World War II succeeded an economic recovery owing to the US aids, the establishment of the Common Market, and the European integration. It was the period of expansion of trade and economic growth in the world. European economy achieved growth to a considerable extent during the 1950s and the

1960s, as well. However, the crisis of the 1970s led to increase in food prices, deceleration in the growth rate, and falling of the profit rate. Economic recovery period expired for European capitalism with the crisis. Economic slowdown, “declining rates of investment and productivity, galloping inflation, loss of international competitiveness” and “dramatic increase in unemployment” characterized this new situation (Tsoukalis, 1993, p. 36).

The face of the European integration changed as well to overcome the crisis. Pompidou’s Triptique (completion, enlargement, and deepening) embodied as a solution for the crisis. The first enlargement of the EC corresponded to this period. Besides, the collapse of the Bretton Woods system pushed the Community to create a monetary union and a regional currency for deepening the integration.

After the crisis of the 1970s, Western Europe experienced “the longest and deepest recession since the end of the Second World War” and the first half of the 1980s for the EC was the years of loss of international competitiveness, the stagnation of intra-EC trade and doubling of unemployment (Tsoukalis, 1993, pp. 47-49). Thus, the EC made efforts to overcome these problems and to gain competitiveness across the US and Japan. One of the important attempts was “the creation of the Round table of European Industrialists” under the EC commissioner for industrial affairs, Viscount Davignon, to introduce the ESPRIT programme (European Strategic Programme for Research and Development in Information Technology) that aimed to “promote close co-operation among European firms” and to improve the electronics sector and information technology in order to keep competing with the US and Japan (Tsoukalis, 1993, pp. 49-50). Just like the ESPRIT, some other initiatives took place such as RACE (Research in Advanced Communications for Europe), BRITE (Basic Research in Industrial Technologies for Europe), and EUREKA (European Research Co-ordinating Agency) to increase the competitiveness of European capitalism.

Above all the efforts, the crisis was tried to be overcome by the neoliberal project that aimed to restructure the capitalist world order by cutting down the social welfare expenditures, by decreasing wages, and by prompting privatization and liberalization in almost all economic sectors. European capitalism was introduced with this project grimly by Margaret Thatcher government impoverishing the European working class. However, Thatcherite model was not the only response of European capitalism to overcome the crisis. Van Apeldoorn asserts that a “transnational struggle over Europe’s model of capitalism” between three alternative projects within Europe has shaped this process: The first one is *the supranational social-democratic project* that refers to an internal market programme “complemented with a social dimension” based on “strong European institutions” and “positive integration”. This is the German model of social market economy. The second one is *the neo-mercantilist project* that puts forward “a defensive regionalisation strategy” against the global competition to enhance industrial capital in home market. This refers to the French statist model. And the last one is *the neo-liberal project* that promotes “market liberalisation and deregulation: more market and less state at all levels of the EU” and “negative integration”. This is the British model of liberal market economy (2002, pp. 72-81).

There was a struggle among “transnational capitalist class” in Europe “for relaunching of Europe” after the crisis; however, despite the differences between these capitalist projects, all of them were “market oriented” (van Apeldoorn, 2002, pp. 78-82). The diversity within European capitalism brings forward the thesis of *varieties of capitalism* (Hall & Soskice, 2001) that emphasizes the diversity of national capitalisms. However, does the variability of capitalism excuse national capitalisms from the hegemony of the market rules in global capitalism?

Jessop rejects such a “plurality of logics in capitalism”. His objection is that the varieties of capitalism approach focuses on competing “distinct (families of)

national models of capitalism”, but as relatively isolated from each other; and it disregards the role of global dynamics or the world market in terms of crisis and “capital’s long-term global dynamic” (2012, pp. 7-8). Rather, Jessop proposes concept of “variegated capitalism” as an alternative to the varieties of capitalism approach and to the world system thesis as well in that:

...to re-interpret the world market in terms of 'variegated capitalism' improves on the claims that: (a) there is a single world system that, operating through the logic of capitalist competition, pushes all capitals and their associated 'space economies' to converge on a single model of capitalism; or (b) there are only separate varieties of capitalism that co-exist within an inevitably heterogeneous world economy (2012, pp. 10-11).

Jessop’s objection is significant in the sense of emphasizing uneven and combined development of capitalism. The variations or the diversity of capitalism is nothing short of uneven development, but it can become varied as Rhine model, Anglo-Saxon model, Nordic model, etc. However, the so-called models of capitalism refer to different growth models within varying capitalist developments of historically different regions. Just as capitalism did not form everywhere simultaneously, it did not spread and develop in the same way in different regions. Both internal and external dynamics led those regions experience various processes in capitalist development. To the extent that capitalism has spread and developed in an uneven structure in different regions, different capitalisms have appeared within an international division of labour.

In addition to the mentioned models, certain national capitalist models like the German model of the social market, the British model of the liberal market, the French statist model, etc. denote variations of capitalism as well. But while they are originated from the processes of national capitalist development, they have mostly come to exist as national responses to particular crises or requisites of capitalism. However, capitalism as a world system beyond the national borders, has combined systems that different countries experience interconnected capitalist development. All variations of capitalism endeavour for economic development within the rules of the capitalist market and within a capitalist hierarchy. Therefore, the discussion regarding the variations of capitalism does

not negate the concentration and centralization of capital in specific regions mostly at the hand of big imperialist powers that dominate the rest of the world.

The European capitalism –despite various alternative capitalist projects– managed the crisis and reorganized system both by applying neoliberal rules of the global market and by expediting the European integration process. The hegemony of the neoliberal model in global capitalism became hegemonic in Europe as well. The importance of regional integrations in global period, as mentioned above, pushed the European Community to empower the regional integration. However, it is claimed that the European integration –in terms of its sui generis characteristics– contradicts with globalization and neoliberal project that means the European integration took place “in a specifically European way” that reshaped Europe as “the continent-wide market” (Skrobacki, 2005, pp. 448-449).

A similar claim is that the European integration is on the one hand, “the vanguard of globalization” because of removing national barriers in front of “the four essential freedoms of movement–of goods, services, capital, and labor”; and on the other hand, “a protective response to global exigencies and an attempt to safeguard Europe’s cultural identity” (Molchanov, 2005, p. 431). While the EU formed as a regional integration, the European integration “leads the pack” in globalization process of the world economy in terms of “creating specialized supranational institutions” and exceeding the regional limitations (Molchanov, 2005, pp. 432-434). It is also argued that the European integration promotes a “humane” integration and rejects “neoliberal globalization” (Molchanov, 2005, pp. 443-445). Evidently, the European integration is a unique example of regional integration in the world. However, it is difficult to characterize it as against the neoliberal project. Quite the reverse, it has put an end to the welfare state in Western Europe by retrenching the social welfare services and even privatizing them and by impoverishing the European working class. Moreover,

it is the European integration that has exported the neoliberal project to the Southern and Eastern Europe by enlargements.

Emphasizing the regional characteristic of European integration to claim that it contradicts with globalization would be misleading as well. It is rather a misperception with regards to globalization. As discussed above, the world economy has been inclined towards regional integration rather than global one. The world economy has been integrated based on the regional blocks, the European integration being one of the biggest. This is precisely why presenting the European integration as an alternative for globalization is inaccurate.

The bottleneck of European capitalism has been noticeably overcome after the second half of the 1980s. The European Roundtable (ERT) was one of the most effective efforts of the European business circles to revive the European industry in that period. It was founded in 1983 with the initiative of European Commission along with Volvo, Fiat and Philips to boost the European industry in its competition with Japan and the USA (van Apeldoorn, 2002, pp. 84-86). The foundation of the ERT was significant for the European market integration too. In addition, the ERT not only represented the integration of the European capital, but also did provide favourable conditions for European-based transnational capital. Besides the ERT, European capitalism has regenerated itself owing to the growing co-operation between business groups and governments. “The new consensus” among the business groups and the governments (either right wing or social democrat) towards the market-based economy provided “a substantial increase in business profitability” thanks to “the shift to the right in terms of economic policies”, avoiding from protectionist measures, and withdrawing “the basic Keynesian ideas” (Tsoukalis, 1993, pp. 51-53). The second half of the 1980s was also the years of economic recovery based on investments (Tsoukalis, 1993, p. 68).

The new recovery period of European capitalism proceeded hand in hand with the momentum of the European integration after 1985. George Ross defines

1985 and aftermath as “the golden age” for the Community as it has successfully taken the significant steps for completing and deepening the single market by enacting the White Paper on Completing the Internal Market¹³ that virtually removed “all the borders inside Europe” until the Single European Act¹⁴ and the efforts to create EMU in 1992 (2011, pp. 31-34).

In fact, the European integration has reached a new level by virtue of both the deepening attempts such as the SEA and the EMU, as well as enlargements to the other parts of Europe. The deepening attempts of the integration aimed at providing the adaptation of the new comers of the Community as well. The adjustments regarding the legal, political, and institutional framework of the Community became more necessary for the enlarging community.

In the 1980s, first Greece (in 1981), then Spain and Portugal (in 1986) joined the Community. The Southern enlargement was a sign revealing that the European integration was no longer the union of developed Western European countries. Greece, Spain, and Portugal “were characterized by low wages, high inflation rates, unstable currencies, low-cost agriculture products, and underdeveloped industrial sectors” when they applied for membership (Bindi, 2012, p. 23). However, the European Community became more powerful in the

¹³ The White Paper -titled as “Completing the Internal Market”- was prepared by the European Commission under the leadership of Jacques Delors and proposed to the European Council in June 1985. The Paper aimed at removing all “physical, technical and fiscal” barriers in front of the movement of goods, services, capital, and labour; and completing the internal market until 1992. The proposal of the Commission was responded positively by The Milan European Council (28-June 1985) and the Council organized an intergovernmental conference on 27 January 1986 in order to put the proposal into practice. The process materialized by the formation of the Single European Act.

¹⁴ The Single European Act (SEA) was an amendment of the EEC Treaty for adapting the Community’s law and institutional framework to achieve the goals proposed in the White Paper on Completing the Internal Market. The main objective of the SEA was creating a *Single Market* within the European Community by 1992. It paved the way for the process of formation of the European Union in 1992. The SEA was a significant step for empowering the integration especially in legislative, institutional and political level.

Mediterranean with an opportunity to expand to the Latin American markets thanks to the Southern enlargement.

The European Community revived as a reintegrated and enlarged regional block towards the 1990s. However, Europe faced a new challenge after 1989 with the collapse of the Berlin Wall and the break-up of the Eastern Block under the leadership of the Soviet Union. The German Reunification was an important moment for the future of the Community. It led both the enlargement of the Community's borders and the rise of German power in the Community. It should be noted that the European integration was set forth partly to constrain the German state after the Second World War. But in 1990, as Germany became united, the German economy began dominating the Community. The dominance of German economy with its industrial and financial sectors depended upon its level of industrialization and the increasing importance of Deutsche Mark (Tsoukalis, 1993), especially after the collapse of the Bretton Woods system. The impact of German reunification on the Community, the situation of Central and Eastern European countries that broke away from the Eastern Block and the position of new Russia after the collapse of the Soviet Union have brought Europe into a new challenge.

The European Community attained some goals proposed in the White Paper of 1985 regarding the integration during the first half of the 1990s, despite the titled balance of forces in Europe. Eventually, in 1993, The European Union was created by the Maastricht Treaty as a single body of the *three pillars*: the European Communities (including the EC, the ECSC, and the Euratom), Common Foreign and Security Policy, and Cooperation in Justice and Home Affairs. Moreover, the idea of The Hague Summit (1969) to create a monetary union was finally achieved. The Maastricht Treaty introduced the Economic and Monetary Union (the EMU) launching the creation of Euro as a single currency. In short, the European integration took considerable steps to become a single market.

However, the European Union confronted with a new question in that period: What is to be done regarding the Eastern Europe? The enlargement towards the CEECs came to the fore in such a context. Though, the interest in CEECs did not limit with the EU. The US was also interested in those countries as well as NATO's Eastern enlargement became a concern in the 1990s. Briefly, the Eastern Europe was contained by the EU and NATO.

The Eastern enlargement was a controversial issue for the EU. The debate was not about the expansion to the Eastern Europe, but regarding on whether to include lower-income countries of the Eastern Europe into the block. The EU member states as a capitalist block would be in favour of expanding towards the Eastern European market, but these decision-makers had also doubts concerning the integration with this region. On the other hand, the EU had already developed some economic relations with the Eastern Europe before the dissolution of the Eastern Block. Similar to the US-aided restructuring of Western Europe and as a strategic reaction to similar US attempts such as the Marshal Plan, Stalin initiated the formation of the Council for Mutual Economic Assistance (CMEA) in 1949 involving the USSR, Bulgaria, Czechoslovakia, Hungary, Poland and Romania to promote economic development and integration of the Eastern Europe (Ingham & Ingham, 2002, pp. 4-5). While officially the CMEA "did not recognise the 'capitalist' Community until 1972", some conferences and agreements took place between the two parts of Europe since the 1970s to develop trade relations and other economic cooperation (Ingham & Ingham, 2002, pp. 6-8).

When enlargement came to the fore, some problematic issues like the enormous population of CEECs in total, the asymmetry of income per capita in EU members and the CEECs, and the problem of tuning the CEECs with the monetary union became clearer. In addition to these issues, the possible problems regarding the Common Agricultural Policy may rise after the accession of some CEECs that have significant agricultural labour etc. (Ingham & Ingham,

2002, pp. 11-13). It was regarded that all these problems would create new contradictions regarding the European integration if the EU includes these countries in the block. The French proposal revealed the doubts towards their membership in that period. Mitterrand proposed “a new European Confederation” that would hold CEECs “in a waiting room until they gained some stability and proved their EU-worthiness” (Ross, 2011, p. 48).

Unlike the doubts towards the membership of the CEECs, the EU member states were eager to include “Western European neutral countries” (Sweden, Finland, Norway, and Austria). In order to include them, “the EEA strategy” as a waiting room was tried, until it collapsed when these countries “applied for full membership in 1991” (Ross, 2011, pp. 48-49). The EU included Sweden, Finland, and Austria in the block in 1995. It is important that those EFTA countries had already developed strong relations with the EU before their membership.¹⁵ That is why the enlargement process to those countries was relatively short.

Unlike the doubts regarding the Eastern enlargement, German Chancellor Helmut Kohl was in favour of the enlargement.¹⁶ The support of Germany for the enlargement was based on “the geographical proximity” and “centuries-old economic links” between Germany and Central and Eastern Europe that can promote Germany’s “economic, security and political self-interests” (Zaborowski, 2006, pp. 104-105). For German companies, the Eastern enlargement implied increasing economic advantages obtained from relations with the CEECs. It would also provide military security of the eastern borders. The importance of the CEECs for German capitalism forced German state to push on the enlargement process despite the debates on enlargement within the EU. A critical point implied by the German elites revealed the importance of the

¹⁵ Remember the pioneering role of the Volvo (a Swedish company) in foundation of the European Roundtable as an example.

¹⁶ See <http://news.bbc.co.uk/2/hi/39312.stm>

enlargement for them: “no other state is equally as exposed to the risks and the costs of this policy” (cited in Zaborowski, 2006, p. 105). German elites could take this risk since Germany’s relationship with the CEECs depended on the competitive advantage of its economy which made Germany as the leading trade partner of the CEECs (Trouille, 2002, pp. 57-58). It must be emphasized that German companies had significant economic relations with the CEECs during the cold war period as well. The Federal Republic of Germany (FRG) was “the second trading partner for Poland, Czechoslovakia and Hungary” right after the Soviet Union (Zaborowski, 2006, pp. 107-109). For the very reason, the enlargement would bring more economic advantages to Germany more than any other members of the EU.

Everything aside, what were the main objectives behind the Eastern enlargement? The widely accepted answer to this question is providing the CEECs with an opportunity to “complete their return to Europe” by establishing peace, democracy and a free market “on the ashes of Communism” (Zielonka, 2006, p. 24). In other words, the Eastern enlargement aimed at including the post-communist totalitarian countries to the ‘democratic’, ‘peaceful’, and ‘free’ Europe. This process for those countries is known as the *transition process*. The “return to Europe” or transition process for those countries meant integration with neoliberal global market.

The interest of the EU member states in those countries is principally establishing a market economy in that region which may well be seen as an imperialist project. However, it is claimed that while the EU has an imperial policy towards Eastern Europe, it was at the same time “benign and incentive driven” that aimed at “the establishment of peace, democracy, and prosperity in the region” rather than conquering there (Zielonka, 2006, p. 48). In other words, the EU’s imperialism is asserted as a *benign imperialism*. It means that in such a condition, both the EU and the CEECs benefited from the enlargement, which was a win-win situation.

However, Pourchot reveals the mistakes of the debates on “EU as empire” identifying three basic assumptions in the related literature regarding the “traditional characteristics of empire” (2016, p. 18). The first one is “the coercion assumption” that defines empire with deployment of force to conquest territories (that is expansion with coercion). According to this assumption the EU is seen as an empire as well because of “US-NATO-EU actions in promoting a new world order based on liberal values”, etc. and “political and economic dominance” on the CEECs. The second one is “the sustainability assumption” that can be found in the EU’s funding programs towards CEECs, -such as PHARE (Poland, Hungary Assistance for Restructuring Economies), SAPARD (Special Accession Programme for Agriculture and Rural Development), ISPA (Instrument for Structural Policies for Pre-Accession) that aimed at restructuring those countries for the sake of the EU. And the last one is “the hierarchy assumption” that focuses on the relationship between the core and the periphery as in the relationship between the core of the EU and the CEECs (Pourchot, 2016, pp. 19-29).

Liberal approaches regarding the Eastern enlargement interpret the process as a success in regard to establishing the market economy and liberal democracy in the CEECs (Rupnik, 2000; Zielonka, 2006; Ross, 2011). While the collapse of the Council for Mutual Economic Assistance (COMECON or CMEA) and economic stabilization programs led to a fall in production, in wages, in life expectancy and to increase poverty and unemployment rate in the CEECs especially in the first half of the 1990s, eight Central and Eastern European countries have established a market economy, a liberal constitution, civil society associations and a liberal democracy during their transition period especially when contrasting these countries with other post-communist countries (Zielonka, 2006, pp. 29-43). Similarly, the Eastern enlargement is regarded as a success of the EU in terms of promoting “market democracies” in the CEECs and providing unification of “Europe’s west and east” (Ross, 2011, p. 50). However, the Eastern enlargement of the EU was more than establishing market

economy and liberal democracy in the CEECs. As mentioned earlier, it was a “Shock Therapy” introduced by the EU, the US, and the global institutions to restructure the Eastern Europe for sake of neoliberal global markets after its dissociation from the Eastern Block (Gowan, 2002). With these characteristics, it was an imperialist project towards Eastern Europe. To promote the privatization in the region the EU and the IMF coordinated operations providing structural funds like PHARE and European Co-operation Fund (ECF). The Shock Therapy was also an effort to “form a new domestic capitalist class” who “have been mainly illegal currency speculators and black marketeers as well as corrupt members of state administrations, especially in the import-export sectors” and to flourish an idea of civil society to end the state interference (Gowan, 2002, pp. 229-231).

The notion of creating a liberal democratic state was the major ideological means of the imperialist project towards the CEECs. Those countries were offered a duality: totalitarianism or civil society. The intellectual side of this project was prepared mostly by academics and the media. The imperialist project was served as *transition to democracy*. For instance, Soros scholarship to promote the idea of civil society in the CEECs, Ralph Dahrendorf’s writing on “transformation in Eastern Europe” to call to Karl Popper’s “Open Society”, and Habermas’ efforts to propose a “communicative public space”, which mean “a social engineering project” for the CEECs to transform from communist regime to capitalist market system were some parts of the intellectual background of this project (Gowan, 2002, pp. 250-251).

The imperialist project towards the CEECs not only carried out by the EU, but the US was one of the main actors of the project as well. The US was quite willing to develop political and military relations with the CEECs after the end of the Cold War. This was the heart of the matter of the project for the US. The fact that the EU countries could not create a unified military force and this situation was an advantage for the US. The dominance of the US in NATO has

provided the US with an opportunity to retain an effective power on Europe. The power of NATO (or the US) on Europe has strengthened by the expansion of it towards the Eastern Europe. The Eastern enlargement of NATO started with granting membership to Poland, Hungary, and the Czech Republic in 1999.¹⁷

Gowan remarks that the NATO enlargement and the EU enlargement to the East were “two parallel processes” that meant “the American-German-led western alliance” tried to expand into Poland, Hungary, and the Czech Republic and to exclude “the Balkans and the former Soviet Union” (2002, pp. 292-295). The restructuring project towards the Eastern Europe was carried a step further by the NATO enlargement. NATO was shown as a guarantor for the CEECs to succeed the transition to democracy and to provide their security (Schimmelfennig, 1998; Rupnik, 2000). However, it was an imperialist expansion of the Atlantic Alliance to penetrate the Eastern Europe after the dissolution of the Soviet bloc.

To conclude, the CEECs’ “return to Europe” was shaped by the collective project of the imperialist powers. The CEECs were included into capitalist global order as a result of this process. It will not be wrong to claim that the Eastern enlargement of the EU was the most significant step of this process. The EU succeeded to establish capitalist socio-economic order in the Eastern Europe, on the one hand; and to form a global capitalist block comprising most parts of Europe in terms of empowering its position in inter-imperialist rivalry, on the other. However, the enlargement revealed the uneven structure of the community and the hierarchy among the members. The CEECs became the new periphery of the European capitalism.

¹⁷ Poland, Hungary, and Czechoslovakia created the Visegrád Group in 1991 in order to form a close cooperation for security, economic development, etc. The Visegrád Group was regarded as accelerator for integration in the EU. Thus, NATO’s priority to include Poland, Hungary, and the Czech Republic (within the CEECs) into the Atlantic Alliance was not surprising. Then, NATO enlargement towards Eastern Europe held by including Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia in 2004; Albania and Croatia in 2009; and lastly Montenegro in 2017.

2.2 The Dynamics of Enlargement Process

The targets of 'Europe 1992' were accomplished with the Maastricht Treaty. The primary motto of 'Europe 1992' was to complete the single market enabling the free movement of goods, services, capital, and labour within the borders of the EU. From the common market to the single market, the European integration covered an important ground regarding the four freedoms. However, the mobility of capital and labour has been the most problematic ones for the European integration. Since global capitalism pushed the European integration to reorganize itself as a regional capitalist block (or a single market), providing the viable conditions for capital flow and controlling labour mobility became important more than ever for the EU. That is why the EU member states agreed to form the Economic and Monetary Union (EMU) for removing the remaining barriers in front of the capital mobility and completing the monetary integration and to establish the Schengen system for labour mobility. The EMU and the Schengen system had important role for deepening of the integration that led the EU to be more centralized structure or 'ever closer union'. The European monetary integration completed with the introduction of the euro as the single currency creating the Eurozone that partly overcomes the borders of the EU. Similarly, the Schengen system removed the borders within the EU by creating the Schengen Area in Europe.

The EU followed the goals of 'Europe 1992', on the one hand; and held the enlargement process towards the CEECs, on the other. The enlargement process of the CEECs took place together with the deepening of the European integration. The EMU as a new dynamic of the European integration became one of the major aspect of the process of the Eastern enlargement as well. The accession process of the CEECs raised the issue of joining the EMU and the Eurozone for them. The EMU membership as a condition for the EU membership had an important impact on transformation of economic and financial structure of the CEECs during the accession process. Besides the EMU,

the fundamental dynamics that determined how the process would be operated for the Eastern enlargement was the enlargement policy of the EU, which was reshaped after the Maastricht Treaty. The declaration of the Copenhagen European Council in 1993 determined some criteria –aka the Copenhagen Criteria- for EU membership. In fact, the criteria looked like a prerequisite for Eastern enlargement. They were implemented to the CEECs during their accession processes to the EU. Accordingly, we can define two major dynamics that have determined the framework for the enlargement process of the EU towards the CEECs: (1) The EMU and the single currency and (2) the Copenhagen criteria.

2.2.1 The Economic and Monetary Union and the Single Currency

The EMU was introduced by the EU in 1993 to complete the European monetary integration. It aimed at creating a common monetary policy and a single currency to increase economic integration. In fact, the EMU was regarded as a solution for the monetary crisis started with the collapse of the Bretton Woods system. The EMU aimed to provide monetary stability controlling the fluctuations of the exchange rates. In order to attain these goals, the EU established the European System of Central Banks (ESCB), which involves the European Central Bank (ECB) and national central banks of the member states to be responsible for the monetary policies of the Union.

The European monetary integration was depended on the support of the European Payments Union (EPU)¹⁸ during the 1950s while it was also an integral circuit within the Bretton Woods system, in the 1960s, adjusting the exchange rates of the European currencies to the US dollar (Bonefeld, 1998, p. 56). However, increasing competitive pressure of Germany and Japan and the burden

¹⁸ The European Payments Union (EPU) was created in 1950 in order to organize the payments regarding bilateral and multilateral trades. Under the conditions of the dominance of the US dollar as the reserve currency, the EPU aimed to decrease the opportunity cost of trading, which was risen because of money transfer.

of financing the Vietnam War for the US spelled the death of the Bretton Woods system at the beginning of the 1970s (Bonefeld, 1998, p. 56). The decline of the Bretton Woods system led to the monetary crisis due to financial instability and exchange rate fluctuations.

The European monetary integration started to take place in the midst of the 1970s crisis that referred to the decline of US hegemony as dollar lost its competitive advantage against the Deutsche Mark (DM) and yen (Callinicos, 1998; Carchedi, 1997). The European Community tried to overcome the monetary crisis of the 1970s by creating the European Monetary System (EMS) in 1979 in order to stabilize the currency fluctuations. To achieve the goals of the EMS, the Community implemented the Exchange Rate Mechanism (ERM). However, the EMS formed the basis for the rise of German hegemony in Europe in so far as it maintained the dominance of DM against all other European currencies (Bonefeld, 1998; Callinicos, 1998; Carchedi, 1997 and 2001).

The European monetary integration after the collapse of the Bretton Woods system strengthened the hegemonic power of Germany both in Europe and in global scale that provide a strong position for the European block under the leadership of Germany within the inter-imperialist rivalry. As Callinicos asserts that the European integration has been as a part of inter-imperialist rivalry between Europe and America, on the one hand; and among the European imperialist powers: France, Germany, and Britain, on the other. Thus, the EMU also arose from this rivalry in terms of both creating a “powerful and integrated bloc of European capital” against the US hegemony and crystallizing the conflicts among the European imperialist powers (Callinicos, 1998, p. 70). Similar to the Germany’s support for completing the monetary integration, France was also in favour of the EMU for two reasons: (1) increasing economic integration of European bloc would make Europe an independent power against

the US (2) unlike the dominant position of the Bundesbank¹⁹, creating the European Central Bank would authorise French government more in monetary policy of the EU (Callinicos, 1998, p. 72).

The competition among European imperialist powers contains a consensus regarding increasing the monetary integration. The consensus was based on the class content of the monetary integration and on adjustment to the neoliberal project. The class politics of the EMU is based on re-integration of labour into the capital relation that meant reorganization of capitalist exploitation by imposing the burden on labour (Bonefeld, 1998, p. 56; Carchedi, 1997, p. 109). It seems that the European capital formed a bloc for the sake of European imperialism by completing the monetary integration, but the cost of it was paid by the European labour. Then, EMU formed as a reaction to the crisis of capitalist accumulation, on the one hand; and as a means of restructuring capitalist exploitation of labour across Europe, on the other (Bonefeld, 1998, p. 56). Moreover, the EMU became the means of empowering the 'German Europe'. Carchedi announces the result: *"The more the EU countries are tied to Germany, the greater the expropriation of value from labour"* (1997, p. 100).

The process of completing the European monetary integration embodied with the third stage of the EMU: to adopt the euro as the official currency. The first (1990-1993) and the second (1994-1998) stages of the EMU removed the barriers in front of the movement of capital, founded the institutional framework like the European Monetary Institute (EMI), ECB, and ESCB for constituting a single monetary policy, and enforced the Stability and Growth Pact (SGP) to provide stability in fiscal policies of the EMU. In a sense, the first two stages

¹⁹ The Bundesbank is the central bank of Germany from 1990 to the present. It was the central bank of the West Germany during 1957-1990. Before the foundation of the European Central Bank (ECB), the Bundesbank was the most dominant bank across Europe thanks to the competitive advantage of German economy and Deutsche Mark. In other words, it was like the central bank of the EC. After creating the EMU, the EU founded the European System of Central Banks (ESCB) to be responsible for monetary policies of the EU. The Bundesbank took part within the ESCB like the ECB and national central banks of other member states. However, it maintained its effectiveness within the ESCB as well.

have provided the necessary conditions for creating the single currency. Besides, the EU introduced the convergence criteria (aka the Maastricht criteria) at the beginning of this process for the member states to meet them for entering the third stage of the EMU and adopting the euro as their official currency. The member states would have to meet five convergence criteria based on inflation rates and price stability, government budget deficit, government debt, exchange rate stability, and interest rates. The main reasons for stipulating the criteria were to ensure price stability in the Eurozone, to force the member states take the responsibility of the single monetary policy of the EU, and to protect the Eurozone from financial instability of potential member states (the CEECs). Depending on the convergence criteria, 11 of 15 members of the EU (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain) formed the Eurozone in 1999. Greece joined to the Eurozone in 2001 after meeting the convergence criteria. Denmark, and the United Kingdom got opt-outs to be exempt from participating to the Eurozone. Sweden has not met the requirements for joining the Eurozone while it is supposed to do that. Unlike membership of the EMU, participating to the Eurozone is not compulsory for the member states of the EU, but it depends on meeting the convergence criteria.

The monetary integration of the EU brought new responsibilities and goals for the CEECs as well during their accession process. The CEECs experienced high inflation levels and low growth rates during the 1990s, especially in the first years of the decade. Therefore, their transition process took place along with privatization programs, European Agreements with the EU, and the attempts of cooperation in the region like CEFTA in order to establish a market economy and join the EU as an ultimate goal (Kočenda & Hanousek, 1999, pp. 177-178).

The accession process of the CEECs raised the question of joining the EMU for them as well. The membership/Copenhagen criteria of the EU also meant to be prepared for membership of the EMU, as joining the EMU was a necessary goal

for the new members of the EU. However, the banking sector of the CEECs was a major problem for them while joining the EMU. Therefore, increasing banking activities, transforming the role of the government in financial sector, and empowering the financial institutions and markets became necessities for the CEECs. This process resulted in following a “measured strategy” based on “recapitalizing and privatizing state banks” (Kočenda & Hanousek, 1999, pp. 180-181). One of the dreads of the EU was the dependence of the Eastern European banks on speculative hot-money inflows which could render the whole European financial system vulnerable to instabilities (Randzio-Plath, 2001, p. 74).

As we have mentioned above, the EU stayed on guard against the negative effects of financial instability that would spill over from the new potential members. The convergence criteria were a set of measures for protecting the Eurozone. The Copenhagen Criteria (especially the economic ones) meant similar protection mechanism for the EU against both macroeconomic and financial instability. Thereby, the EU managed the enlargement process towards the CEECs by stipulating conditions for ensuring macroeconomic and financial stability in those countries in order to protect the monetary integration, on the one hand; and by directly reorganizing the banking sector and financial activities of the CEECs through privatization programs monitored by the IMF, on the other.

Economic and monetary integration of the CEECs in the EU implied not only to become members of the EMU, but also to participate in the European Exchange Rate Mechanism (ERM II) to adopt the euro in the end. The completion of this process has depended upon two steps: First, the CEECs had to meet the Copenhagen criteria for EU membership, which also means to be eligible for EMU membership. Second, they had to meet the convergence criteria in order to be part of the Eurozone. However, besides the convergence criteria as the “nominal” criteria for joining the Eurozone, the EU introduced “real” convergence criteria for the CEECs in order to prevent potential financial risks

that would be caused by an early accession of the CEECs in the Eurozone (Lavrač & Žumer, 2003, pp. 19-20). Real convergence criteria implied broader economic and financial criteria such as structural reforms imposed by the EU on the CEEC states during their transition process (Lavrač & Žumer, 2003, p. 19).

It can be argued that the EU did not operate the process of economic and monetary integration of the CEECs on equal footing. Rather, it put forward numerous criteria before the CEECs to ensure their adaptation to the conditions of neoliberal market. Moreover, privatization programmes and structural reform programmes imposed by the EU became additional conditionality criteria for the CEECs. For operating this process towards the CEECs, the PHARE²⁰ (Poland and Hungary: Assistance for Restructuring their Economies) programme was developed by the EU. The PHARE included funding the CEECs for institution building and (especially) for investment.²¹

The PHARE was a pre-accession strategy of the EU to develop institutional structure and to support infrastructure investment of the CEECs, and thus to provide them with the opportunity to prepare their markets for the accession to the EU. The EU managed the PHARE with cooperation between the Commission, the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD)²², and the World Bank.²³ In brief, the

²⁰ When the PHARE created in 1989, it organized as a funding programme towards Poland and Hungary. However, it expanded to the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Bulgaria, and Romania during the enlargement process of the EU towards the Central and Eastern Europe.

²¹ The 30% of the budget of the PHARE was used for institution building and the 70% of it for investment.

²² EBRD was one of the most crucial institutions during this process, since it was founded in 1991 in order to support the former communist countries to establish market economies.

²³ For more information regarding the PHARE, see http://www.europarl.europa.eu/enlargement/briefings/33a2_en.htm

accession process of the CEECs was strategically organized by the EU with the help of regional and global financial institutions.

Economic and monetary integration of the CEECs with the EU took place to the degree that they could succeed to establish an economic and financial structure in line with neoliberal markets. As a result of the accession of eight CEECs in 2004 and another two in 2007, they became an integral part of the EMU, but not of the Eurozone. EMU membership for them was a corollary of the legislative criterion, which was adapting to the *acquis communautaire*²⁴. However, the new members had to meet the convergence criteria and spend two years in the ERM II before joining the Eurozone. After their accession to the EU, only five of the ten CEECs have joined the Eurozone: Slovenia (2007), Slovakia (2009), Estonia (2011), Latvia (2014), and Lithuania (2015).²⁵ The remaining ones (Bulgaria, the Czech Republic, Hungary, Poland, and Romania) are still out of the Eurozone.²⁶

While some of the new members of the EU from Central and Eastern Europe have not yet completed their monetary integration within the EU, all of them have come under the influence of the strong economies due to the economic and financial programmes imposed during the enlargement process. The consequences of this dependency were experienced during the global crisis of 2008. The crisis advanced in Europe as the *European debt crisis*, which is also known as the *Euro crisis* or the *EMU crisis*. The financial crisis has had disruptive effects on Central and Eastern Europe because of macroeconomic imbalances of these economies and their dependency to the EU15 at the economic and financial levels (Galgóczi, 2009, pp. 21-22). During the period of

²⁴ The *acquis communautaire* briefly refers to the EU law including the EU norms, principles, all treaties, international agreements, court decisions, legislative body of the EU, etc. All members of the EU have to obey the *acquis*. Accepting the *acquis* is a conditionality criterion for the candidate countries as well.

²⁵ Cyprus and Malta joined the Eurozone in 2008 as well.

²⁶ Croatia as the last member of the EU is out of the Eurozone as well.

2007-2009, the GDP growth rates dramatically decreased especially in the Baltic States and in Hungary. The unemployment rate increased to high levels in most of the CEECs and doubled in the Baltic States (Galgóczy, 2009, pp. 23-24). The crisis has become effective in the financial sector of the CEECs as well. The Western banks have had a significant role in the region (over 80 % of banks in the region are “affiliates of western banks”), thus the huge amount of the profit of the banking sector of the CEECs goes to the Western banks (Galgóczy, 2009, pp. 24-27). This dependency on the Western banks has increased the vulnerability of these economies. In order to overcome the crisis in the region, the IMF loans and retrenchments were imposed on the CEECs (Galgóczy, 2009, pp. 28-29).

2.2.2 Copenhagen Criteria: Social Europe or Neoliberal Europe?

The Eastern enlargement of the European Union is a unique example in history of the EU enlargements. The uniqueness of it primarily stems from the historical conjuncture that the enlargement process took place. It was the time that the countries of Central and Eastern Europe had experienced a significant transformation due to the dissolution of the Soviet bloc. It also corresponded to the peak of European integration efforts with the creation of the Single Market, the EMU and the single currency. Moreover, it was the time that capitalism has been in a tendency to expand more in global level with a dramatic increase in internationalization of capital. The EU enlargement towards the CEE cannot be regarded independently of this tendency of global capitalism to expand.

Besides, the uniqueness of the Eastern enlargement comes from that it took place in a strict conditionality. Unlike previous enlargements of the EC, the applicant countries have been obliged to meet several criteria for membership since the Copenhagen European Council in 1993. No doubt, the previous enlargements took place in accordance with some admission requirements. However, the admission of the CEECs were handled under the strict criteria that had never been applied to any applicant before. Here, it is pertinent to note that the

Community's attitude regarding the membership application of any country has not remained the same since its foundation. The response of the Community was stated in the Treaty of Rome:

Any European State may apply to become a member of the Community. It shall address its application to the Council, which shall act unanimously after obtaining the opinion of the Commission. The conditions of admission and the adjustments to this Treaty necessitated thereby shall be the subject of an agreement between the Member States and the applicant State. This agreement shall be submitted for ratification by all the Contracting States in accordance with their respective constitutional requirements (Treaty of Rome, Article 237).

As it is seen the admission requirements were depended on a bilateral agreement between the applicant and the current members. In other words, the community did not set specific conditions for membership of any country. It could be claimed that enlargement was not in the initial agenda of the Community. As mentioned earlier, enlargement of the Community came to the fore in the 1970s in tandem with the historical developments of capitalism. More precisely, increasing monopolization and internationalization of capital have stimulated further expansion in global scale. Since the 1970s the Community has put not only enlargement towards the other parts of Europe but also developing relations with other regions of the world on its agenda. To put it another way, the Community has gained an expansionary characteristic since the 1970s. Came the 1990s, the Community both enlarged through some parts of Europe and developed relations by trade agreements and the Association Agreements with several regions of the world. Meanwhile, it has increased the level of integration by creating the Single Market and the EMU. That is why it became a necessity to clarify the requirements for admission to the enlarging Community.

Since the Community's preference has been in the direction of enlargement, the EU revised the article of the Treaty of Rome regarding the application for membership. Article 49 of the Treaty on European Union (TEU) states that "any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union"

(Treaty on European Union, Article 49). The aforesaid values are mentioned like that:

The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail (Treaty on European Union, Article 2).

Unlike the Treaty of Rome, the TEU explains the conditions for membership more clearly. The emphasis of the TEU to social values revives the notion of *social Europe*. Whether or not the EU can be characterized with the notion of social Europe becomes an important question for our discussion which will be elaborated later.

Since the Community started to enlarge to the other parts of Europe, it will be more proper to refer to enlargement policy of the Community rather than its attitude regarding applications for membership. The TEU specified the enlargement policy of the EU to some extent. However, each of the EU enlargements took place within the context of distinctive conditions and policies of the EU. The criteria that the European Council determined in Copenhagen seem to have set a framework for its enlargement policy. Moreover, it was a part of the EU strategy towards the post-communist countries of the CEE.

The applicant countries have to meet the three major criteria according to the Copenhagen European Council:

- “stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities” (*political criterion*)
- “the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union” (*economic criterion*)
- “ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union” (*acquis criterion*) (Council, 1993, p.13)

These criteria became one of the primary dynamics of the Eastern enlargement of the EU. The CEECs have experienced a transition process within the framework of the EU conditionality. Then, if the reasons of the EU enlargement to the east were mainly to provide the return of the CEECs to Europe and to achieve the integration of western and eastern parts of Europe (as it is argued), why the EU would impose the CEECs such a strict condition for membership?

The answer is not that simple. The fourth criterion of Copenhagen explains the reason to a certain extent. Along with the three major criteria of the Copenhagen European Council in 1993, the fourth criterion was set out as an indicator of concerns of the present members towards CEECs because of their differences (Grabbe, 1999, p. 4). It aimed to sustain the European integration. In other words, their potential discrepancy with the EU structure was one of the major doubts of the member states. However, not all members had doubts regarding the Eastern enlargement. Germany and UK favoured slowing down the deepening attempts regarding European integration to reduce the barriers for the accession of the CEECs while the remaining members of the EU sided against this view (Sedelmeier, 2005, p. 55). However, the EU neither slowed down the deepening attempts regarding European integration nor dropped the idea of including the CEECs to the European bloc. Notwithstanding, the EU used the criteria for protecting the deepening attempts of integration as well.

Another plausible explanation for the question can be made on the basis of the relationship that the Community developed with the CEE before the enlargement process. The relationship that the Community developed with CEE countries from the beginning was based on the conditionality, which was a mechanism that the Community used while establishing relationship with third countries mostly in terms of trade and economic activities (Puente, 2014, p. 60). The EC's relationship with COMECON region began with the Socialist Republic of Romania after the exit of the latter from the Warsaw Pact in the 1960s and its reprove of invasion of Czechoslovakia in 1968 that resulted with the Socialist

Republic of Romania's recognition of the EC (Puente, 2014, p. 62). The trade agreement on industrial products signed between the EC and the Socialist Republic of Romania in 1980 became a model for the EC as conditionality towards the COMECON region. Thereafter similar agreements were made by the EC with Czechoslovakia, Poland, Hungary, the Soviet Union, Bulgaria, Romania and the German Democratic Republic during 1988-1990 period in terms of the conditionality criteria, which refers a move away from socialism and a turn to market economy and (liberal) democratic system (Puente, 2014, pp. 63-66). The relations that the EU developed with the Socialist Republic of Romania can be seen as the starting point of normalisation process of the EC-COMECON relations.

The trade and cooperation agreements of the 1980s between the EC and countries of the COMECON region turned over a new page for the relations. The EU strengthened the relations with CEECs with Europe Agreements in the 1990s in order to liberalize their trade regime and to establish a market economy. In brief, the Community kept up the conditionality mechanism towards the CEECs with trade agreements as the "first generation agreements", with the Europe Agreements as the "second generation agreements", and with the Copenhagen criteria during the accession of the CEE countries to the EU (Puente, 2014, p. 67).

The main reason for imposing the Copenhagen criteria to the CEECs was the EU strategy that aimed to restructure economic, political, and social system in these countries (which had experienced socialist economic, political, and social relations for decades) in accordance with neoliberal markets and liberal social and political norms. Restructuring the CEECs was the primary reason of the Eastern enlargement of the EU. In other words, the aim was spreading neoliberal market rules and liberal social and political relations and re-establishing capitalist system in Central and Eastern Europe. The notion of return to Europe meant *return to capitalism*. The objective to achieve the integration of western

and eastern parts of Europe was basically to provide capitalist integration of western and eastern parts of Europe.

The EU strategy towards the CEECs had already been performed before the Copenhagen Council in 1993. Trade and cooperation agreements removed the old barriers between the Community and the CEECs. The political rupture and transformations of 1989 have ushered the CEECs' turning towards to the Western Europe that is the EU. The EU started to manage its strategy by the Europe agreements to liberalize the CEECs' trade, on the one hand; and by creating the PHARE (1989) and founding the EBRD (1991) in order to promote the CEECs by funding them for neoliberal transformation, on the other. The PHARE was like a "Marshall Plan" (Gowan, 2002, p. 193; Puente, 2014, p. 69) towards the CEECs. It was performed by the EU with the help of the global financial institutions. The PHARE and the EBRD were the most functional instruments of the EU strategy towards the CEECs.

The EU strategy regarding restructuring the CEECs had maintained within an enlargement perspective after the Copenhagen Council. Hereby, the transformation process of the CEECs became the accession process to the EU for them as well. The EU took part in this process by funding them to impose conditions for economic and social transformation and to direct them for membership (Grabbe, 1999, p. 5). The Copenhagen process showed the way to the CEECs for membership. However, the EU member states were not neutral like a jury that would judge whether these candidates meet the membership criteria. Rather, the EU member states took an active role to transform the CEECs that prepared them for membership. Here, it is also crucial to state that the implementation of the Copenhagen conditions clearly differentiated for different countries. The current member states have not had to meet all the conditions. They were free to opt out from the *acquis* in some matters like from Schengen or from the third stage of the EMU. However, the CEE countries have been obliged to meet all the conditions without any power to negotiate the

possibilities to opt out any parts of the *acquis* (Grabbe, 1999, p. 7). Moreover, the EU conditionality mechanism was not applied on equal footing for all the candidate countries as well. For instance, the accession process of Bulgaria and Romania took place with tighter conditionality than the accession process of other CEECs that joined the EU in 2004 (Puente, 2014, p. 72).

The EU operated the enlargement process towards the CEECs as the pre-accession strategy after the Copenhagen European Council in 1993 to ensure the liberalization of their economy; however, after the Luxembourg European Council in 1997 the process maintained with the Accession Partnerships that focused on controlling policy reforms of these countries for their accession (Grabbe, 1999, pp. 11-14). Pre-accession strategy was mainly practiced with the Europe Agreements, the PHARE programme and the EBRD. In 1995, the European Commission published a White Paper²⁷ towards the CEECs as a guideline for the accession of them to emphasize the importance of four freedoms –the basis of the Single Market (Tesser, 2009, p. 134). The White Paper was the documented version of the pre-accession strategy. It clarified the pre-accession strategy according to which the first condition for membership would be to adjust to the Single Market rules that basically means the liberalization of economy. Unlike pre-accession strategy, the Accession Partnership was an EU agenda for managing the policy reforms of the CEECs and for speeding up the fundamental reforms for their accession (Grabbe, 1999, pp. 13-16).

Since the Luxembourg European Council in 1997 decided to start the accession negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia in March 1998 as the first group, the Accession Partnership became functional for the EU as a tight marking strategy. Moreover, in 1997 the European Commission set the Agenda 2000 as an action programme for

²⁷ The Commission presented it as the White Paper on Preparation of the Associated Countries of Central and Eastern Europe for Integration into the Internal Market of the Union.

reforming the Common Agricultural Policy (CAP) and the Regional Policy and for establishing a new financial framework towards the 2000-06 period. One of the principal aims of the Agenda 2000 was to prepare the EU for the biggest enlargement of its history. Beside this, the Agenda 2000 was a crucial programme for the EU to cope with the accession of some CEE countries in which agriculture has been a vital sector of the economy. Since the CAP has been one of the most protectionist policies of the EU, it became significant to reform it and to guard against the potential impacts of the new members on EU agriculture. After the Helsinki European Council decision in 1999, the accession negotiations began with Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta as well in February 2000 as the second group. Turkey got the candidate status in Helsinki as the third group. The accession negotiations with the CEECs and with Cyprus and Malta completed in 2002. Without Bulgaria and Romania eight CEE countries joined the EU. Accession of Bulgaria and Romania took place in 2007 as a part of the Eastern enlargement.

Although the Eastern enlargement of the EU mainly focused on transformation of economic system of the CEECs in line with neoliberalism, one of the most emphasized discourses was the notion of social Europe during the enlargement process. The notion of social Europe refers to EU being the protector and propagator of social values with the aim of establishing these values in all parts of Europe. In this context, the Eastern enlargement was presented as an effort of spreading social values to the CEE. Then, Can the EU be characterized with the notion of social Europe?

As we have mentioned before, the Community founded as the integrated capitalism in Western Europe. It did not depend on social values but depended both on competition and consensus among Western European imperialist powers and on capitalist cooperation against the idea of communism in Europe. While the European left proclaimed the EC as a “capitalist construction”, the EC has mostly been discussed on a basis of “peace and prosperity”; however, peace and

prosperity in Europe was constructed by the US after the war period on the basis of market principles against communist threat (Moss, 2001, pp. 107-108). The European integration took place in economic level (the Common market) but remained rather limited in political and social levels. The social goals of the community were left to the European Investment Bank (EIB) and European Social Fund that focused on enhancing working standards and increasing employment (Moss, 2001, pp. 118-119).

The social policy of the Community was based on providing labour mobility until the 1970s, but after the crisis of the 1970s and the establishment of neoliberal hegemony the focus became employment rather than social policy (Parsons & Pochet, 2010, p. 251). However, Delors, in his period of the Commission presidency, put social policy on his agenda. As a Christian Democrat, Delors carried out a social policy based on “social dialogue” that concretised with his attempts to develop dialogue between UNICE -the employer’s association- and the European Trade Union Confederation (ETUC); however, the dialogue could not achieve to form agreements at a European level (Moss, 2001, p. 125). Together with his effort for creating a dialogue between European business and European labour (Val Duchesse process), he founded the Charter of the Fundamental Social Rights of Workers during the process of creation of the single market (Parsons & Pochet, 2010, p. 252). In brief, Delors’ social policy aimed at getting support of the labour for the Single Market (Moss, 2001, p. 127).

The notion of social Europe has been mostly expressed as some values like democracy, equality, freedom, civil society, the rule of law, human rights, minority rights, pluralism, etc. These values have repeated in almost all text regarding the nature of the EU since the TEU. The EU stipulated accepting these values and guaranteeing them as the political criterion of the Copenhagen as well. The EU have tried to handle the social problems in Europe especially since it became an enlarged community. From European Social Charter (1961) to

European Pillar of Social Rights (2017), the EU has launched numbers of initiatives to improve its social dimension.²⁸ The European Pillar of Social Rights was proclaimed by the European Parliament, the Council, and the Commission in 2017 as the recent important initiative. It included 20 key principles on social rights around three main chapters: (1) Equal opportunities and access to the labour market, (2) fair working conditions, and (3) social protection and inclusion.²⁹ In fact, the EU institutions have tried to decrease social inequalities in Europe after the crisis period. It seems that the aim for social Europe is still one of the main topics in front of the EU institutions.

Despite all these initiatives, the notion of social Europe has become a contradiction for the EU. The EU institutions has made an effort for minimizing social inequalities in Europe but then has imposed neoliberal policies to European countries. This is a clear contradiction. The following values and social norms become meaningless under the dire conditions of neoliberal social inequalities. That is why interpreting the Eastern enlargement of the EU on the basis of the notion of social Europe makes no sense.

It must be remarked that these liberal social norms reemphasized during the transformation process of the CEECs as an ideological instrument of the new imperialism. The EU has put emphasis on democracy and civil society to protect markets from state interventions. The freedom notion has referred to the freedom of goods, services, capital, and labour. The aim was exporting neoliberal social and economic relations to the CEECs. Then, the EU can be characterized not as social Europe, but as neoliberal Europe.

²⁸ See European Commission's "Reflection Paper on the Social Dimension of Europe" (26 April 2017). https://ec.europa.eu/commission/publications/reflection-paper-social-dimension-europe_en

²⁹ See the European Pillar of Social Rights in 20 principles. https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

CHAPTER 3

THE NEW IMPERIALISM IN CENTRAL AND EASTERN EUROPE

In the previous chapter, I have discussed the reasons behind the Eastern enlargement of the EU. Beginning a quest on the reasons of the Eastern enlargement provides a basis for discussing the idea of the EU enlargement, as well. As noted earlier, it would not be precise to claim that the idea of European integration has already contained the idea of enlargement. What made the idea of enlargement as a cold fact for the European project was the wave of globalization. More clearly, the expansionist tendency of global capitalism, the speed-up of trade flows and capital flows on a global scale, and the increasing importance of regional blocks in global capitalism pushed the European project to expand to the other parts of Europe and of the globe.

The EU expansionism on a global scale has concentrated on increasing its economic activity through trade agreements, Association Agreements, and capital flows. Since the 1970s, the EU has developed economic relations with almost all parts of the world. However, the EU has acted as an imperialist block while developing relations with ex-colonies of the European imperialist powers (Carchedi, 1999 and 2001). The EU expansionism towards ex-colonies of the European imperialist powers has aimed at maintaining the imperialist relation via economic means. The Lomé Convention and the Lomé Development Aid towards the ACP countries were interventions of the European imperialist powers to these countries. The EU has created a control mechanism over the production of the ACP countries through funds, investments, and specified terms of trade.

The EU expansionism on European scale, on the other hand, has taken shape as the EU enlargements. Unlike the EU expansionism to the rest of the world, the EU has expanded to the remaining parts of Europe via creating a regional block. Today, apart from the Western Balkans³⁰, the EU included almost all parts of Europe in the block. While this block purports a regional integration, it depicts an uneven structure. The Eastern enlargement of the EU prominently revealed the inequalities within the EU. We can further that the Eastern enlargement is a case for the new imperialism. The EU expanded to the Central and Eastern Europe to restructure this region as a part of the European capitalist block. As a result, CEECs have experienced neoliberal transformation and become dependent to the European Single Market -notably German market. Then, what kind of dependency characterizes the relation between the EU and the CEECs?

3.1 Dependency on the European Single Market

The new imperialism in Central and Eastern Europe is a product of the will of the European imperialist powers (and of the US as well) to establish the control over the region after the dissolution of the Soviet bloc. As it is mentioned above, controlling over territories either directly (by extra economic means) or indirectly (by economic means) is a major characteristic of imperialism. While the US tried to develop relations with the region primarily through NATO enlargements, the European imperialist powers succeeded controlling the region by including the CEECs in the European Single Market. These countries have become dependent on global capitalism to the degree that they are part of the Single Market. Thus, the EU enlargement towards the Central and Eastern Europe is a case for the new imperialism. Then, the earlier question is still lingering: what kind of dependency characterizes the relation between the EU

³⁰ The Western Balkans is one of the denominations like East Central Europe and South-Eastern Europe that the EU defined at the end of the 1990s to categorize its eastern neighbours. The Western Balkans includes Albania, Bosnia and Herzegovina, Croatia, Kosovo, FYR Macedonia, Montenegro, and Serbia. The Balkan enlargement of the EU started with the membership of Croatia in 2013 and today it is a hot agenda of the EU. It is more than probable that Serbia and Montenegro will be two new members of the EU in a couple of years. The membership of other Balkan countries seems to take a longer time.

and the CEECs? Or, to pose it differently, what characterizes the new imperialism within the EU block?

The new imperialism in Central and Eastern Europe has performed, first, by establishing market economies in the region within the frame of neoliberal restructuring, then, by controlling them through the Single Market. The former refers to the process that was operated by the European Parliament, the Council of the EU, and the European Commission through trade agreements and Europe Agreements for removing barriers in front of the relations with the region; and through funding programmes like PHARE, ISPA, and SAPARD for liberalizing the economies of the CEECs. And the latter is the enlargement process towards the CEECs in a strict conditionality. These two processes were carried out in parallel. The result for the CEECs was neoliberal transformation and articulation to global capitalism within the EU block.

The unique characteristic of the new imperialism within the EU block is the formation of a regional market, which is the European Single Market. It is the domination of the strong economies (primarily Germany) of the EU that operates the Single Market. The weaker ones become dependent to the Single Market, whose rules are determined by the dominant ones. This type of dependency is clearly performed in the case of the CEECs. Germany has been the main actor that subjects the CEECs to the Single Market. Remember the efforts of Germany in favour of the Eastern enlargement. Before the enlargement process, Germany was the second trade partner of the Central European countries just after the Soviet Union. By virtue of the enlargement to the region, Germany has taken the leading position in the CEE. Today, Germany is the main trading partner of the most of the CEECs. It is on the first rank among the trading partners of the Czech Republic, Hungary, Poland, Slovakia, Slovenia, Bulgaria, and Romania in both export and import. For the Baltic States, German economy is the second import partner and on the top places among the export partners. Moreover, German capital is one of the main investors in the region. In brief, the economic

dependency of the CEECs to the European Single Market substantially means dependency to German economy.

The new imperialism of the EU and Germany towards the CEECs has been operated through trade flows and capital flows that make these economies dependent to the regional market. Since the German market has become the major supplier, buyer and investor in most of the CEECs, we will analyse the economic relations of ten CEECs with Germany on behalf of the EU. First, bilateral trade between the CEECs and Germany will be examined. Then, the FDI flow to the region and its link to trade will be examined. And finally, a general outlook on the balance of payments of these countries from the 1990s to the present will be explanatory for the dependency of the CEECs to the EU. Before analysing the data regarding bilateral trade between the CEECs and Germany, it is important to discuss how trade relations create dependency in global capitalism.

Trade relations of the CEECs with the EU in general and with Germany in particular have significantly increased since the 1990s. One reason for this was the CEECs' heading towards the Western Europe after the dissolution of the Soviet bloc. Another reason was the pressure of neoliberalism for "unrestricted global trade" (Shaikh, 2005, p. 41). This process was stepped up by the EU through the economic conditionality towards the CEECs during the enlargement process. It is necessary to remember how the economic criterion - "the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union" - pushed the CEECs to competitive free trade. Then, is competitive free trade automatically for the benefit of all nations (Shaikh, 2005, p. 42)?

Neoliberalism supposes that competition is the basis of gaining advantage in trade relations, which is primarily based on classical liberal theories like *the theory of comparative advantage* of David Ricardo. According to Ricardian theory, the best option for the trading partners is specializing in production of

the good that they are comparatively advantageous in bilateral trade. The theory is basically depended on the assumption that the trading partners meet in equal positions in international trade arena. The revisions of Ricardo's theory like Paul Krugman's "New Trade Theory" and the concept of "comparative institutional advantage" that was developed by Peter Hall David Soskice and others (King, 2013, p. 468) also depend on this assumption and ignore the inequalities among trading partners. The common characteristic of all these liberal theories is the emphasis on competition "as the economic rationale for neoliberalism"; however:

It is not the absence of competition that produces development alongside underdevelopment, wealth alongside poverty, employment alongside unemployment. It is competition itself... Free trade between nations operates in much the same manner as competition within a nation: it favours the (competitively) strong over the weak (Shaikh, 2005, p. 43).

As Shaikh emphasizes, competitive free trade provides advantage to the strong over the weak. This point is the basis of Marxist critiques on liberal's competitive free trade argument. The Marxist critiques have pinpointed the *uneven and combined development* of capitalism and *unequal exchange* in bilateral trade relations. The discussions on unequal exchange primarily refer to Arghiri Emmanuel's argument that "low wage countries export commodities that embody much greater quantities of labour than the imports that they obtain from high-wage countries" (King, 2013, p. 466). These points explain unequal exchange in bilateral trade relations as "the transfer of surplus value from the periphery to countries in the core on the basis of different productivity rates" (Bieler & Morton, 2014, p. 40). In other words, it is a means of exploitation in capitalist hierarchy.

It is crucial to remark that unequal exchange is a result of uneven and combined development of capitalism. Leon Trotsky (2007, [1906 and 1929]) used the term at the beginning of the twentieth century to discuss the possibilities of socialist revolution in backward countries like Russia in terms of capitalist development. While contemporary capitalism has spread all over the world, countries

experienced different levels of capitalist development, hence, gaps, pockets or clusters of development. In other words, capitalist relations of production could only be reproduced in the forms of uneven development across regions and countries. This is a clear characteristic of imperialism.

Since the core capitalist countries are highly industrialized, they specialized in technology-intensive production and contrary, peripheral countries concentrate on labour-intensive production. However, international division of labour in production is not so simple in period of global capitalism. The shift in the place of production, production fragmentation, offshoring, subcontracting, and the close link between FDI and trade in global capitalism complicate the picture. Nonetheless, core capitalist countries or imperialist powers take the advantageous position in global economy by creating high added value in production, by moving the important scale of manufacture to low-wage countries, by determining the terms of trade, and by debiting the less-developed countries. That is why unequal exchange becomes inevitable in such conditions of uneven development. Combined development, on the other hand, refers to the dependency as the main characteristic of the relationship between the forms of uneven development since capitalism is the hegemonic system in the world.

In this context, the case of the CEECs reflects the uneven and combined development within the EU. As discussed above, the result of the Eastern enlargement for the CEECs is the dependency to the Single Market in general and to German market in particular. While the CEECs have experienced an economic development, it is a dependent development for the CEECs as Carchedi puts it. This economic development primarily depends on the increase in trade volume of the CEECs and the rise of FDI to those countries. However, the rise of trade and FDI not only characterizes the case of the CEECs, but also reveals the general trend of global capitalism. Here, the important point is who benefits from this “unrestricted global trade”. For the case of the CEECs, unequivocally, Germany capitalists benefit from.

The CEECs trade volume has increased to the degree that they are integrated into global capitalism. Though, this does not mean that they became global actors of global trade. As a clear characteristic of global capitalism, world trade mostly concentrated within the regional blocks, on the one hand; and among the regional blocks (global trade), on the other. However, principally the core capitalist countries that have strong real economy can trade among the regional blocks.³¹ These countries are also the ones that determine the terms of trade in both global scale and regional scale through the international corporations like the WTO. As a result, the less-developed countries mostly trade within the regional blocks. In other words, those countries become dependent to the regional markets. Accordingly, the CEECs' trade on a large scale takes place within the European Single Market.

Table 1 shows that the CEECs trade in the Single Market for the most part. As it is seen, all the ten CEECs mostly trade within the EU since the EU as an export destination and an import origin gets a share more than 60% for all the CEECs. These rates are similar for the other EU members as well. For almost all EU members, the share of intra-EU trade in their total trade is about more than 50%. This is a general trend in global capitalism. However, it is remarkable that the share of the EU in exports of some of the CEECs like the Slovak Republic (85,1%), the Czech Republic (83,7%), Hungary (79,4%), Poland (78,9%) indicates that they primarily produce for the EU market.

Most importantly, the share of Germany in exports and imports of the CEECs is pretty high. Germany is the buyer of 32,4% of the supply of the Czech Republic. Germany's rate is over the quarter of the exports of Hungary (28,2%) and Poland (27,3%); and about one fifth of the exports of the Slovak Republic (21,9%), Romania (21,5%), and Slovenia (19,3%). The share of Germany in Bulgaria's

³¹ Here, an exception is China in terms of global trade. While China is not a core capitalist (imperialist) country, it is one of the big actors of global trade under favour of its strong real economy and its enormous trade volume.

export is lesser, but still significant (13,7%). It is crucial that Germany is the main export partner of the CEECs, except the Baltic States. For the Baltic States, the rate is relatively less, but Germany is still one of the top export partners of these countries as well.

When it comes to import rates, the share of Germany is much the same for Central European countries (CECs)³², Romania and Bulgaria. Therefore, Germany is the main supplier of these countries. The significant point is that the rate of Germany in imports of the Baltic States doubles the rate in exports of them. This makes Germany the second import partner of the Baltic States.

Table 1 Share of EU (28) and Germany in the CEECs' trade, 2016, %

	Exports		Imports	
	EU (28) *	Germany**	EU (28) *	Germany**
Bulgaria	66,8	13,7	66,1	13,1
Czech Republic	83,7	32,4	67,3	30,6
Estonia	69,2	5,9	66,7	11
Hungary	79,4	28,2	78	26,3
Latvia	73,8	6,8	79,8	12,3
Lithuania	60,7	7,7	70,5	12,1
Poland	78,9	27,3	59,6	28,3
Romania	75	21,5	77,1	20,5
Slovak Republic	85,1	21,9	58,3	20,2
Slovenia	76,6	19,3	70,8	16,8

Source*: World Trade Organization Statistics Database, Country Profile, 2016

Source**: The World Factbook Publications, Central Intelligence Agency

³² It refers to the Czech Republic, Hungary, Poland, the Slovak Republic, and Slovenia.

The share of Germany in the CEECs' trade corresponds to the highest rate of the CEECs' intra-EU trade. Furthermore, the rates of Germany that exceed 20% in the exports and the imports of the CEECs clearly demonstrate a dependency in foreign trade. However, one can claim that the trade relations of the CEECs with Germany reflect a win-win situation as the share of Germany in the imports and the exports are close to each other. Here, it can be useful to examine the commodity composition of trade in order to evaluate whether the relations characterize a dependency or a win-win situation. This will pave the way for analysing the details of bilateral trade between the CEECs and Germany.

The commodity composition of trade gives an idea about the imperialist relationship according to classical core-periphery approach. Accordingly, since the core countries are highly industrialized, they specialize in products with high added value and these products compose an important part of their exports; conversely, peripheral countries' production and exports depends on low value added products as those countries are less industrialized. In other words, while there is, in general, a flow of high tech and medium-high tech goods from the core to the periphery, the flow from the periphery to the core concentrates on medium-low and low-tech goods.

Table 2 reveals the share of commodity composition of bilateral trade between the CEECs and Germany in 2016. According to the categorization in the table, it can be classified that household consumption represents low-tech industries; on the other hand, capital goods and mixed end-use refers to high tech and medium-high tech industries. However, the composition of intermediate goods does not clearly represent one of these industries. It is expected that Germany as the core country exports more capital goods and mixed end-use to the CEECs as the peripheral countries. However, the share of exports of these goods is not lesser in especially Central European countries than in Germany. On the other side, the CEECs are expected to sell more household consumption and less capital goods and mixed end-use to Germany. While this trend is partially valid

for Bulgaria, Romania, and the Baltic States, it does not simply replicate the typical trade pattern between the core and periphery countries. The most striking point in the table is the weight of intermediate goods in the shares of both exports and imports of the CEECs with Germany. In brief, the commodity composition of trade between the CEECs and Germany does not simply explain the advantageous position of Germany in foreign trade of the CEECs. Therefore, the high rate of intermediate goods in this table needs to be further elaborated.

In period of global capitalism, the international division of labour in production has shifted significantly. One of the main characteristics of this change is the fragmentation of production process, hence the term production/supply *chain*. It means “the final product supplied to the customer is composed of the value added of goods and services from a number of countries” (Ambroziak, 2018, p. 2). An apparent result of production fragmentation is that “countries specialise in particular stages of production rather than in the manufacture of specific goods” (Ambroziak, 2018, p. 2).

The new international division of labour canalizes countries to the production of intermediate goods. Since production of intermediate goods becomes important parts of countries’ manufactures, trade in intermediate goods also gains significance. Furthermore, this trend is not only valid for the peripheral countries but also dominant feature of the world trade. In this respect, the dominant share of intermediate goods in bilateral trade between the CEECs and Germany is a clear example of production fragmentation in global capitalism.

Table 2 Bilateral trade with Germany in goods by industry and end-use, 2016, %

	Czech Republic		Hungary		Poland		Slovak Republic		Slovenia	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Total trade in goods	100	100	100	100	100	100	100	100	100	100
Intermediate goods	59	67	61	66	53	63	60	71	58	55
Household consumption	12	12	9	9	31	15	15	10	12	18
Capital goods	11	12	14	15	9	13	7	13	12	16
Mixed end-use	17	7	14	6	6	8	19	6	18	12
Personal computers	5	1	1	1	2	1	2	0	0	1
Passenger cars	9	4	12	4	3	5	14	4	14	8
Personal phones	3	0	0	0	0	0	2	0	0	0
Precious goods	0	0	0	0	0	0	0	0	0	0
Packed medicines	1	2	1	1	1	2	1	2	3	3
Miscellaneous	1	2	2	4	0	2	0	0	0	1

	Bulgaria		Romania		Estonia		Latvia		Lithuania	
	Export	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Total trade in goods	100	100	100	100	100	100	100	100	100	100
Intermediate goods	56	48	72	61	51	40	67	36	46	40
Household consumption	27	15	11	12	16	16	17	18	40	17
Capital goods	9	18	10	15	19	18	4	16	5	30
Mixed end-use	7	11	5	8	5	15	8	21	7	8
Personal computers	0	1	0	1	0	0	0	1	0	1
Passenger cars	3	6	3	4	3	10	3	18	2	4
Personal phones	0	0	0	0	1	0	2	1	0	0
Precious goods	..	0	..	..	0	0	0	0	0	0
Packed medicines	3	4	1	3	0	5	3	2	4	3
Miscellaneous	2	7	2	4	9	12	5	9	2	4

Source: Bilateral Trade Database by Industry and End-use category, OECD. Stat, June 2017

Then, if the trade in intermediate goods is dominant both in the exports and imports of the CEECs with Germany, what makes German companies advantageous in bilateral trade with the CEECs? It will be a guiding light to examine “*trade in value added*” statistics of the CEECs with Germany to find meaningful answers to this question. In particular stages of production process, countries add value to the product. Since production is fragmented among different countries, the value added which is created in a particular stage of production flows to many countries. This flow is known as global value chains (GVCs)³³. As the GVCs refer to the flow of added value by trade, trade statistics have been measured in both gross terms and value added terms in order to measure trade statistics more accurate.³⁴ This is a result of the increasing importance of intermediate goods in trade. It is remarkable that the share of intermediate products exceeded the half of the world’s trade in 2011.³⁵ It has high rates in intra-EU trade as well just like in bilateral trade between the CEECs and Germany.

The trade in value added indicates “how much of the value added created in a country is absorbed or consumed in another country” (Ambroziak, 2018, p. 4). The trade in value added terms implies the value added contained both in trade of intermediate products and final products. Thus, unlike trade in gross terms, trade in value added makes it possible to clarify the tasks of countries in the fragmented structure of the world production. In bilateral trade, according to value added terms, a country’s statistics of *domestic value added embodied in foreign final demand* refers to the *exports of value added* of that country. It means that how much additional value was created in that country that would be

³³ See OECD - Global Value Chains (GVCs), <https://www.oecd.org/sti/ind/global-value-chains.htm>

³⁴ Trade in Value Added (TiVA) initiative has worked under the coordination of OECD for this purpose.

³⁵ See Eurostat Statistics Explained, Global value chains and trade in value added, http://ec.europa.eu/eurostat/statistics-explained/index.php/Global_value_chains_and_trade_in_value_added

then exported to producers or consumers of a foreign country in the form of intermediate or final products/services. On the other side, *foreign value added embodied in domestic final demand* expresses the purchased amount of value added originated from a foreign country in the form of final products or services, which is the *imports of value added*. Similarly, trade balance can be measured in both gross terms and value added terms in bilateral trade. The important point is that trade in value added terms allows to determine the advantageous country in bilateral trade in terms of benefit from income and employment (Ambroziak, 2018, p. 4; Timmer, Los, Stehrer, & de Vries, 2013, pp. 651-652). The benefit mainly comes from “manufacture GVC income”, which corresponds to the amount of value that the country adds to the final products, and from “GVC jobs” that shows “the number and types of workers” included in the GVC production (Timmer et al., 2013, pp. 651-652). In brief, the advantage in trade does not come from specializing in a sector, but in a particular stage of production within fragmented structure of global production (Timmer et al., 2013, pp. 652-653).

Figures 1 and 2 reveal the share of Germany in exports and imports of goods and services of the CEECs in 2011 both in gross terms and value added terms. Except Estonia, the share of Germany in exports of the CEECs in value added terms is lower than exports in gross terms. The gap between gross exports and value added exports is the lowest in the Baltic States. However, it increases in the CEECs. The striking gap between gross exports and value added exports is seen in the Czech Republic as 7 points. The gap is also much in other CEECs as 5 points in Slovenia, in Hungary, and in Poland. This means that the CEECs (primarily the CEECs) benefit less from exporting to Germany than it is expected since the amount of the domestic value added contained in intermediate and final products of the CEECs is lower than gross exports of the CEECs to Germany. As German market is the main recipient of the CEECs’ supply, it is the main country that embodies the value added created in the CEECs as well.

The share of German economy in value added imports of the CEECs also differentiates from gross imports, but not as much as in the exports. The biggest difference is seen in the Czech Republic as 4 points, in Poland as 3 points and in Hungary as 3 points. It is important that the significant share of foreign value added absorbed or consumed in the CEECs is originated from industries in Germany. It is 21% in the Czech Republic, 19% in Hungary, 18% in Poland, 15% in Slovenia, and more than 11% in the remaining ones. Comparing the statistics regarding bilateral trade between the CEECs and Germany in gross and value added terms reveals that Germany is the advantageous country in terms of trade in value added. The high amount of intermediate goods in these trade relations can be comprehended if and only by examining trade in value added. The share of Germany considering trade in value added of the CEECs presents that German intermediates contain more value added than the CEECs' ones that is for the benefit of Germany in bilateral trade.

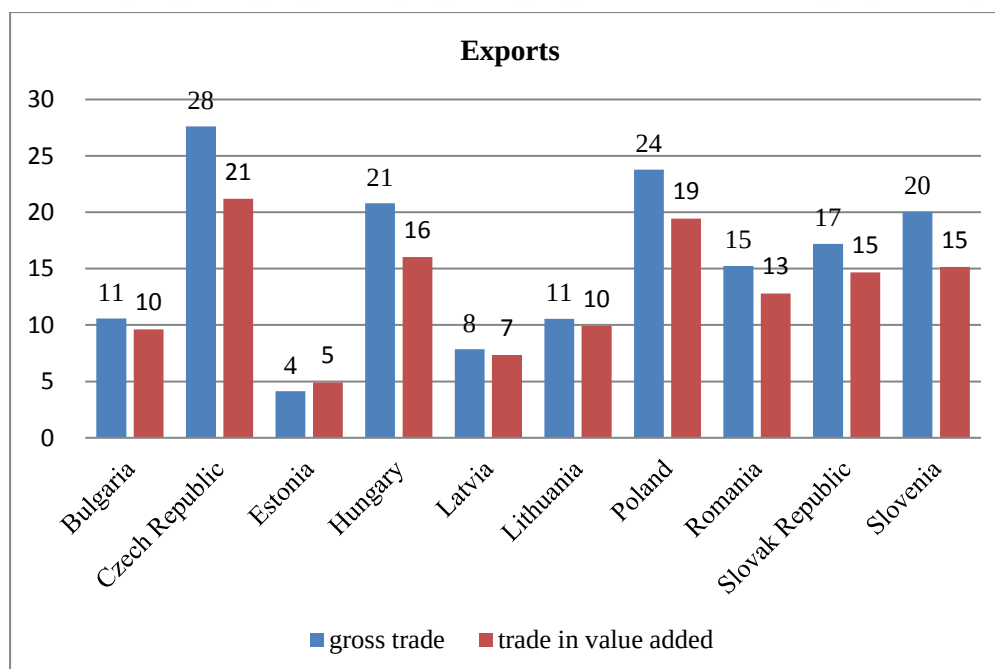


Figure 1 Share of Germany in exports of goods and services of the CEECs, 2011, %

Source: The Trade in Value Added (TiVA) Database (OECD. Stat): December 2016

Notes: “The Trade in Value Added (TiVA) database is a joint OECD-WTO initiative. Its aim is to allow better tracking of global production networks and supply chains than is possible with conventional trade statistics. The data are presented for all years from 1995 to 2011” (OECD).

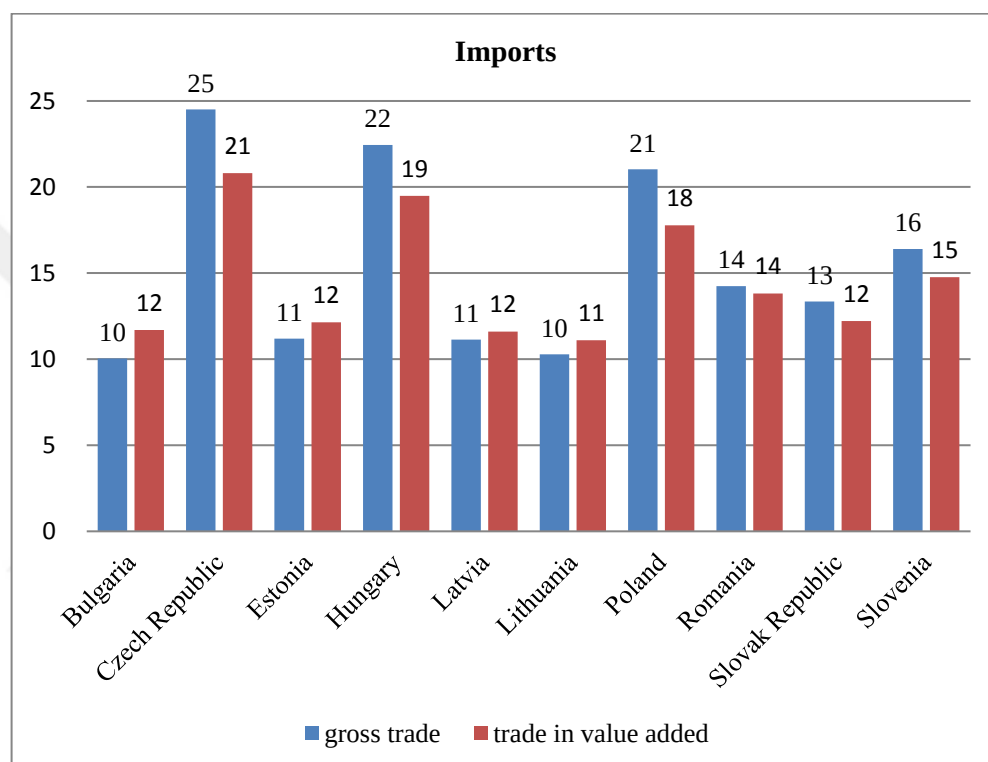


Figure 2 Share of Germany in imports of goods and services of the CEECs, 2011, %

Source: The Trade in Value Added (TiVA) Database (OECD. Stat): December 2016

Bilateral trade of the CEECs with Germany in value added terms clarifies the reciprocity in their trade relations. In order to make it more understandable, it will be helpful to analyse the trade balances of the CEECs with Germany in value added terms. While the trade balance in total trade does not differentiate with regards to gross terms and value added terms, it can show substantial change in bilateral trade (Ambroziak, 2018, p. 20). Figure 3 reflects the trade balance of the CEECs with Germany in gross terms and value added terms in 2011. As it is

seen, the value added trade balance is dramatically lower than the gross trade balance, except Estonia and Latvia. The highest difference is in the Czech Republic. While the trade balance of the Czech Republic is almost 7 billion USD in gross terms, it is 2,1 billion USD in value added terms. The difference is more than 3 billion USD in Poland, about 1,8 billion USD in the Slovak Republic, and about 1 billion USD in Slovenia and Romania. Bulgaria and Hungary have trade surplus with Germany in terms of gross trade; however, both countries have trade deficit considering trade in value added statistics. Thus, the value added trade balance indicates that the CEECs take lesser advantage from bilateral trade with Germany when comparing to the trade balance in gross statistics.

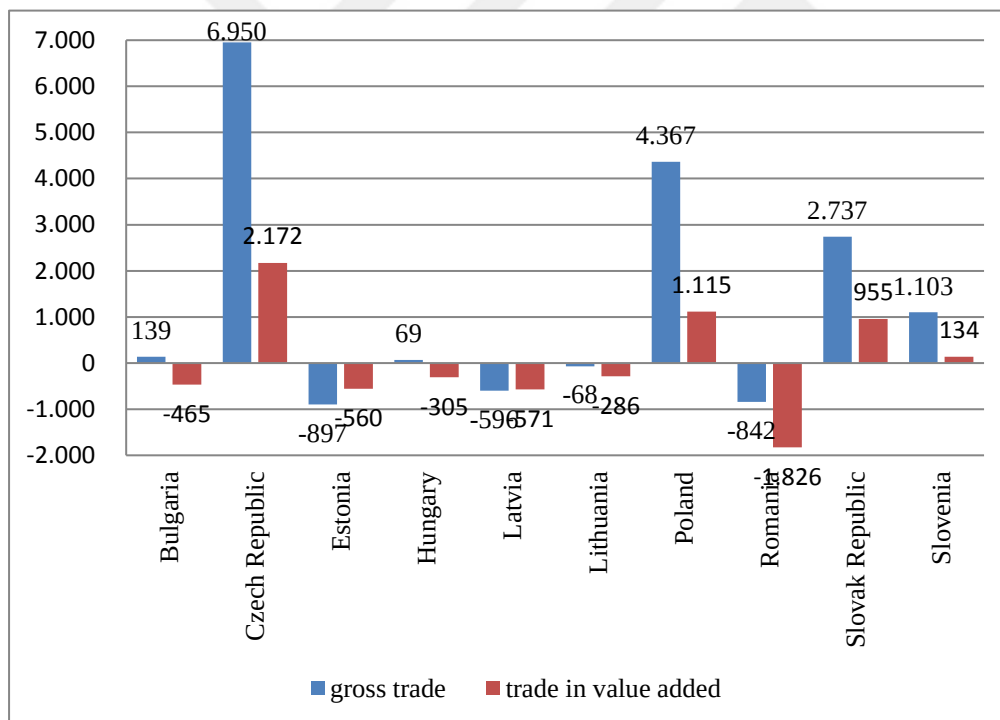


Figure 3 Trade balance of the CEECs with Germany in gross and value added terms, 2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat); December 2016

The value added trade balance of the CEECs with Germany had been less than gross trade balance in most of the CEECs during 1995-2011 (Figures 4-13). Though, the Baltic States did not follow this pattern similarly. For instance, the value added trade balance was lower than the gross trade balance in Estonia during 1998-2003; but since 2004, the table reversed. However, the change for Estonia was also from trade surplus to trade deficit after 2004. Differently from this, the value added trade balance was higher than gross one in Lithuania until 2008; however, the situation became reversed after 2009. In the CEECs and Romania, the value added trade balance was always lower than the gross one. It is also remarkable that while Bulgaria, Romania, and the Baltic States generally had trade deficit with Germany both in gross and value added terms, the CEECs had surplus during 1995-2011. However, the gap between gross trade balance and value added trade balance was always higher in the CEECs. That is why having trade surplus with Germany does not mean that they derived benefits much from trade with Germany.

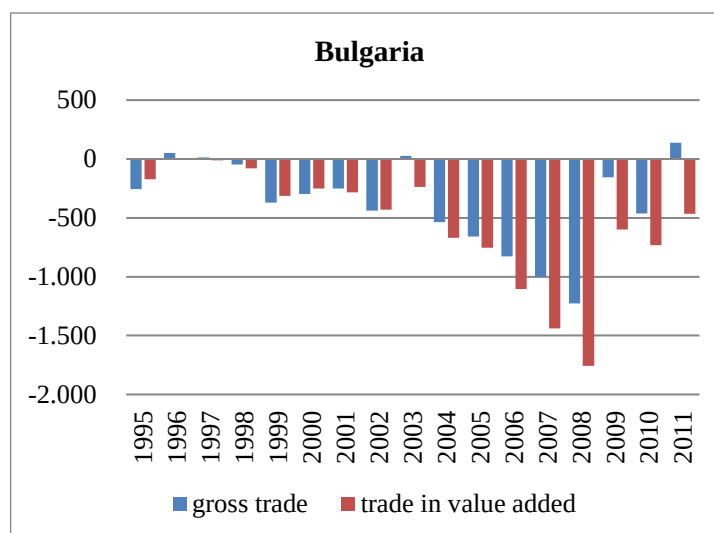


Figure 4 Trade balance of Bulgaria with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat); December 2016

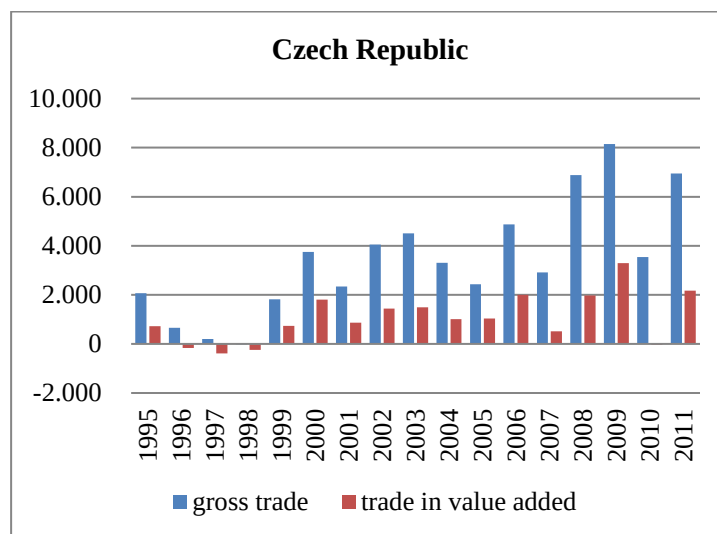


Figure 5 Trade balance of the Czech Republic with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat): December 2016

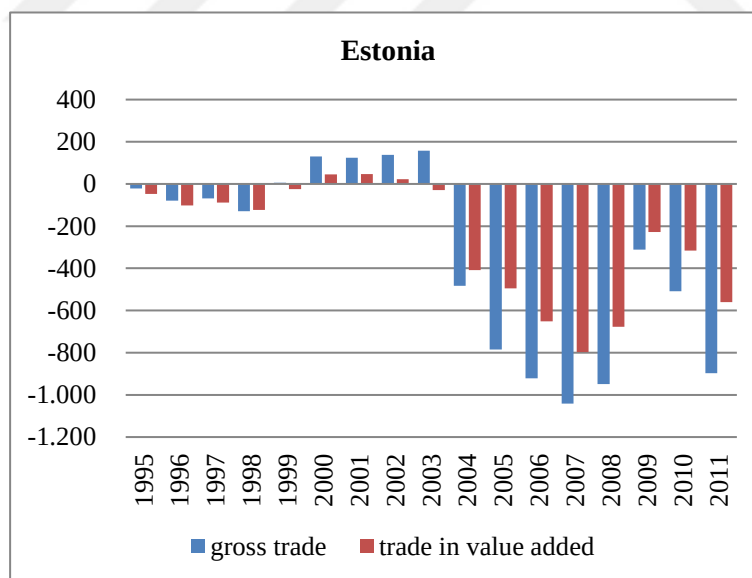


Figure 6 Trade balance of Estonia with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat): December 2016

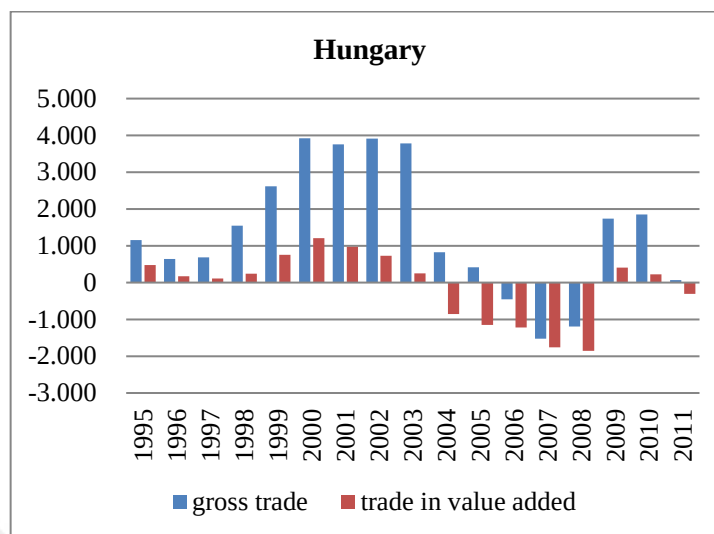


Figure 7 Trade balance of Hungary with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat); December 2016

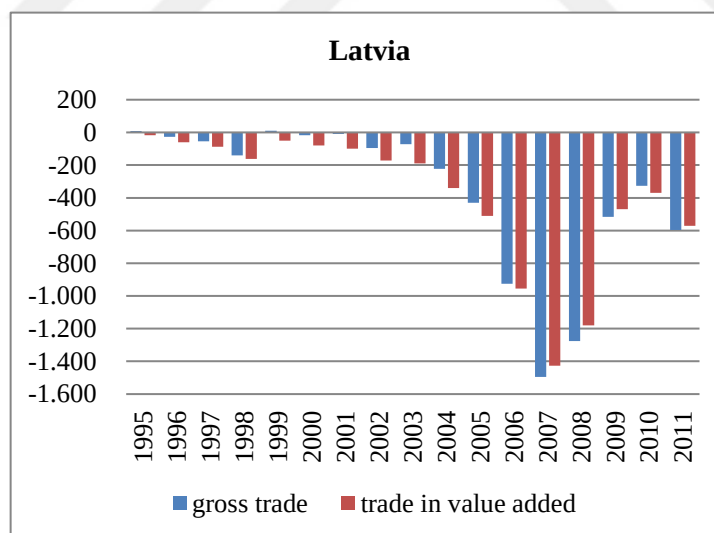


Figure 8 Trade balance of Latvia with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat); December 2016

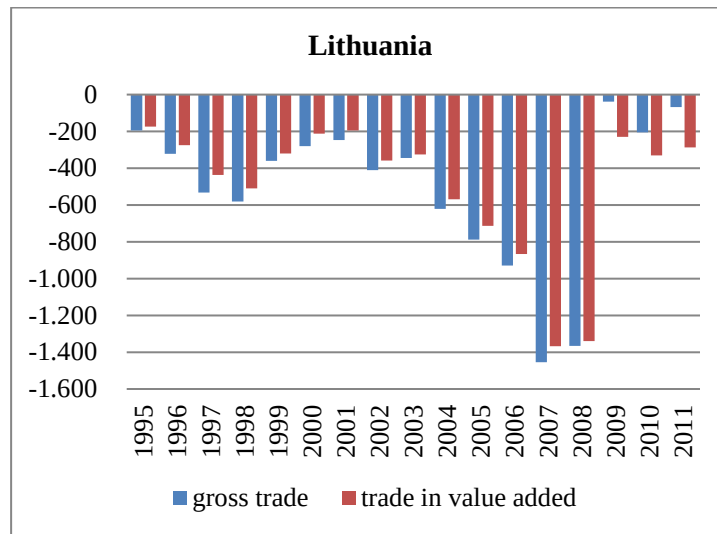


Figure 9 Trade balance of Lithuania with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat); December 2016

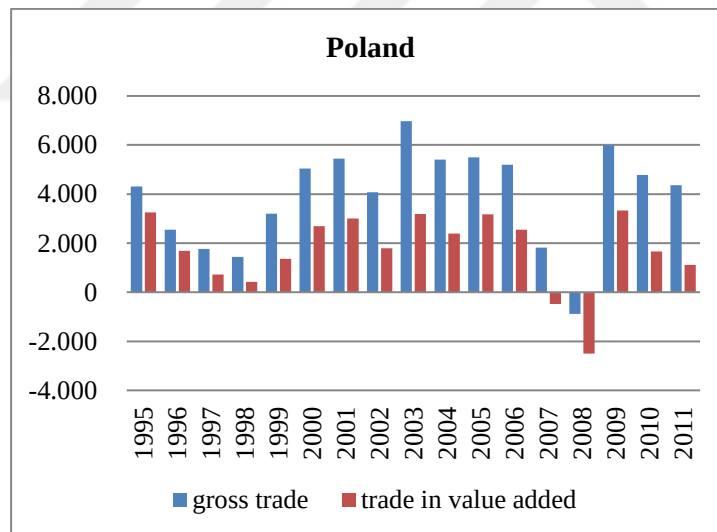


Figure 10 Trade balance of Poland with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat); December 2016

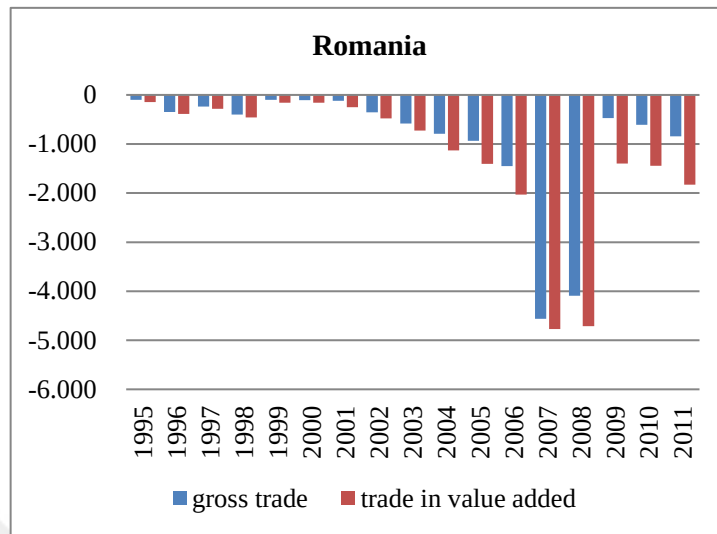


Figure 11 Trade balance of Romania with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat): December 2016



Figure 12 Trade balance of the Slovak Republic with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat): December 2016

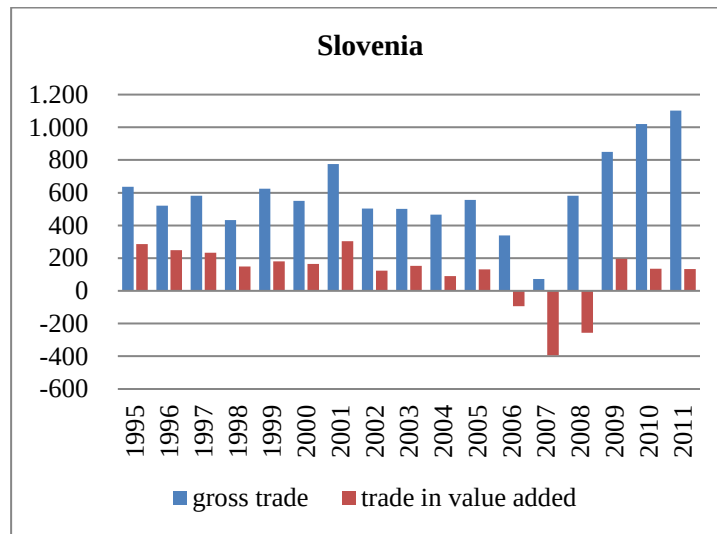


Figure 13 Trade balance of Slovenia with Germany in gross and value added terms, 1995-2011, US Dollar, million

Source: The Trade in Value Added (TiVA) Database (OECD. Stat); December 2016

The role of Germany in the CEECs' economy comes not only from trade relations, but also from its direct investments to those countries, especially to the CEECs. Germany is one of the main foreign direct investors in the region collaterally to trade relations with the CEECs. The close link between trade and FDI clearly manifests itself in direct investments of German capital especially in the Visegrád countries (the Czech Republic, Hungary, Poland, and the Slovak Republic). The Visegrád four have an important role in German automotive and machinery production as some of German firms in these sectors has moved part of their production to eastwards (Heiduk & McCaleb, 2017, para. 1). The factors that primarily attract the German investors to the CEECs are cheap and skilled labour, conditioned infrastructure, and the advantage of geographical proximity (Ambroziak, 2018, p. 12; Heiduk & McCaleb, 2017, Conclusion section, para. 1). The movement of German automotive industry to the Visegrád four includes investments mostly of the Volkswagen Group to production of automotive parts and components and final products as well. The important thing is that the German subsidiaries in the CEECs produce a substantial part of the exports of

the Visegrád four to Germany (Heiduk & McCaleb, 2017, Conclusion section, para. 1). In brief, the lower production costs in these countries provide benefits to German industries.

The CEECs' markets have attracted foreign direct investments especially after getting into the EU market (Figure 14). The FDI inflows to the CEECs sharply increased from 2003 to 2007. In other words, the participation of the (eight) CEECs to EU, hence to the Single Market, in 2004 lured the investors into the region. However, this trend lasted until the global crisis. During the crisis years (2007-2009), the FDI flows to the CEECs dramatically fell. It has then fluctuated after the crisis. Poland was the one that attracted the most part of the FDI flows (about 149 billion USD) from the world to the region from 2001 to 2012. During these years, the FDI flows to the CEECs came predominantly from the EU.

Like in trade relations, the FDIs considerably flow within the regional blocks in global capitalism. The share of the EU in FDI flows in the CEECs was about 83% of total FDI came from the world during these years. The rate was similar for each country as well. It changed from 70,1% in Latvia as the lowest to 92,1% in Poland as the highest (Table 3). This means that the CEECs have been dependent on the EU market in FDI just like in foreign trade.

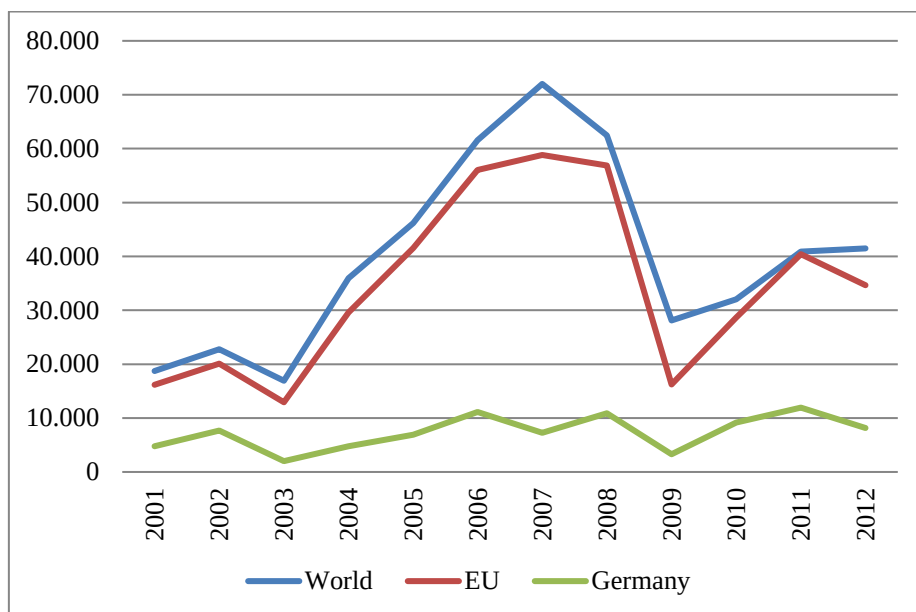


Figure 14 Total FDI flows in the CEECs, by geographical origin, 2001-2012, USD, million

Source: UNCTAD FDI/TNC Database, April 2014

As mentioned above, German economy is not only the senior supplier and buyer for the CEECs, but also is a major investor in these countries. Between the years 2001-2012, about 20% of total FDI from the world into the CEECs came from Germany. The share of Germany was 30,9% in Hungary, 21% in Poland, 20,9% in the Czech Republic, %18,6 in the Slovak Republic, 16,4% in Romania, and 11,5% in Lithuania (Table 3). It is relatively low in the remaining countries. The most part of FDI flows that came from Germany again went to Poland (around 31,4 billion USD).

It is crucial that 81,8% of the German direct investments to the region flowed to the Visegrád four. As it is discussed, automotive and machinery production attracts most of these investments come from Germany. The Visegrád four also attracted 66,5% of total FDI came from the EU between 2001 and 2012. Thus, it can be claimed that the Visegrád four or the Central European countries have become the factory of the EU, notably of Germany.

Table 3 Total FDI flows in the CEECs, 2001-2012, USD, million

Country	World (USD, million)	EU (USD, million)	Germany (USD, million)	Share of EU in World, %	Share of Germany in World, %
Bulgaria	49846,5	40470,4	3272,4	81,2	6,6
Czech Republic	77189,2	66906,0	16114,3	86,7	20,9
Estonia	17122,2	14793,7	153,7	86,4	0,9
Hungary	61942,6	45378,4	19124,4	73,3	30,9
Latvia	10328,4	7243,9	377,1	70,1	3,7
Lithuania	12018,3	10458,3	1376,4	87,0	11,5
Poland	149363,6	137612,3	31424,1	92,1	21,0
Romania	63336,8	57646,0	10365,8	91,0	16,4
Slovakia	28928,7	24222,8	5389,7	83,7	18,6
Slovenia	9136,4	7311,8	447,4	80,0	4,9

Source: UNCTAD FDI/TNC Database, April 2014

Notes: The data of Romania are available from 2003 to 2012.

The economic dependency of the CEECs to the European Single Market have arisen from foreign trade dependency, on the one hand; and from financial flows that debiting these countries, on the other. As of the accession of the CEECs to the EU, foreign capital flows³⁶ to these countries significantly increased (Figure 15). These flows led to an economic growth in the CEECs to a certain extent until 2007. This also brought along the rise of current deficit in these countries especially between 2003 and 2007, which was the period that the foreign capital

³⁶ Foreign capital flows refer to the capital inflows from non-residents. The calculations regarding foreign capital flows depends on Korkut Boratav's (2003) method.

flows to the CEECs dramatically increased. Concordantly, the external debt of the CEECs significantly rose during this period. In addition to this, it is considerable that the primary income to GDP in these countries has revealed negative levels since the 1990s. It means that the significant amount of wage, profit, and interest have been transferred from the CEECs to abroad. It follows that the dependency of the CEECs on the EU market reached a peak especially between 2003 and 2007.

The CEECs have suffered the consequences of the dependency on the EU market. The crisis period (2007-2009) resulted in a sharp drop of foreign capital flows. The dependency of the CEECs on the investment capital increased the vulnerability of their economies (Galgóczi, 2009, p. 24). Thus, they had to experience a serious economic recession during the crisis years. The growth of the external debt in crisis period also increased their vulnerability. As a result, some of the CEECs negotiated and signed stand-by agreements with the IMF (Borataş, 2009, p.11). The IMF loans and retrenchments were imposed to the CEEC governments as the solution for the consequences of the crisis (Galgóczi, 2009, pp. 28-29).

After the crisis, the CEECs have achieved a growth until 2011, but they could not reach the growth rates prior to 2007. The foreign capital flows have fluctuated but have fallen below the levels of the 1990s as well. The current deficit has decreased and some of these countries have had surplus. Hence, from 2011 to present, these economies have experienced recession. The unemployment levels significantly increased in these countries as a result of the IMF programs. In brief, the EU and IMF have laid the burden of the European crisis on the labour in the CEECs, just like in the Southern Europe.

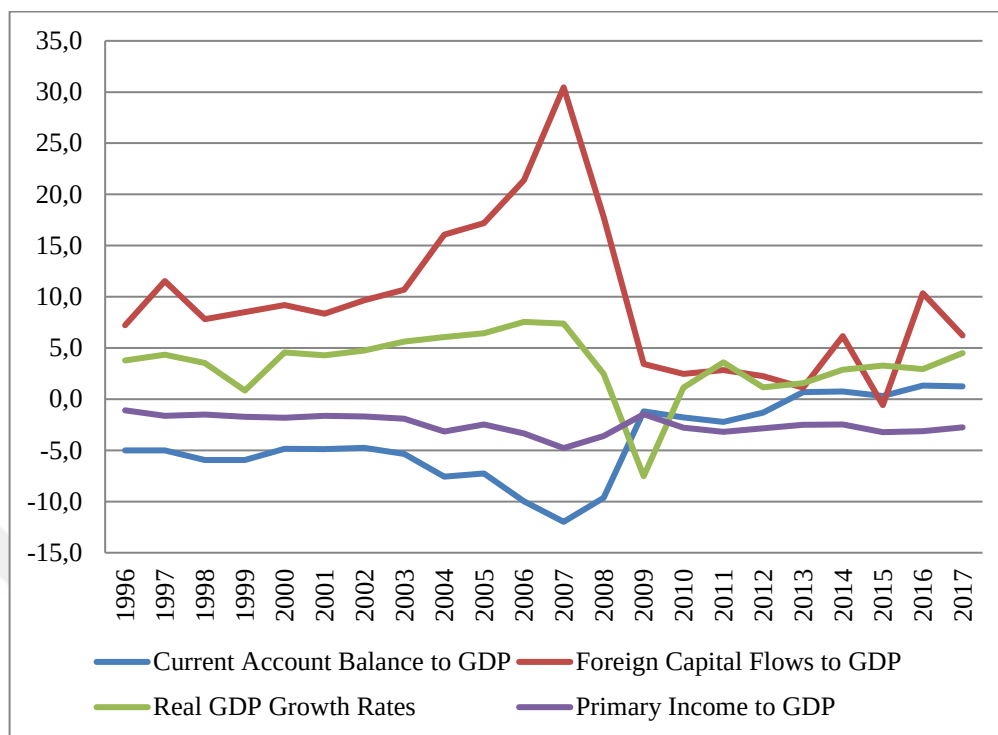


Figure 15 Balance of Payments and Growth Rates, average of ten CEECs³⁷, 1996-2017, %

Source: Own calculations based on International Monetary Fund, World Economic Outlook Database, April 2018. The data regarding real GDP growth rates were obtained from: The World Bank, World Development Indicators, June 2018.

To sum up, the new imperialism in Central and Eastern Europe has been performed in the form of the dependency on the regional market manipulated by the European imperialist powers. It is important to remember that the manipulation of the markets by imperialist powers is one of the basic characteristics of the new imperialism. The case of the CEECs characterizes this new type of exploitation within the EU. These countries have been dependent on

³⁷ The average of ten CEECs shows the general tendency regarding transformation of these economies from 1996 to 2017. For evaluating transformation of the CEECs and the Baltic States separately, see figures 16 and 17 in Appendix A. Figure 16 presents balance of payments statistics for the CEECs from 1996-2017. Similarly, figure 17 presents this statistics for the Baltic States.

the EU market during their transformation process starting with the 1990s. The fragmented structure of global production and the new division of labour have led to the shift of certain parts of the European production to the CEECs due to cheap but skilled labour in these countries. Correspondingly, they have become dependent to the EU market and particularly to German economy in foreign trade. The process for them has become a neoliberal transformation as well. Economic liberalization and getting into the global markets have made these economies vulnerable and dependent to financial flows. The rise of financial flows mostly from the EU to the CEECs increased their current deficit and external debt. The financial crisis in 2008 and the European debt crisis in 2009 have had disruptive effects on these economies as capital flight rose from these countries. The crises resulted in economic recession, unemployment and austerity measures in the CEECs. The labour of the CEECs was obliged to pay the price for neoliberal transformation. The uneven development within the EU has revealed the stepchildren of the European integration. The winning party has been the European imperialist powers from this association.

CHAPTER 4

CONCLUSION

This study aims to discuss the Eastern enlargement of the European Union within the frame of imperialism. For this purpose, the study aims to scrutinize the characteristic of the European project, by exploring the factors behind the Eastern enlargement, and the link that connect globalization, the European integration and the EU enlargements. In this context, this study argues that the relationship between the EU and the CEECs presents a unique case for imperialism. In other words, the Eastern Enlargement was a case for the new imperialism.

The literature regarding the EU enlargements has mostly discussed the Eastern enlargement as the CEECs' "return to Europe". It is argued that it was a transition to democracy and market economy for the CEECs. The most repeated claim was that these countries got rid of totalitarian regimes and created a democratic system based on civil society; and more importantly their economies became free by establishing market economies devoid from state interventions. It is asserted that establishing market economy and openness to global markets would provide these countries with an opportunity of economic development and integration with global economy. And it was the EU that would usher the CEECs away from this process. However, as discussed in the study, this liberal optimism is not well-grounded. The return of the CEECs to Europe was in fact return to capitalism. The discourses like democracy and civil society was rather part of anti-communist propaganda feeding the public debate in these countries. The reality has been a neoliberal transformation in economic, social and political life

in the CEECs, resulting in economic dependency of these countries to the EU market and to the European imperialist powers, notably Germany.

The CEECs have clearly suffered the consequences of this dependency after the global crisis and the European debt crisis. Some of these countries have been exposed to IMF programs and retrenchments. The unemployment levels dramatically increased especially in the Baltic States and in Hungary. The financial inflows to the CEECs significantly declined after 2007. Therefore, these countries have lived economic recession after a growth period depended on these flows. The price of the crisis of neoliberalism in Europe has been paid to these relatively poor countries of the EU.

In this context, this study is an objection to the liberal optimist approaches regarding the Eastern enlargement of the EU. The Eastern enlargement did not achieve the promised success for the European integration; but instead revealed the uneven development in Europe. It is emphasized in this thesis that the EU enlargements cannot be comprehended without discussing expansionist tendency of global capitalism. It is not coincidence that the EU enlargements corresponded to the period of expansion of trade flows and financial flows in global scale. The Eastern enlargement removed the barriers for the European capital in entering the CEE markets. Moreover, the enlargement towards the CEE reinforced the defeat of communism in the region after the dissolution of the Soviet bloc. It paved the way for exporting neoliberalism to the region borne by the EU and global financial institutions. Wherefore, studying the EU enlargement towards the CEE will be inexplicable without discussing the imperialism of global period.

The main contribution of this thesis to the studies on the European Union can be its attempt to bring together the discussions on the EU enlargements and the imperialism debate. However, what matters for this study is the analysis of this unique case for imperialism in the Central and Eastern Europe. For that purpose,

an empirical study is made on the CEECs' economies in the third chapter to comprehend the new imperialism in this region.

The uniqueness of the new imperialism in the CEE comes from creating dependency on the regional market. The European integration set the stage for this type of imperialism by means of the European Single Market. The stronger economies of the EU have established control over the relatively weaker economies by dictating market conditions, terms of trade and by manipulating financial markets. The case for the CEECs has been carried out under the wing of the EU during their transformation process. The European integration, for these countries, implied establishing a market economy and accepting the market conditions determined by the strong economies of the EU. The result for the CEECs has been foreign trade dependency and financial dependency on the Single Market.

One of the significant characteristics of the imperialism within the EU block is that it has not performed by military means. Evidently, this is the distinguishing feature of the new imperialism. However, when considered the imperialist experiences of the twentieth century, even present experiences, the imperialist powers resorted to military means if need be. For instance, the military interventions of the US and NATO in the Middle East have been normalized for decades. It is clear that extra economic means are still useful for imperialism. Nevertheless, it would be a false belief to detach these experiences from the European imperialist powers. As a part of NATO, they have been involved in these interventions. The European governments even took charge in the NATO interventions in Yugoslavia in the 1990s in order to reshape the Balkan territories. In the case of the CEECs, a different project was performed. Yet, extra-economic means were applied in this case as well. During the transformation of the CEECs, ideological and political means of neoliberalism were actively operated in these countries. A new capitalist class that engaged in liberal democracy, civil society and market economy in the CEECs were

strongly supported by the European government as well as business circles. The socialist and communist parties in the CEECs ceased to be a threat as they were contained within the so-called Socialist International. The EU institutions led the neoliberal transformation in the CEECs. The institutional structure of the Union was the main vehicle for the European imperialism in the region.

The new imperialism in the CEE, rather, has been carried out mostly by economic means. The economic conditionality for EU membership imposed the neoliberal economic policies to the CEECs. Liberalization of trade in the CEECs provided German firms with an opportunity to increase their activity in the region. German firms have become the major actor in these economies through trade relations, investment and offshoring. Privatization of financial sector in these countries has made their economies vulnerable. The CEECs' economies have become dependent to financial flows from the EU. Therefore, they lived a harsh economic shrinkage during the crisis period. These countries have been forced to pay the piper of the crisis of neoliberalism in Europe.

The new imperialism in the CEE is noteworthy as it presents the new instruments of exploitation of global capitalism. The notable characteristic of the EU is the organization of capital in the form of regional integration. No doubt, the EU is the best example of this form in the world. The organization of capital in the European Single Market has expedited the mobilization of goods, services, capital, and labour³⁸ in the region. Since the Single Market removed the barriers, trade flows and financial flows have concentrated within the Union. The Single Market provided all liberties for neoliberal market economy. The European integration has obligated the candidate countries to market dependence in order

³⁸ Labour mobility in Europe is one of the main contradictions of the EU. The Schengen System were introduced to provide the control of labour mobility. However, today the EU faces an internal migration problem because of increasing number of migrants mostly from the CEECs to the Western and Northern countries of the EU. Besides, Bulgaria, Romania, Croatia, and Cyprus are still excluded from the Schengen Zone while they are the members of the EU. The right to move freely does not equally apply to all citizens of the EU. The EU practices double standard to these countries.

to be a part of the Single Market. To the extent that the market conditions are determined by the strong economies of the EU, the result for the weaker ones has been exploitation and dependency.

The European integration has not generated a solution for economic disparities and social inequalities among the European nations. On the contrary, it has renormalized the uneven structure in Europe by imposing neoliberal system of inequalities to European nations. Neoliberalism has demolished the social gains of the European labour. The social policies of the EU only aimed to receive the consent of the labour unions for neoliberal transformation. The class inequalities in Europe have more deepened.

The European labour has explicitly faced with the social injustice of neoliberalism after the destructions of the global crisis and the Eurozone crisis. The collapse of the Greek economy and the austerity packages imposed by troika³⁹ laid the outcomes of neoliberalism bare. Similar packages also imposed to Cyprus, Ireland, Italy, Portugal, and Spain. Some of the CEECs were exposed to retrenchments and the IMF loans as well. The increasing level of unemployment rates in these countries was a clear indicator of destruction on labour. Unemployment rates increased in all the CEECs after the crisis period (figure 16). The increase in the Baltic States was dramatic. From 2008 to 2009, the unemployment rate rose from 5,4% to 13,6% in Estonia, from 7,7% to 17,5% in Latvia, and from 5,8% to 13,8% in Lithuania. In the Southern Europe, the case was direr. The unemployment rate stepped up on 20% in Greece and Spain.⁴⁰ The rates were striking in other Southern European countries like Italy, Portugal, and Cyprus. In brief, the European crisis caused a significant unemployment problem mostly in the Southern Europe and in the CEE.

³⁹ The committee led by the European Commission with the European Central Bank and the IMF

⁴⁰ See the World Bank, World Development Indicators (Retrieved from International Labour Organization, ILOSTAT database), November 2017.

Table 4 Unemployment rates of the CEECs and the EU, total, 2007-2013, %

	2007	2008	2009	2010	2011	2012	2013
Bulgaria	6,9	5,6	6,8	10,3	11,3	12,3	12,9
Czech Republic	5,3	4,4	6,7	7,3	6,7	7,0	6,9
Estonia	4,6	5,4	13,6	16,7	12,3	10,0	8,6
Hungary	7,4	7,8	10,0	11,2	11,0	11,0	10,2
Latvia	6,1	7,7	17,5	19,5	16,2	15,1	11,9
Lithuania	4,3	5,8	13,8	17,8	15,4	13,4	11,8
Poland	9,6	7,1	8,2	9,6	9,6	10,1	10,3
Romania	6,4	5,8	6,9	7,0	7,2	6,8	7,1
Slovak Republic	11,1	9,5	12,0	14,4	13,6	14,0	14,2
Slovenia	4,8	4,4	5,9	7,2	8,2	8,8	10,1
Average of ten CEECs	6,6	6,4	10,1	12,1	11,2	10,8	10,4
European Union	7,1	7,0	8,9	9,5	9,6	10,4	10,8

Source: The World Bank, World Development Indicators (Retrieved from International Labour Organization, ILOSTAT database), November 2017.

The economic and social crisis in Europe has prompted strikes and demonstrations against the IMF and the EU in the last decade. Additionally, the migration crisis in Europe –not only refugees coming mostly from Syria and the other parts of the Middle East, but also migrants from the Central and Eastern European members of the EU to the developed countries of Europe- has led to rise of the opposition to the EU, which is also known as *Euroscepticism*. The Euroscepticism has recently embodied in Brexit decision of the UK. It is expected that the UK will leave the EU in March 2019.

The Euroscepticism has been mobilized against the EU by blaming it for social and economic inequalities, austerity packages, and the neoliberal transformation that impoverish the European labour, on the one hand; and by holding the EU

responsible for violation of national sovereignty due to the liabilities of the EU membership, on the other. Since the demonstrations have mostly been carried out under the leadership of the populist-nationalist political movements, the reaction has also turned into anti-immigration and even sometimes into racism. The populist-nationalist political movements in different EU countries frequently raise the question of exit from the EU especially after the Brexit. Consequently, the discussions about the future of Europe have concentrated on the disintegration of the European project.

Today, questioning the European integration is highly important in order to discuss how creating a common feature for different nations can be possible. The EU has illustrated a possibility of a symbiosis among the European nations. However, since it was constructed as a capitalist integration, it has manifested the contradictions based on social and economic inequalities. The EU could not eliminate these inequalities in Europe as it has paved the way for neoliberal conditions of exploitation. The neoliberal transformation in Europe has impoverished the European labour and increased the economic and social inequalities in Europe. However, the crisis of the European integration proved that the destiny of the European labour cannot be given up to troika. The European labour must take the responsibility for constructing a new Europe free from exploitation and inequalities. Democracy, freedom, equality and social justice for all Europe will only be possible by struggling against capitalism.

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APPENDICES

A. FIGURES ON BALANCE OF PAYMENTS AND GROWTH RATES

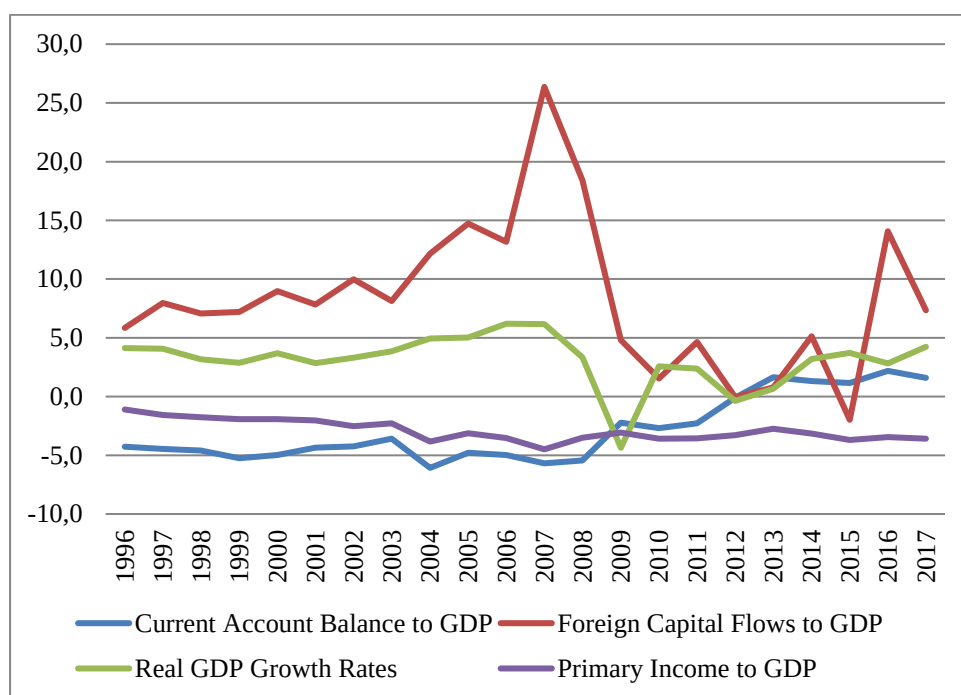


Figure 16 Balance of Payments and Growth Rates, average of the CECs, 1996-2017, %

Source: Own calculations based on International Monetary Fund, World Economic Outlook Database, April 2018. The data regarding real GDP growth rates were obtained from: The World Bank, World Development Indicators, June 2018.

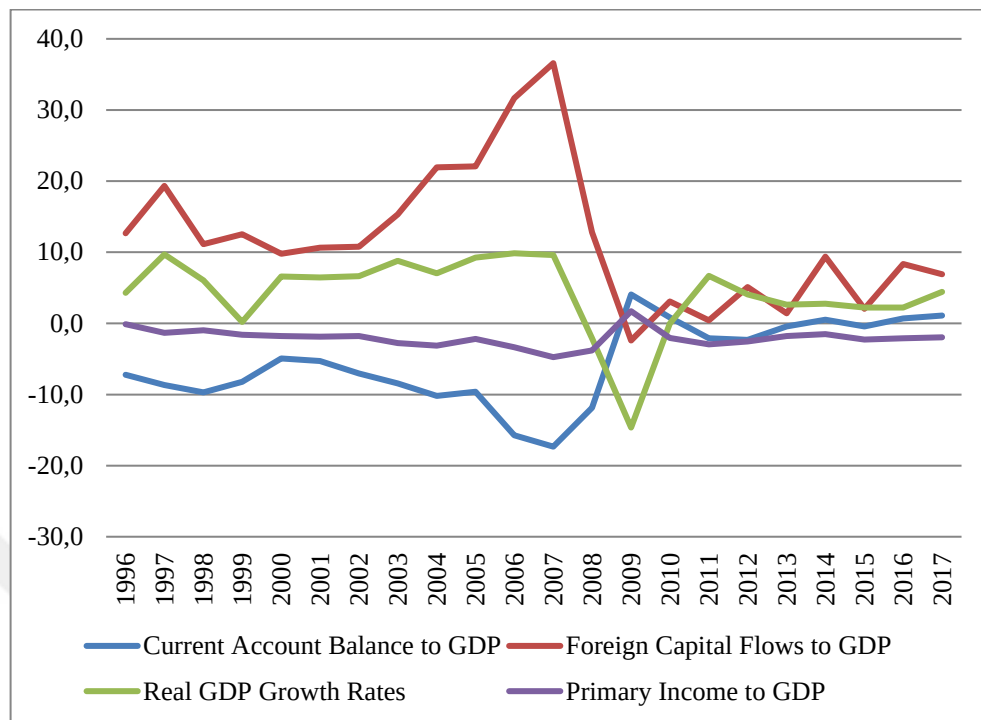


Figure 17 Balance of Payments and Growth Rates, average of the Baltic States, 1996-2017, %

Source: Own calculations based on International Monetary Fund, World Economic Outlook Database, April 2018. The data regarding real GDP growth rates were obtained from: The World Bank, World Development Indicators, June 2018.

B. TURKISH SUMMARY/ TRKE ZET

Bu alıřma Avrupa Birlięi'nin Doęu geniřlemesini emperyalizm erevesinde incelemektedir. Bu amala, alıřma Avrupa projesinin nitelięini, Avrupa Birlięi'nin Doęu geniřlemesinin ardındaki nedenleri ve kreselleřme, Avrupa btnleřmesi ve AB geniřlemeleri arasındaki iliřkiyi tartıřmaya amaktadır. Bu baęlamda bu alıřma, Avrupa Birlięi ile Orta ve Doęu Avrupa lkeleri arasındaki iliřkinin emperyalizmin zgn bir rneęini ortaya koyduęunu iddia eder. Bir bařka ifadeyle, Doęu geniřlemesinin, yeni emperyalizmin bir rneęi olduęunu iddia eder. Dolayısıyla alıřma, Orta ve Doęu Avrupa'daki yeni emperyalizmin bu zgn karakterini incelemeye odaklanır. AB'nin Doęu geniřlemesi, AB ile ilgili literatrde oęunlukla Orta ve Doęu Avrupa lkelerinin Avrupa'ya dnř olarak tartıřılmıřtır. Dięer bir ifadeyle, Doęu geniřlemesinin, bu lkelerin demokrasiye ve piyasa ekonomisine dnřn ve Avrupa'nın batısı ile doęusunun btnleřmesini saęladıęı ileri srlmřtr. Ne var ki, Doęu geniřlemesi Avrupa'daki eřitsiz geliřimi daha aık bir řekilde gzler nne sermiřtir. Avrupa projesi, Sovyet bloęunun křnden sonra Orta ve Doęu Avrupa'yı kresel kapitalizmin ihtiyaları doęrultusunda yeniden yapılandırmak iin blgeye yayılmıřtır. Fakat Orta ve Doęu Avrupa'daki yeni emperyalizm, buradaki lkelerin AB bloęu ierisine dahil edilmesiyle zgn bir nitelik kazanmıřtır. Bu lkeler aısından sonu ise, blgesel pazara yani Avrupa Tek Pazarı'na baęımlılık olmuřtur.

Avrupa Komisyonu Bařkanı Jean-Claude Junker, Eyll 2017'de Avrupa Parlamentosu'nda "Birlięin Durumu" zerine yapmıř olduęu yıllık konuřmasında řu ifadeleri kullanmıřtı: "Avrupa, benim iin Tek Pazar'dan daha fazlasıdır. Paradan, para biriminden, Euro'dan daha fazlasıdır. Avrupa, benim iin her zaman deęerler anlamına gelmiřtir."(13 Eyll 2017, eviri bana ait). Junker zetle, bir "deęerler Birlięi"nden sz etmektedir. Fakat bu yeni bir sylem deęil. "Avrupa deęerleri", "deęerler Birlięi", "deęerlerin Avrupa'sı" gibi

ifadeler, birlik projesinin başlangıcından bu yana fazlasıyla tekrarlanan söylemler olagelmıştır. Peki, bu değerler nelerdir? Sözgelimi, "değerler Birliği" ne anlama geliyor? Junker'e göre, "özgürlük Birliği", "eşitlik Birliği ve eşitlerin Birliği" ve "hukukun üstünlüğü" (13 Eylül, 2017) temelinde bir birlik anlamına geliyor. Habermas ve Derrida için bu, geçmişte karşıtlıklardan, çatışmalardan ve mücadelelerden, çelişkileri iletişim yoluyla çözmeyi öğrenmiş olan Avrupa kültürüne dayanan bir "Avrupa kimliği", bir "ortak kimlik" anlamına geliyor (2003, ss. 293-294). Kısacası, Avrupalıları bir araya getiren değerler "demokratik normlar" ve "sosyal değerler" olmuştur (Skrobacki, 2005, s. 450). Bu değerlendirmeler Avrupa projesini rasyonel bir proje olarak ortaya koymaktadır. Bu çalışma, bir yanıyla Avrupa projesine atfedilen bu rasyonel niteliği de sorgulamaktadır.

Peki, Avrupa projesi nedir? Basit bir biçimde buna Avrupa bütünleşmesi denilebilir. Ancak, soru o kadar basit değildir. Bu soru doğrudan şu soruları da gündeme getirmektedir: Avrupa ülkelerini bir birlik oluşturmak için bir araya getiren neydi? Birlik'in sınırlarını belirleyen nedir?

Bu sorular, Avrupa bütünleşmesinin çelişkilerine de işaret ettiği ölçüde daha da önemli hale gelmektedir. Avrupa projesinin, başlangıcından bu yana bütünleşmenin kapsamına, sınırlarına ve hedeflerine dair birtakım çelişkileri içerisinde barındırdığını söylemek mümkün. Ayrıca, Avrupa bütünleşmesinin dünya ekonomisinde yaşanan bazı tarihsel kırılma dönemlerindeki evrimi bu çelişkileri derinleştirmiştir. Avrupa bütünleşmesinin çelişkileri de AB genişlemeleri göz önüne alındığında daha fazla önem kazanmaktadır. Diğer bir ifadeyle, altı Batı Avrupa ülkesinden oluşan Birlik'in, bugün itibariyle 28 Avrupa ülkesinden oluşan bir Avrupa bloğuna dönüşmesi, Avrupa bütünleşmesinin kapsamı, sınırları ve hedefleri ile ilgili çelişkileri de artırmıştır.

Bu çalışma, AB'nin Doğu genişlemesini incelemek üzere Avrupa projesinin niteliğini, Avrupa bütünleşmesinin çelişkilerini ve küreselleşme, Avrupa bütünleşmesi ve AB genişlemeleri arasındaki ilişkiyi sorgulamayı

amaçlamaktadır. Çalışma, AB'nin Doğu genişlemesinin, emperyalizmin özgün bir örneği olduğunu öne sürmektedir. Avrupa projesi, Sovyet bloğunun çöküşünden sonra Doğu Avrupa'ya doğru genişledi. Bu genişleme sayesinde Orta ve Doğu Avrupa'yı yeniden şekillendirmeye çalıştı. Bu süreç, her ne kadar Avrupa'nın batısı ve doğusunun bütünleşmesi gibi görünmüş olsa da Avrupa'daki eşitsiz gelişimi daha açık bir şekilde ortaya koymuştur. Orta ve Doğu Avrupa ülkeleri, AB pazarına olan bağımlılıktan dolayı küresel krizden ve Euro krizinden ciddi biçimde etkilenmişlerdir. Kısaca, krizin faturası önemli ölçüde bu ülkelere ödetilmiştir. Başka bir ifadeyle emperyalizmin, Orta ve Doğu Avrupa ülkeleri üzerindeki etkisi krizden sonra belirgin bir biçimde görülmeye başlanmıştır. Bu nedenle, AB'nin Doğu genişlemesinin emperyalizm çerçevesinde incelenmesi oldukça önem kazanmaktadır. Bu bağlamda, çalışmanın temel sorusu şudur: AB'nin Doğu genişlemesini emperyalizmin özgün bir örneği yapan nedir?

Çalışmanın giriş bölümü emperyalizmin Orta ve Doğu Avrupa'daki özgün niteliğini tartışmak amacıyla, Avrupa projesi ve AB genişlemeleri ile ilgili tartışmalara odaklanmaktadır. Bununla birlikte yine bu bölümde, çalışmanın temel savı açısından son derece önemli olan emperyalizm ve yeni emperyalizm kavramlarına ilişkin bir tartışma yer almaktadır. İkinci bölümde Doğu genişlemesinin ardındaki nedenler ve genişleme sürecinin dinamikleri Avrupa projesinin tarihsel süreci içerisinde incelenmektedir. Üçüncü bölüm, Orta ve Doğu Avrupa'daki yeni emperyalizmin özgün niteliğine odaklanmaktadır. Bu amaçla, Orta ve Doğu Avrupa ülkelerinin ekonomilerine yönelik ampirik bir çalışma yapılmıştır. Bu çalışmadan elde edilen sonuçlar, bu ülkelerin bölgesel pazara olan bağımlılığını önemli ölçüde göstermektedir. Sonuç bölümü ise, Avrupa bütünleşmesinin krizine ve "Avrupa'nın geleceği" tartışmalarına dair kısa bir değerlendirmeyi içermektedir.

AB ile ilgili literatürde Avrupa projesi ile ilgili farklı yorumlamalar mevcuttur. Bu yorumlamalar kabaca iki grupta kategorize edilebilir. Bunların ilki, Avrupa

projesini bir fikir (idea) olarak ele alır. Avrupa projesinin bir fikir olarak yorumlanması, bir federasyon fikrini ve *Avrupa Birleşik Devletleri* ile ilgili tartışmaları, küresel bir aktör olarak Avrupa bütünleşmesinin rolünü ve “Avrupa kimliği”, “ortak kimlik gibi tartışmaları da beraberinde getirmektedir. Junker’in ifadeleri tam da bu yaklaşımlar çerçevesinde anlam kazanmaktadır. Avrupa projesine ilişkin bu yaklaşımlar, Avrupa bütünleşmesini birtakım değerlere yaslanan bir *sosyal Avrupa* olarak değerlendirmektedir.

Bu yaklaşımların aksine, ikinci grupta kategorize edebileceğimiz yaklaşımlar ise Avrupa bütünleşmesinin çelişkilerine odaklanmaktadır. Bu yaklaşımlar, Avrupalı ulusları bir araya getiren zorunlulukları vurgular. Bununla birlikte, Avrupa ülkeleri arasındaki farklılıkların (eşitsizliklerin) yarattığı çelişkilere de odaklanır. Bu yaklaşımlar açısından, ulusal egemenlik meselesi, Avrupa bütünleşmesinin sınırları hakkındaki tartışmalar ve bazı Avrupa ülkeleri arasında yaşanan emperyalist rekabet, Avrupa projesinin temel çelişkileri olarak gündeme gelmektedir. AB'nin Doğu genişlemesi de iki farklı grup içerisinde sınıflandırdığımız bu yorumlamalar çerçevesinde tartışılmaktadır. Bu çalışma ise, Doğu genişlemesini AB'nin emperyalist niteliği üzerinden incelemeye çalışmaktadır. Bu nedenle bu çalışmanın, Avrupa projesinin niteliği hakkındaki tartışmalar açısından ikinci gruptaki yaklaşımlara daha yakın olduğu söylenebilir.

Avrupa Kömür ve Çelik Topluluğu (ECSC), 1950 yılında Belçika, Batı Almanya, Fransa, İtalya, Lüksemburg ve Hollanda -"altılar" (the Six)- tarafından, savaşın temel hammaddeleri olan kömür ve çelik için bir tek pazar (single market) oluşturmak amacıyla kurulmuştur. Bu, Avrupa projesinin başlangıcına işaret eder. Çelik üretimindeki dalgalanmalar, savaş ve kriz nedeniyle yıllar içerisinde çeliğe yönelik talebin artması ve sanayi için enerjinin temel kaynağı olan kömüre duyulan ihtiyaç, bu stratejik kaynakların üretim ve tüketimini kontrol altına almak için altı Batı Avrupa ülkesini bir araya getirdi. Daha sonra tek pazar diğer mal ve hizmetleri de kapsayacak biçimde, 1957

yılında Roma Antlaşması ile Avrupa Ekonomik Topluluğu'na dönüştü. Bu, ortak pazar (common market) için önemli bir ilk adımdı. 1968 yılında, üye devletler tarafından uygulamaya konulan bir ortak gümrük tarifesi (common external tariff) Topluluk'u bir ticaret bloğu haline getirdi. Ortak gümrük tarifesi, ilerleyen yıllarda Topluluk'un sınırlarını da aşacak olan Gümrük Birliği'nin (the Customs Union) başlangıcıydı. Kısacası Avrupa projesi, başlangıcı itibariyle yukarıda sözü edilen değerlere değil, aksine tamamen ekonomik değerlere, yani piyasa değerlerine dayanmaktaydı.

Judt, birlik olma sürecinin bir fikir (idea) olmadığını, bu sürecin Avrupalı güçler arasındaki rekabetin, 2. Dünya Savaşı'ndan sonra Avrupa'nın inşasının gerekliliğinin, soğuk savaş geriliminin ve Bolşevizm korkusunun yarattığı bir "zorunluluk" (imperative) olduğunu öne sürer (1996, ss. 3-30). Avrupa'nın bir "fikir" (idea) mi yoksa bir "proje" mi (Agnew, 2003, p. 578) olduğu sorusu da AB üzerine yapılan çalışmalar açısından temel bir ikilem olmuştur. Ancak Avrupa bütünleşmesi üzerine yapılacak olan çalışmalar açısından, tarihsel "zorunluluklar"ın (imperatives) dikkate alınarak incelenmesi son derece önemlidir.

Anderson ve Hall, Avrupa'nın bütünleşme sürecinde, pozisyon almak zorunda kaldığı tarihsel zorunluluklara vurgu yapmışlardı. Anderson ve Hall, savaş sonrası dünyanın birbirleriyle ilişkili dört temel meselesine işaret etmişlerdi: "Sovyetler Birliği iktidarının yükselişi, ABD'nin buna yönelik tepkisi, az gelişmiş ülkelerin ortaya çıkması ve Avrupa'nın değişimi" (1961, p. 1). Soru şuydu: Avrupa bu tablo içerisinde nasıl bir pozisyon alacaktı? Marshall Yardımı (önemli miktarda askeri yardım), savaşın yıkıcı sonuçlarının üstesinden gelmek ve Avrupa ekonomisini canlandırmak amacıyla, Avrupa'nın yeniden inşası açısından somut bir alternatifti. ABD yardımları ve yatırımları ile gelen ekonomik iyileşme süreci, ortak pazarın (common market) yarattığı avantajlar ve şirketler arası anlaşmalar ile kartel anlaşmalarının (inter-enterprise and cartel agreements) artışı Avrupa için "içsel Amerikanlaşma" (internal

Americanization) anlamına geliyordu (Anderson & Hall, 1961, ss. 4-6). Diğer bir deyişle, Avrupa'nın somut alternatifi, komünist tehlikeye karşı serbest piyasa ekonomisini ABD yardımları ve NATO sayesinde yeniden ayağa kaldırmaktı.

Diğer taraftan Avrupa, Anderson ve Hall'un belirttiği gibi "az gelişmiş ülkelerin ortaya çıkması" sorunu ile karşı karşıya kalmıştı. Başka türlü ifade etmek gerekirse, Avrupa'nın emperyalist güçleri açısından eski kolonileri ile yeni ilişkiler kurma zorunluluğu ortaya çıkmıştı. Avrupa'nın eski emperyalist güçleri, dekolonizasyon sürecinde eski kolonileri için yeni bir bağımlılık ilişkisini zaten inşa etmiş durumdaydılar. Fakat bundan böyle eski emperyalist rakipler, eski kolonileri tek bir blok olarak sömüreceklerdi (Carchedi & Carchedi, 1999, s. 122). Avrupalıların bu yeni tip emperyalizmi, yeni ticaret kurallarına ve "altılar"ın (the Six) eski kolonilere yönelik oluşturdukları "Kalkınma Fonu"na (the Development Fund) dayanıyordu (Anderson & Hall, 1961, ss. 12-13).

Tarihsel zorunlulukları göz önüne alarak değerlendirdiğimizde, Avrupa projesinin ortaya çıkışını bir "fikir" olarak değil, fakat bir ortak pazar oluşumu olarak görmek daha anlamlı hale geliyor. Ortak pazar, bir tür politik bütünleşme ve bir savunma topluluğu (a defence community) anlamına da geliyordu. Topluluk'un kurucu babası olan Fransız devlet adamı Robert Schuman, kömür ve çeliğin üretim ve tüketiminin kontrolünü sağlamak için bir "ortak Yüksek Otorite"nin (common High Authority) gerekliliğini vurgulamıştı. Bu nedenle, Topluluk'un diğer kurucu babası olan Jean Monnet'den esinlendiği "Avrupa federasyonu" fikrini benimsemişti. Avrupa Ekonomik Topluluğu'nun kurumsal yapısı da siyasi entegrasyon için önemli girişimleri içermişti. Ancak, Topluluk tek bir siyasi varlık ya da bir federasyon olamadı, aksine genişlemeler de dikkate alındığında daha parçalı bir yapı haline geldi.

Avrupa bütünleşmesi tek bir siyasi varlık olamasa da 1950'lerin ve 1960'ların ekonomik canlanma döneminde büyük bir kapitalist birlik haline gelmeyi başarmıştı. Fakat 1970'lerin krizi, Avrupa ekonomisini de ciddi ölçüde etkilemişti. Bununla birlikte, sermayenin uluslararasılaşma düzeyinin,

tekelleşmenin ve sermaye akışlarının artması, dünya ekonomisinde *küreselleşme* olarak adlandırılacak olan yeni bir döneme işaret ediyordu. Bu dönem, özellikle 80'li yıllar itibariyle dünya ekonomisinde yeni bir genişleme/yayıma eğilimini beraberinde getirdi. Bütün bunlar, Avrupa bütünleşmesi açısından da yeni bir dönemin başlangıcına işaret ediyordu. Avrupa Ekonomik Topluluğu 1973'te ilk genişlemesini gerçekleştirdi. İngiltere, İrlanda ve Danimarka bu genişlemeyle Topluluk'a dahil oldular. Genişleme süreci 1981'de Yunanistan'ın, 1986'da ise İspanya ve Portekiz'in Topluluk'a üye olmalarıyla devam etti. Böylelikle, Batı Avrupa'nın bütünleşmesi tamamlanmış, Topluluk Avrupa'nın güneyine doğru genişlemeye başlamıştı.

1990'lara gelindiğinde, Topluluk ilgisini öncelikle eski komünist bloğun parçası olan Orta ve Doğu Avrupa'ya yöneltmişti. Ancak genişleme önce Kuzey Avrupa'ya doğru gerçekleşti. Bu bir anlamda, Avrupa Serbest Ticaret Birliği (EFTA) ülkelerine yönelik bir genişlemeydi. Bu genişlemeyle birlikte Avusturya, İsveç ve Finlandiya 1995 yılında Avrupa Birliği'ne üye oldular. Norveç ise 1972'de olduğu gibi 1994'te de yapılan referandum sonucunda AB üyeliğini reddetti. Avrupa projesi bundan böyle on beş ülke ile yoluna devam edecekti. Avrupa bütünleşmesi, Avrupa Kömür ve Çelik Topluluğu'nun kuruluşundan itibaren 45 yıl içerisinde Avrupa'nın önemli bir bölümünü içerisine dahil etmişti. Ancak Doğu Avrupa bütünleşmenin dışında kalmıştı. Bunun en önemli nedeni, Doğu Avrupa'nın önemli bir bölümünün Sovyetler Birliği'nin kontrolü altında olmasıydı. Doğu Blok'u dağıldıktan sonra, bu bölge AB'nin ilgisini uyandırdı. Tam da bu sebeple, Avrupa projesinin niteliği ile ilgili tartışmaları da dikkate alarak şu soruyu sormak gerekiyor: AB neden doğuya genişledi?

AB'nin Orta ve Doğu Avrupa'ya yönelik ilgisi, ABD dahil Batı'nın emperyalist güçlerinin eski komünist bloğa dahil olan ülkeleri yeniden şekillendirmeye yönelik projesinin bir parçasıydı. Diğer bir ifadeyle, emperyalizmin eski Sovyet ülkelerine ve eski Yugoslavya'ya yönelik yeni projesiydi. Amaç, öncelikle

neoliberal piyasa ekonomisini bölgeye ihraç etmektir. Orta ve Doğu Avrupa ülkelerine yönelik proje, Harvard profesörü Jeffrey Sachs'ın modeli olan "Şok Terapisi" (Shock Therapy) olarak adlandırılmıştı (Gowan, 2002, s. 188). Bu program, Orta ve Doğu Avrupa ülkelerine dört ana adımda uygulanmıştı: "liberalizasyon, istikrar, özelleştirme ve kurumsallaşma" (Gowan, 2002, s. 196). AB 1990'ların başında, bu sürecin bir parçası olarak, Orta ve Doğu Avrupa ülkelerine yönelik genişleme sürecini başlattı. Ancak üyelik için bu ülkelere Kopenhag Kriterleri'ni (Katılım kriterleri) şart koştu. Bu kriterler genel hatlarıyla siyasi, ekonomik ve yasamaya ilişkin kriterleri içermektedir. Ekonomik kriterler, neoliberalizmin sıklıkla tekrarlanan söylemlerinden biriydi: "İşleyen ve aynı zamanda Birlik içinde rekabetçi baskılara ve diğer serbest piyasa güçlerine dayanabilecek bir serbest piyasa ekonomisinin varlığı". Bu ifadeler, küresel kapitalizmin temel işleyiş mekanizmasını oldukça iyi özetlemektedir.

Bu çalışma, Orta ve Doğu Avrupa'daki emperyalizmi, küreselleşme ve yeni emperyalizm tartışmalarına referansla açıklamaya çalışmaktadır. Bu bağlamda, AB'nin Orta ve Doğu Avrupa ülkeleri ile kurduğu ilişkinin, küresel kapitalizmin işleyişine uygun emperyalist bir ilişki olduğunu öne sürmektedir. Ancak bu emperyalist ilişki, söz konusu ülkelerin AB bloğuna dahil edilmesi ve onların *bölgesel pazara bağımlı* hale getirilmesi suretiyle özgün bir biçimde gerçekleşmiştir. Orta ve Doğu Avrupa örneği emperyalizm açısından, *blok içi emperyalizm* olarak farklılaşmaktadır. Orta ve Doğu Avrupa'daki yeni emperyalizmi analiz etmeden önce, emperyalizm ve yeni emperyalizm kavramlarını tartışmak yerinde olacaktır.

Emperyalizmin tarihi Roma İmparatorluğu'na kadar götürülebilir. Ancak emperyalizm kavramı tartışılırken altı çizilmesi gereken en önemli noktalardan biri, kapitalizm öncesi dönem ile kapitalist dönemin emperyalizmi arasındaki ayrımı ortaya koymaktır. Daha açık bir biçimde ifade etmek gerekirse, her iki dönemdeki yayılmacılığın farklılaşan yanları dikkate alınmalıdır. Roma

İmparatorluğu'nun yayılmacılığı da emperyalist bir nitelik taşır. İmparatorluk, toprağa ve artığa doğrudan askeri güç kullanarak el koyardı. Bu tür emperyalizm, 15. ve 16. yüzyıllarda İspanya ve Portekiz tarafından Amerikalıların fethindekine benzer bir nitelik taşır. Bu eski "emperyalizm" in öncelikli motivasyonu, ekonomi-dışı zor ile artığa el koymak ve fethedilen bölgeleri haraca bağlamaktır. Buna rağmen, "fethedilen ya da boyunduruk altına alınan bölgelerin ekonomik yapısına müdahale edilmezdi". Öte yandan, kapitalist dönemin emperyalizmi, "kapitalizmin daima büyük ölçekte mal üretmek ve satmak için duyduğu içsel zorunluluğa" dayanır. Dolayısıyla, "fethedilen ya da boyunduruk altına alınan ekonomileri ve toplumları" "merkezin sermaye birikiminin" ihtiyaçları doğrultusunda yeniden şekillendirmiştir (Magdoff, 1878, ss. 2-3). İngiltere'nin 17. yüzyılda Amerika ve İrlanda'yı sömürgeleştirmesi, tam da kapitalist üretim biçiminin bu içsel zorunluluğuna dayanıyordu (Wood, 2003b, ss. 89-90). Diğer bir ifadeyle buradaki sömürgecilik, toprağa ve artığa el koyan, servet biriktirmek için lüks mal ve köle ticaretine dayanan eski tip sömürgecilikten farklılaşıyordu.

Özellikle on dokuzuncu yüzyılın ortalarında kapitalist güçlerin yayılmasıyla birlikte kapitalizm, dünyanın büyük bir kısmına emperyalizm yoluyla ihraç edildi. Hobson, Hilferding, Kautsky, Buharin, Lüksemburg ve Lenin 'in emperyalizm üzerine çalışmaları bu dönemin analizine dayanır. Bu çalışmaların ortak noktası emperyalizmin temel niteliğinin sermaye ihracındaki artış olduğu yönündeydi. Sermaye birikimindeki artış, sermayeyi yeni pazarlar bulmak için ulusal sınırları aşmaya zorlamış ve bu da sermayenin uluslararasılaşmasına yol açmıştı. Uluslararası piyasayı yönlendirecek kadar büyük bir güce sahip olan tekellerin oluşumu ise, kapitalizmin yeni bir aşamaya, yani *tekelci kapitalizm* aşamasına geldiğini gösteriyordu.

Lenin, emperyalizmi hem bir özel aşama (a special stage) hem de kapitalizmin gelişiminin en yüksek aşaması (the highest stage) olarak tanımlamıştır. Lenin'in bu dönemi kapitalizmin en yüksek aşaması olarak tanımlamasının nedeni, sermayenin tekelleşmesinin, dünyanın kapitalist güçler arasında paylaşımının

tamamlanmasının ve kapitalizmin emperyalist rekabetten dolayı yaşadığı krizin (1. Dünya Savaşı) bu sistemin sonunu getireceğine dair olan inancıydı (Lenin, 2009 [1917]). Ancak Lenin'in emperyalizm literatürüne yapmış olduğu en önemli katkı, emperyalizmi kapitalizmin bir politikası ya da hırslı kapitalist bir grubun ürünü olarak değil, fakat her şeyden önce kapitalizmin gelişiminin bir aşaması olarak tanımlamasıdır. Kapitalist olmayan bölgelerin kapitalizmin içsel ihtiyaçları için sömürülmesi, kapitalizmin bu bölgelere yayılmasını sağlamıştır. Bu da kapitalizmin yayılma sürecinde emperyalistleştiği anlamına gelir. Lenin'in ısrarla altını çizdiği nokta tam olarak budur: Emperyalizm gelişmiş kapitalizmden başka bir şey değildir (Lenin, 2009 [1917]).

Bugün, emperyalizm ile ilgili tartışmalar küreselleşme ve yeni emperyalizm üzerine odaklanır. Küreselleşme, kısaca, ekonomik, siyasal, sosyal ve kültürel açılardan dünya genelinde bir bütünleşmenin gerçekleştiği argümanına dayanır. Sermayenin küresel ölçekteki hareketliliği, meta ve iş gücü hareketliliğinin artması ve bilgi ve iletişim teknolojilerindeki gelişme, dünya çapında farklı politik, sosyal ve kültürel ilişkilerin etkileşimini sağladı. Ancak dünyanın sosyal, kültürel, ekonomik ve siyasal açılardan bütünleşmesi bir yanılsamadan ibarettir, gerçek olan dünya ekonomisinin en zengin üç blok içerisinde yoğunlaşmasıdır (Petrella, 1998, p. 56). Bununla birlikte, ekonomik ve sosyal eşitsizliklerin küresel dönemde daha da derinleşmiş olması bütünleşme söyleminin ideolojik bir söylemden öte bir şey olmadığını göstermektedir.

Bu dönemin önemli bir diğer özelliği ise, emperyalist devletlerin, az gelişmiş ülkeleri IMF, Dünya Bankası ve Dünya Ticaret Örgütü gibi uluslararası kurumların baskısıyla nüfuz ederek yapılandırması ve onları yine kurumlar aracılığıyla borçlandırmasıdır. Emperyalizmin çoğunlukla ekonomik araçlarla az gelişmiş ülkeleri bağımlı hale getirmesi yeni emperyalizmin tipik özelliğidir. Başka bir deyişle, yeni emperyalizm bu ülkelere çoğunlukla ekonomik araçlarla nüfuz ederek onları sömürmektedir. Üstelik, IMF uyum paketleri, Dünya Bankası reformları ya da yeni ticaret anlaşmaları, az gelişmiş ülkelerde

çoğunlukla yerli aktörler eliyle uygulanmıştır. 1970'lerin sonlarında dünya ekonomisinde yaşanan durgunluk her ülkede farklı ölçüde hissedildi. Bunun sonucu olarak, gelişmekte olan ülkelerin kapitalist sınıfları, gelişmiş dünyadakine benzer çözümler aramaya başladı. Bu bağlamda, her ülkenin uluslararasılaşmış kapitalist sınıfları, dünya pazarına daha fazla entegre olmanın onlar için avantajlı olacağı varsayımıyla söz konusu uluslararası kurumların kendi ülkelerine nüfuz etmelerini desteklemişlerdir. Benzer şekilde, az gelişmiş ülkeler de küreselleşen sermayenin kişilik dışı dinamiklerinden azade olmamıştır. Bu ülkelerde, bu dönüşümler bizzat devlet eliyle yürütülmektedir.

Emperyalizm, küreselleşme ve yeni emperyalizm kavramlarına ilişkin bu tartışmalar, AB genişlemelerinin ve bu çalışma açısından öncelikli olan AB'nin Doğu genişlemesinin nedenlerini açıklamak bakımından önemlidir. Küreselleşme-genişleme ilişkisi, genişleme sürecini hızlandırması açısından Avrupa bütünleşmesi için son derece belirleyici olmuştur. Avrupa bütünleşmesi, Batı Avrupa'yı 1950'lerin ve 1960'ların ekonomik canlanma döneminde büyük bir kapitalist blok haline getirmiştir. 1970'lerin krizinin olumsuz etkilerine rağmen Batı Avrupa, sermayenin yoğunlaştığı ve merkezileştiği dünyanın en büyük üç bölgesinden biri haline gelmiştir. AB, küresel kapitalizmin büyük aktörlerinden biri olmuştur. AB'nin bu niteliği, AB genişlemelerinin temel nedenlerinden birisidir. AB, hem Avrupa'nın diğer bölgelerine genişleyerek hem de dünyanın geri kalanı ile ortaklık anlaşmaları (association agreements) ve serbest ticaret anlaşmaları yoluyla ilişkiler kurarak etki alanını olabildiğince genişletmiştir. Küresel kapitalizm döneminde bölgesel bütünleşmenin öneminin artmış olması, Topluluk'un Avrupa'nın diğer bölgelerine genişlemesini tetiklemiştir. Her genişleme kendine özgü koşullar içerisinde gerçekleşmiş olsa da AB genişlemeleri, kapitalizmin 70'lerin krizinden çıkış yolları aradığı ve yeniden yapılandığı bir dönemin ürünüdür. Bu aynı zamanda, Avrupa projesinin başlangıcından itibaren genişlemeyi hedefleyen bir bütünleşme olmadığını da ortaya koymaktadır. Küreselleşme-genişleme ilişkisi ile ilgili yapılan

tartışmanın temel vurgularından biri de budur. Bu tartışma, AB'nin Doğu genişlemesi için de açıklayıcı bir zemin sunar.

AB'nin Doğu genişlemesinin küreselleşme-genişleme ekseninde emperyalizmin özgün bir örneği olduğunu öne sürmüştük. Bu noktada şunu belirtmek gerekir ki, Orta ve Doğu Avrupa'daki yeni emperyalizm, Sovyet bloğunun dağılmasından sonra Avrupalı emperyalist güçlerin (ve aynı zamanda ABD'nin) bölge üzerinde hakimiyet kurma çabalarının bir sonucudur. ABD, öncelikle NATO genişlemesi yoluyla bölge ile ilişkilerini geliştirmeye çalışırken, Avrupalı emperyalist güçler, Orta ve Doğu Avrupa ülkelerini Avrupa Tek Pazarı'na (European Single Market) dahil ederek bölgeyi kontrol altına almaya çalıştı. Bu ülkeler, Avrupa Tek Pazarı'nın birer parçası oldukları ölçüde küresel kapitalizme bağımlı hale gelmişlerdir. Bu nedenle, AB'nin Orta ve Doğu Avrupa'ya yönelik genişlemesi yeni emperyalizmin özgün bir örneğidir. Bu noktada şu temel soruyu sormak gerekiyor: AB ile Orta ve Doğu Avrupa ülkeleri arasındaki bağımlılık ilişkisini karakterize eden şey nedir? Soruyu şöyle de sorabiliriz: AB bloğu içerisindeki yeni emperyalizmi karakterize eden şey nedir?

Orta ve Doğu Avrupa'daki yeni emperyalizm, öncelikle bölgede neoliberal yeniden yapılanma çerçevesinde piyasa ekonomilerinin kurulması sağlanarak, sonra da bu ekonomilerin Avrupa Tek Pazarı üzerinden kontrol altına alınmasıyla gerçekleştirilmiştir. Bu süreç bir yandan, Avrupa Parlamentosu, AB Konseyi ve Avrupa Komisyonu tarafından bölge ile ilişkilerin önündeki engelleri ortadan kaldırmak için ticaret anlaşmaları ve Avrupa anlaşmaları ile, diğer taraftan ise Orta ve Doğu Avrupa ekonomilerini liberalleştirmek için PHARE, ISPA ve SAPARD gibi finansman programları ile yürütülmüştür. Bu süreç aynı zamanda, sıkı bir koşulsallık (conditionality) içerisinde gerçekleştirilmiştir. Orta ve Doğu Avrupa ülkeleri bu sürecin sonunda neoliberal dönüşüm yaşamış ve AB pazarı içerisinde küresel kapitalizme eklenmişlerdir.

AB bloğu içerisindeki yeni emperyalizm, Avrupa Tek Pazarı olarak adlandırılan bölgesel bir pazarın oluşmasına ve bu pazarın blok içerisinde yarattığı bağımlılığa dayanır. Tek Pazar'ı kontrol altında tutan, başta Alman ekonomisi olmak üzere AB'nin güçlü ekonomileridir. AB'nin görece zayıf ekonomileri, kuralları güçlü ekonomiler tarafından belirlenmiş olan Tek Pazar'a bağımlı hale gelmişlerdir. Bu tür bir bağımlılık Orta ve Doğu Avrupa ülkeleri örneğinde açıkça görülebilir. Almanya bu ülkeleri Tek Pazar'a bağımlı kılan esas aktörlerden biri olmuştur. Almanya'nın bu ülkelere yönelik genişleme sürecine ilişkin desteği tesadüfi değildi. Genişlemeyle birlikte Almanya bu ülkelerin çoğu için en büyük ticaret ortağı olmuştur. Bununla birlikte, Alman sermayesi bölgedeki yatırımcıların başında gelmektedir. Orta ve Doğu Avrupa ülkeleri AB'ye dahil olduktan sonra ticaretinin büyük bir bölümünü AB pazarı içerisinde yapmaya başlamıştır (bkz. Tablo 1). Yine bu ülkelere yapılan doğrudan yatırımın büyük bölümünü AB içerisinden gelen sermaye akımları oluşturmuştur (bkz. Tablo 3). Bu durum, Orta ve Doğu Avrupa ülkeleri açısından bir dış ticaret bağımlılığı yaratmıştır. Bu ülkeler dış ticarete başta Alman pazarına olmak üzere Avrupa Tek Pazarı'na bağımlı hale gelmişlerdir.

Bunun yanı sıra, özellikle bu ülkelere (sekizinin) AB'ye üye oldukları 2004 yılı itibariyle önemli düzeyde sermaye girişi gerçekleşmiştir (bkz. Figür 15). Bu yoğun sermaye girişi, bu ülkelerin çoğu için kısa süreli bir büyüme yaratmıştır. Ancak küresel kriz (2008) ve Euro krizi (2009) ile birlikte, sermaye girişlerinde önemli ölçüde düşüş yaşanmış, hatta sermaye çıkışları gerçekleşmiştir. Finansal hareketlere bağımlı olarak yaşanan kısa süreli büyüme döneminden sonra, bu ekonomilerde sert bir düşüş ve ardından daralma yaşanmıştır. Kısacası, Orta ve Doğu Avrupa ülkeleri dış ticarete olduğu gibi finansal açıdan da Avrupa Tek Pazarı'na bağımlı hale gelmişlerdir.

Orta ve Doğu Avrupa ülkeleri, küresel kriz ve Euro krizi sonrası bu bağımlılığın sonuçlarına katlanmak zorunda bırakıldılar. Bu ülkelere bazıları, kriz sonrası IMF programlarına ve kemer sıkmaya zorlandılar. İşsizlik oranları başta Baltık

lkeleri ve Macaristan olmak zere hepsinde nemli lde artıř gsterdi. Kısacası, neoliberalizmin krizinin bedeli, AB'nin bu grece yoksul lkelerine detildi, tıpkı Yunanistan, İspanya ve Portekiz'e detildiđi gibi.

Son olarak řunu belirtmekte fayda var. Dođu geniřlemesi ile ilgili literatrde Orta ve Dođu Avrupa lkeleri iin sz edilen "Avrupa'ya dnř" (return to Europe) vurgusu, kapitalizme ve neoliberal piyasaya dnř anlamına geliyordu. Dođu geniřlemesi Avrupa btnleřmesi aısından iddia edildiđi gibi bir bařarı rneđi deđildi, aksine Avrupa'daki eřitsiz geliřimi daha da grnr hale getirmiřti. Dolayısıyla bu alıřma, aynı zamanda AB'nin Dođu geniřlemesi ile ilgili iyimser liberal yaklařımlara ynelik bir itirazdır.

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