

Western Conditions and Domestic Choices: The Influence of External Actors on the Post-Communist Transition

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The prevailing wisdom of the last dozen years has been that the presence of external economic and political actors in the 27 post-Communist countries of Central and Eastern Europe and the former Soviet Union would facilitate their transition to Western-style democracies and market economies. Although this formulation was not necessarily wrong, it certainly has proved incomplete. Some types of external actors have facilitated the transition, but others, quite unintentionally, have preserved entrenched state-oriented institutions of the Soviet era. What explains the variation in the degree of transformative impact of Western actors?

A reexamination of the assumptions of the Western integration thesis against the transition-era record of five different types of Western external actors—international nongovernmental organizations (INGOs), multinational companies (MNCs), international financial institutions (IFIs), the European Union (EU), and the North Atlantic Treaty Organization (NATO)—leads to two main arguments. First, external actors have facilitated significant positive change in those regions that were independently committed to enacting substantial reforms at the outset of the transition. Western actors have had the most positive effects on the Central European and Baltic states (Croatia, Czech Republic, Estonia, Hungary, Latvia,

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Lithuania, Poland, Slovakia, and Slovenia).^{*} However, the progress of most of these countries towards liberalization was predetermined by their existing civil societies, favorable geographies, and anti-Communist political cultures. Deeply resentful of their Russian-dominated Communist past, the majority of these states chose to vigorously court and benefit from their interaction with Western actors.

Conversely, external actors had far less impact on the countries of the Commonwealth of Independent States (CIS). Constrained by Soviet-era practices, extensive, corrupt bureaucracies, and top-down patronage networks, the CIS countries have found it more difficult to extricate themselves from the Communist era, despite the prevalence of many external actors in the region. Even those post-Soviet countries that presented themselves as eager Western-style reformers at the outset of their transition—most notably Armenia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, and even Russia—often used the material resources offered by external actors not to enact sustained reforms, but to maintain the political power of Soviet-era elites and state agencies. As this year's *Nations in Transit* ratings indicate, many of these CIS countries remain at the same level as in the early 1990s and many actually have regressed in recent years. The states of Southeastern Europe and the Balkans (Albania, Bosnia, Bulgaria, Macedonia, Romania, and Serbia & Montenegro) lie somewhere in the middle. While initially slow to implement meaningful transitions, they have been moving in a much more positive direction since the late 1990s, in large part as a result of the influence of the EU and NATO.

Second, the degree of external-actor influence has varied according to the severity of conditions imposed by each type of actor. NATO and the EU, the external actors with the highest levels of conditionality, have been the most successful in enforcing meaningful domestic reforms in the post-Communist states. INGOs and MNCs have had the least impact. IFIs, such as the International Monetary Fund (IMF) and the World Bank, which impose only economic conditions, lie somewhere in between. Accordingly, those countries in Central and Southeastern Europe and the Baltics with the highest levels of NATO and EU contact are now implementing reforms to meet the accession requirements imposed by these organizations, whereas the CIS states—with few prospects of joining either the EU or NATO—remain relatively stagnant.

^{*} For geographical, historical, and comparative purposes, this essay places Croatia in the category of the Central European and Baltic states. Data obtained from the EBRD, and IMF.

Low Conditionality and Limited Transformative Impact

INGOs and MNCs have affected the overall course of post-Communist transition the least, even though their activities have drawn much public attention. Because INGOs do not impose conditions on their project recipients, they have very few means through which to enforce change in reluctant countries. Consequently, INGOs have been able to help reform only those countries that have demonstrated a true commitment to change.

The proliferation of INGOs throughout the post-Communist world has been nothing short of spectacular. Whether promoting democracy, advising on economic reforms, assisting in the drafting of legal and judicial reforms, or campaigning for the rights of women and minorities, hundreds of INGOs have inserted themselves into almost every part of post-Communist life. They have done so through direct activities in Central and Eastern Europe and the former Soviet Union and by organizing and funding domestic groups. In many countries, the nascent civil society is composed predominantly of new NGOs, most of which have Western partners or rely on Western funding.

INGOs promoting democracy and civil society have been most effective in the states of Central Europe and the Baltics, which possess long traditions of independent civil society. Politically, INGOs successfully helped these states consolidate their democratic transformations and assisted in the process of creating electoral systems, constitutions, and representative political parties. NGOs sponsored by both the EU's PHARE program (originally, Poland and Hungary: Assistance for Reconstruction of the Economy) and the U.S. Agency for International Development (USAID) made important contributions as well in enacting civil service reforms, reorganizing state bureaucracies, and helping maintain public services in the transition period. Other groups working on rule-of-law initiatives and programs designed to promote independent judiciaries were particularly effective in the Czech Republic, Estonia, Hungary, and Slovenia.

Many smaller NGOs sponsored by Western foundations made great inroads in building civic associations and issue-advocacy networks across a wide range of social and human rights-related issues. Educational efforts also received substantial support from external NGOs. The flagship Central European University in Budapest was established by George Soros in 1991 to provide Western-style social science instruction to students from former Communist states. In 2001, the university received an additional \$250 million from the Hungarian philanthropist, which made it the most heavily endowed center of higher learning in Europe after the universities at Oxford and Cambridge.

On the economic front, Western INGOs (both nonprofit and for-profit) played key roles in helping countries draft new legal codes and enact the institutional reforms necessary to support their emerging market economies. These efforts included reforming tax codes, creating capital markets,

redefining regulatory functions, managing new liberalized trade and exchange rate regimes, routinizing the budgetary process, developing independent central banks, and redesigning entitlements and social welfare programs. As with Western organizations promoting political and social reforms, INGOs working on economic reforms were most successful in the Central European reformer states such as the Czech Republic and Poland and the Baltic states, where USAID and EU-sponsored technical-assistance projects often were completed ahead of schedule. As partners to states that already had demonstrated an internal willingness to vigorously pursue political and economic liberalization, Western NGOs have been helpful in the post-Communist transition.

A look beyond Central Europe and the Baltics, however, reveals that the record of NGOs in facilitating reforms is more mixed. As Thomas Carothers, a democracy expert with the Carnegie Endowment for International Peace, argued in a 1999 piece entitled *Aiding Democracy Abroad: The Learning Curve*, democratic assistance is particularly effective in countries that demonstrate a willingness to reform, but less so in countries that lack this commitment. Throughout the CIS, INGOs have made little headway in altering the entrenched stranglehold that Soviet-era patrimonial authoritarian systems maintain on power. In addition, even well-intentioned NGOs have drawn resentment from government agencies and bureaucracies that perceive that their governing authority is being undercut by these better-equipped and better-funded external organizations. For example, in many former Soviet countries the local branch of the Soros Foundation, which is committed to promoting open societies and educational reforms, is commonly referred to as the “shadow ministry of education” and is viewed as a competing parallel provider of public goods.

Structural problems in the donor-funding process have also hampered NGO performance. Because many INGOs rely on short-term contracts from countries and international agencies, INGOs are perpetually in the position of having to renew existing contracts and secure new ones just to maintain their fiscal solvency. A widespread perception exists in many of the post-Communist states that Western assistance was designed more for the benefit of supporting Western NGOs than for actually helping targeted countries. Such perceptions are especially prevalent in the CIS and in conflict-torn areas of the Balkans such as Bosnia, Macedonia, and Kosovo, where a massive influx of uncoordinated humanitarian and social INGOs failed to develop a coherent blueprint for rebuilding these war-ravaged societies.

Finally, a more fundamental problem has arisen for many INGOs and technical-assistance providers, especially in the CIS. Across a diverse range of issues such as economic reform, environmental planning, civil service reform, and police reform, Western NGOs often have identified a lack of institutional capacity as the central organizational problem facing state-run

agencies and bureaucracies. Consequently, they have focused their efforts on upgrading technology and providing material resources to these agencies without fundamentally questioning the broader set of political relations in which these state agencies are embedded. As a result, these projects have often had a counterproductive effect, that is, strengthening the capacity of these agencies without truly redefining their Soviet-era organizational roles and responsibilities in a liberalizing political society.

A similar picture emerges from an examination of the role of MNCs and foreign direct investment (FDI) in the post-Communist world. The conventional wisdom holds that FDI inflows will promote the private sector and strengthen the accompanying legal framework that guarantees private transactions. In turn, guarantees of private property should promote political liberalization and individual freedoms. For the Central European and Baltic countries this formulation has held true, as they have received the greatest regional levels of FDI. According to the European Bank for Reconstruction and Development (EBRD), FDI between 1989 and 2001 in Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia totaled \$98.3 billion, or about \$1,365 per capita. In the same time period, by contrast, FDI in Southeastern Europe totaled \$15.2 billion, about \$296 per capita, while in the CIS it totaled \$34.4 billion, or a paltry \$128 per capita. FDI in the Central European and Baltic states has also been relatively diverse. From investments by multinational automobile makers such as Ford and Volkswagen to the development of robust agribusiness, these countries have taken advantage of their skilled and relatively cheap workforces, their geographical proximity to Western Europe, and a favorable legal and institutional climate to develop a wide range of economic sectors.

An analysis of the CIS countries shows that some forms of FDI may not strengthen the market sector or promote the rule of law, as has commonly been assumed. Specifically, investments in extractive sectors, such as those involved with hydrocarbons and precious metals, might actually retard economic liberalization if deals are struck with state-owned or state-controlled companies. This has been particularly true of certain countries in the Caucasus and Central Asia. According to the EBRD, between 1992 and 2001, FDI totaled \$4.1 billion in Azerbaijan and \$11 billion in Kazakhstan, which ranked them first and third (with Russia second) in terms of absolute FDI flows among the post-Soviet states. Yet, the lion's share of this FDI has been directed at state-owned or state-affiliated oil and gas sectors, and has thus allowed these post-Soviet governments to use hydrocarbon revenue streams to perpetuate state control over the economy and maintain their quasi-authoritarian holds on power. As writer Thomas Goltz observed in his 1998 book *Azerbaijan Diary*, "oil and civil society don't mix," and poor governance and rampant corruption extending to the highest levels of leadership

have marred the CIS oil economies. Similarly, lucrative gold and precious metals contracts signed by Western mining companies in Kyrgyzstan and Uzbekistan have contributed little to the overall liberalization of these economies, but have precipitated a series of bribery scandals involving government officials. For example, in 1992 the Kyrgyz government awarded the concession to develop the Kumtor gold deposit, the world's eighth largest, to the Canadian company Cameco without an international tender.

What is sorely lacking in the CIS is FDI in manufacturing, light industry, and other productive sectors. Productive investment is much more likely to have a positive effect on promoting the rule of law and strengthening market institutions than FDI in purely extractive industries. Indeed, comparative history shows that countries implementing development strategies based on extractive endeavors such as hydrocarbon and mineral production have suffered from a lack of economic diversification and have lagged far behind their counterparts that focus on productive industries in consolidating political and economic liberalization—this is the so-called “natural resource curse.”

Moderate Conditionality and Mixed Transformative Impact

IFIs constitute the second category of active external actors in the post-Communist sphere. Of these, the IMF has attracted the most attention for its work in the region. Shortly after the collapse of the Soviet Union, the organization established missions in all transitional countries and created the Systemic Transformation Facility especially for the countries of Central and Eastern Europe and the former Soviet Union, in addition to offering access to its regular Structural Adjustment Facility, General Resource Account, and Poverty Reduction and Growth Facility. To date, the IMF has extended loans to all but Turkmenistan.

The IMF operates on a principle of economic conditionality. In exchange for a short-term loan designed to stabilize the current account of an economy, the borrowing country agrees to implement a set of economic reforms designed to promote market-oriented policies while restricting the domestic aggregate demand that contributes to balance-of-payments difficulties. The exact details of each standby agreement have varied for each post-Communist country, but every package has included some measures to combat inflation and achieve macroeconomic stability, eliminate state subsidies and free price controls, privatize state-owned enterprises, and liberalize the trade and foreign exchange regimes.

While the IMF has no formal means of enforcing its conditions, it has used two mechanisms of note to encourage compliance. First, the IMF has refused to release subsequent loan installments to countries perceived to be lagging in the implementation of agreed-upon reforms. For instance, the IMF completely cut off payments to Belarus in 1995 after only six months

for noncompliance, and it has delayed loan dispersals to a number of countries, including Albania, Georgia, Moldova, Romania, Russia, and Ukraine, for refusing to meet reform conditions in a timely fashion. Second, by setting ceilings for external debt and borrowing, the IMF has effectively regulated access to the private capital markets. Without the IMF's seal of approval, countries such as Moldova, Kyrgyzstan, and Ukraine have found it difficult to secure a favorable, investment-grade rating from the major independent rating agencies such as Moody's and Standard and Poor's. Beyond threatening access to future borrowing, however, the IMF can do little else to enforce its agreements.

Substantively, critics of the IMF's transition policy have argued that the organization hastily embraced neo-liberal prescriptions (the so-called Washington consensus) for comprehensive and rapid reforms and that these measures have contracted economies adversely and have resulted in unnecessary losses of economic output, employment, and social services. Critics also charge that the IMF has focused too much on meeting certain macroeconomic (lowering of inflation) and microeconomic (enacting of widespread privatization) targets, while neglecting the institutional and legal dimensions of market reform, such as drafting new commercial codes and tax laws and reforming the functions of regulatory agencies. Defenders of IMF policies counter that the organization has been a convenient political scapegoat for post-Communist elites wanting to externalize the blame for enacting necessary, but politically unpopular, economic reforms.

A regional comparison of the IMF's activities suggests that the organization has not had the lasting influence on the post-Communist economies that its proponents had hoped for. While the IMF played an active, perhaps even decisive, role in drafting initial structural reform programs in several post-Communist countries, it has not loaned money to the advanced reformers, such as Lithuania, Hungary, and the Czech Republic, since the mid 1990s. In other cases, states touted by the IMF as successful reformers in the mid-1990s, such as Armenia, Georgia, Moldova, and Kyrgyzstan, have not sustained economic reforms and now suffer from endemic corruption and an economically crippling lack of institutional capacity to support a functioning market. IMF conditionality therefore has not had the long-term transformative impact on CIS countries that many had expected, and several heavy borrowers now find themselves saddled with excessive debt repayments with no additional funds in sight. It is also worth noting that unlike the regional disparities in FDI inflows, disbursements of IMF credits per capita between 1989 and 2002 were relatively equal across Central Europe and the Baltic states (60 SDR), Southeastern Europe (78 SDR), and the CIS (78 SDR).*

* According to the IMF, the SDR—special drawing rights—is “valued on the basis of a basket

tween the amount of IMF funding received and the degree of market reforms adopted.

Several other international financial institutions have not attracted nearly as much publicity or controversy as the IMF, but they have been involved throughout the region. The World Bank has funded numerous projects, usually with the aim of strengthening or restructuring a state's infrastructure or domestic institutional capacities. Energy reform has been a prime target of the organization, as it has sought to develop new sources of power within these emerging market environments. The bank has also promoted broad-based initiatives in reforming health care, education, the civil service, and social services and has taken the lead in promoting land and agricultural reform.

The geographical distribution of the success of World Bank projects mirrors that of economic reforms more generally. For example, private property in the agricultural sector has been institutionalized across Central Europe, the Baltic states, and even in Armenia and Georgia, but many Soviet-era forms of collectivized and state-dominated land regimes and practices endure in Belarus, Moldova, Russia, and the countries of Central Asia, despite several World Bank-sponsored initiatives. In addition to the World Bank, the UN Development Program and the EBRD have funded numerous projects in the region, while the Asian Development Bank has been active in the Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan). These donors have usually provided funds for large-scale infrastructural projects, as well as for reforms at certain state monopolies (energy, utilities, telecommunications) along market-oriented principles. The record of these programs in promoting institutional reform has been decidedly mixed. In some cases, much-needed infrastructural reforms were implemented, while in others, external project finance encouraged rent-seeking and corruption among connected state officials.

Indeed, the presence of multiple IFIs within a single country has often complicated the transition process. IFIs and economic policy INGOs have shown different preferences about how exactly to enact a reform and what technical criteria to implement. Often, they have worked at cross-purposes when involved in reforming the same sector and have even competed against one another to enact their particular reform designs. For example, in the area of legal reform, USAID and the EU, reflecting their home countries' diverse legal traditions, have very different conceptions of an institutional structure such as the organization of a judiciary. It is not uncommon to find three to a half dozen different Western

of key international currencies and serves as the unit of account of the IMF and a number of other international organizations.”

IFIs and contractors working in the same sector with little or no cooperation or coordination among them. This has been a significant problem in many of the aid-dependent states of the former Soviet Union and Southeastern Europe.

High Conditionality and Major Transformative Impact

Of all the external actors, the EU and NATO have exerted the most profound impact on the transition process. In order even to receive invitations for accession, the post-Communist applicants have to fulfill detailed conditions governing almost every aspect of their political, economic, and social institutions. The record now indicates that these conditions have promoted significant change within applicant states and legal harmonization with their Western counterparts.

At a summit in Copenhagen on December 13, 2002, the EU invited 10 countries—including the post-Communist states of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia—to join as full members in May 2004, in what will be the biggest expansion in the organization's history. The invitations were the culmination of years of painstaking accession and standardization negotiations that covered more than 80,000 pages of EU law. These elements were divided into 31 distinct negotiating chapters encompassing economic, environmental, political, and social legislation.

Economically, detailed and extensive conditions for market reform have forced applicants to enact a number of changes designed to ease the integration of candidate countries into the EU. These measures have included capping public debt at 5 percent of gross domestic product (GDP), liberalizing prices on a host of goods and services, reforming regulatory frameworks, and allowing foreign-based ownership of privatized assets—a move that actually accelerated the privatization process in Poland and Hungary, but was accepted with reluctance in Slovakia and Slovenia. EU harmonization has also had a positive impact on the social policies of certain applicant countries. The EU's insistence on guarantees for minority rights was responsible for Lithuania's and Estonia's changing their restrictive citizenship laws, which had denied basic suffrage to second-generation Russians. It also spurred Hungary, the Czech Republic, and Slovakia to curb institutionalized state and local discrimination against their Roma (Gypsy) communities. While much work remains to be done in these areas of social policy, the EU has clearly been a positive force for combating social and ethnic discrimination.

EU harmonization does have its critics, who argue these standardization measures have adversely undermined state sovereignty. Nationalist politicians claim that stringent EU dictates on the economy, environment, and citizenship rights fundamentally impede traditional customs and domestic

political processes. As with IMF conditionality, critics charge that EU conditionality has inflicted excessive austerity and economic pain, exacerbating socioeconomic conditions for already vulnerable segments of society that are dependent on the state. Unemployment rates are also alarmingly high, reaching 20 percent in Slovakia and 25 percent in Slovenia in 2002. In some cases, applicant countries actually have been forced to protect their economies against their wishes, as when the Baltic states were instructed to raise their tariff levels for trading partners outside the EU, thus reversing some of the most liberal trade policies in the world. The cost of implementing all these changes is quite significant too, with estimates running from 1.5 to 3 percent of GDP each year to adapt to EU environmental standards alone.

Not surprisingly, in recent public opinion surveys in the Czech Republic, Estonia, Latvia, and Slovenia, respondents have expressed their concern about trading in their hard-won freedoms and sovereignty for membership in another bureaucratic federal body such as the EU. There is also a growing resentment that despite all the lengthy negotiations and high accession costs, new countries are being offered a “lower tier” of EU membership than that enjoyed by current members. The new post-Communist entrants will have to wait 7 years for the free movement of labor within the EU and 10 years before they are eligible for full farm subsidies under the Common Agricultural Policy.

While not as detailed and painstaking as EU admission criteria, most of the technical criteria for NATO admission greatly overlap with EU requirements. NATO’s conditions for admission require applicants to demonstrate that they have a functioning democracy and a market economy, institutionalize democratic civilian control over the military and an accountable defense ministry, resolve outstanding active territorial disputes or conflicts with neighboring countries, commit to stamping out state corruption and organized crime, and demonstrate active involvement in the organization’s Partnership for Peace (PfP) program. Beyond these institutional changes, countries must commit to spending at least 2 percent of GNP on defense and upgrading their various military equipment, logistics, and weapons systems so as to become NATO-compatible and interoperable among member countries. These requirements have imposed significant costs on applicants.

At first, NATO’s accession processes were a bit vague, especially in comparison with EU negotiations. As momentum for enlargement grew throughout the 1990s, though, Brussels monitored these accession conditions more formally. Founded in 1994, the PfP program initiated cooperation with former Warsaw Pact members and became the vehicle through which the first applicants—the Czech Republic, Hungary, and Poland—were guided through the steps to NATO compatibility before their formal invitation at Madrid in 1997 (they were accepted in 2000).

In 1999 the organization formally institutionalized the Membership Action Plan (MAP) as a preparatory program for prospective members; it outlined an elaborate planning and review process comparable to the EU's. Consisting of five distinct chapters covering political and economic institutions, defense and armed forces modernization, resource issues, security and intelligence issues, and legal standardization, each MAP is designed to ensure that a country's domestic institutions are brought into line with those of the organization's other members. In November 2002 at the Prague summit, the alliance formally invited seven countries with MAP agreements—Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia—to begin accession talks as part of its second-wave of post-Communist expansion. Currently, the new capabilities commitment adopted at the Prague summit requires all members and applicants to upgrade 400 areas of defense planning.

As with the EU, NATO conditions have had a measurable and significant impact on the domestic affairs of candidate countries. NATO membership and candidacy have played a key role in stabilizing Hungarian-Romanian relations and disputes over borders and minority rights. Bowing to NATO pressure, both Estonia and Latvia amended post-independence laws that required local election candidates to pass a national language test and thereby excluded Russian speakers from participating in democratic institutions. NATO supervision also has expedited defense industry conversion and reorganization in countries such as Romania and Bulgaria and has provided the impetus for these candidate states to clamp down on the trafficking of people and restricted materials, weapons, and drugs across their non-EU borders.

By making membership in a Western international organization contingent on the adoption of strict and detailed conditions, both NATO and the EU have done far more to expedite the transition process than the other external actors and their aid packages taken together. Indeed, EU aid programs directed at countries of the former Soviet Union are often trivial compared to the benefits that these countries could attain through actual membership. For example, EU programs to aid agricultural liberalization in Moldova or Ukraine are of little benefit given that the EU refuses to open its markets to these countries' commercial agricultural products.

Even the prospect of joining these organizations has forced certain states that initially lagged in the reform process to accelerate the pace of their reforms. The best case in point is that of Slovakia. The small Central European state was left off the first group of post-Communist countries invited to EU accession talks and was omitted from NATO's 1997 list of invitees. Both exclusions were justified on the grounds that Slovakia had demonstrated insufficient progress on domestic political reforms. Shortly after, these exclusions prompted Prime Minister Mikulas Dzurinda to lead a coalition to oust the authoritarian nationalist Vladimir Meciar and to rapidly jump-

start economic, political, and social reforms. Just a few years later, Slovakia was at the top of the accession lists of both organizations.

The extensive political conditions imposed by the EU and NATO have most significantly transformed the domestic institutions of applicant countries that showed little inclination to reform at the outset of the transition. Albania, Bulgaria, Macedonia, Romania, and Slovakia have all made considerable strides in response to the political conditionality of these Western organizations and now appear more likely to follow in the footsteps of countries like Poland and Hungary rather than remain behind with the stagnating states of the CIS. The recent progress of these states suggests that the domestic institutions of countries that are not initially predisposed to liberalization are more likely to be changed by broad-based, sweeping reforms and the promise of full membership in the institutions of the West than by piecemeal and often uncoordinated projects.

The Split over Iraq and the End of the Transition

The year 2003 has proved to be a critical turning point in the post-Communist region's historical evolution in relation to the West. In particular, Central and Eastern Europe's controversial support of the U.S. position on Iraq in opposition to France and Germany may have been a prelude to a more fundamental choice facing the post-Communist states: to be part of a U.S.-led or a European-led "Western" order. Their choices will not only affect the evolution of the former Communist states, but will also redefine the future political map of Europe itself.

Throughout the post-Communist transition, both analysts and policy makers have assumed that the states of Central and Eastern Europe and the former Soviet Union would join a relatively uniform Western political block. The strict accession criteria advanced by NATO and the EU have overlapped to a great extent and have encouraged the institutionalizing of democracies, market economies, and guarantees for individual and group liberties. For their part, the advanced reformers of the Czech Republic, Hungary, and Poland viewed admission to NATO and the EU as complementary processes of Western integration. Although the technical criteria for admittance to these institutions were quite similar, very little was made of the potential differences in the foreign policy orientation of these bodies.

However, the international diplomatic crisis preceding the U.S.-led war in Iraq has highlighted the growing division between an American-led Atlantic West, as embodied in NATO, and a Franco-German-led European West, as embodied in the EU. The comment of U.S. Defense Secretary Donald Rumsfeld in February 2003 that France and Germany represent the "old Europe" was followed shortly afterward by a public letter from eight European nations—including the Czech Republic, Hungary, and Poland—supporting the prewar U.S. position on Iraqi disarmament. Central and East-

ern European leaders were particularly upset that France and Germany consulted with Russia during the crisis and ignored their opinions on the matter. Two days later, 10 additional post-Communist countries (Albania, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Macedonia, Romania, Slovakia, and Slovenia), known as the Vilnius Ten, issued a communiqué supporting the United States and declaring that Iraq was in “material breach” of UN Security Council Resolution 1441.

The final nail in the coffin of European unity was the refusal of France, Germany, and Belgium to grant Turkey’s NATO request for defensive measures against a potential Iraqi attack. This public snub of a fellow NATO member stunned and perplexed the new Central European members and Baltic states, which were committed to the principles of Western collective security embodied in the organization. Newspaper editorials and observers in Estonia, Lithuania, and Poland openly questioned whether France and Germany might once again ignore these principles in the event of a future Russian security threat on their own borders. French President Jacques Chirac caused further consternation among the Vilnius Ten by publicly rebuking them for not supporting the German and French position, and even hinted that their “reckless” and “infantile” comments might jeopardize their entry into the EU. Romanian President Ion Iliescu countered by calling Chirac’s statement “totally unjustified, unwise and undemocratic.”

The future orientation and very purpose of NATO is now uncertain, and the Iraq crisis is likely to have as lasting an effect on relations within Europe as between Europe and the United States. The Central and Eastern European states’ support for the United States was driven not only by their experience with authoritarian regimes during the Communist era, but also by their eagerness to demonstrate their potential value as future military partners and hosts of U.S. military installations similar to the one currently in Taszar, Hungary. Increasingly, it appears likely that many U.S. bases operating in Germany will relocate to “new European” countries such as Bulgaria, Poland, and Romania, thereby solidifying those states’ alliances with the United States and undercutting French initiatives to deepen the defense structures of the EU. Chirac’s ill-timed comments to the Vilnius Ten also vindicated critics of the EU in the post-Communist European states who claim that the organization will never accept them as equals. The citizens of Central and Eastern Europe may not want to choose between the United States and the EU, but they have no interest in trading in their former Soviet patron for an EU that publicly threatens them and makes no attempt to systematically include them as partners in its decision-making processes.

Some of these ambiguities and fears are now showing up in lower than expected voter turnout for the EU membership referendums. In April 2003, Slovenia’s voters solidly approved EU membership with a turnout of 52 percent. In Hungary, though, a historically low turnout of only 46 percent

of eligible voters marred the 84 percent show of support for joining. Polish turnout in the country's June referendum was a more respectable 58 percent. Leaving nothing to chance, Lithuania changed its electoral laws in anticipation of the EU votes, removing the requirement that 50 percent of all eligible voters must approve the measure in favor of simple majorities. As of this writing, the upcoming September referendums in Estonia and Latvia appear to be close-run affairs, as polls continue to show a rough split in support for EU accession. In the end, even if none of the admitted post-Communist candidate countries actually rejects EU membership, the votes will be closer than previously thought. There is especially greater public deliberation over the actual costs and benefits of European integration.

Conclusion

As this essay attempts to make clear, Western actors have had an impact ranging from minor to substantial upon the post-Communist transition depending on the conditions they impose on states. However, recent events point to a future reversal in the direction of this influence. While many of the CIS states remain politically and economically stagnant, several European post-Communist states have become active members of the West to the point that they are now vigorously asserting their preferences within NATO and the EU. Thus, future analysts may find it fruitful to consider not only the influence of Western actors on the post-Communist transition, but also the profound impact that the post-Communist states are likely to have in shaping the future orientation of the West as we know it.