

Research Article

The EU's Capacity for Enlargement: Does It Matter?

Hubert Gabrisch¹

1. Vienna Institute for International Economic Studies, Vienna, Austria

I examine the so far only vaguely defined concept of the capacity to absorb new members, known as the fourth Copenhagen criterion of the European Union (EU), in terms of its reasonability.

Methodologically, the political-economic elements of this capacity to enlarge are analyzed with a model for a confederation of states that represents the trade-off between the economic benefits of size and the costs of heterogeneity of the population's preferences in case of enlargement. The analysis shows that the political concept of "enlargement capacity" contains rational elements and is therefore relevant. The model is used to assess not only the politics and empirics of previous EU enlargements, but also the upcoming enlargement rounds with Ukraine, Moldova, and the Western Balkan states. The presently intensive discussion about reforms to the EU architecture and policies, also triggered by the challenges posed by these future enlargements, can likewise be considered in terms of the trade-off between benefits of size and the costs of heterogeneity.

1. Introduction

The topic of this article is the so-called fourth Copenhagen criterion, the "capacity of the European Union (EU) to absorb new members" (hereinafter also referred to as enlargement or absorption capacity). The reason for my essay is the lack of an explanation of what this enlargement capacity is and how it could be operationalized - similar to the three Copenhagen criteria of a candidate country's eligibility for accession. Although the criterion is present in the current political debate, it is hardly present in the analytical literature. Even policy briefs and policy papers do not explain enlargement capability but often limit themselves to a politically guided assessment. Enlargement capacity thus remains a vague political concept to which candidate countries are almost defenseless. It then stands to reason that a candidate country that is awaiting the start of accession negotiations or has even

already fulfilled the criteria for eligibility for accession will see a feared veto in the European Council as an arbitrary and purely politically motivated emergency brake – as was recently the case with the Western Balkan states – a judgment shared by some international commentators.

My aim with this essay is to find the – to my knowledge – first explanation of the EU's capacity for enlargement, i.e., its external borders, size, and heterogeneity of its population, in order to obtain not only the rationality of the criterion itself, but also indications for institutional adjustments. In my view, a concept can be considered rational if it is capable of being theorized or substantiated. In pursuing this goal, three questions are raised: What economic factors determine the expansion of an integration community? Is it linked to economic and political success? Is it significant at all?

With these questions in mind, I proceed as follows: In the following, second, section, I show the inadequacy of standard integration theories in explaining enlargement capacity. In the third section, I present a model of the capacity to enlarge that defines the mismatch between size and heterogeneity as the overstretch of a confederation of states. In the fourth section, I discuss the politics and empirics of previous EU enlargements from the perspective of this theory. Similarly, in the fifth section, I discuss the current state of EU enlargement capacity and institutional and constitutional reforms to reduce the costs of heterogeneity. The focus is on the Western Balkan countries, Ukraine, and – only *en passant* – Moldova. However, the reader should not expect a political statement for or against the admission of the current candidate countries; the study is more of an analytical nature. The sixth section, as usual, concludes.

2. A trade-off between widening and deepening?

The European Union, currently the third largest single market in the world with 450 million inhabitants, is neither a nation nor a state nor a Great Power in the sense of Paul Kennedy (1987). As a supranational confederation of states, its basic organizational principles are vertical exclusivity and subsidiarity as well as horizontal coordination, but with the European Council, Parliament, monetary union, and – not to be forgotten – an extensive Commission bureaucracy, it also has a certain amount of centralization. What the Union lacks to be a state is the monopoly on the use of force that enables a nation state to enforce legal titles internally with police force and to set up an army to ward off external threats. This area is not the responsibility of the Union, but of the member states. There is another major difference between a nation state and a supranational association of states such as the EU. The borders of the latter have been determined by democratic votes of the populations of the

member states, i.e., endogenously, while the borders of the member states themselves are predominantly the result of military conflicts in the past between the ruling classes, i.e., exogenously.

This unique in-between of confederation and state has led to a number of theories of European integration (for an overview, see Bieling and Lerch 2012), among which neo-functional theory and institutionalist theories became particularly relevant for explaining European integration. These theories address the problem of a possible *trade-off* between deepening and widening integration. In neo-functional theory, the driving force behind deepening and widening is the increasing social division of labor and the resulting economic and social interdependence, initially within a state, but then also beyond its borders (Haas 1958, 1967). Sectoral and regional *spillovers* generate an expansive logic (Haas 1958, Börzel 2005) of integration. The integration community is always capable of expansion *ex-post* - expansion deterministically follows deepening. A similar dynamic is offered by institutionalist integration theories, in which deeper integration results from enlargement: With the entry of new member states and the increase in functionaries in the bureaucracy, new rules within the framework of business allocation plans, rules of procedure, and the creation of committees of internal and external experts, including from the private sector, lead to those institutional adjustments that deepen integration below the constitutive treaties following an enlargement. In this way, consensus-building reduces the costs of the greater heterogeneity of the integration community (Downs et al. 1998; Gilligan 2004, Kelemen et al. 2014).

What these classic European theories, including other approaches,¹ have in common is that they do not even ask the decisive question regarding the size and economic success of an integration community: Can a reversal of the integration process, i.e., a "dismantling," or perhaps even its collapse - the biggest *trade-off* of all, so to speak - occur under conditions of changing preferences and a member state's unwillingness to cooperate? The expansive logic of integration, whether sectoral or spatial by the expansion of bureaucracy, thus postulates a positive, almost deterministic integration dynamic, and the problem of "heterogeneity" is more or less solved by endogenous processes in the institutions. The conclusion that politics merely reacts passively to these dynamics was first shaken by the "empty chair policy," with which France prevented the abolition of the unanimity principle in the Council of Ministers and the transfer of more rights to the European Parliament in 1965/66. Likewise, these theories cannot explain Brexit in 2021.

In his 1987 work *The Rise and Fall of the Great Powers*, historian Paul Kennedy used his specialist tools to identify imperial overstretch as the obvious problem for the survivability of a great power

expanding its borders. As is often the case with historians, Kennedy emphasized the role of wars of conquest in the formation of states. Military conflicts and economic change then also appear as possible causes of territorial overstretch. Based on historical examples between 1500 and 2000, Kennedy observed that the territorial expansion of an empire is only sustainable if the economic resources - people, raw materials, technologies - are sufficiently available for military protection against the outside world. If the resources are not available or cannot be mobilized, then repeated border and other conflicts lead to a military top-heaviness with regard to the economic basis, which ultimately leads to disintegration, or at best to a weakening of the imperial state.² The fundamental insight in Kennedy's book is that great powers are weakened politically and militarily in the long term if their ruling class is no longer able to generate the taxes from military expansions of state territory that still allow for rents after deducting the growing costs of external military expansion, internal police control, and bureaucratic expenditure. What these examples cannot explain is the possible overstretch of confederations of states that have come into being voluntarily, in some cases even democratically legitimized, and whose external borders are not determined exogenously, i.e., by the countervailing power of other states, but endogenously. In this case, the government does not maximize the rents of the ruling class, but the welfare of the citizens. Then, I will replace the cost of military expansion with the more appropriate cost of heterogeneity.

3. The trade-off between size and heterogeneity

In 2003, Alesina and Spolaore published their book *The Size of Nations*, in which they theorize - for the first time to my knowledge - a *trade-off* between the benefits of the size of a nation-state and the costs of its internal heterogeneity. Now, the EU is not a nation-state. Nevertheless, their analysis can be applied to the ability of a confederation of states with a monetary union to expand. From a political-economic perspective, the authors analyzed the success of a state based on the tense relationship between its size and the heterogeneity of the population's preferences for the consumption of public goods, its culture, language, religion, ideology, conflicts with neighbors and third countries, established behavioral norms, and regional income differences. This perspective can also be adopted for a democratically legitimized confederation of states. The qualification as "democratic" is relevant insofar as the analysis only allows a maximum approximation to a balanced relation between size and heterogeneity, whereas in a dictatorship a social planner is able to define an optimum. For obvious reasons, I will deal with the first case.³

The advantages of size include (1) the *economies of scale* that result from open markets for goods, labor, capital, etc., and the associated expansion of demand, which leads to an increase in labor productivity and – assuming a constant proportion of the working population – to an increase in per capita income. (2) A confederation of states offers not only, but above all, smaller states greater protection against external aggression. As a rule, the per capita costs for the public good "security" fall. (3) The union of states with previously separate jurisdictions leads to *economies of scope*, lower transaction costs, and the internalization of externalities. In a monetary union, transaction costs in business transactions between economic entities are eliminated, as are the effects of exchange rate fluctuations on the public good of "currency stability". (4) Like a large state, a confederation of states, unlike many small states, can engage in *public risk sharing* for its regions or promote economic development for poorer regions in the form of transfer systems. Risk sharing is particularly relevant in the event of natural disasters or pandemics. Members of the confederation receive significantly faster and greater aid than autonomous states. An example for the EU is the Recovery and Resilience Facility (RRF) to deal with the fallout of the Covid-19 disaster in 2020/21. Further forms of state risk sharing do not exist at the central level of the EU (see Gabrisch 2018), but are repeatedly the subject of discussions, for example on *fiscal federalism*.

Heterogeneity is a topic that was discussed in the 1990s almost exclusively in connection with the

(1) planned introduction of the single currency in the EU, here from the perspective of a theory of the optimal currency area (OCA).⁴ Indeed, a single currency, which on the one hand promises *economies of scope*, can on the other hand lead to *diseconomies* under idiosyncratic conditions, as they are normal in any monetary union. A heterogeneous monetary union is not only expressed in different inflation cultures, which in extreme cases lead to financial crises. Costain et al. (2024) have shown – first as a model and then using the example of Italy and Germany – that in a heterogeneous monetary union, the yield curves of government securities – normally an anchor to financial stability – in the countries diverge, but increase credit risk premiums across the union. Even if the internalized costs for everyone are relatively low in "normal" times, it is the costs of heterogeneity that ultimately end up with the common central bank. The costs increase in a financial crisis because a national monetary policy and with it exchange rate adjustments are no longer possible – as in the euro debt crisis of 2010–2012. The result from this discussion seems to be that a single currency can tolerate as much heterogeneity as there are market-based and fiscal equalization mechanisms.

(2) Preferences for different *education and knowledge systems* can also be heterogeneous. The production of the relevant public goods becomes more expensive in the event of an expansion of a federation because the costs of certifying and harmonizing different training courses and qualifications arise, and knowledge transfer is to be made possible by extensively expanding central research funding. (3) The *equalization* of different informal positions of women in society can result in costs for the entire community. (4) The heterogeneity of ideological attitudes can go so far that the public good of *political stability* is viewed differently in the enlargement country than in other member states. These deviations can also occur after a longer period of membership, in attitudes that are unfriendly to the policies of the confederation - usually due to the democratic election of an authoritarian government or external crises. (5) Finally, as a rule, after enlargement, the entire integration community incurs costs for the public good of *cohesion* that market-based convergence processes cannot provide. The larger a union of states becomes, the more likely it is that peripheral regions with a below-average per capita income will be added.

Many heterogeneous preferences increase the costs of consensus building through the expansion of central bureaucracy by adding functionaries from accession countries, new expert panels and sub-panels, the organization of meetings, and the drafting of minutes and other texts. In general, the increase in legal and political output reflects heterogeneity. Again, as an example, Alesina et al. (2001) mention that the volume of legislative acts increased dramatically during the transition from the six-member customs union (EEC) to the fourteen-member single market in the period 1971-2000: the number of legislative packages, regulations, and decisions of the European Court of Justice increased by 700 percent in these three decades. This increase testifies to the existence of a considerable quantity of different preferences in the EU, the harmonization of which is reflected in these political and legislative acts.

Figure 1 is a simple linear version of the trade-off between the discussed benefits of size and costs of heterogeneity per inhabitant. Point A represents the idealized case of a confederation with homogeneous preferences among its member countries; only economies of scale arise. The line indicates the economies of scale for different sizes of an integration community; it is falling in the costs of heterogeneity. At the origin (0), there is complete homogeneity of preferences; therefore, the benefits of size can be fully utilized (. However, this case is to be expected for very small, peaceful countries or confederations with an ethnically, linguistically, and culturally homogeneous population, i.e., it is very rare. From the moment the small confederation gradually merges with new members,

the costs of heterogeneity () absorb part of the benefits of larger markets and increase with each enlargement.

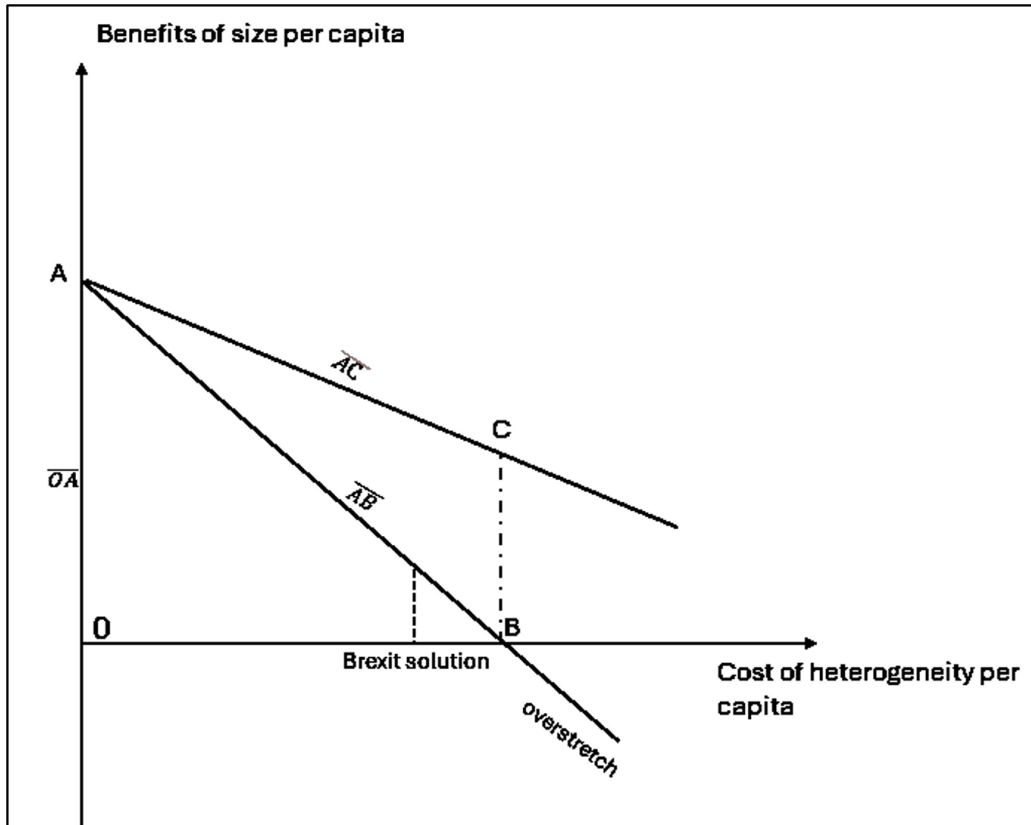


Figure 1. Trade-off between size and heterogeneity

Up to point B, the confederation is capable of expansion because the benefits of size exceed the costs of heterogeneity. Any expansion beyond this point leads to overcompensation of the benefits of size; the confederation is in a state of overstretch. There are two possible solutions to the problem: First, internal reforms can reduce the costs of providing public goods to such an extent that economies of scale reappear (C). The curve of economies of scale is shifted to the right. This has been the predominant strategy in the EU to date, as will be shown in Chapter 4 below. The alternative solution would be to dismantle the confederation of states and thus reduce heterogeneity, i.e., the "Brexit solution," named after the unique example of the UK's withdrawal from the EU in 2020.

4. Politics and Empirics of Absorptive Capacity in the EU

Before the concept of the capacity to enlarge made it into EU documents, the problem itself was well known. Alesina (2003: 303) noted: "The Founding Fathers of the United States often referred to Montesquieu's views when they worried about the "excessive" size of the new federation. In response to these fears, James Madison devoted much intellectual energy to argue against those contemporaries that felt that the United States was too big and diverse to be a feasible state."⁵ James Madison, the fourth President of the United States, dismissed the concerns by arguing that the more member states, the lower the risk of American democracy being undermined by a monarchy or similar. So far, this assumption has not been refuted. However, it is important to note that even after the transformation of the American Confederation into a federal state with a central government, the states still have their own jurisdictions (taxes, death penalty), which are more diverse than in the Federal Republic of Germany, for example.

In 1963 and 1967, French President De Gaulle justified his rejection of the UK's admission to the then European Economic Community (EEC) with the argument: "The present Common Market is incompatible with the economy, as it now stands, of Britain"⁶ However, the French President's animosity towards the British, who had treated him rather condescendingly during the Second World War, may also have been a decisive reason. In any case, France insisted on the principle of unanimity in political matters, which the Hallstein Commission at the time intended to reform, but which was shot down by the "empty chair policy."

Of particular interest is the *Single European Act* (SEA) of 1986, when for the first time a comprehensive reform package led the then EEC out of a crisis that was assumingly due to some overstretch after the previous enlargements. Following the accession of Denmark, Ireland, and Great Britain in 1973 and the enlargement to the south (Greece in 1981, Spain and Portugal in 1986), the EEC had fallen into a state of so-called Eurosclerosis, which the founder of this term, the German economist Helmut Giersch (1985), attributed primarily to non-liberalized and excessively heterogeneous labor markets in the EEC, which impaired the public good of "competitiveness". However, there were also the effects of the oil crises following the Yom Kippur War in 1973 and the Iranian revolution in 1979, and the collapse of the *Bretton Woods system* in 1973. Against this backdrop, the member states began to return to national subsidies, which acted as barriers to market access. Eurosclerosis was overcome from 1986 with the SEA treaties, which aimed to transform the Communities (EEC and Coal and Steel

Community) into a closer economic and political union and prepared the Maastricht Treaties, the monetary union, and a constitutional treaty. At the Nice Summit in 1999, the principle of unanimity in the European Council and in the Council of Ministers was pushed back in favor of *qualified majority voting* (QMV), which De Gaulle had prevented 30 years earlier⁷.

The SEA reforms aimed to reduce transaction costs through monetary union and the creation of a single market, as well as to promote cohesion by reforming the Common Agricultural Policy (CAP) and supporting peripheral member states and regions. Added to this was the goal of more effective decision-making in the European Council and in the Council of Ministers (Nice Treaty 1 of 1999), a simplification of the treaties, and the delimitation of competences (Amsterdam Treaty 2001 and Nice Treaty 2 of 2003). All this transformed the EEC into the European Communities (EC) and prepared the basis for the EU with the Maastricht Treaties concluded in 1993. Figure 1 shows this process in the new cost curve, which made the Union capable of enlargement again.

In the EU, the term "enlargement capacity" - initially as "absorption capacity" - is used for the first time in an official document of the European Council meeting in Copenhagen in 1993.⁸ It states: "The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries." It was the Council's reaction to the then emerging wishes of Poland, Czechoslovakia, Hungary, Bulgaria, Romania, Malta, and Cyprus to join the administrative and political structures still largely inherited from the European Economic Community (EEC).⁹ After all, the SEA was conceived in 1986/87 *before* the unforeseen collapse of the socialist system in Europe in 1989-1992. In response to the desire of eight former socialist countries as well as Cyprus and Malta to join the EEC (or EC), the Commission specified further-reaching reforms in its *Agenda 2000*,¹⁰ of which, however, only a reform of the Common Agricultural Policy (CAP) remained.¹¹ This was intended to compensate for the foreseeably increasing obligations of the EU budget towards Poland, which is dominated by agriculture. Although a reform of regional and cohesion policy was also agreed, it was much less far-reaching.¹² Another core element of the SEA - a constitutional treaty with the aim of creating a political union - failed in the summer of 2005 after being rejected in referendums in France and the Netherlands. The Lisbon Treaty of 2009, which concluded the founding of the EU under international law, is only considered an incomplete replacement for the Constitutional Treaty, as it did not establish the desired political union. A transfer of further national sovereignty rights to the central level was only achieved with the monetary union.

Following the 2004-2007 enlargements, the Union was now also confronted with the accession aspirations of the Western Balkan countries and Turkey (a candidate country since 1999). However, while the European Commission deconstructed the criteria for a country's *eligibility for accession* relatively precisely in 35 chapters, the *eligibility for admission* remained only vaguely defined. In its *Enlargement Strategy Paper* published in November 2006, the Commission described absorption capacity only as "capacity to act and decide according to a fair balance within institutions; respect budgetary limits and implement common policies that function well and achieve their objectives" (European Commission 2006: 17).¹³ Under French influence in particular, and above all due to a skeptical attitude towards Turkey's desire to join, the original financial, institutional, and political definition of absorption capacity was expanded to include a cultural and social dimension - relating to the "identity" of the Union in the contrast between Christian and Islamic culture.¹⁴

The impetus for operationalizing enlargement capacity came from academia. In 2006, i.e., in relatively "quiet" times, Emerson et al. (2006: 11-20) identified six elements of absorption capacity on the basis of the political debate at the time: (1) the absorption capacity of the EU's goods and services markets, (2) of the EU labor markets, and (3) of the EU budget. In addition, (4) ensuring the functioning of the EU institutions, (5) the absorption of new members by the societies of existing members, and (6) ensuring the strategic security of the Union. From the perspective of the time - i.e., almost immediately after the implementation of the reforms of the Union initiated by the SEA and in line with the specifics of the accession treaties with the ten other countries (including transitional periods for the integration of the labor markets) - the authors saw few problems for future enlargements, for example, of the Western Balkan countries, if the opening of the markets for production factors were to take place gradually, as was the case with the eastward enlargement.

With regard to the costs for the EU budget (3), Emerson et al. (2006) put these in relation to the general growth effects triggered by elements (1) and (2) for the entire Union, and even more so for the accession countries, so that the prevailing welfare gap would be overcome and the burden on the EU budget in connection with agricultural, regional, and cohesion policy would be reduced ("convergence"). Lang and Schwarzer (2007) were somewhat more cautious in their assessment of the role of economic convergence. While Emerson et al. (2006) focused on endogenous convergence - i.e., *after the* admission of new countries - Lang and Schwarzer assumed long periods of time for successful convergence and preferred a sequencing of first reforms and then enlargement, which implicitly followed the idea of convergence *preceding* accession: "In view of the Union's integration

capacity, it would be better to ensure a minimum level of convergence before accession" (Lang and Schwarzer 2007: 23).

Elements 4, 5, and 6 directly address the problem of heterogeneity. Emerson et al. (2006) were convinced that the new members admitted in 2004 had already adopted the EU's "consensus culture" and that the number of members opposing a proposal would never have reached the majority of votes that would have been necessary under the QMV (element 4). Regarding the capacity for integration of enlargement countries by the societies of existing countries (element 5), Emerson et al. (2006, but also Lang and Schwarzer 2007) pointed out that the capacity for enlargement depends on the support of "public" opinion, which reflects the degree of skepticism towards other cultures. Similar to the two previous elements, the sixth criterion - guaranteeing strategic security - is also difficult to operationalize as long as there are no military-induced financial resources in the EU budget and deepening takes place primarily through intergovernmental coordination. The sovereign right to its own foreign and security policy is known to be jealously guarded by every member state.

The global situation has changed significantly since then. Multiple crises since 2007 have reduced social acceptance for future enlargements. The importance of the elements has also shifted from the economic benefits and costs to the political and institutional costs of heterogeneity, and within the economic elements, the budgetary issues of ensuring cohesion and reducing income disparities between the core and the periphery are playing an increasingly important role. Within the political criteria, there is growing concern about the non-compliance or uncooperative behavior of a member state with the right of veto after enlargement, for example in foreign and security policy (element 6), which in turn impairs the functioning of the EU institutions (element 5). Overcoming such renewed "Eurosclerosis" will now be the subject of the following chapter.

5. Western Balkans, Ukraine, and Moldova: the EU's ability to enlarge and reform

The previous chapter has shown that enlargements have always been linked to reforms that allow the greatest possible economies of scale in the production and consumption of public goods, so that they exceed the costs of heterogeneity in the confederation. In the Union's current crisis situation, the costs of increased political and legislative heterogeneity have already risen considerably. In this situation, the Union is confronted with the accession aspirations of six Western Balkan countries,

Ukraine, and Moldova - all located on the periphery - almost all of which already have the official status of candidate countries. While Ukraine at best offers considerable benefits of size (but is also likely to increase heterogeneity in the EU), the small countries are only interesting in their entirety.

According to the argumentation of Paul Kennedy (1987), an overstretch of the EU through the admission of new "border countries" can only occur if no additional economic resources are made available to maintain military, police, and economic border security. The length of the EU's external borders will increase from 14,000 km to 17,000 km following the accession of Ukraine, which is engaged in a defensive war against Russia. The population of the Union living in border regions has risen to a third of the total population after the last enlargement in 2013 (Croatia). The Baltic countries, with large Russian populations, are border regions with the Russian Federation and Belarus. The inclusion of the Western Balkan countries, Ukraine, and Moldova, where the degree of ethnic and cultural fractionalization is in some cases higher than in the United States (Fearon 2003), will further increase the ethnic, cultural, and ideological diversity of preferences. Measured in terms of gross domestic product (GDP) per inhabitant in purchasing power parities (Figure 2), the peripheral and militarily vulnerable accession candidates are far below the Union average and are unlikely to be in an economic position to guarantee the Union's external protection in their areas.

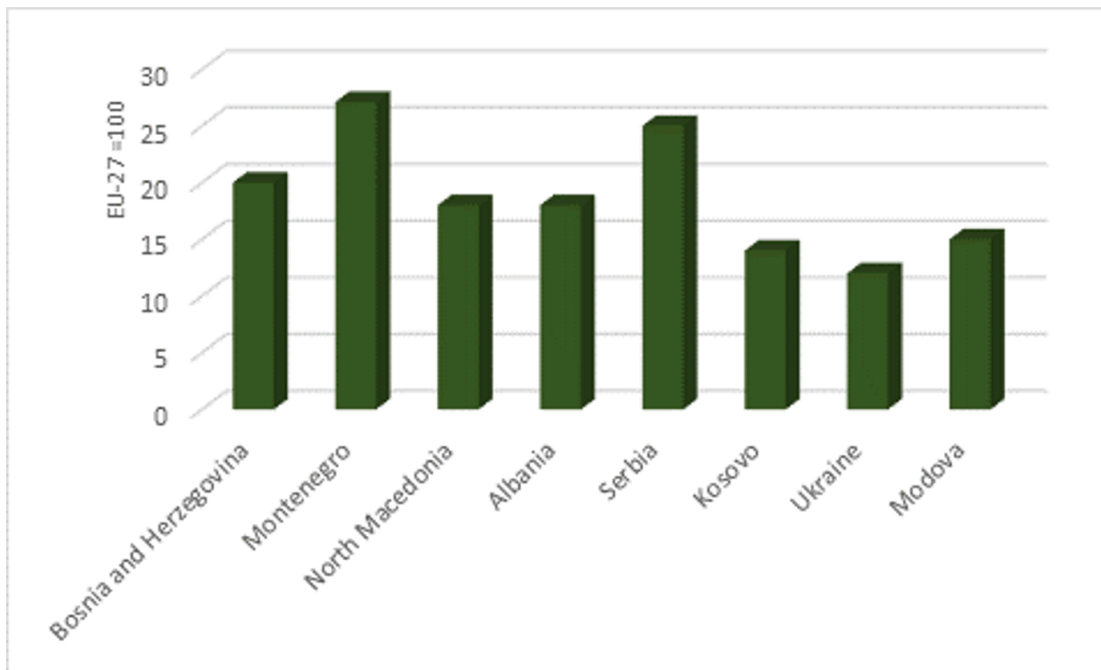


Figure 2. Gross domestic product per capita in euros according to purchasing power parities 2022

Source: Bastasin 2023: 8-9, with data from the World Bank 2022.

Increased defense burdens with nationally fragmented military production, the high support payments for the reconstruction of the Ukrainian economy, but also rising costs for Ukraine within the framework of the CAP would then be offset by a lower average income of the enlarged Union, from which all this would have to be financed. The inclusion of Ukraine, with its large agricultural areas, poses a particular challenge for a reform of the CAP,¹⁵ which is unlikely to meet with the goodwill of other net recipients, especially in East-Central Europe, if it merely intends to redistribute funds differently. This is evidenced by the cereals conflict with Ukraine in 2023. According to an internal Commission estimate, Ukraine's accession would increase the Union's agricultural area by 41% and absorb a quarter of the CAP budget in the current financial period. Across all policy areas, Ukraine would even receive half of the current EU budget, so that the financial adjustment pressure in the EU budget would be unavoidable. The Commission's calculations are currently (December 2023) under lock and are - at least the CAP cost estimates - controversial among observers (Lehmann 2023, Emerson 2023). In addition, according to World Bank, IMF, and EU statistics, the real growth rates of gross domestic product per capita in the EU have been trending downwards since 1968 compared to

the world as a whole, but especially compared to China, so that significant prosperity effects from productivity increases after deducting the costs of heterogeneity from size benefits appear uncertain.

And finally, convergence as a concept to integrate new members in the long term is misguided and adds to the problems of fragile border security and stagnating economic growth. Behind macroeconomic convergence "successes," undreamt-of social chasms have opened up within countries and between their regions. The *World Inequality Report 2022* shows a spectacular increase in the heterogeneity of income and wealth in all "...Eastern bloc countries, which experienced an extreme rise of inequality in the context of a series of liberalization and privatization policies which primarily favored wealthy groups" (Chancel et al. 2022: 213). And the more peripheral a border region is from the core of the Union, the greater the differences and the greater the need for central transfers.

All that said, it remains uncertain whether the EU has already reached point B in Figure 1. The fact that it has approached this point and would continue to approach it in the event of further enlargement is shown by the intensive discussion in the political arena and in the press in 2023 alone (e.g., Bastasin, Blockmans, Buras and Morina, Lehne, Emerson, The Group of Twelve, all 2023). If one follows the model developed in section 3, one conclusion for the further development of the Union is obvious: it should be centralized where there is the greatest possible homogeneity in preferences for the provision of public goods and decentralized according to the subsidiarity principle where these preferences are particularly heterogeneous. Traditionally, transnational transport routes belong to the former, as their expansion helps to open up the advantages of larger markets and thus advances in productivity. Since the threat by Russia, this also includes foreign and defense policy, whose current national fractionalization does not allow for economies of scope, and which guarantees little external security, so that it should not longer be externalized to the United States for decades.

The current debate also revolves around two starting points for reforms in light of the enlargement debate. The first focuses exclusively on the accession of new countries and a reform of the *accession process* (Emerson et al. 2021, also Blockmans 2023). The concept aims to enable the gradual accession of a country as an alternative to the previous practice of only granting accession status once a country has reached the same level in all negotiation chapters or clusters. Amendments to the EU treaties are not considered necessary, as the necessary institutional adjustments could be achieved through "executive agreements or amendments to designated EU legal acts" (Emerson et al. 2021). The extension of the QMV would be possible through the application of Article 48,7 of the EU Treaty (the so-called passerelle).¹⁶ In fact, this concept is about reducing foreseeable heterogeneity in the run-up

to membership more than before. Like Emerson et al. (2006), Emerson et al. (2021) also consider the Union's ability to enlarge following the reforms to date to be sufficient for the admission of the Western Balkan countries. Somewhat confusingly, Emerson et al. (2021:17) then also qualify the reference to the ability to enlarge as a "...infamous attempt to delay the admission of new members."

The second approach puts the cart before the horse from the other side. Although it is also about making the Union capable of enlargement, this is automatically the result of internal reforms that are intended to restore the functioning of the existing Union, as a new SEA, so to speak. The concept of a group of scientists appointed by the French and German governments (Group of Twelve 2023) denies that the 27-member association of states is capable of functioning and therefore also capable of enlargement (so that, in principle, a reform of the accession process could not change much). It states (Group of Twelve 2023: 5): "The European Union (EU) faces a critical juncture marked by geopolitical shifts, transnational crises, and internal complexities. For geopolitical reasons, EU enlargement is high on the political agenda, but the EU is not yet ready to welcome new members, neither institutionally nor policy wise."

This judgment reveals the current dilemma of enlargement policy: on the one hand, geopolitical requirements argue in favor of admitting further peripheral countries to the EU as quickly as possible in order to transfer a peace order that has already been tried and tested in core Europe to the Balkans in particular and to set limits to the growing influence of China and Russia. On the other hand, there is the risk that, in the medium and long term, a country will violate the originally accepted accession criteria, in particular the principle of democracy. It therefore goes on to say (Group of Twelve, 2023: 20): "Since the negotiations on the Maastricht Treaty, the political leaders of the Member States have been trying to reform the European institutions in response to concerns about the democratic deficit and to prepare the Union for further enlargements. Revisions have been carried out, but the EU still functions with institutions whose internal organization has not been fundamentally revised since the 1950s. Consequently, they suffer from a lack of agility, too many players and excessive complexity."

The starting point of their reform concept is to solve the problem that has arisen in recent years not only of ex-post violations of the rule of law (the first Copenhagen criterion), but also the refusal of a common foreign and security policy by some member states that insist on their sovereign rights. The implicit fear is that, after a certain "period of shame," enlargement countries will join the circle of those current member states which, in the view of the vast majority of other member states, are already in danger of permanently violating the principles of the rule of law and democratic policy and

do not consider the rulings of the European Court of Justice to be binding on them. There are also fears that in an enlarged Union there is no chance of extending the QMV to the common foreign and defense policy and thus reducing the costs of heterogeneous weapons and military systems. Amendments to the EU treaties are necessary to reduce the size of the Commission, to reduce and upgrade the EU Parliament - as this is where heterogeneous preferences of countries are most likely to be reconciled - as well as a reform of voting rights, voting modes (further reduction of the unanimity principle), and a stronger (mostly financial) sanctioning of EU law. In this way, the EU institutions are to be made "ready for enlargement."

The vision of this proposal is a graduated membership starting with association, which is focused on the internal market and Schengen, but is neither tied to the goal of an "ever closer union" nor does it provide for membership of the euro area; it is based on the association agreements with the countries of the European Economic Area (EU plus former EFTA members). The next group comprises all current and future EU member states that are committed to the same political objectives and Art. 2 of the EU Treaty. Membership is not linked to monetary union, which can only mean that the countries' obligation to prepare for monetary union according to the Treaty on the Monetary and Economic from 1990 would be lifted. All "coalitions of the willing" and the Monetary Union form the core of the future EU.

6. Conclusions

Back to the question in the title. The analysis has shown two things. First, the enlargement capacity of a confederation of states such as the EU is important because it can be considered meaningful when the benefits of larger size outweigh the costs of more heterogeneity. This amounts to strengthening empirical research rather than leaving the concept to political prejudice. The result is - secondly - that the concept contains rational elements and is therefore justifiable. Applied to the forthcoming enlargements of the Union by the Western Balkan countries, Ukraine, and Moldova, it becomes clear that enlargements driven by purely political motives will sooner or later require reforms of integration, either ex-ante or ex-post. However, the analysis was not aimed at developing an operationalizable system for enlargement capability and measuring the current status.

If there is a rational use of the concept, then there is also an irrational one, namely where a veto against membership, the opening of accession negotiations, or acceptance as a candidate country is not based on the perspective of the whole, as in monetary policy, but on purely national interests. This

suspicion arises in the case of France's veto against the UK's accession in 1963 and 1967. Current examples include Bulgaria's veto in November 2020 against the opening of accession negotiations with North Macedonia and Hungary's corresponding veto against the opening of negotiations with Ukraine – in both cases coupled with bilateral ethno-nationalistic rhetoric. This type of veto is actually an object for the extension of the QMV on accession issues.

Footnotes

¹ In particular, *intergovernmentalism* and the *multi-level governance* approach should be mentioned here (cf. the entries in Bieling and Lerch 2012), which Wolf (2012) judges to be more descriptive than explanatory and which, in my view, is not predestined for a theory of enlargement.

² Kennedy discussed several examples, including that of the multi-ethnic empire of the Habsburg Monarchy, which towards the end of its existence was reminiscent of attributes of today's European Union: a common currency, free movement of people, goods and capital, a weak central government in terms of social product, a sprawling and independent bureaucracy, and growing national conflicts. This empire collapsed because after the last territorial expansions - the Kingdom of Galicia in 1804, the occupation of Bosnia and Herzegovina in 1878 with subsequent annexation in 1908 - the necessary military requirements against repeated uprisings supported by the Russian Empire no longer matched its economic resources.

³ In their book, Alesina and Spolaore (2003), also deal in more detail with the case of the social planner (referred to as "Leviathan").

⁴ (For a small selection of titles, see Krugman 1993; Bayoumi and Eichengreen 1993, De Grauwe 1994, and Prieue 2006.)

⁵ Montesquieu had named the homogeneity of the population as decisive for the size of a state - with reference to the Greek city-states.

⁶ [De Gaulle says 'non' to Britain - again](#). In: [bbc.co.uk](#). Accessed January 19, 2024.

⁷ QMV after Nice: 71.3%, in an EU of 27 states, 73.4% of the weighted votes; a simple majority of the member states was also required. This was later changed to 55% of member states with at least 65% of the EU population ("reinforced" QMV).

⁸ European Council Meeting in Copenhagen, June 21-22, 1993, SN 180/1/93, p. 12.

⁹ For the then somewhat confusing terminology - EEC, EC - in linguistic usage and in the documents, see: https://de.wikipedia.org/wiki/Europ%C3%A4ische_Gemeinschaften; (opened on 10.12.2023).

¹⁰ European Commission; <https://eur-lex.europa.eu/EN/legal-content/summary/agenda-2000-for-a-stronger-and-wider-union.html>.

¹¹ Among other measures, the dominant intervention prices were lowered in favor of direct payments to farmers, regardless of the quantity produced.

¹² In order to prevent a cost explosion after the forthcoming eastward enlargement, payments were limited to 213 billion euros in the period between 2000 and 2006.

¹³ This was preceded by the "2005 Enlargement Strategy Paper," which dealt exclusively with the accession *capability* of the then candidate countries (European Commission 2005).

¹⁴ There are also significant Muslim population groups in Bosnia and Herzegovina, Kosovo, Albania, and North Macedonia.

¹⁵ In the financial framework 2001-2007, the budget for the CAP still represents the "biggest chunk" at 33%. 1211 billion euros are earmarked for expenditure in this period, including Next Generation EU, of which 392 billion euros are allocated to the Common Agricultural Policy. European Commission, Directorate-General for Budget, *The EU's 2021-2027 long-term budget and NextGenerationEU - Facts and figures*, Publications Office of the European Union, 2021. In the 2001-2007 financial framework, the budget for the CAP is still the "biggest chunk" at 33%. <https://data.europa.eu/doi/10.2761/808559> <https://www.bmel.de/DE/themen/landwirtschaft/eu-agrarpolitik-und-foerderung/gap/mfr2021-2027.html>; viewed on 2. 12. 2023.

¹⁶ Accordingly, the European Council can decide *unanimously* that in certain policy areas for which unanimity is actually required in the Council, decisions can be taken by qualified majority.

Literature

- Alesina, A. (2003). The Size of Countries. Does it Matter? *Journal of the European Economic Association* 1, no. 2-3: 301-316.
- Alesina, A., I Angeloni, and L. Schuhknecht. (2001). What does the European Union do? NBER Working Paper, Cambridge, MA.
- Alesina, A. and Spolaore, E. (2003). *The Size of Nations*, Cambridge, MA: MIT Press.

- Bastasin, C. (2023). Want Ukraine in the EU? You'll have to reform the EU, too. Brookings Institution: <https://www.brookings.edu/articles/want-ukraine-in-the-eu-youll-have-to-reform-the-eu-too/>; opened 21.02.2024.
- Bayoumi, T. and B. Eichengreen (1993). Shocking aspects of European monetary integration, in *Adjustment for growth in the European Monetary Union*, ed. by Torres, Francisco; Giavazzi, Francesco, pp. 193–229. New York: Cambridge University Press.
- Bieling, H.-J. and M. Lerch (2012). *Theories of European integration*. 3rd ed. Wiesbaden: Springer Fachmedien.
- Blockmans, S. (2023). The legality of a temporal suspension of veto rights for new EU member States. CEPS, June 2023, <https://www.ceps.eu/ceps-publications/the-legality-of-a-temporal-suspension-of-veto-rights-for-new-eu-member-states/>; opened 17. 2. 2024.
- Börzel, T. (2005) 'Mind the gap! European integration between level and scope', *Journal of European Public Policy* 12(2): 217–36.
- Buras, P. and E. Morina. (2023). Vision 2030: Four steps towards the new EU enlargement. European Council on Foreign Relations: <https://ecfr.eu/article/vision-2030-four-steps-towards-the-new-eu-enlargement/>; July 3, 2023; opened on 2/21/2024.
- Chancel, L., Piketty, T., Saez, E., Zucman, G. et al. (2022) *World Inequality Report 2022, Country Sheets*. World Inequality Lab 2021; <https://wid.world/news-article/world-inequality-report-2022/>; opened on 10.12.2021.
- Costain, J., G. Nuño, and C. Thomas. (2024). The Term Structure of Interest Rates in a Heterogeneous Monetary Union. BIS Working Papers No 1165.
- Downs, G., Rocke, D. and Barsoom, P. (1998) 'Managing the evolution of multilateralism', *International Organization* 52(2): 397–419.
- Emerson, M. (2023). The Potential Impact of Ukrainian Accession on the EU's Budget and the Importance of Control Valves. CEPS Policy Paper, 26. 9. 2023; <https://www.ceps.eu/ceps-publications/the-potential-impact-of-ukrainian-accession-on-the-eus-budget/>; opened on 22.2. 2024.
- Emerson, M, S. Aydın, J. de Clerck-Sachsse and G. Noutcheva. (2006). "Just what is this 'Absorption capacity' of the European Union?" 'CEPS Policy Brief, No. 113, September 2006.
- Emerson, M., M. Lazarević, S. Blockmans and S. Subotić (2021). A Template for Staged Accession to the EU. CEPS October 2021.

- European Commission. (2005. "2005). Enlargement Strategy Paper". Brussels, November 9, 2005, COM (2005) 561 final.
- European Commission. (2006). "Enlargement Strategy and Main Challenges 2006- 2007." Brussels November 8, 2006. COM(2006) 649 final.
- Fearon, J. D. (2003). Ethnic and Cultural Diversity by Country. *Journal of Economic Growth*, 8, 195-222.
- Gabrisch, H. (2018). Reflections on a public risk-sharing capacity for the euro area'. In: Nowotny, E., D. Ritzberger-Gründwald, and H. Schuberth (eds.) "Structural reforms for growth and cohesion", Edward Elgar Publishing: Cheltenham, UK, 200-214.
- Giersch, H. (1985). Eurosclerosis, Kieler Diskussionsbeiträge, 2, Kiel 1985.
- Gilligan, M. (2004) 'Is there a broader-deeper trade-off in international multilateral agreements?', *International Organization* 58(3): 459-84.
- Grauwe, P. de (1994). *The economics of monetary integration*. Second revised edition. Oxford: Oxford University Press.
- Group of Twelve (French-German Expert Group on EU Institutional Reform). (2023). Sailing on High Seas: Reforming and Enlarging the EU for the 21st century". Paris-Berlin September 18, 2023; <https://www.politico.eu/wp-content/uploads/2023/09/19/Paper-EU-reform.pdf>; opened on 20/09/2023.
- Haas, E. B. (1958) *The Uniting of Europe: Political, Social, and Economic Forces 1950-1957*, Stanford, CA: Stanford University Press.
- Haas, E. B. (1967). *The uniting of europe and the uniting of latin america*. *Journal of Common Market Studies*, 5(4), 315-343.
- Kelemen, R.D.; Slapin, J. and Menon, A. (2014) 'Wider and Deeper? Enlargement and Integration in the European Union', *Journal of European Public Policy* 21(5): 647-663
- Kennedy, P. (1987). *The Rise and Fall of the Great Powers*. New York: Random House.
- Krugman, P. (1993). Lessons of Massachusetts for EMU", in *Adjustment for growth in the European Monetary Union*, ed. by Torres, Francisco; Giavazzi, Francesco, pp. 241-261. New York: Cambridge University Press.
- Lang, K.-O. and D. Schwarzer. (2006). "The discussion on the Union's absorption capacity". SWP Berlin 2007.

- Lehne, S. (2023). A Reluctant Magnet: Navigating the EU's Absorption Capacity. Carnegie Europe. September 21, 2023: <https://carnegieeurope.eu/2023/09/21/reluctant-magnet-navigating-eu-s-absorption-capacity-pub-90601>; opened on February 21, 2024.
- Lehmann, N. (2023). EU agricultural policy: Ukraine's accession to the EU would radically change it. Agrarheute from October 10: <https://www.agrarheute.com/politik/eu-agrarpolitik-eu-beitritt-ukraine-wuerde-radikal-veraendern-611836>; opened on 12.12.2023.
- Priewe, J. (2006). "Exploring the future borders of the EU", in Hein, Heise, Truger (eds.), European Economic Policies. Metropolis 2006, pp. 151-180.
- Wolf, D. (2012). *Neo-functionalism*. In: Bieling, H. J. and M. Lerch (2012): 55-76.

Declarations

Funding: No specific funding was received for this work.

Potential competing interests: No potential competing interests to declare.