1. Introduction to *The EU and its Relations with Eastern Europe*

The Cold War has returned to the international agenda (Lucas, 2014); despite the prevailing notion in the 1990s that the fall of communism and the breakup of the Soviet Union implied the beginnings of a long-lasting peace between East and West and a conversion to liberal political-economic orders (Fukuyama, 1992), the outlook since the beginning of the new millennium has been relatively gloomy. On the one hand, the world has witnessed the vast expansion of the European Union (EU) through the addition of countries burdened with a communist past.¹ On the other hand, relations between ‘old’ and ‘new’ EU member states have been far from smooth. Furthermore, relations between the EU and the Russian Federation (RF) have proven cumbersome, particularly after the Russian annexation of the Crimean Peninsula in February 2014 (Trenin, 2014).

This book seeks to explain whether and why a Cold War Europe has returned. It discusses underlying factors that could clarify the relations between East and West since the Second World War (WWII). The alternating developments between rapprochement and estrangement are discussed from an institutional angle of incidence, as demonstrated in the remainder of this introductory chapter.

1.1 THE BEGINNING OF THE BEGINNING

1.1.1 The Problem Addressed

The current mutual hostility between East and West reflects the existence or emergence of cleavages that call for better definition before starting the analysis. ‘East’ and ‘West’ are perceived in the traditional way, with ‘East’ referring to Eastern Europe and the successor states of the Soviet Union and ‘West’ referring to the liberal democracies as they functioned after the end of WWII (Gilbert, 2015). For the purposes of this book, ‘West’ will refer to the European ‘West’.

Since the collapse of communism, many Eastern European countries have joined the EU, a development that might be confusing. The basic assumption underlying this book, however, is that the legacy of communism matters. From

this assumption, it can be inferred that distinct legacies might impede good relations, between the East and West, as well as within the EU.

With respect to the divide between East and West and the attempts that have been made to overcome it, the analysis focuses on political-economic orders. This choice implies that the system of law, politics, economics and social development is the key determinant of behaviour that influences mutual relations (Easton, 1979; Parsons, 1951). Actors are restrained in their performance by formal and informal rules – in other words, by institutions (North, 1990). The basic assumption underlying this book is that institutions matter.

The return of a Cold War in Europe therefore signifies that political-economic divides have not been overcome. After the collapse of communism, it was assumed that the world order would converge, ultimately resulting in a liberal democratic order (Fukuyama, 1992). This prophesy has not materialized (Hoen, 2019). In fact, multiple orders have developed in the years following the collapse of communism. This book aims to come to grips with the impact that these diverse political-economic orders have had on both the East and the West. Questions nevertheless remain with regard to how political-economic orders change, why convergence did not occur and the impact that these developments had on mutual relations between countries and regions.

These questions regarding the dynamics of institutional change once again draw upon the role of ‘actors’. Although actors may be institutionally constrained, they do set system changes in motion. The purposeful attempt of political leaders to change the system, however, may result in an unfinished or even unintended outcome. With regard to the lack of convergence between political-economic orders, the ‘Varieties of Capitalism’ approach (Hall and Soskice, 2001) has highlighted the existence of complementary institutions. The approach assumes a need for alignment amongst various sub-systems (e.g. of a political-economic order, the labour market and educational system). A system that is characterized by quick lay-offs requires that people on the labour market have general skills, whereas specific vocational training is much more common in economic orders in which labour markets are less flexible. The complementarities existing within an order do reflect path dependency in the process of change (Nelson and Winter, 1982; Pierson, 2011). This implies that, even if political actors intend to bring about the convergence of political-economic systems, it might not come into effect. The resulting differences may hamper mutual relations, as interests and ideas will diverge.

The recent notion of the return of a Cold War runs parallel to the dynamics of European integration. At the height of the Cold War, integration between East and West was deemed impossible. At the same time, however, an enormous incentive existed to deepen and widen integration into the West. This created huge expectations following the collapse of communism. The institutional gap was to be bridged by (i) transferring and copying the Western

political-economic order and (ii) innovations within political, economic, social and legal institutions (Wagener, 2019, p. 526). The contemporary deceleration of European integration (Grimmel and My Giang, 2017) – with some preferring to call it ‘disintegration’ – coincides with increasing hostilities between the EU and Eastern Europe, as well as between the ‘old’ and ‘new’ members of the EU. This book, however, is not about the rise and decline of European integration since the end of WWII. Acknowledging that Euroscepticism is also on the rise in the founding countries of the EU (most notably, in France and Italy), the analysis presented here focuses on anti-Europeanism in countries with a communist past. In accordance with Kopecky and Mudde (2002) and with Sedelmeier (2014), this book perceives Euroscepticism in new EU member states as distinct from that of older EU member states

1.1.2 How Should the Problem be Addressed?

This book aims to clarify the changing dynamics of relations between the EU and Eastern Europe by analysing political-economic orders. The discussion takes into account both the communist and post-communist era of Eastern Europe. First, it is intended to present a concise overview of mutual relations since the end of WWII and the implementation of communist regimes in Eastern Europe. Second, it seeks to unravel the impact of what happened in the fateful year of 1989. The collapse of communism in 1989 and the subsequent breakup of the Soviet Union opened a window of opportunity for relations with the EU. For the Central and European countries located near the EU borders, there was the prospect of EU membership. Entry into the EU was nevertheless dependent on economic reform and democratization. For the successor states of the Soviet Union, the picture was less straightforward. Some of them showed no interest whatsoever in seeking closer contact with the EU, whereas others were ambivalent, if not hostile. Moreover, positions were subject to change. A third objective of this book is to scrutinize the dynamics of the changing preferences with regard to closer cooperation with the EU. Even some of the Central and Eastern European countries that did become members of the EU turned Eurosceptic.

In analysing these changing preferences, the book relies on theories of systemic change and, more specifically, theories of transition economics (Merkel, Kollmorgen and Wagener, 2019). Institutions can be transferred (or not) or invented. In many, if not most cases, it is not possible to present a simplified image of these institutions. The institutional dynamics nevertheless resemble a sort of bricolage, thus implying that transferred institutions are adapted to existing orders (Powell and DiMaggio, 1991). The underlying factors that could explain the revolving problematic nature of the ties between the EU and Eastern Europe are elucidated by examining system incompatibilities – rather

than the cause of mutual discontent – according to (i) the domestic innovations of institutional change in Eastern Europe and in the successor states of the Soviet Union, and (ii) EU strategies for transferring political-economic institutions by revealing the prospect of new membership (under certain conditions) or through the European Neighbourhood Policy (ENP) for countries that do not have such opportunities.

This book thus provides ample evidence that the relations (or lack thereof) of the EU with Central and Eastern Europe reveal the compatibility (or incompatibility) of political-economic orders. Economic reforms and democratization have been dissimilar in Eastern Europe, and these dissimilarities have extended to the ties with the EU. The most prominent system incompatibility can be observed in the Russian case. Whereas the EU has paid tribute to a liberal (or neoliberal) order since the 1990s, Russia has continued to centralize decision-making power since the end of the ruble crisis in 1998. The divergence of institutional design is most clearly exposed in the establishment of the Eurasian Economic Union in 2015 as a countervailing power to the EU (De Waal, 2018, pp. 238–239).

1.2 WHY PUBLISH YET ANOTHER BOOK ABOUT THE EXTERNAL RELATIONS OF THE EU?

1.2.1 An Excess of Publications, But ...

Academics do intend to write about their research – they must – but some would argue that, at times, there should be a limit. One could claim that too much has been published already. Because this book applies an approach that fits within the field of International Political Economy (IPE), it is useful to refer to Benjamin Cohen (2010), who complained about the developments within the discipline by stating that IPE journals tended to become ‘boring’. The academic culture of ‘publish or perish’ has triggered an over-abundance of timid, risk-averse publications that add very little to the existing body of knowledge.

The academic literature does indeed contain a vast amount of studies that address the problems of East-West integration during the communist era (e.g. Holzman, 1987; Horowitz, 1990; Pryor, 1963), as well as the process of EU expansion since the collapse of communism in 1989 (e.g. Gateva, 2015; Mayhew, 1998; Sedelmeier, 2005). Studies in this literature also address the increasing Euroscepticism in some new member states, most notably in Hungary and Poland (Kopecky and Mudde, 2002) and the current relations between the EU and Eastern Europe and the successor states of the Soviet Union (Brzezinski, 2012). Why then would we want to publish yet another book about the EU’s external relations with Eastern Europe?

Recent publications on the emergence of a new Cold War focus predominantly on the relations between the United States (US) and Russia (Brzezinski, 2012; Kühlenbeck, 2015; Trenin, 2014). Military conflicts in Eastern Europe and their impact on security matters in the West (e.g. in the US) have been addressed (Allison, Light and White 2006). In his brilliant book, Lucas (2014) portrays the emergence of a Cold War 2.0 as a problem pertaining solely to high politics. Moreover, high politics has been identified as the main driver of a new Cold War, as personalized in the leadership of Vladimir Putin (White and McAllister, 2008). It is his personal leadership that threatens the world. Economic considerations are perceived as subsidiary or non-existent.

In contrast to existing works, the current book aims to analyse the problem of newly emerging hostilities between East and West from an IPE angle of incidence. It thus does not treat the realms of politics and economics as completely separate, let alone as subject to the primacy of politics. On the contrary, one of the underlying assumptions of this book is that the two realms are equal and, even more importantly, that they are mutually and unremittingly influencing the other. That having been said, this book does not argue that the aforementioned publications should be perceived as mediocre – to do so would reflect an utterly unjustified arrogance – but rather that a new angle of incidence might broaden our perspectives on a new – albeit more or less dormant – conflict that could eventually pose a threat to the world.

In this light, what can be said about the academic publications that explicitly do consider incompatibilities in political-economic systems? A vast amount of academic literature has been published on system incompatibilities resulting from differences in mechanisms of market organization and control, as opposed to the state-led allocation of production and consumer goods. During the communist era, this was predominantly the case for publications addressing comparative economic systems and system drivers of structural cleavages (Ellman, 1989; Kornai, 1980; Montias, 1959). After the demise of communism, many publications have been labelled as ‘transformation’ or ‘transition’ studies (Åslund, 2013; Elster, Offe and Preuss, 1998; Hoen, 1998; Hölscher, Nulsch and Stephan, 2017; Merkel, Kollmorgen and Wagener, 2019).² These publications focus primarily on reforms that have been initiated in order to implement a market-economy embedded within a democratic order. They take into account both the possibilities of reform (e.g. by addressing the nature of political constraints; Roland, 2002) and the resulting performances of countries in transition (Havrylyshyn, 2006). With respect to the latter publications, a debate was launched about whether good/poor performance was due to the legacy of the past or to the impact of reform.

Although many of these publications have admittedly adopted an IPE perspective in order to explain system differences, the current book argues that they have failed to explain the aspect of a reviving Cold War – and that

they had not intended to do so. This argument is based on two reasons. First, the timeframe addressed in such studies is often too short. The publications either focus on the communist era and the incompatibility of the two orders (Kostecki, 1979) or address the successes and failures of political-economic reforms that emerged after the collapse of communism (Lavigne, 1999). Such timeframes do not allow for the examination of the revival of animosity between East and West. Second, the authors of this book are convinced that many of the publications on transformation address specific regions. This is done for obvious reasons, given that the problem of transformation is too big to study in terms of the entire region of Eastern Europe and the successor states of the Soviet Union together. Excellent books and articles have been published on Central Europe (Balcerowicz, 1995; Csaba, 1995), Russia (Dutkiewicz and Trenin, 2011) and Central Asia (Pomfret, 2006; Spechler, 2014). When studying external relations of the EU and a possible revival of a new Cold War era, however, it is important to take the entire region into account. A comprehensive study is required, given that Russia has always been an important player in the relations between the EU and Eastern Europe. One important question in this regard therefore concerns whether it is feasible to take both a long-term perspective and a large-scale East-West region as the object of study.

This book seeks to carry out an analysis on this subject, albeit with restrictions in terms of what is and is not to be scrutinized. We obviously concentrate on system discrepancies occurring during the communist era and take into account the discourse on transformation following the collapse of communism. At the same time, however, we also examine what the East and the West regarded as the basic ingredients needed in order to realize a 'return to Europe' (Berend, 1998). We further consider the process of EU enlargement – with regard to both Central/Eastern Europe and the countries of the Western Balkans. Finally, we examine the external relations of the EU with other countries that have a communist legacy.

In studying the relations between the EU, Eastern Europe and the successor states of the Soviet Union, we use the metaphor of a wedding. Although we acknowledge the risks associated with using metaphors, we are convinced that this metaphor is useful within the context of a Cold War, not as a representation of any *incompatibilité des humeurs*, but as a means of explaining inherent differences in political and economic systems. As indicated in a previous critical remark concerning the emergence of a new Cold War, as personalized through the presidency of Putin, the metaphor does not represent temperaments, as such, but it does refer to mutually compatible or excludable political-economic systems. The authors of this book are convinced that this point of departure justifies the application of an IPE approach.

1.2.2 An IPE Analysis of the EU's External Relations with Eastern Europe

The approach taken in the current book has been outlined briefly at the beginning of this introductory chapter by stating that it focuses on system compatibilities and incompatibilities between East and West. The pressures between states and markets, which are at the core of IPE, are regarded as pivotal to the understanding of changes and constants in the external relations between the EU and Eastern Europe. In the following paragraphs, we address what is entailed in an IPE analysis.

The issue of what is entailed in an IPE analysis can lead to confusion. As noted by Underhill (2000), IPE always occupies a relatively uncomfortable position. On the one hand, it can be qualified as a sub-discipline of International Relations (IR) and the concepts that it advances. On the other hand, IPE is often also perceived as 'something broader and more inclusive' (Underhill, 2000, p. 805). In this regard, IPE often includes more radical approaches of political economy, which are inclined to use it as an honorary nickname (De Deugd and Hoen, 2010, p. 8).

This book does not follow a radical IPE approach. Instead, it explicitly follows the conflicting nature existing between states and markets. This conflict is manifested in questions concerning disciplinary realms (politics versus economics), the actors for whom they work (society versus the individual), what they address (the redistribution of wealth versus the allocation of scarce resources), how they operate (centralized versus decentralized organization) and which tools they may use (coercion versus voluntary action). The basic assumption underlying the analysis of the EU's external relations with Eastern Europe is that the nature of political-economic orders in the East and West differs with regard to the way in which these orders address the conflicting nature of states and markets.

This book does not claim that states and markets do not clash in Western Europe and that they do in countries with a communist legacy. On the contrary, the conflicting nature is present at all times in both the East and the West, although the balance is different. In other words, with regard to coping with the conflicting nature of states and markets, the East and the West operate at different points of a continuum, and they are not necessarily polar opposites. One question that emerges in this regard thus concerns whether a process of convergence has occurred since 1989 that has posed a significant obstacle to overcoming the existing differences or to justifying the smooth accession of Eastern European countries into the EU.

The application of an IPE approach in order to identify where the various countries can be positioned along a continuum that reflects the nature of the conflict between states and markets is a static exercise when considering (i) the

primacy of only one of the realms (politics or economics); (ii) the role of the individual relative to society; (iii) redistribution and allocation; and (iv) coercion and voluntary action. It is crucial to explain and understand the dynamics of a country's position along the continuum.

In terms of the dynamics of political-economic orders, this book relies heavily on the concept of path dependence, as advanced by historians and institutional economists (David, 1985; Hodgson, 1999; Pierson, 2011; Winter, 1982). Path dependence implies that the set of alternatives for political and economic reform is limited by reforms that have been initiated in the past. Each step towards reform further limits the number of alternatives. In other words, legacy matters in terms of alternatives for future reforms. Although a revolutionary climate may obviously open a window of opportunity for a certain period, the honeymoon effects (e.g. political credit for reform) are always limited.

One question that remains to be answered concerns the manner in which the path-dependent nature of political-economic orders affects the alternatives for reform. Following a Varieties of Capitalism approach, as proposed by Hall and Soskice (2001), this book builds on the idea of institutional complementarities. As indicated at the beginning of this chapter, institutional complementarities indicate institutional interdependence. This implies that institutions are resilient to change and that effective modification is dependent upon the legacy of the past (Hoen, 1995; Murrell, 1992). At the same time, it suggests that the reform of elements of a political-economic order may unintentionally render the system less democratic or less able to conform to market regulations. In short, given the complementary nature of institutions, a divergence of political-economic orders, albeit unintended, might be the logical outcome of reforms.

The way in which this book applies the concepts mentioned above is non-mathematical. Instead, the application is intended to arrive at a plausible description of certain developments in the relations between the EU and Eastern Europe. The authors are not interested in the level of discrepancies that are still present in Eastern Europe and the EU. Instead, we are interested in the revolving nature of the relations between these two regions. Finally, the search for system-level explanations does not imply that external circumstances do not play any role at all. On the contrary, external circumstances – whether they be dramatic oil price shocks or the election of a new American president with strong ideas on foreign affairs – do indeed force political-economic systems elsewhere to adapt. This holds true for the EU as well as for Eastern Europe and the successor states of the Soviet Union.

1.2.3 What We Hope to Add to the Discussion

The political-economic relations between the EU and Eastern Europe are currently entering a new phase, which some scholars qualify as a revival of the Cold War. In this book, we analyse the problematic ties existing between the EU and Eastern Europe from three angles of incidence. First, we adopt an historical perspective that allows for a better understanding and grasp of the ongoing challenging nature of these relations. Whereas most of the existing books describe current (or past) problematic events, this book reveals the revolving nature of problems that hinder a good relationship.

Second, we adopt an approach that is theoretically supported by ideas advanced in comparative political-economic systems. This approach thus clarifies why the relations during the Cold War were so problematic, despite the desire to improve economic ties. With regard to the period directly after the collapse of communism, this approach demands close scrutiny of the political and economic reforms that have been implemented in Eastern Europe since 1989. The analysis presented in this book thus relies heavily on modern theories of transition.

Third, in this book, we address the region of Eastern Europe as a whole. Given the two aforementioned angles of incidence, this approach allows us to reveal and explain crucial regional differences and similarities in EU relations by focusing on different system legacies and dissimilar paths of transition from a centrally planned economy to a market economy embedded within a democratic order.

1.3 THE END OF THE BEGINNING: OUTLINE OF THE BOOK

The book is structured as follows. In Chapter 2, we address the mutual political-economic relations existing between the East and the West during the Cold War era (1945–1989). The chapter starts with a brief overview of post-war integration into Western Europe, after which the focus shifts to the organization of a centrally planned economy in Eastern Europe and the extent to which this impeded East-West integration. We address this matter by concentrating on trade issues and by examining the functioning (or non-functioning) of Bretton Woods institutions. The chapter then proceeds with a discussion of Eastern European attempts to create alternatives to East-West integration. We explain the logic of the Council for Mutual Economic Assistance (CMEA) – which communists regarded as the counterpart of the EU – and identify the shortcomings of the reforms that were implemented during the 1970s and 1980s in an attempt to overcome the deficiencies of bilateral trade relations. Based on differences between political-economic systems differences, Chapter

2 concludes by presenting a concise chronology of the difficult relations between the EU and the CMEA.

Chapter 3 discusses the challenges that emerged after the unexpected collapse of communism in 1989. It addresses the different views on the transition and the policies that were applied. The angle of incidence is again the political-economic order and the desire to entirely overthrow it after the collapse of communism in Eastern Europe and in the successor states of the Soviet Union, which is also known as the transition. The agenda for the transition was dominated by two issues that were expected to pave the way for a 'return to Europe'. First, it was necessary to establish democracies over the remains of communist authoritarian regimes. Second, it was necessary to implement an economic order based on market principles. Major efforts would be required in order to gain control over monetary overhang (stabilization), to free prices and decisions regarding what to produce, how much and for whom (liberalization), to reorganize enterprises in order to make them competitive within world markets (micro-economic restructuring) and to implement rules that would support the proper functioning of a market economy (institution). The chapter further demonstrates that these economic reforms challenged the political credit for further transition. In summary, Chapter 3 addresses the implementation of a market economy embedded within a democratic economic order.

Following Chapter 3, the book shifts from a general – and at times theoretical – angle of incidence to a regional perspective. Chapter 4 discusses the EU accession of the post-communist countries in Eastern Europe: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia in May 2004, and Bulgaria and Romania in 2007. The EU enlargement of 2004 was the most extensive in the history of the EU, in terms of the number of countries entering the EU and the size of their populations, as well as in terms of economic weight.³ The process of qualifying for accession took years. In the 1990s, a gradual shift occurred in the sequencing of integration and transformation. At the start of the enlargement negotiations, the EU applied a rigorous strategy based on the assumption that transformation was a precondition for integration. Around the turn of the new millennium, the EU reversed the order of these conditions, with integration being increasingly perceived as a tool with which to accelerate transformation. One important question in this regard concerns whether this shift in sequencing incited the opposite of what was intended: a return to anti-European attitudes shortly after accession.

Chapter 5 focuses on the countries of the Western Balkans. Although Slovenia undoubtedly could – and some would argue that it *should* – have been included in this chapter, it was decided not to do so for rather pragmatic reasons. Because Slovenia was already an exceptionally well-developed region during the Tito era, it was able to participate in the first round of accession amongst

the former communist countries.⁴ In contrast, Croatia was not able to join the EU in the first rounds of Eastern European accession, despite having been part of the Habsburg empire alongside Slovenia and Hungary. This issue is investigated further in Chapter 5. In 2013, Croatia became the 28th EU member state. As a whole, the accession of the countries of the Western Balkans has proven extremely difficult. In Chapter 5, we take stock of the ongoing negotiations with the countries from the region (including Serbia), which have been characterized by inflating conditionalities on the part of the EU, as well as by attempts to transfer political-economic institutions into the region. Chapter 5 is obviously also intended to reveal the manner in which and the extent to which the legacy of ethnic conflicts in the Western Balkans hampered rapprochement with the EU. The transition has been severely complicated by ethnic conflicts.

In Chapters 6, 7, 8 and 9, we shift the focus towards the vast region of the Soviet Union successor states, with the notable exception of the Baltic countries. Chapter 6 focuses on Belarus, Ukraine and Moldova. Although at first glance, these three countries may not appear to have many common characteristics, they were relatively prosperous and jointly shaped a long 'Western' border with the Soviet Union. Each of these countries has followed a different path in relation to the EU. After Alexander Lukashenko was elected president in 1994, Belarus initially tried to join forces with Russia. Throughout the long-term presidency of Lukashenko, who is still in power, hostile attitudes have emerged towards the EU. The question of why remains unanswered. The recent history presents an alternating story of pro- and anti-European policies that can be traced back to domestic societal cleavages. The country is completely divided on the subject, and this divide is especially prominent between the eastern and western parts of Ukraine. One year after the Euromaidan protests in Kyiv in November 2013, during which an Association Agreement with the EU was at stake and the pro-Russian President Viktor Yanukovych was forced to resign, the Russian annexation of the Crimean Peninsula in March 2014 created a stalemate in the country's relations with the EU. A similar political cleavage between pro-European and anti-European attitudes must be considered when examining Moldova, a small landlocked country bordered by Romania and Ukraine. In the early 1990s, Moldova was split into a Russophile territory to the east of the river Dniester and a more or less pro-European part to the west of the river. Chapter 6 discusses these political-economic and social divisions and their impact on EU relations.

Chapter 7 explores the mutual relations between the countries belonging to the Caucasus and EU. The Caucasus countries addressed in the chapter are Armenia, Azerbaijan and Georgia. Although Russia should obviously also be perceived as a country in the Caucasus, it is not addressed separately in this chapter, as the RF is treated in Chapter 9. That having been said, it is of the utmost importance to understand the influence of Russia in the region. The

Caucasus region is rife with territorial conflicts, and Russia is part of this in one way or another. For example, in 2008, a military conflict occurred between Georgia and Russia about the self-proclaimed republics of South Ossetia and Abkhazia. As a result of this conflict, Georgia decided that it would no longer join the Commonwealth of Independent States (CIS), a loose organization made up of Soviet Union successor states. Instead, the country turned towards the EU. Armenia took a different path. Once an Association Agreement with the EU was designed and ready for the country's approval, Armenia unexpectedly decided not to sign it, instead opting to join the customs union of the Eurasian Economic Union. One persistent factor that complicates EU relations with the Caucasus region is the conflict over Nagorno-Karabakh, an enclave in south-west Azerbaijan, which is home to a majority of ethnic Armenians. The chapter on the Caucasus region is aimed at coming to grips with the implications of these conflicts. As is the case with the Western Balkan region, the transition in the Caucasus region has been complicated by a search for a national identity.

Chapter 8 addresses the relations of the EU with Central Asia. This region consists of five landlocked countries: Kazakhstan, Kirgizstan, Tajikistan, Turkmenistan and Uzbekistan. Two of these countries – Kazakhstan and Turkmenistan – are extremely well endowed with oil and gas reserves, and they have been able to realize high growth rates for a very long period. The growth rates achieved by these countries have been much higher than those of the best-performing countries that were able to join the EU quickly. Uzbekistan also performed quite well, albeit not quite as well as its larger neighbours. The small and extremely mountainous countries of Kirgizstan and Tajikistan are characterized by poor economic performance. Once Tajikistan became independent, it suffered from a devastating civil war, and Kirgizstan became a sad example of liberal reform attempts followed by strong opposition to reform. One feature that all of the Central Asian countries do have in common is their authoritarian political leadership, which strongly influences their domestic economic affairs. From the perspective of political-economic orders, a form of state capitalism emerged in these countries that is undoubtedly at odds with European ideas on democratization and economic reforms (Spechler, Ahrens and Hoen, 2017). The EU nonetheless tried to promote these reforms. Chapter 8 seeks to explain the goals, initial efforts and results of the EU's relations with Central Asia.

Russia and its relations with the EU are explored in Chapter 9. It goes without saying that the RF should play a pivotal role in any discussion of these mutual relations. The dissolution of the Soviet Union in December 1991 was initially followed by a period of rapprochement between the largest successor state and the EU. The presidency of Boris Yeltsin (1991–1999) initiated liberal reforms. Although they were not very well coordinated and

rather chaotic, these reforms were well received and supported by the EU. The election of Vladimir Putin as president of the RF in March 2000 turned the tide. Putin implemented a policy of strong centralization and restored security as a central point on the political agenda, particularly after the Baltic states joined the North Atlantic Treaty Organization (NATO) in 2004. Putin's second (2000–2008) and third (2012–2018) terms as president often brought him into conflict with the EU.⁵ Many of these conflicts were related to Russian military operations in the Caucasus region. It would be the annexation of the Crimean Peninsula, however, that would truly set the stage for more or less open hostilities between the EU and the RF. The development from slumbering conflicts to open opposition is explored in Chapter 9. As is the case in the other chapters of this book, the focus of this chapter is on deviating social orders and the logic behind them.

The book concludes with Chapter 10, which provides a reflection on the main findings by examining the primary drivers of the ongoing animosity between the EU and various Eastern European countries that have tried to cope with the legacy of communism. It attempts to determine whether the return of a Cold War is due to differences in political-economic orders that have yet to be overcome, despite processes of integration and transformation.

1.4 CONCLUSION

A central argument of this book is that the problematic relations between the EU and Eastern Europe involve more than differences in temperament that have led to converging or diverging preferences regarding mutual cooperation. Instead, the mutual incompatibility stems from irreconcilable political-economic systems and the path-dependent nature of economic reforms and processes of democratization. Following this line of thought, the historical political-economic perspective gives rise to five working assumptions for the remainder of the book.

First, East-West integration during the Cold War, as promoted during the period of *détente*, did not occur to any large extent, as the system of mandatory central planning could not be successfully joined to a political-economic order dominated by free trade and free markets. The willingness to cooperate was diminished for systemic reasons.

Second, the fall of communism in 1989 opened a window of opportunity for closer ties between the EU and Central and Eastern Europe. On the one hand, these developments were facilitated by economic reforms and democratization. On the other hand, the prospect of EU membership created political credit that could be used to advance the transition towards a fully-fledged market economy embedded within a democratic order.

Third, once EU membership was achieved, the incentive to advance reforms disappeared. As a result, many of the EU member states in Central Europe experienced setbacks, which again revealed system incompatibilities. Estonia, Latvia and Lithuania stand as notable exceptions, as political credit for reform remained excessively high in these countries that share a border with Russia.

Fourth, after the breakup of the Soviet Union, the prospects for the other successor states to establish closer ties with the EU were less straightforward. Revolving patterns can be observed as countries turn towards the West and, subsequently, towards the East.

Finally, the continuing oscillation of these patterns exposes a major conflict between the EU and the RF. Whereas the EU has largely relied on the principles of liberalism (or neoliberalism) since the 1990s, Russia continued to centralize its decision-making power after the tragedy of the ruble crisis in 1998. The end of the Cold War, the collapse of communism and the breakup of the Soviet Union were perceived as humiliating, and Russia therefore felt a need to have firm grounds for countering the power of the EU. One clear example of this development is the 2015 establishment of the Eurasian Economic Union – which includes Armenia, Russia, Belarus, Kazakhstan, Kirgizstan and Tajikistan as full members.

NOTES

1. Unless explicitly formulated otherwise (as is particularly the case in Chapter 2), the book often refers to the EU, even in reference to times before it existed. The EU came into being in 1992 after the signing of the Treaty of the European Union by the members of the European Community in Maastricht (Netherlands).
2. The differences between ‘transformation’ and ‘transition’ have been a subject of debate. Transformation is often defined as a purposeful attempt to affect a complete change in the political-economic order (Wagener, 1992), whereas transition is often perceived as the evolutionary change of systems over time. In contrast, Schöpflin (1993) defines these terms the other way around. For the purposes of this book, the two terms are treated synonymously. This is because all of the reforms taking place after the demise of communism were purposefully initiated, even though many of the effectuated reforms would ultimately be substantially different from those that had been designed and desired.
3. At this point, it is important to note that Cyprus and Malta also joined the EU in 2004.
4. The Tito era refers to Josip Broz Tito, who ruled over Yugoslavia from 1943 until his death in May 1980. Following his death, ethnic tension increased dramatically in the Western Balkan region, eventually leading to a civil war that would last from 1990 until 1999.
5. In the period 2008–2012, the Russian constitution prevented Putin from running in a new presidential election.