

**Two Decades of EU Enlargement: A Principal-Agent Study Assessing the European Union's Role  
in expanding its membership**

A Master thesis submitted for International Relations, European Studies

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May 31<sup>st</sup>, 2024

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## **Abstract**

Exploring the topic of "20 Years of EU Enlargement" in the context of the current situation with EU candidate states offers a valuable opportunity to analyze the multifaceted implications and challenges that have emerged over the past two decades by focusing on selected cases. This topic becomes particularly relevant given the ongoing dynamics within the European Union and its expanding geopolitical landscape. Reflecting on the past two decades of EU enlargement allows for a comprehensive understanding of the historical evolution of the European Union, its role, and how the union can improve itself in the process of accepting new member states and integrating them. The main motivation for the thesis was the contemporary relevance given the ongoing discussions and developments regarding potential new member states. The EU enlargement has been a significant development in European integration, bringing multiple countries from Central and Eastern Europe into the European project. This study examines the role played by the EU in expanding its membership, evaluating its effectiveness, challenges faced, and outcomes achieved. This research seeks to provide an understanding of the EU's role and its implications for both the new member states and the EU as a whole. This thesis has been prepared using Principal-Agent theory to examine the relationship between the EU and candidate states. In this thesis, the cases of Hungary and Poland were selected as then-candidate states and now-member states to examine the challenges and strategies the principal and the agent take on during and after the accession. The other two selected cases are Ukraine and Moldova. These represent the future, and what the EU can improve this time around. The thesis will therefore provide policy recommendations for the EU for future enlargement negotiations. The findings of this study can contribute to a deeper comprehension of the EU enlargement process and provide insights into the EU's capacity to promote stability, democracy, and economic growth in the accession countries.

# Chapter 1: Introduction & problem formulation

The year 2024 is the year that marks the 20th anniversary of the 2004 EU enlargement – the biggest enlargement in the history of the European.

After the fall of the Iron Curtain in 1989, Europe experienced significant political, social, and economic changes. This event marked the beginning of a new era characterized by the potential for unity, collaboration, and the redefinition of European identity as the ideological barriers were dismantled. The emergence of the European Union played a crucial role in this transformative period, offering hope for a continent that had long been divided by the Cold War. The dissolution of the Soviet Union and the collapse of communist regimes in Eastern Europe led to a substantial shift in geopolitical dynamics, paving the way for unprecedented levels of regional cooperation.

Emerging from the ruins of World War II, the European project faced a daunting challenge: to stretch beyond its Western core and unite an assortment of countries with disparate histories, cultures, and goals. After decades of communist government, the European Union—once a community of six countries focused on economic cooperation—found itself at a crossroads, having to take on the challenge of integrating newly formed states after they acceded to the EU.

It can be argued that the rationale for the European Eastern enlargement in 2004 was a neo-liberal restructuring of Europe. Military power can lose its ineffectiveness and even though protection from Russia was the primary concern in that era, candidate countries also pursued expansion not only for security benefits but also expressed concerns about optimizing their overall gains, encompassing considerations such as welfare, free trade, labor mobility, and economic interdependence (Schimmelfennig, 1999, p. 7). In the literature on enlargement, Schimmelfennig's (1999) explanation for the rationale of EU enlargement is based on constructivism and the importance of liberal norms and values. The different approaches to enlargement will be discussed further in the theory chapter under the literature review.

When discussing rationales, the purpose and motivation behind this thesis should be considered as well. The question of enlargement is still relevant even after the 2004 Eastern expansion. As the EU negotiates its changing geopolitical environment, conversations concerning prospective new

member states highlight the ongoing relevance and significance of enlargement research. Along the 20<sup>th</sup> anniversary of the Eastern enlargement, a thesis within this subject is relevant and essential to comprehending the dynamic character of the European integration process. Today, in a geopolitical scene that is evolving at a fast pace, it offers insights into the past, present, and the future of the Union. Given the current situation with the newly opened accession negotiations with candidate countries Moldova and Ukraine and its contemporary relevance in the media, the main rationale has been for the potential lessons for the upcoming and future enlargements that this thesis aims to derive from the analysis. Finding the lessons learned is made possible by analyzing selected cases from the last 20 years. By helping academics and politicians better understand the dynamics and possible dangers of future expansion efforts, an analysis of the challenges faced by the EU in the enlargement process and post-accession can be very helpful in preparing them for the upcoming.

### Is history repeating itself?

The inspiration for the thesis topic came from comparing the current situation with that of 20 years ago. To simplify, 20 years ago, 10 eastern candidate countries, including Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia (referred to as A10's), were in the process of negotiating accession shortly after gaining independence from the Soviet Union following the end of the Cold War (European Commission, n.d.). Today, two eastern candidate countries are in the process of accession negotiations shortly after Ukraine had been invaded by Russia.

To form an overview of the similarities of the two events, a schedule has been prepared.

<u>Comparing factors</u>	<u>A10 countries (2004)</u>	<u>Ukraine and Moldova (2023)</u>
<b>Historical context and geopolitical state</b>	After the fall of the Soviet Union in 1989, the A10 countries underwent a post-communist transition, leading to the establishment of	More recent geopolitical developments that have skyrocketed after the Russian invasion of Ukraine in February 2022.

	numerous new and fragile democracies.	
<b>Economic</b>	Economic reforms, market liberalization, and privatization take place.	Beginning to address economic challenges and ensuring that policies are compliant with EU standards.
<b>Democracy</b>	New democracies are prioritizing a smooth transition to democratic systems that are in line with EU norms and values.	Focusing on strengthening democratic institutions and values and reducing corruption.
<b>Security</b>	Ensuring stability in newly integrated countries and addressing tensions arising from Russia.	Focus on security concerns arising from regional conflicts with Russia.
<b>Public support</b>	Mixed support	Popular support is based on security and geopolitical reasons.
<b>Results</b>	Assessed: Different opinions on the level of integration and improvement of democracies from each A10.	Ongoing negotiations.

The comparisons of the two eras and events before and during the accession negotiations today and 20 years ago give rise to a comparative case study of the A10 countries and Ukraine/Moldova. However, the focus of this thesis lies on the EU as an actor and its role in the enlargement process. The purpose of this approach is to formulate useful policy recommendations for the EU to better prepare and improve future enlargement processes while learning from past experiences. Therefore, a direct comparison of the candidate countries in 2004 and 2023 will not be subject to

the analysis. On the other hand, there will be excerpts and cases selected to illustrate the strategies of the EU.

The discussions about whether the A10 member states have created more integration or less integration have been an ongoing debate for EU policymakers and agendas. However, the debate about enlargement itself has seemed to rise since Russia's war in Ukraine. The increased focus on enlargement arises from a range of evident, divisive, and challenging issues. Some of these are longstanding including the EU's absorption capacity, and others are more recent; like the 'Ukraine question'—which has the potential to hinder the possibility of incorporating ten additional members into the EU. The stakes are significant as it sheds light on the possible situation of whether the EU fails to address this challenge while simultaneously pursuing enlargement, it may lose the opportunity to shape the development of a new security architecture (Lavrelashvili & Stratulat, 2023).

## War revives enlargement

The situation the EU is facing today simulates the very situation 20 years ago. It can be divided into two topics: EU stability and integration vs. protection of democracies and stability in Europe. It wasn't until 14 years after the A10 countries gained their independence from the Soviet Union that the EU took them in as the newest members of the EU. 10 relatively new democracies, some stood stronger than others. Outside of the A10 countries stood a few other countries – also former soviet states who were building up their democracies from scratch. This time around in history when Europe was at war again, the EU followed one lesson learned which was not to wait another decade after the war for the next round of enlargement.

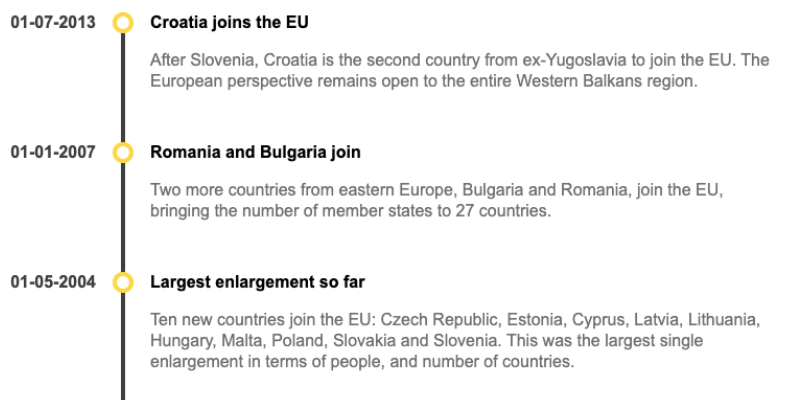
As Vladimir Putin's invasion of Ukraine started in February 2022, it triggered an unexpected and far-reaching chain of events in Europe that the Kremlin had not fully anticipated in its war strategy. As the Russians initiated their invasion, it became evident to EU member states that Russia was no longer a neighboring nation with whom cooperation and trade were viable. Consequently, the enlargement subject, which had been pushed to the sidelines in previous years, resurfaced prominently in Brussels. (Thomsen, 2023)

Shortly following the beginning of the conflict, several EU member states had incrementally progressed toward EU enlargement. This momentum gained additional force when the EU Commission proposed that the EU initiate accession negotiations with Ukraine and Moldova. Furthermore, it recommended granting Georgia the status of an EU candidate country. In December 2023, it was assessed that Ukraine and Moldova were ready for accession negotiations after it had been evaluated by the EU that both countries had met a number of criteria and implemented several reforms. (Kongstad, 2023)

## The process of Enlargement

In 2013, Croatia became the latest member to join the European Union. But what steps do candidate countries go through when they decide to apply for membership? This section aims to provide insight into the process of enlargement, outlining the different stages involved. This will be followed by a section exploring how some candidate countries have navigated this process, and which candidate countries have encountered obstacles throughout the process. The successful cases of enlargement in the past 20 years are shown in the timeline. (European commission, n.d.).

### Timeline



Between 2004 and the establishment of the EU in 1958 four other enlargements took place consisting of nine successful accessions. After the most recent accession of Croatia in 2013, nine candidate countries are left including Albania, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, Türkiye and Ukraine (European Union, n.d.). The following sections will briefly explain the step by step procedure of the accession process.

### **Step 1: Membership application and candidacy status**

Countries applying for membership in the EU apply to the European council whereafter the European Commission assesses the country's capability to fulfill the criteria of membership. The council then decides whether to grant the country applying for a candidate status. The final decision of the council must be approved by all EU member states unanimously. (Leppert, 2022)

### **Step 2: The Negotiations**

The candidate country must prepare to implement the acquis. The EU acquis is a set of rules and obligations that all EU member states must follow. It includes the content, principles, and political goals of the EU treaties, laws, case law, declarations, resolutions, Common Foreign and Security Policy instruments, and international agreements. When a country wants to join the EU, it must incorporate EU laws into its national legislation as part of the accession process (European Commission, n.d.)

### **Step 3: Accession**

At the final stage of the enlargement process, the commission must evaluate whether the candidate state has proven its capability and met the criteria of accession. Subsequently, an accession treaty will be prepared. If the commission assesses that the candidate state is ready to enter the union, this accession treaty will be approved by all EU bodies before being signed and ratified by the members of the union (Leppert, 2022). Looking at the accession process of the current member states (excluding the founding countries), there is a difference in the amount of time each step took the current members to join.



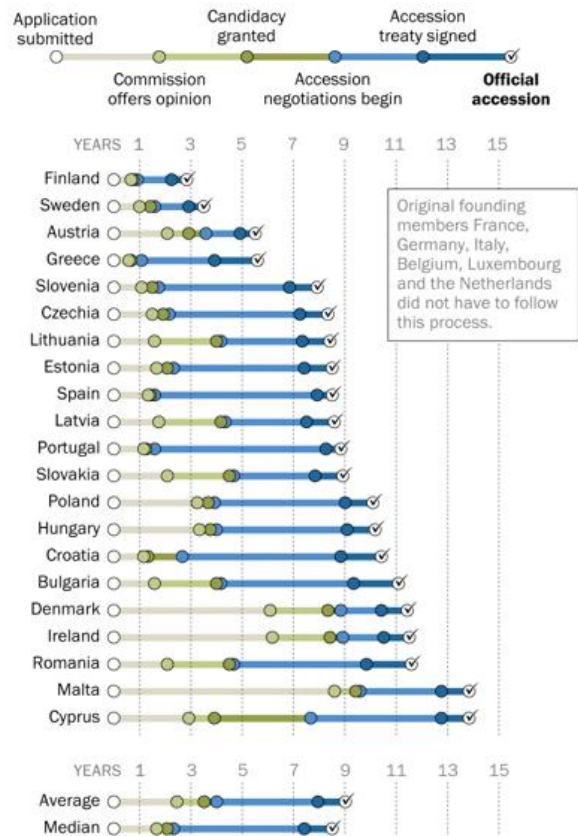
Some applications get approved in record time while other cases wait for years. Each of the existing members who undertook the EU admission process took, on average, nine years to join. As shown on the illustration, it took the current member states including the A10's 3,5 years from their application to being given candidacy status. However, if we look at the candidate countries from today, it took Ukraine and Moldova just 4 months to gain candidacy status. (Leppert, 2022)

## The suitable and the unsuitable

Ukraine and Moldova's new accession status has now surpassed the ones of the Balkans. About ten years ago, Serbia, Montenegro, Albania, and North Macedonia were granted candidate status; but, ever since, the countries have been embroiled in challenging negotiations with the EU (Leppert, 2022). To form an overview of the current landscape of EU enlargement, the different statuses of the candidate countries can be seen on the [graph](#).

### A look at the typical timeline for EU accession

*Amount of time each step took current member countries to join the European Union, in years*



### The European Union



As the EU's enlargement has regained prominence on the political agenda, Ukraine and Moldova are not the only countries advocating for EU membership. Serbia, Montenegro, and Albania are among the countries that still express similar aspirations. Consequently, the EU is again confronted with a potentially historic growing pain, as it struggles with the prospect of welcoming up new members (Thomsen, 2023)

In February 2022, Ukraine applied for EU membership only four days after the invasion. It took no more than two years for the decision to be made to initiate accession negotiations for both Ukraine and Moldova (Thomsen, 2023). The decision-making process was much quicker when compared to decision-making in the Western Balkans, as the member states quickly shifted their focus to how they could safeguard themselves in an increasingly divided and unpredictable world. The concern arose: if the countries in their immediate neighborhood are not integrated into the European Union, what might be their fate? Could countries like Russia and China exploit these countries to exert pressure on the rest of Europe and create conflict? (Ibid, 2023). Consequently, there is a growing imperative to advance the enlargement process, now viewed as a matter of security policy. The once-prevailing "enlargement fatigue" experienced by several old member states, following the extensive expansion to the east at the start of the new millennium, has been replaced by a keen eagerness to welcome more countries into the EU. (Ibid, 2023). But this final 'welcome' doesn't include all the countries that were given candidate status. While Brussels may be receptive to new countries, not every member state in the EU shares the same sentiment. All decisions related to EU enlargement necessitate unanimous approval from member states, rendering the expansion process subject to historical events, language differences, and regional rivalries. (Coakley, 2022).

The question arises as to which candidate countries are deemed suitable or unsuitable for accession negotiations when viewed from an external standpoint. While Montenegro and Serbia are already in the process of negotiating their accession to the EU for several years, Albania and North Macedonia are still waiting for the final approval to start accession negotiations. Bosnia-Herzegovina is at candidate status-level and Kosovo applied for membership in 2022 (Thomsen, 2021). From 2004 to 2013 the EU expanded with 13 countries in total. After the A10's, came Bulgaria, Romania, and lastly Croatia. Despite being part of the EU, Romania and Bulgaria are still

struggling to tackle crucial issues like corruption and ensuring the independence and impartiality of their judicial system. (Ibid, 2021).

## Problem formulation

On one side there is a pushing security issue, on the other side a case of 'enlargement-fatigue'. The one thing that is present at both ends is the threat and rise of the democratic deficit. The 'enlargement fatigue' attitude towards some candidate countries may cause these countries to become vulnerable to the influence of authoritarian states like Russia. However, on the other hand, admitting these relatively new and somewhat fragile democracies into the European Union can also pose challenges in terms of ensuring their compliance with basic liberal democratic values and the principle of the Rule of Law. For example, Poland and Hungary joined the EU in 2004 and while they have shown economic success, they have also challenged the EU's values. In the face of the complex dynamics within the European Union, the experiences of member states such as Poland and Hungary highlight the nuanced challenges associated with upholding the core values and principles of the EU. These countries did not comply with the rule of law, freedom of the press, and the rights of women and minorities.

Other than that, some argue that Bulgaria and Romania were admitted too early in 2007 as they still face significant challenges in combatting corruption to this day (Göttske, 2021). The ongoing difficulties in these countries raise concerns about the pace and efficiency of the accession process. This paradox calls for an examination of the EU's methods of ensuring compliance both before and after membership. The problem at hand is finding an effective way for the EU to ensure that the EU acquis is met not only before the accession but also after as this can have crucial effects on the overall integration of the EU. It requires effort to achieve the right balance between upholding the shared principles that unite the Union and respecting the sovereignty of individual member states. It could be necessary to implement more stringent monitoring and enforcement procedures together with focused support initiatives to promote long-term compliance with the EU acquis. The difficulty is in designing a framework that admits new members while guaranteeing their adherence to the core values that characterize the EU.

The Research question that derives from this introductory chapter is presented as:

*How has the European Union utilized the Principal-Agent model in its enlargement strategy over the past two decades?*

To support the study, a set of secondary questions is established to further explore the primary research question.

1. How has the EU's role as a principal shaped the behavior and compliance of candidate countries?
2. What mechanisms has the European Union employed to monitor and enforce compliance among candidate countries during the accession process and effectively ensure that candidate countries maintain the *acquis* both before and after accession?

The thesis aims to investigate the context of EU enlargement in selected cases over the last two decades. By analyzing the experiences of selected countries that applied for EU membership before and after joining the Union, the research aims to identify key factors that contribute to successful adherence to EU policies and those which lead to the opposite, with the aim of providing actionable recommendations for the EU to improve its strategies in ensuring sustained compliance with EU policies by candidate countries throughout the accession process.

The theoretical framework in which this research question will be studied and analyzed is the Principal-Agent theory (PA), as it can examine the dynamic relationship between the EU as the Principal and the former/new member states as Agents. How the PA theory will be incorporated into this thesis will be explained further in the theory chapter.

Given the nature of the research question, a qualitative document analysis will be utilized as the methodological approach for analysis. The aim is to comprehend the relationship between the EU and the then-candidate countries, as well as new candidates, and identify valuable insights from past relationship dynamics by identifying patterns, challenges, and success factors. The research seeks to derive nuanced conclusions about the effectiveness of EU strategies. The goal is not only

to understand historical interactions but also to come up with improvements or recommendations on how the European Union can enhance its processes to ensure that candidate states maintain the *acquis* post-accession.

## Objective

This research aims to investigate how the EU can effectively ensure that its *acquis* is maintained by its candidate countries before and after they are accepted into the Union. The research will examine the role played by the EU during and after the accession process, evaluate the effectiveness of the EU's actions and policies, identify the challenges encountered throughout the process, and assess the outcomes achieved in terms of stability and democracy. By doing so, this research seeks to provide insights into how the EU can enhance its enlargement strategy and achieve a sustainable balance between security concerns and the integration of new member states.

The enlargement process of the EU is a complex and challenging task that requires a careful balancing of many different factors. While there is a clear need to integrate new member states into the EU, this must be done in a way that does not compromise the security of existing members. The EU must also ensure that new members can meet the high standards of democracy and stability that are expected within the Union. The role played by the EU during the accession process is therefore crucial. The EU must work closely with candidate countries to help them meet the necessary criteria for membership, while also ensuring that these criteria are applied consistently and fairly. This involves providing financial and technical assistance to support reforms, as well as monitoring progress and providing feedback on areas that need improvement.

However, the accession process is not without its challenges. There are often significant political, economic, and social obstacles that must be overcome before a country can join the EU. These may include issues such as corruption, human rights abuses, or economic instability. The EU must navigate these challenges carefully, balancing the need for progress with the need for caution. Ultimately, the goal of the enlargement process is to create a stronger, more integrated, and more stable Europe. This requires a long-term strategy that prioritizes the well-being of all member states, both new and old, and that seeks to create a Union that is united in its diversity. By examining the

challenges and opportunities presented by the enlargement process, this research aims to provide valuable insights into how the EU can continue to achieve these goals in the years to come.

## Chapter 2: Theoretical Framework

Theories can have different functions depending on their scientific theoretical stance. A distinction is made between the application of *nomothetic* and *ideographic* theories. While the phenomenological, hermeneutic, pragmatic, and post-structuralist areas of science make greater use of the application of ideographic theory, the general, realistic, and objective fields of research typically assume an idea of nomothetic theory (Olsen & Pedersen , 2015, p. 70). In the analysis chapter, the principal-agent theory is used as an ideographic theory. The ideographic theory application in the analysis has the function of describing the object of analysis which in this case will be the relationship between the principal and the agent in the context of EU enlargement. Ideographic in the context of social science refers to a relationship to contextual complexity, which allows analysis to focus on something that exists in conditions of change, process, and ineffability.

### Literature review

The topic of EU enlargement has been widely researched in the fields of political science and EU studies. Some scholars argue that enlargement enhances the economic integration of the EU and promotes economic growth, while others suggest that it increases political stability and promotes democracy. To effectively address the research question at hand, it is crucial to understand the different reasons for EU enlargement. This will enable the thesis to identify the pros and cons involved and determine how the EU can lead future enlargements successfully.

The article, "**The Double Puzzle of EU Enlargement,**" by Frank Schimmelfennig (1999) mentions that by establishing precise requirements for admission, EU conditionality motivates prospective members to embrace democratic and market-driven reforms, therefore reducing their perceived threat to current members. (Schimmelfennig, 1999 p. 16) The "normative puzzle" asks why candidate countries actively pursue EU membership while it may entail them accepting

requirements from outside their limits and going through substantial internal changes. According to Schimmelfennig (1999), the "pull" of the EU's normative power solves the normative issue. For candidate countries, the possibility of joining the EU offers a strong incentive to accept and institutionalize European institutions, norms, and values. According to Schimmelfennig (1999), conditionality influences candidate countries' behavior and preferences by serving as a socialization instrument. The article emphasizes how dynamic the enlargement process is and how the EU and candidate countries are constantly interacting with one another. Schimmelfennig (1999) concludes that the EU's transformative ability through normative power, along with conditionality, solves the double puzzle of EU enlargement. While the attraction of EU membership and its transformational effect on aspiring members solves the normative challenge, the security puzzle is handled by pushing candidate countries to adopt democratic norms.

The essay, **National interests, state power, and EU enlargement (2002)** by **Andrew Moravcsik and Milada Anna Vachudova**, highlights the most significant underlying factors of enlargement from an economic and geopolitical interest. According to the essay, when considering national interests and state power, the enlargement process and its outcome become clearer. Central and Eastern European governments engage in the lengthy process of EU membership because it offers enormous economic and geopolitical benefits—especially when weighed against the uncertain and perhaps disastrous costs of falling behind as others progress. (Moravcsik & Vachudova, 2002, p. 2) In the essay, the EU's integration process is viewed as being primarily driven by the interests of its member states. It mentions that states have rational preferences, and they act accordingly to achieve their goals. The EU enlargement process is no exception to this, and according to the essay, it is shaped by the preferences and bargaining power of the member states. (Moravcsik & Vachudova 2002, p. 3-5)

Schimmelfennig (1999) argued that the EU's decision to undertake an ambitious and expensive enlargement can't be explained by geopolitical or economic considerations only. Rather, he bases his arguments on norms, the Western member states convinced themselves to agree to admit Central and Eastern candidate countries that uphold the EU's liberal values. However, Moravcsik and Vachudova (2002) argue that the process is not just a top-down exercise where the EU dictates

the terms of membership. Instead, it is a complex interplay of negotiations, concessions, and agreements between the candidate countries and the EU member states.

This thesis is based on the application of the PA theory, which focuses on a specific area of interest within the EU, instead of the EU as a whole. The main objective is not to study the institutional or structural changes of the EU as an international organization. Instead, it aims to concentrate on one of its many areas that could potentially have a significant impact on the changes of the organization in the future. However, the conventional application of the PA theory in the literature mostly highlights the institutional changes of the EU from its establishment to the present day. This thesis narrows down this broad field of study to a more specific phenomenon: the development of the EU's role in the context of enlargement over the past 20 years

### **Principal-Agent theory in International Organizations**

(Hawkins, Lake, Nielson, & Tierney, 2006)

Stephen Ross presented the Principal and Agent in 1973 characterizing it as one of the oldest “codified modes of social interaction”. Through an arrangement, the principal assigns the agent particular responsibilities or decision-making powers in the hopes that the agent will act in a way that will benefit the principal (Ross, 1973, p. 134). Rooted in rational-choice theories, this approach posits that rational actors—such as voters, legislators, and states—entrust authorities to executive and judicial agents intending to reduce the costs associated with policymaking. The delegation of powers is intricately shaped by these actors, considering factors such as the desire for reliable commitments, the necessity for valid policy-related information, and disparities between the preferences of the principals and the agents. (Pollack, 2007, p. 3).

The PA theory explains the relationship between two actors. This relation starts with a *contract* which can take form both as a formal written agreement, but also carried out as an implicit agreement. The contract enables an actor to both grant and withdraw power to another actor in order to be a principle. A conditional transfer of power from a principal to an agent, enabling the latter to act on behalf of the former, is known as delegation. This power transfer has time or scope



restrictions and needs to be rescinded by the principal. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 7)

Although agents are given conditional authority by principals, this distinguishing feature does not mean that agents always carry out principals' wishes. Independent behavior by an agent that the principal does not want is known as *agency slack*. There are two main ways that slack can manifest itself: shirking, which is when an agent minimizes the effort it makes on behalf of its principal, and slippage, which is when an agent changes policy to suit its interests rather than those of its principal. The scope of possible independent action that an agent can do once the principal has set up control mechanisms is known as *autonomy*. Stated differently, autonomy refers to the variety of options that agents have once the principal has chosen the procedures for monitoring, screening, and sanctioning them to limit their behavior. There are subtle differences between slack and autonomy: slack is real undesired behavior, whereas autonomy is the spectrum of independent action available to an agent that can be employed to support or undermine the principal. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 8)

Agents are granted authority under conditions by a principal, but this key attribute doesn't necessarily mean agents consistently adhere to the wishes of principals. Agency slack denotes independent actions taken by an agent that isn't favoured by the principal. Slack manifests in two main ways: shirking, where an agent reduces the effort, it dedicates to serving its principal, and slippage, where an agent steers policies away from the principal's favoured outcome toward its preferences. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 8)

Autonomy refers to the extent of independent action possible for an agent once the principal has implemented control mechanisms (outlined below). In essence, autonomy represents the degree of manoeuvrability agents possess after the principal's implementation of screening, monitoring, and sanctioning mechanisms designed to regulate their conduct. Autonomy and slack exhibit nuanced distinctions: autonomy denotes the spectrum of independent action available to an agent, which may be employed to either advance or undermine the principal's interests, whereas slack pertains to the actual conduct that is contrary to the principal's desires. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 8)

And the concept of discretion represents a facet of the agreement between a principal and an agent. Given its frequent prominence within contracts and its frequent interchangeability with autonomy, it merits a brief diversion. Discretion involves the delegation of authority that delineates the principal's objectives without prescribing the precise actions the agent must undertake to achieve those goals. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 8)

When a principal assigns tasks to an agent, they may face costs if the agent acts independently and doesn't follow their preferences. These costs may come in the form of investing time and resources in controlling and monitoring the agent. Even if the agent is trustworthy and unlikely to slack off, there will always be some agency losses associated with delegation. Therefore, principals need to weigh the benefits of delegation against the expected agency losses when deciding whether to delegate or not. To keep the agent under control, the principal can use five main mechanisms. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 9)

#### **Mechanisms of control**

- 1. Rules versus discretion.**
- 2. Monitoring and reporting requirements.**
- 3. Screening and selection procedures**
- 4. Institutional checks and balances.**
- 5. Sanctions**

#### **Conceptualizing the principal-agent relationship in the context of the EU**

Ross' original application of PA theory was carried out in an American context, but as for a European context, Pollack (1997) applied the model to examine the authority of the European Commission and the European Court of Justice. Pollack (1997) concludes that "the efficiency and credibility of the control mechanisms put in place by principals play a critical role in determining the autonomy of a particular supranational institution." (Pollack, 1997, p. 101 in Kassim & Menon, 2003, pp. 125-26). By enforcing compliance with EU legislation through proceedings that the commission initiates, the EU maintains significant influence over its member states. It also regulates the procedures of increased cooperation, which influences the speed of integration. This suggests that rather than the other way around, the EU is directing its member states.

The EU, akin to other international organizations (IOs), consists of its member states. These member states' governments have ratified a series of treaties over time, delineating the objectives and structures of the Union, starting with the European Coal and Steel Community in 1951 and evolving into today's European Union. Similar to other international bodies, the member governments of the EU have vested themselves with a central role in the governance of the Union. However, these member governments have delegated increasing powers and discretion to various supranational entities. These include the executive Commission, the European Court of Justice (ECJ), the European Central Bank (ECB), the European Parliament (EP), and a growing array of independent agencies tasked with regulatory and informational roles in specific issue areas. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 165)

The delegation of powers to supranational organizations prompts two interrelated and fundamental questions, Pollack (2006) asks why do states opt to delegate specific tasks, responsibilities, principal preferences, structural elements, decision-making rules, and private benefits to IOs, rather than pursuing unilateral action or direct cooperation? In the context of the European Union, why have member states elected to establish bodies like the executive Commission and other supranational agents, and entrust them with an increasingly diverse array of functions? Second, how do states exert control over IOs once they have delegated authority to them? What mechanisms do states employ to ensure that their interests are upheld? (Hawkins, Lake, Nielson, & Tierney, 2006, p. 165). These are some of the questions that were answered through different approaches in the literature review of the thesis. According to Pollack (2006) the predominant approach to addressing such inquiries has historically been and continues to be because the principal-agent framework is rooted in rational choice theory. This approach to delegation revolves around a functional rationale, elucidating delegation decisions based on the functions carried out by agents. A common assertion within this framework is that political principals delegate powers to agents with the aim of reducing the transaction costs associated with policymaking. (Ibid.)

in the context of the European Union, we would expect to observe member state governments delegating four specific types of functions to agents such as the Commission. This pattern of

delegation would provide evidence supporting the hypothesis that member-state principals are primarily driven by a desire to reduce the political transaction costs associated with international cooperation. Conversely, if delegation were to follow a random pattern or if authority were consistently delegated for functions other than those outlined above, it would suggest that member states are motivated by factors beyond the mere reduction of transaction costs. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 169)

When a principal delegates authority to an agent, they have the choice of using different control mechanisms to limit the agent's discretion and minimize the risk of agency losses. These mechanisms can be split into two categories: administrative procedures and oversight procedures. Administrative procedures set out the scope of agency activity, the legal instruments available to the agency, and the procedures the agency must follow. Depending on the principal's preferences, these procedures can be either narrowly defined or broadly outlined. Meanwhile, oversight procedures include various institutional mechanisms that the principal can use to achieve two main goals. Firstly, they allow the principal to monitor the behavior of the agency, thus addressing the information asymmetry that generally favors the agent. Secondly, oversight procedures enable the principal to influence agency behavior by implementing positive and negative sanctions when necessary. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 165). The different control mechanisms will be presented below.

### **Agenda setting**

agenda setting, the Commission holds exclusive authority to initiate almost all "first-pillar" or EC legislation. This implies that any legislation passed by the Council, or jointly by the Council and the Parliament, must be based on a proposal put forward by the Commission. According to Majone (2001), this remarkable delegation of powers to the Commission signifies a fundamental commitment by member governments to the European integration project. It is based on the reasonable assumption that the Commission, being a "preference outlier" with a pronounced inclination towards deeper integration, will utilize its authority to advance these objectives. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 177)

### **Monitoring and enforcement**

In the process of drafting and revising treaties, member governments have dedicated significant effort to addressing the challenge of ensuring their adherence to treaty provisions. To achieve this goal, they have granted substantial authority to both the Commission and the European Court of Justice for monitoring and enforcing member-state compliance with European Community (EC) law. A pivotal treaty provision in this context is Article 226 of the EC treaty, which empowers the Commission to oversee member-state compliance with EC law and initiate infringement proceedings against member states before the Court of Justice in cases of persistent non-compliance. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 178)

### **Implementation and regulation**

The function of a monitor and enforcer of EC law concerning member governments, the Commission also assumes a more direct role in the implementation of EU policies in specific domains. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 178)

Based on the theory, a framework has been established which is used as the method for the analysis. This framework will be presented in the methodology chapter.

## Chapter 3: Methods and Methodology

The methodological concerns that support the project are presented in this chapter. This covers the research design for the thesis as well as the research approach and strategy that best addresses the research question. A multiple case study design is selected to explore the role of the EU and how it interacts with the member states/candidate countries in selected cases. Based on a document analysis, the analysis is conducted using a qualitative method approach.

### Research approach and theoretical strategy

A theory's function in a scientific study is to direct or have an impact on the gathering of data. There are two main approaches to consider when analyzing the relationship between theory and research: the *deductive* and the *inductive* approach (Bryman, 2016, p. 21). The project follows elements of the deductive strategy as it begins theoretically and develops an expectation based on the body of evidence accumulated in the field. This strategy is often associated with a quantitative approach in which theories are tested. The PA theory is explicitly referenced in the incorporated in the research question, as it was decided by the author that the research question aims to investigate the dynamics between two actors and their interactions, which is in line with the framework of the PA theory. The author's primary focus was on analyzing and understanding the complex relationship dynamics between the European Union and its member states/candidate countries. To achieve this goal, the author gave priority to exploring and developing a comprehensive theoretical framework that could effectively capture the nuances of this relationship.

The author of the thesis is aware that the research question requires a qualitative study, as it aims to describe and explain a phenomenon. The aim of the study is not to test any particular theory, but rather to use the theory to provide a thorough explanation of the research question. This is where the traditional use of the deductive approach is challenged, as the thesis uses the theory for explanation rather than theory testing. To achieve this, the author has formulated a problem that focuses on three objectives. Firstly, to examine the role of the main actor (the principal or the EU), secondly, to analyze the interaction between the principal and the agent(s), and finally, to suggest what steps the main actor can take to improve for the next enlargement negotiations. Thus, the

theory did not precede the research directly; instead, it assisted the author in formulating the research question. When discussing the inductive approach, the observations or findings arise before the theory is chosen (Bryman, 2016, p. 21). The problem statement sheds light on the challenge of ensuring that all accepted candidate countries maintain the *acquis* before and after becoming a member state. As a result, the research therefore initiates the importance of contextual understanding.

The importance of ‘understanding the context’ and the ‘how’ that introduces the research question leads to a qualitative method approach in the analysis. To gain a better understanding of the actions and behaviors of the examined unit and the actors involved, it is important to provide descriptive details that highlight the significance of the contextual background. (Bryman, 2016, p. 394). The author has made use of a descriptive explanation of the context, including historical and current events, and different understandings of the enlargement phenomenon, but also in the first part of the analysis, where the purpose is to understand and identify the two actors. When conducting research, it is common for descriptive research to be considered weak. However, qualitative research often seeks to understand the underlying causes and reasons behind the research question. Therefore, exploring and describing the context of the research can be beneficial, as it enables a deeper understanding of the issue. Without fully comprehending the roots of a problem, finding effective solutions can be challenging. (Ibid). Based on the results of the analysis, the thesis will form several recommendations for the improvement of future enlargements to enhance the adherence of the EU *acquis*.

## Research design

Looking further at the issue in question and figuring out how to set up an examination to address the research question is the first stage in “designing research”. (Andersen, Hansen, & Klemmensen, 2012, pp. 67-68) The selection of a multiple case study will serve as a framework for this thesis with the EU/the member states and candidate countries as its units. The time frame chosen for the examination is the past 20 years of enlargement. The units of the research are the object of examination. Thereby, the units within a specific time frame create the cases of the thesis. (Gerring, 2004, p. 342 in Andersen, Hansen & Klemmensen, 2012, p. 85).

According to Yin (2003) one of the most important components of case studies is the formation of the research questions. Yin (2003) states that research questions beginning with a “how” or “why” usually lead to a case study as the framework for the research. As this is almost predetermined, the next step to consider is using the existing literature to limit the problem area to a few events or topics and further dissect these into even more specific events and topics (Yin, 2003, p. 361). These events or topics will thereby become the chosen specific cases used in the analysis.

Compared to single-case designs, multiple-case designs have specific advantages as well as disadvantages. The evidence from several cases is often viewed as stronger, and as a result, the study as a whole is thought to be more robust (Herriot & firestone, 1883 in Yin 2003, p. 387). However, the author is also aware that for this reason, a multiple case study requires extensive resources and time. Despite this, the multiple-case study design is chosen in favor of a single case study.

A multiple case study approach may be more suitable given the complex nature of the research subject. Using this method enables the reader to discover strategies or tendencies between the Principal and the Agents. Through the lens of PA theory, a multiple-case study allows for a detailed, context-specific, and empirically based investigation of specific instances, and the dynamics forming the interaction between the EU and member states/candidate countries in the context of the EU enlargement negotiations.

### Operationalization of Principal-Agent theory in the analysis

To conduct a thorough analysis of specific enlargement cases, it is important to operationalize the PA theory. In conducting the analysis, it is important to follow a guideline for incorporating the theory into the analysis. This will ensure that the analysis is rigorous and comprehensive and that all relevant factors and concepts are considered. For future replication of the analysis, it will enhance the transparency of the thesis. Through this process, it is possible to gain a deeper understanding of different enlargement processes and the factors that influence them and to use this knowledge to inform future decision-making in this area.

The analysis will be conducted by following the steps shown in operationalization below.



## **Part 1: Principal and Agent: Identifying the actors at play**

- Principal: The EU, delegating responsibilities
- Agent(s): Candidate countries and current member states receiving responsibility and requirements

In the analysis the author will show cases where the EU acts as the principal and cases where candidate countries and current member states are involved. This will outline the distinction between them In the analysis

## **Part 2: Principal-Agent dynamics in enlargement processes**

- Goals: Examine the EU's main enlargement goals, taking challenges and concerns and the requirement for ongoing integration and adherence to the *acquis* into account.
- Agency Issues: Investigate possible conflicts of interest or misalignments of objectives between the EU and selected cases, paying particular attention to how issues can interact with the necessity of integration.

## **Monitoring and incentives**

- Incentives: Take a close look at the incentives offered by the EU to candidate countries to get them to align their policies and practices with EU standards and consider the benefits of integration as well as democracy and Rule of Law-related incentives.
- Monitoring systems: Examine how well the EU's monitoring and assessment systems are tracking candidate states' progress toward fulfilling the requirements.

## **Conditionality and risk prevention**

- Analyze the EU's use of conditionality in the accession process, with a focus on how it addresses concerns and advances integration.

- Risk Mitigation: Examine the methods the EU used to reduce threats during the enlargement process without sacrificing the objectives of integration.

## Research and quality criteria

Research studies are an integral part of any field, as they help to fill in the gaps in the literature, test hypotheses and theories, and provide new insights and knowledge. (Andersen, Hansen & Klemmensen, 2012, p. 97) However, for a research study to be considered credible and reliable, it must adhere to a set of criteria. One of the most important criteria is replicability, which means that the methods used in the research study should be clearly explained so that others can carry out the same research and obtain similar results. This ensures that the research is not just a one-time observation but can be replicated multiple times, thereby increasing the credibility of the findings. (Hellevik, 2002, p. 17 in Andersen, Hansen & Klemmensen, 2012, p. 97). Moreover, while research studies need to meet 'traditional' quality requirements, they may not always be necessary due to changes in scientific theory. In the past, research studies were required to have validity, reliability, and generalizability. Validity refers to the accuracy of the measurements taken in the study, while reliability refers to the consistency of the results obtained when the study is repeated. Generalizability, on the other hand, refers to the ability of the study's findings to be applied to a larger context. (Andersen, Hansen & Klemmensen, 2012, p. 97). However, with different scientific approaches, it has become apparent that not all research studies need to meet these traditional quality requirements. Nonetheless, researchers must remain transparent about their methods and results, as this ensures the credibility and reliability of their findings (Ibid.). Also, research must be designed in such a way that the problem is fully explored and that the results provide insights into the problem. By meeting all these requirements, a study can be considered of high quality.

The research question of the thesis asks:

*How has the European Union utilized the Principal-Agent model in its enlargement strategy over the past two decades?*

1. How has the EU's role as a principal shaped the behavior and compliance of candidate countries?

2. What mechanisms has the European Union employed to monitor and enforce compliance among candidate countries during the accession process and effectively ensure that candidate countries maintain the *acquis* both before and after accession?

The research question of this thesis sets the framework for a qualitative investigation. Achieving a high level of reliability in qualitative research is generally challenging because the research criteria were originally developed for quantitative methods focusing on transparency, replicability, and generalizability. (Andersen, Hansen & Klemmensen, 2012, p.111). Qualitative research often involves interpreting materials or conducting interviews, which may introduce subjectivity into the analysis. Consequently, it is difficult for other researchers to replicate the study and arrive at the same conclusions. Therefore, external reliability is affected by internal inconsistencies. (Andersen, Hansen & Klemmensen, 2012, p. 111). But regardless of the method approach, both qualitative and quantitative research must meet one universal criterion; replicability as research must be done to enable other researchers to replicate the analysis procedure or to build on the findings to create cumulative knowledge (Andersen, Hansen & Klemmensen, 2012, p. 112). Thus, even if the results of this analysis cannot be replicated its method of procedure can. The author's interpretations will inevitably appear throughout the analysis. However, the replicability can be improved through an explicit and thorough operationalization of the theory. This makes the research more transparent and provides for its replication by future researchers who can follow the same method of procedure but because of subjective interpretations, the results will differ.

The "traditional" quantitative research criteria mentioned above can be used in qualitative research too. But there can also be found various criteria that are tailored for qualitative research as well. Especially in the selection of empirical evidence, careful use has been made of these criteria. The analysis is based on a document analysis. Four criteria, namely representativeness, authenticity, and credibility, are relevant for document analysis' (Brinkmann & Tanggaard, 2015, p. 163). The quality of the empirical evidence is what is referred to as authenticity. Concerning the empirical evidence collection and selection in the thesis, the author has secured a high degree of authenticity as well as credibility by selecting data that doesn't contain bias or a specific agenda for the analysis. To further secure the credibility, there has been no selection of empirical evidence that contains bias.

Therefore, there has been no use of documents such as that contain a specific agenda or different attitudes towards either the Principal or the Agents in the analysis. As for the last qualitative criterion for the selection of empirical data for this thesis, representativeness isn't as high as the two other criteria. The reason for this is that the research question aims to study specific cases and contexts which have low representativeness. Since single and multiple case studies look solely at one unit or more units, they cannot generalize their results and findings to other units. (Andersen, Hansen & Klemmensen, 2012, p. 110)

## Selection of empirical evidence

The cases that have been selected relate to examples where candidate countries applied for EU membership, underwent accession negotiations, and implemented reforms to meet EU standards and requirements, and have then become member states of the EU. In the context of EU enlargement, the principal-agent relationships' dynamics may involve issues such as monitoring, conditionality, and the transfer of powers from candidate countries to the EU. The empirical data includes descriptions of the EU, the candidate countries as well as the member states and the accession negotiations, progress, and instances of policy implementation divergence or convergence between specific candidate countries and the EU. The selected data is mostly articles or documents that inform or describe a context rather than.

As for the member states, documents or articles that illustrate their interaction with the EU has also been selected. When analyzed through the principal-agent lens, these cases help to comprehend the power dynamics, challenges, and incentives inherent in the EU enlargement process.

As shown on the Pew Research graph on page ten, Poland and Hungary were the countries among the A10's who waited the longest to gain candidacy status. Compared to the other Central and Eastern A10 countries, Poland and Hungary are larger by size and population which makes the transition of the countries more challenging. However, all A10 countries including Poland and Hungary proved to the EU that they could comply with the EU acquis and follow the Rule of Law in the negotiation stages. Thereby, all 10 countries gained their membership to the EU by 2004. The A10s may have shown their capabilities in adapting the acquis and the Rule of Law demanded by the EU before the accession, but after the accession of the A10s, the EU has had challenges in

ensuring the enforcement of the rule of law in some of the countries after they joined European Union. Two significant cases that highlight this issue are the cases of Poland and Hungary as they are the only two cases from the A10s that were subject to proceedings under Article 7 for breaches of the Rule of Law.

### **Case 1: The Past and present: The negotiations, accession, and membership of Hungary and Poland**

A Principal-Agent analysis of Poland and Hungary would be insightful in an EU enlargement study due to several aspects that emphasize the nuanced nature and complexity of the relationship between the EU as the principal and the candidate countries (now members) as the agents. Because of the violations of the EU values and the democratic backsliding in the two countries, they have been criticized since their membership began. This enables the analysis to gain deeper comprehension of the EU enlargement process, its obstacles, and the changing dynamics of the relationship between the EU and its member states.

From experiences such as the Polish and Hungarian post-accession, the EU must be more focused on the possible undermining of the Rule of Law before and after the accession of a new member state. This leads us to the next selected enlargement case.

### **Case 2: The Present and Future: The negotiations and possible accession and membership of Ukraine and Moldova**

The introduction chapter sheds light on the issue the EU is confronted by - finding an effective way for to balance the risks associated with the enlargement process, such as continuing to ensure the enforcement of the Rule of Law and integrating new member states into the EU. Admitting relatively new and somewhat fragile democracies into the European Union can also pose challenges in terms of ensuring their compliance with basic liberal democratic values and the principle of the Rule of Law. This can be argued was the case for Poland and Hungary 20 years ago. Today, the EU faces the same outcome with Ukraine and Moldova. Examining how Moldova and Ukraine work their way through conditionalities helps to clarify the advantages and disadvantages of conditionality in the enlargement process as well as assessing the EU's role. It will also guide the recommendations for

improved enlargements in the future. Recommendations that will prioritize adherence to the *acquis*, both before and after accession, and how the EU as the delegator in the relationship with the agents, can enhance the process of adherence to the *acquis*.

## Chapter 4: Analysis

### Part 1: Principal and Agent: Identifying the actors at play

The European Union comprises different delegating institutions. It combines executive, legislative, and judicial branches to delegate various responsibilities to its member states. Applying the *delegation* concept of the PA theory, the EU can be understood as the principal, while its member states act as agents. This relationship and the delegation of authority within the EY framework illustrate the nature of their connection. As an overarching political and economic entity, the EU establishes policies and regulations that member states are required to implement and adhere to. This relationship is fundamental to the principal-agent model, in which the principal (EU) delegates specific tasks and responsibilities to the agents (member states) in order to achieve broader objectives. (McBride, 2022)



The EU as principal also plays a crucial role in setting comprehensive policies that member states are required to implement. These policies encompass areas such as trade, environment, competition, and consumer protection, demonstrating the EU's extensive mandate to foster economic integration and political collaboration in Europe. (McBride, 2022)

The European Commission, for example, acts on behalf of the EU by proposing legislation, implementing decisions, and upholding EU treaties. Member states, in turn, are required to

transpose these directives into national law and ensure they are enforced locally. This delegation of authority demonstrates how the EU, as the principal, relies on member states to carry out specific actions within the agreed framework (McBride, 2022)

Moreover, the EU's legal system, with the European Court of Justice at its core, ensures compliance by member states, thus maintaining the integrity of the principal-agent relationship. If a member state fails to implement EU law correctly, the Commission can initiate infringement proceedings, further underscoring the EU's role as the delegator (McBride, 2022)

The EU operates as the principal by setting overarching policies and legal frameworks, which the member states, as agents, are responsible for implementing and adhering to within their jurisdictions. This dynamic ensures that the collective goals of the EU are pursued consistently across all member nations.

In the context of enlargement processes, in order for the EU to be the principal, it has to both grant and have the power to withdraw power to another actor. Again the EU can be seen as the principal in this case. This can be demonstrated using concept of *contract* from the PA theory. When the EU as the principal makes a conditional transfer of power to a member states, it enables the member state to act on behalf of the EU. (Hawkins, Lake, Nielson, & Tierney, 2006, p. 7)

Identifying the EU as the principal leaves the member- and candidate states as the agents who are at the receiving end of granted responsibility and requirements to meet. Looking at the case of Poland as the agent, its government faced multiple EU sanctions, including a 1 million euro daily fine, for undermining judicial independence. Despite these sanctions, Poland continued to defy EU directives, highlighting the difficulty of aligning member state actions with EU principles. The principal-agent model explains this as a misalignment of interests, where compliance costs for Polish leaders outweigh the benefits, suggesting the need for more effective enforcement mechanisms (Wanat, 2021) The EU, as the principal, sets rules and expectations for judicial independence and the rule of law. Poland, as the agent, is expected to comply with these standards. However, Poland's defiance and subsequent sanctions highlight the principal-agent problem, where the agent (Poland) diverges from the principal's (EU's) objectives, underscoring challenges in enforcing compliance and aligning interests.

## Part 2: Principal-Agent Dynamics in EU Enlargement Processes

### Goals: Understanding EU's Enlargement Objectives and Challenges

The major focus of the enlargement policy of the EU is on the promotion of security and stability within the European continent; specifically it has targeted the regions that are more susceptible to the conflicts. These areas are incorporated into a more cooperative and stable framework with the aim to restrict conflicts and promoting a secure environment for political collaboration and socioeconomic development.

Another important objective that can be considered here is economic integration. EU is making efforts for the purpose of market expansion, economic cohesion and increasing trade within the member states(Tla da Silva, 2024). In this way, the advantages will not only be received by the existing member states but also the candidate countries will grow economically and more investment opportunities will be created for them. In addition, the focus of the political integration is on the rule of law, democratic governance and compliance to the human rights within the candidate countries(Tla da Silva, 2024). These aspects are significant because they can play an important role in the growth of the democratic institutions and practices within the candidate countries with different administrative and political histories, it will help them to comply with the standards of the EU.

However, there are also certain challenges along with the goals of enlargement that are needed to be considered here. Due to the diverse political frameworks problems are created as there are different government structures and political history of the candidate countries. Due to this diversity conflicts can be created regarding the interests of the countries and alignment with the values of the EU. Moreover, economic disparities also exist between the candidate countries and members of the EU, due to which economic integration can be restricted. It is necessary to make important adjustments in the structure of the new member countries so that they can integrate with the economic system of the EU(Blockmans, 2024). For this purpose, they will need technical and financial support from the EU so that the overall transitions can be made smooth. Moreover, the social and cultural integration can also create issues. Public opinion and national identity concerns



within both the candidate countries and member states of the EU will lead to barriers to integration(Franco, 2024). Therefore, there is the need for careful management to deal with such differences and promote cohesion and acceptance on both sides.

### **Agency Issues: Conflicts of Interest and Objective Misalignments**

It is observed that mostly conflicts are raised when the standards or requirements of the EU are not in alignment with the national interests of the countries. For example, economic liberalization and cultural reforms that are established by the EU may be in conflict with the priorities of the candidate countries and their domestic practices and challenges arise regarding the integration. Furthermore, another area of discrepancy is the government standards and governance practices and expectations for domestic norms of the EU may not be aligned with the practices within the candidate countries(Grainger, 2024). In this way, substantial challenges can be created due to this misalignment to the criteria of the EU for accession.

There may be significant impacts of these conflicts. Based on these conflicts, non-compliance and disturbed negotiations may occur with the candidate countries. In addition, substantial costs can be faced to make social and economic adjustments to the standards of the EU. The ability of the countries to continue with the obsession and their willingness may be negatively affected due to these problems.

### **Incentives: Aligning Candidate Country Policies with EU Standards**

Several policies are developed by the European Union to align the practices and policies of the member countries with their own standards, the role of financial support through the pre-accession funds is very critical concerning this alignment. The objective of these funds is to provide support to the candidate countries so that they can meet the strict accession criteria of the EU by making important reforms in the projects(Bexheti, 2024). Along with the financial aid, the economic benefits are also substantial for the candidate countries. They include access to a larger market and the potential for increased foreign investment, which can improve their economies.

The effectiveness of these incentives is very important to motivate compliance within the candidate countries. Due to the prospect of financial support and economic gains, candidate countries are motivated to comply with the policies of the EU (Appel, 2024). On the other side, challenges may be created due to the structure of these incentives. Different conditions are linked to the economic benefits and financial aid, due to which the national priorities may be compromised while aligning with the standards of the EU (Vasilevska, 2024). Due to this misalignment, reluctance can be faced within the candidate countries to adopt the policies of the EU.

### **Monitoring Systems: Tracking Progress and Compliance**

A robust monitoring mechanism is implemented by the EU to make sure that the progress within the candidate countries is in compliance with the *acquis communautaire* (Schimmelfennig, 2024). One of the major parts of the process is the regular reviews based on which the progress within the candidate countries is systematically checked by the EU. These reviews are very helpful for the identification of the areas where there is a need to focus and make reforms so that the standards of the EU can be met effectively (Vasilevska, 2024). They have provided clear goals and standards to the candidate countries that need to be fulfilled and progress reports are also generated to share with the institutions of the EU to make the process transparent.

However, it is observed that the effectiveness of these monitoring systems may vary. These monitoring systems are useful to determine the shortcomings regarding compliance and the effectiveness is dependent on the frequency and quality of the feedback that is provided by the candidate countries. Feedback mechanisms are of greater significance to support the countries who adjust just their practices and policies with the standard of the EU. However, due to the lack of specific feedback, the overall adjustment process can be impeded, leading to ineffective reforms and non-compliance.

### **Conditionality and Risk Prevention in the Accession Process**

The overarching role of conditionality is to maintain compliance and foster change during accession to EU membership. It entails the determination of specific characteristics that the candidate states

are expected to meet in their quest for EU membership. These steps always encompass a broad spectrum of political and economic changes that are expected to make the candidate states meet the EU standards. Acting as both a reward and a punishment system that, in essence offers such perks as further integration and assistance in return for compliance with certain requirements but also freezing of the country's accession process in return for non-compliance thereof.

The accession process, however, has some challenges that the EU has to avert through the use of the following measures; To overcome these challenges, planning for them beforehand is crucial for ensuring the proper integration of the levels. EU strategies entail fostering contingencies in political, economic and social aspects that might be realised in the enlargement process. The EU's goals in managing the risks of enlargement are, therefore, to moderate both the rate of enlargement as well as the conditions of enlargement so that it achieves its broad objectives of expansion. With such a delicate balance significant for several reasons because it must avoid upsetting the existing status quo or overstressing the capacities of the candidate countries and the EU alike.

## Chapter 5: Conclusion and Policy Recommendations

European Union leads from an instance of experiencing the process of enlargement, which is hypothetical when considering the expansion of a such a complicated supranational organization. The rewards lessons that had been achieved from many expansionists highlight the necessity of establishing the rewards that are proper to the political, economic and social demands of the candidate nations. Monitoring and feedback are very important since they enable prevention and changes to be made and conducted competently and when needed. Introducing the conditions has been vital in influential steering of the new member states towards the adoption of EU norms while simultaneously avoiding the dilution of the Union's operations by the admission of new members. Also, the role of the Commission in being able to prepare and prevent for risks that may happen due to enlargement is essential so that integration stability can be ensured and achieved. They remain of significant importance as to the actual process of enlargement of the EU, particularly in terms of not only mere numbers, but the quality of the collective entity merging, or, in other words, its integration.

### **Recommendations**

- **Develop a Modular Incentive System:** To be dynamic, incentivisation solutions should be aligned to the developmental level of the candidate countries so as to effectively address diverse problems.
- **Enhance Monitoring and Feedback Processes:** It is necessary to enhance a system of monitoring that would be more sensitive and issue-oriented in order to facilitate feedback and give Europeans an opportunity to respond and adapt to any irregularities within a shorter time period, thus obtaining compliance with the EU requirements.
- **Refine Conditionality Mechanisms:** It is more effective to increase the sensitivity of the process and engage the candidate countries in the formulation of reasonable and achievable terms for acquiring the membership to create more loyalty to the process.

- **Assess Integration Capacity Regularly:** Set up an illustration of how the EU should periodically assess its ability to accommodate new members with each enlargement maximized at the Union's assimilation capabilities without compromising on functionality and cohesiveness.
- **Strengthen Risk Assessment Mechanisms:** Out the steps to better foresee adversity and how to implement broad risk management solutions at the beginning of the enlargement cycle in order to minimize possible destabilizing impacts efficiently.
- With these recommendations in mind, the EU would be in a position to control the enlargement process more efficiently; thus, the Union not only enlarges but also reinforces the internal structure, the administrative efficiency and the international image of the organization.

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