European Union Membership and Protracted Regionalization in Eastern Europe

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For many Central and Eastern European countries (CEECs), the last decade has marked an incredible transformation culminating in the 2004 and 2007 accessions to the European Union (EU). A central element of that transformation involved a process of democratization grounded in building regional level governments. Importantly, this process endured, more than any other element of the accession process, intractable delays[1]. Some CEECs simply regionalized expediently while others did not. The present study seeks to explain this variation in regionalization across CEECs.

The central thrust of my analysis turns on a single insight: there are two competing motivational factors inherent in the EU's accession requirements regarding regionalization. First, regionalization as an accession requirement served to institutionalize an adequate degree of good administrative governance extending self-determination to the regional level[2]. Motivation to regionalize as part of the larger *acquis communautaire* requirements of general EU readiness was underpinned by the promise of EU membership, the reputational advantages associated with a "return to Europe", and the massive financial benefits of belonging to the European economic and monetary union. A second motivational factor was the EU's Structural and Cohesion funds. CEEC candidate states needed to regionalize by creating a sub-state level of government that would dialogue with the EU and help coordinate EU Structural and Cohesion funding after accession. Determination of the distribution of this funding is based on need, meaning that those states with less developed regional capacities stood to receive more money than those with greater regional capacities[3]. Taken together, these two competing factors beg the question: Why comply expediently to the regionalization requirements of the *acquis* if lack of regional capacity meant greater levels of Structural and Cohesion Funding later on? Or, in other words: why pay for regional reforms out of your own pocket when, with a bit of patience, the EU will do it for you? The remainder of this analysis will explain variation in CEEC regionalization as a function of, first, levels of pre-accession regionalization in CEECs, and second, the two competing motivational factors inherent in the accession process itself.

The thesis that I would like to put forward in this paper is that protracted regionalization in CEECs is an effect of prioritizing EU Structural and Cohesion Funds over EU membership. Equally, expedient regionalization is an effect of prioritizing EU membership over Structural and Cohesion Funds. My analysis is divided into three parts. Part I will examine CEEC regionalization within the broader scope of enlargement, membership conditionality and compliance. Part II presents the model I will use to analyze the two competing motivational factors inherent in the EU's accession requirements. Lastly, part III presents two separate case studies examining regionalization in the Czech Republic and Hungary according to my model.

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[1] In fact, as Hughes, Sasse and Gordon argue, regionalization was the "most protracted element of enlargement" (Hughes *et al*., 2004: 5).

[2] Good governance became a right of all EU citizens with the Treaty of Nice in 2000. http://www.cor.europa.eu/en/documents/code.htm

[3] "Regional capacity" includes, first and foremost, the legislation for devolving power to regional level governments. Further, it also means improving the implementation capacity of the applicant state via inter-ministerial co-ordination, human and financial resources, training of civil servants, paying authorities to distribute funds, and a monitoring and statistical system for the whole process. See the European Commission's online Opinion Report, Progress Reports and Regular Reports. http://ec.europa.eu/enlargement/archives/enlargement_process/past_enlargements/eu10/index_en.htm

Part I: Social Learning and External Incentives

EU accession involves the implementation of a massive array of EU policies, procedures, regulations and even 'ways of doing things' in potential member states. The circa 80,000 page *acquis* outlining the necessary changes that each candidate state needs to make in order to demonstrate so-called EU readiness clearly reflects the power of the EU in shaping domestic politics. Nonetheless, it would be somewhat rash to discount that role of domestic politics in this process. Accession is not, in the parlance of Europeanization, just a top-down process dictated by the EU. On the contrary, it is also a bottom-up process that sees accession criteria filtered through an existing national lens of domestic institutions, norms, and values. Variation in CEEC regionalization as part of the larger accession process can be explained by the role of domestic politics in accession criteria implementation.

In what way do domestic politics matter? How can we explain normative and institutional changes in candidate states that seemingly result from the EU accession process? Answering these questions presupposes adopting a set of assumptions about how domestic actors respond to implementation criteria as well as how and why they comply. The extant literature can be divided into two general competing schools of thought: a social learning approach and an external incentives approach. Social learning holds out the possibility that domestic actors learn EU norms and values from interaction with the EU itself. Compliance, therefore, results from the deep attitudinal and behavioural transformation of those actors. The second set of assumptions is grounded in a rational choice institutional framework that conceives of compliance as a function of a strategic cost-benefit analysis performed by domestic actors. It is this second, rational choice institutionalist-external incentives approach that I will employ -- albeit in a slightly modified form -- in my analysis of CEEC regionalization. But before I can outline my method it is prudent to discuss why I think a rational choice institutionalist-external incentives approach is preferable to a social learning model in the case of CEEC regionalization.

Social learning rests on the idea that implementation of EU accession criteria results from a process of socialization. Established EU norms and values become a candidate state's norms and values through the interaction of the candidate state with the EU[4]. This transfer of norms and values is the result of a process of persuasion and not, therefore, coercion. This is really the fundamental difference between a social learning model and an external incentives model. Persuasion means integrating, adsorbing or internalizing the shared norms and values of the EU. Actor behaviour, once socialized in this manner, does not approach decision making from the position of domestic norms versus EU norms, but rather from the position of shared norms. As such, social learning is really consistent with the core tenets of social constructivism in that it emphasizes a "logic of appropriateness" guiding candidate state decision making during and after the accession process. Candidate states make decisions regarding compliance based on an assessment of the legitimacy or rightness (measured against existing norms) of the given options. Convergence of EU norms and values with candidate state norms and values facilitates the decision making process as well as compliance with EU accession criteria.

While the social learning model provides an interesting alternative to rational choice approaches in general, the tricky issue of identifying when, specifically, domestic actors have

[4] A good example of this approach in the comparative politics literature is Jeffrey Checkel's (2001), "The Europeanization of Citizenship?". For an international relations approach to social learning see Jakob Ohrgaard's (2004), "International Relations or European Integration: is the CFSP sui generis?"

been persuaded by the EU and when their decisions are made based on an adequate degree of socialization remains unanswered. Judith Kelley's study of social learning and CEEC implementation of ethnic minority legislation highlights this problem. As Kelley notes, persuasion and coercion are not "mutually exclusive", but are rather inextricably intertwined (Kelley, 2004: 428). This admission, however, does not deter Kelley from nonetheless positing a clear separation of the two forces. While there are no doubt different types of pressure employed by the EU on candidate states (like ad-hoc visits, letters, reports and declarations, as Kelley mentions (429)), ascertaining the specific type of pressure responsible for a particular change in a given case is a very difficult matter. Adoption of a specific norm through so-called social learning, for example, cannot be categorically divorced from the possibility of strategic decision making on the part of candidate state actors. This assumption would require insight into actor intentions, something that cannot be accounted for with any degree of certainty or precision.

An external incentives model, by contrast, is centred on a basic bargaining strategy of reinforcement by reward. As Schimmelfennig and Sedelmeier assert in a seminal essay, "a state adopts EU rules if the benefits of EU rewards exceed the domestic adoption costs" (Schimmelfennig and Sedelmeier, 2004: 664). The benefit of this approach is that it intrinsically recognizes that persuasion and coercion are inextricably intertwined. Avoiding costs and increasing benefits might be common to both social learning and external incentives, but this approach makes no pretensions about differentiating between the two. Naturally, this is not to say that such a rational-choice institutional model is without its own limits and problems. It too makes assumptions about actor intentions and, moreover, about human behaviour in general. These limitations should not be interpreted as some theoretical defeat, however, but perhaps only the defeat of a 'grand theory' of the EU. Hence, my own preference for the external incentives model stems from the fact that it is best able to explain the phenomenon at hand, namely regionalization in CEECs, but certainly not all of the various elements of EU governance, integration, Europeanization and enlargement. In what follows I will outline the main tenets of the external incentives model with the aim of providing the foundation for my own model, detailed in part II, below.

An external incentives approach, following Schimmelfennig and Sedelmeier, examines the various domestic factors or constraints that influence the calculation of the costs of implementing EU accession criteria. There are three main constraints: 1) timing 2) clarity and 3) domestic mediating factors and veto players.

<u>Timing</u>:

The timing constraint has two basic elements: first, that implementation of accession criteria will speed up as the day of formal accession nears (665). In other words, moving from the early period of the accession process to the final stages would see more and more implementation, with a significant clustering of law passing, institution making, and other related changes just before the accession deadline. Candidate states are assumed to suffer from a near-sightedness that makes carrots in the distance seem smaller than they really are. And moreover, the uncertainty of actual accession during the early stages highlights, for candidate states, the immediate costs while playing down future membership benefits. As Kelley writes succinctly: "policy costs are typically up front" in the accession process, "while actual membership is distant and uncertain" (Kelly, 2004: 431).

The second aspect of the timing constraint refers simply to the fact that pressure to comply during the accession process was not uniform across the entire period. While some studies divide the accession process into multiple stages (Lippert, Umbach and Wessels, for example, set out a five stage model), it makes more sense to posit the division according to differences in EU pressure regarding the implementation criteria. Two distinct periods can be identified in this way: the first ranges from 1990-1995 and the second 1996-2004 with the main separating mechanism being the EU's White Paper in 1995 and the Commission's annual reports thereafter. The significance of this dating is made more evident in a consideration of the second constraint, clarity.

<u>Clarity</u>:

Clarity refers to the degree to which the cost-benefit structure of accession is communicated to the candidate states in a way that is easy to interpret, understand and implement. It seems that the early accession period (from 1990-1995) significantly lacked clarity in these terms. Heather Grabbe, for instance, has gone so far as to describe a distinct "diffusion of influence" emanating from EU directives and behaviour during this period of EU accession negotiations (Grabbe, 2001: 1014). While the EU openly offered to negotiate accession with CEECs during this period it failed to provide specific guidelines or templates of conditionality[5]. CEECs were simply left with incredible latitude in interpreting the relevant accession criteria for themselves. Indeed, as Grabbe notes, conditionality during this period was altogether ambiguous: EU actors were contradicted by other EU actors in twinning projects and consultation with candidate states; the Copenhagen criteria for accession were general and vague; and the whole accession process was intrinsically complex (125f). Expectedly, EU accession pressure yielded only a "marginal" impact on CEECs EU policy related changes (Jacoby, 2005: 92).

During the second period, beginning with the EU White Papers of 1995, EU conditionality took on an entirely new dimension. Indeed, the White Paper "was the first document that provided concrete guidelines to aspirate members" (92). The White Paper and the EU annual reports that followed until the end of the accession process can be described as marking the difference between passive and active EU leverage, according to Milada Vachudova, where active leverage has a much greater direct and precise impact on shaping domestic policy (Vachudova, 2001a: 25). No longer was it necessary for candidate states to try to shape policy as if with a blunt mallet, to borrow an image proposed by Grabbe, in the second period policy changes would be made with the precision of a surgeon using a scalpel (Grabbe, 2001: 1026).

<u>Domestic Mediating Factors and Veto Players</u>:

Much of the literature on enlargement and accession draws on assumptions that political elites and policy makers, given the right degree of latitude, can act as gate-keepers to the implementation of EU accession criteria (Bache, 1999). Policy makers, for example, invested in maintaining the status quo, may forgo the benefits of compliance with the EU (Kelley, 2004: 432); elites having only recently regained full sovereignty after the fall of communism may be more reluctant to just give it away (Baun, 2002: 274; Baily and de Propris, 2004: 94); the accession process itself, concentrated in the transposition of laws through national executives, reinforces the status of elites (especially members central government) as gate-keepers to the implementation of accession criteria (Baun and Marek, 2006); legacies of pre-communism and communism influence actor incentives, ontologies and capabilities (Ekiert, 2004; Hughes *et al*., 2004; Grzymala-Busse, 2002). Unilateral action, however, presupposes a lack of credible or robust opposition. Georg Tsebelis, for example, has provided a parsimonious explanation: there is a direct relationship between the number of veto players (individual or collective actors whose agreement is necessary for decision making) and policy stability or the "status quo" (Tsebelis,

[5] On this point see also Brusis (2002): 551.

2002). The more veto players, the less change to the status quo. In terms of accession to the EU, veto players necessarily play a major role in the expedient implementation of accession criteria. When governing elites go unopposed they can act unilaterally, for example delaying the implementation of important EU accession criteria (Schimmelfennig and Sedelmeier, 2004: 667). As Grzymala-Busse notes in a similar context, veto players may even "deliberately fail to design institutions or delay their creation" simply because they face "few demands to do so" (Grzymala-Busse, 2007: 84). However, when governing elites are faced with credible opposition (in the form of strong legislatures, coalition governments or more broadly robust competition) their ability to act is significantly constrained.

Part II: Implementation Costs and Protracted Regionalization

My goal in this analysis is to bring a new clarity to understanding regionalization in CEECs. It is meant to cut across what I see as the many vagaries and troublesome assumptions related especially to the legacies and veto players literatures. Moreover, it is meant to address the related inability in the current literature to accurately identify expedient regionalizers and those candidate states who delayed regionalization. Poland's progress in regionalizing, for instance, has been characterized as "particularly slow," and even more recently taking a backward step toward greater centralization (Baun, 2002: 271).[6] Another recent study, however, argues the opposite: "the first, and so far only, democratizing reform of both regional and local governance in a CEEC has been realized in Poland" (Hughes et al., 2001: 164). Hungary, similarly, is presented as both the "the only country to have a well developed regional policy" and as demonstrating "little or no progress in creating a democratized regional level government" (Bachtler and Gorzelak, 2000: 5; Hughes *et al*., 2001: 165). In the same manner, both the Czech Republic and Slovakia are described as making rapid progress towards "localism" as well as being typically "slow reformers" (Brusis, 2002: 547; Baun, 2002: 271).

The model I want to put forward is meant to avoid the pitfalls and contradictions of the existing literature. It works from a basic rational choice institutionalist perspective, similar to some of the research discussed above, and assumes that CEEC domestic politics provides a national lens of sorts through which the implementation of accession criteria is filtered. As I will discuss shortly, however, I want to radically limit what this national lens can entail, providing a vastly simplified model that cuts across some of the vagaries I see problematizing the existing literatures.

My model turns on one key insight: namely, that there are two competing cost-benefit structures inherent in CEEC regionalization as part of the accession process. Importantly, this distinction has been conspicuously overlooked in the existing literature. While a great many studies dealing with this topic make mention of Structural and Cohesion funds, a consideration of their specific influence in terms of accession and compliance is absent. This oversight might result from a methodological tendency in both the Europeanization and enlargement literatures to posit insufficient variation on the independent variable (Haverland, 2005; Lehmkuhl, 2007). That is to say, EU pressure to comply is misconceived as a singular, monolithic force. This is clearly not the case.

The first cost-benefit structure is EU membership itself. As we saw above, EU membership is a very big carrot indeed, motivating CEEC candidate states toward regionalization reforms, decentralization and/or the devolution of power to regional level governments as part of the larger accession process. EU membership carries massive financial as

[6] As reported in Nations in Transit (2007), http://www.freedomhouse.org/template.cfm?page=46&year=2006

well as important reputational rewards. In the first instance, membership in the EU's common market has been forecasted as bringing "long term total gains to new member states ranging from 23 to 50 billion euro" (Moravcsik and Vachudova, 2003: 47). Additionally, CEEC membership in the EU marks a much desired return to Europe and a subsequent international legitimacy linked to the promise of economic and democratic stability.

The second cost-benefit structure is unique to the regionalization requirements of the EU accession process and relates to EU Structural and Cohesion funds. After accession, CEECs which are deemed to require further assistance in regionalization stand to receive massive financial help. In fact, a total of 40.8 billion euro was earmarked for CEECs for the 2004 to 2006 period alone. The breakdown of the funding puts this number in perspective. The Czech Republic, for example, received a total of 2.6 billon euro, Poland 12.8 billion euro, Hungary 3.2 billion, and Slovakia 1.7 billion euro[7]. Of course, these funds are administered on the basis of need. New CEEC member states that have developed their regional capacities *the least* will also receive *the most* financial assistance in the form of Structural and Cohesion Funds.

As I have maintained from the outset of this analysis, these two cost-benefit structures compete with one another. Or rather, they provide two different options when it comes to making decisions about implementing accession related regional reforms. CEEC candidate states are caught between deciding whether to prioritize EU membership or Structural and Cohesion funds and, as I will discuss shortly, this decision tends to be made with reference to whether the implementation costs of regionalization are high or low. What results is either expedient or protracted regionalization.

Naturally, a candidate state cannot forgo membership in favour of receiving Structural and Cohesion Funds; the former is a prerequisite for the latter. But this is not what I mean by 'prioritizing'. Rather, what I mean is a strategic attitude towards one or the other. In the first instance (prioritizing EU membership), regionalization can be expected to be expedient because the benefits of EU membership are seen as outweighing the benefits of Structural and Cohesion Funds. We would expect CEECs that prioritize EU membership to be fast and good compliers, implementing accession criteria as quickly as possible. Punishment for not complying is rather severe and constitutes what one author has deemed the EU's "most powerful leverage tool" backed up with the credible threat of shocking and shaming techniques (Kelley, 2004: 1021). The second case, prioritizing Structural and Cohesion funds, is more complex. The benefits of this funding cannot be understood as outweighing the benefits of EU membership (the latter is a prerequisite for the former). Rather, this strategy would result in doing a bare minimum for developing regional level capacities in order to not compromise EU membership but to also secure the greatest amount of Structural and Regional Funds after accession. The basic premise, as I mentioned above, is why pay for regional reforms out of your own pocket when, with a bit of patience, the EU will do it for you? The key is not to test the EU's patience to such an extent that the accession date is pushed back. In general, then, prioritizing Structural and Cohesion Funds would mean walking a very fine line between avoiding incurring EU admonishments for quicker reforms and ensuring that the date of EU accession is not itself delayed. The outcome would be EU membership without great personal expenditures on regional reforms and, ultimately, receiving the greatest amount of Structural and Cohesion funding deemed appropriate by need.

[7] For a full list of how much each CEEC received upon accession see Hughes *et al*., 2004: 6.

The approach taken here places the determinants that lead to expedient and protracted regionalization directly on one fixed measure: implementation costs. This is the structural factor that constrains candidate states in a way that leads them toward prioritizing either EU membership or Structural and Cohesion Funds (understood according to the provisos mentioned above). The general proposition is that the more a candidate state has to do to implement regional reforms (to increase regional capacity), the higher the implementation costs. Equally, the less a candidate state has to do to implement regional reforms, the lower the implementation costs.

Implementation costs can be assessed by how many changes needs to be made in order to satisfy the EU accession criteria for regionalization. If a candidate state is required to either radically increase the number of regions in the country or radically decrease the number of regions in the country, then the implementation cost can be said to be high. If the EU determines that the existing regions in a candidate state are sufficient than the implementation cost is low. Additionally, implementation costs reflect the amount of work that needs to be put into improving a whole host of other features of regional politics. Foremost is the passing of legislation that devolves power to regional level governments. Improving the implementation capacity in a state is also crucial. This involves inter-ministerial co-ordination, human and financial resources, training of civil servants, establishing paying authorities to distribute funds, and a monitoring system for the whole process. Other features that need to be implemented are statistical offices that confirm that regions are delimited according to EU conditions and which keep track of demographics like unemployment and infrastructure for distributional purposes.

Delays and expediency in the implementation of regional reforms will be measured with reference to two sources. First, the European Commission's annual reports on the progress of regional reforms in the candidate states. The reports served to clearly explicate the state of regionalization in each candidate country, detailing what work had been completed since the last report and what work remained to be done. The difference between expedient and protracted regionalization is reflected in: (1) how often the reports mention that the same issue is lacking or missing in a given CEEC, (2) the number of years between the first mention of an issue and when the CEEC managed to implement the reform, and (3) when the reforms are actually made (are most reforms made near the end of the accession process, at the beginning of process, or are they made evenly throughout). The most basic indicator of expedient and protracted regionalization is when a candidate state actually codified the devolution of various central powers to the regional level. But making something a law does not guarantee an actual transfer of competencies. Thus, consideration will also be given to the actual transition of competencies from the central government to the regional governments.

The two variables taken together give us a model for explaining observed variation in CEEC candidate states' regionalization. This model can be expressed by the following hypotheses:

Hypothesis 1:
Candidate states that are faced with low implementation costs for regionalization will prioritize EU membership and regionalize expediently.

Hypothesis 2:
Candidate states that are faced with high implementation costs for regionalization will prioritize Structural and Cohesion Funds and delay regionalization.

These two hypotheses, establishing the basic cost-benefit structure that drives my model, can be complemented by two further hypotheses which seek to account for other explanatory variables in my model.

Hypothesis 3:
Veto-players will have no substantial effect on the implementation of regional reforms.

Hypothesis 4:
The effects of legacies on regional reforms will be limited to the degree to which existing communist-era and transition-era regional reforms reduce or increase implementation costs.

In what follows I will present two case studies testing my hypotheses. I have selected the Czech Republic and Hungry for the case studies because they are similar in many important ways (most importantly, in the sense that both countries typify relative economic success in the transition to a liberal, open market economy), and because they differ on the explanatory variable at the centre of this analysis. For the Czech Republic, implementation costs of regionalization were high whereas for Hungary they were low.

Part III:
Protracted Regionalization in the Czech Republic:

According to the 1997 EU Opinion report, the Czech Republic had "no regional policy" to speak of, and its division into district levels and municipalities was a far cry from what the EU required for administering and coordinating Structural and Cohesion Funds.[8] Seventy-seven district units would need to be radically parsed to match the fourteen regional Nuts II units the EU envisioned. And even when these fourteen *kraj* units were proposed in 1998, it took several years before the EU received clarification on the administrative efficacy of this divisional framework. In addition to this arduous and costly task, the EU Opinion, Progress and Regular annual reports between 1997 and 2003 consistently remarked on the absence of legislation for Czech regional policy. In fact, the legal parameters of regional government were not passed until 2001, with a "continued reluctance" on the part of the Czech "national government to transfer the competences and corresponding financial instruments to the regions" even after this date (LePlant, *et al*., 2004: 43-44).[9]

In addition to these two central delays, a large to-do list of costly reforms also made their way onto the EU's annual reports. Most pressing were underdeveloped financial instruments, lack of trained individuals, the absence of an adequate monitoring and statistics system as well a basic lack of operational capacity. Most conspicuous is the number of times the EU reports repeated the same concern for delays in one area over the course of a few years. This was the case for almost all of the problem-areas listed above, including, first and foremost, the absence of a legal foundation for regionalization. Clearly, then, the regionalization process in the Czech Republic was both incredibly costly and, moreover, it suffered from intractable delays.

[8] The following details regarding Czech regionalization come from the European Commission's Annual Opinion Reports, Progress Reports and Regular Reports which can be found online at http://ec.europa.eu/enlargement/archives/enlargement_process/past_enlargements/eu10/index_en.htm
[9] In fact, "some regions had filed constitutional complaints with the Czech High Court to win competencies in the areas of education ... and health care" (Le Plant *et al*., 2004: 44).

The fact, however, that the EU detailed an exhaustive to-do list for Czech regionalization is somewhat less important than how the Czech government managed it. As noted above, part of my general hypothesis is that candidate states facing high implementation costs would prioritize EU Structural and Cohesion funds over EU membership. Having poorly developed regional capacities means prioritizing the receipt of the funding that would help improve this specific issue area. Again, the basic premise is why pay for regional reforms when the EU will do it for you – a strategy which entails delays in regional reforms necessary for establishing EU readiness. Interestingly, this is precisely the pattern that emerges from a cursory look at the EU annual reports regarding Czech regionalization. Many of the required reforms noted by the EU appear in every report. Elements of regional reform that might be considered secondary – like paying and statistically bodies, training employees, etc. -- are delayed but eventually do get done, while actually codifying devolution of power and the real transfer of competencies pushed the delays to their extremes. More telling is the fact that most reforms listed by the EU are made, at least superficially, in the year before accession. Reforms tended to cluster at the end of the accession process, while the early stages are marked more by delays and a general inability to move ahead with regionalization.

Further purchase is given to my thesis if we can begin to eliminate other explanatory variables for protracted regionalization. And there is no paucity of recent research on regionalization in the Czech Republic to draw on for this purpose. For many analysts, delays in Czech regionalization are accredited to one central veto player: Vaclav Klaus, whose OSD government (1993-1997) putatively delayed implementation of both transition-era regional reforms and, later, EU related regional reforms. It seems that the Klaus-led government enjoyed "remarkable political freedom" during this period, going completely unchecked in the absence of a "strong, experienced opposition" (Vachudova, 2001b: 336-337). Klaus himself is described as decidedly centralist, a personal proclivity which speaks to a more general psychological aversion to decentralization. As Michael Baun explains, Klaus' preference for centralism belongs to a larger tendency in the CEECs more generally: "Having only recently regained full sovereignty, many CEEC governments and political elites were reluctant to devolve governmental powers to regional and sub-national levels too quickly" (Baun, 2002: 274). Newly acquired power is simply a cherished commodity. As another author quips: Klaus "liked to compare European integration to socialism and Brussels to the distant rule from Soviet Moscow" (Pridham, 2005: 80). This centralist tendency was apparently reinforced by an aversion to decentralization rooted in the experience of the Velvet divorce and dissolution of Czechoslovakia in 1993.

This explanation is troubling in two ways. First, it explains delays in regionalization by way of a deep seated, poorly defined and unfalsifiable psychological aversion to power sharing. More importantly, this explanation necessarily implies that such a centralist tendency is specific to the Klaus government. History, however, has proven this last assumption wrong. It is now clear that delays in regionalization have extended well beyond the exit of the Klaus government in 1997. The successor Zeman minority government (1997-2006), which oversaw the final, crucial stages of EU accession, was no better at regional reform – and this despite the fact that it faced robust competition as a minority government. In fact, the legal parameters of regional government were not passed until 2001 – four full years after Zemen took power. And as noted above, delays persisted even after this point. Part of the issue, according to Baun, is that establishing Czech regional governments meant "pushing back the date of elections for the new regional bodies to November 2000, meaning that the new regional authorities would not begin functioning until January 2001" (Baun, 2002: 269). Even in 2002, Baun adds, debate continued "over the precise division of powers between the national and regional governments, and over the respective roles and powers of the new regional bodies" (269).

It is clearly not the case, then, that Klaus' idiosyncratic centralist ideology or the fact that the Klaus government went without robust opposition during its tenure are factors that caused protracted regionalization in the Czech Republic. Indeed, excluding these possible explanations opens up the possibility that larger macro-level factors influenced regionalization. In other words, the failure of the veto players approach suggests that delays in Czech regionalization might be the effect of structural rather than micro- level forces. The second point, taken up in the previous paragraph, is related to how and when regional reforms are made. High implementation costs prioritize Structural and Cohesion funds in a way that causes delays in regionalization (especially codifying it), a focus on making small scale regional reforms, and a clustering of reforms in the end stage of the accession process. This case study supports all of these conditions.

Expedient Regionalization in Hungary:

While the existing literature consistently treats the Czech Republic as the bête-noire of protracted regional reforms, Hungary is the EU's shining example of expediency. It can be useful to make a few brief comparisons between the two states. The Czech Republic opened negotiations with the EU in 1996 while Hungary did so two years earlier in 1994. The Czech Republic did not pass legislation on regional government until 2001 while Hungary did so in 1994, the same year it began formal negotiations. In the 1997 EU Opinion Reports, the Czech Republic was castigated from having no regional policy in place at all, while Hungary received praise for being "the first country among Central European countries [to have] adopted a legal framework closely in line with EC Structural Policy"[10]. While the Czech Republic was faced with the daunting tasks of passing regional legislation and consolidating regional operational capacity, Hungary had established a robust administrative-regional organization even before becoming an EU candidate state.

The literature explaining Hungary's success in regionalization draws heavily on its early transition-era moves toward the devolution of power to various sub-state levels. For one author, Hungary's success rests on a long pedigree of institutional achievement and what is described as "indigenous impulses to attack economic disparities" at the regional level (Jacoby, 2005: 95). In any case, the necessary institutions for EU regionalization already began to take shape in the early 1970s at which time Hungary implemented "explicit programmes to promote the economic development of rural villages" (Hughes *et al*., 2001: 157f). Although short-lived, the 1985 Act on the Long Term Task of Regional and Settlement Development took up the same torch. In 1990 the Local Government Act established a "two-tier, non-hierarchical system of self-government" and by 1991 Hungary had transformed this institution into the Regional Development Fund which explicitly employed EU financing guidelines as its template (157f). As Hughes *et al* explain, "when Hungary delimited its scheme of seven Nuts II regions" in 1997, they were in fact "derived from the previous communist era planning regions that had been retained as the commissioners' regions in the immediate post-communist period" (165).

What we can gather from the above description is that regional reform in Hungary was expedient and implementation costs were incredibly low. In fact, matching EU requirements for regional divisions that could coordinate Structural and Cohesion Funds were already in place

[10] EU Opinion, Progress and Regular reports for Hungary are also found at http://ec.europa.eu/enlargement/archives/enlargement_process/past_enlargements/eu10/index_en.htm

(albeit only in nascent form) during the end stages of the communist period. For Hungary, the number of regional units that were required according to the EU matched the existing number of Hungarian regions perfectly. Moreover, the twenty counties that comprised Hungary's meso-level sub-government also had their roots in the pre-transition period.

Despite this near perfect fit, Hungary's regionalization was found wanting in several areas according to the EU's annual reports. Like with the Czech Republic, attention was drawn to a deficiency in the human and financial resources necessary for decentralizing power, including the training of individuals to take on these tasks. Further development of the implementing capacity of several of Hungary's regional level institutions was needed as well as the establishment of paying authorities. What is most striking about these required changes was how quickly they were addressed by the Hungarian government. Most of these issues were deemed resolved by the following year, according to the EU reports. The only nagging problem was inter-ministerial co-ordination, which shows up on nearly every report from 1997 on, being resolved in 2002 when negotiations were closed. Despite this exception, Hungary clearly regionalized quickly and early, and any outstanding issues highlighted by the EU were resolved without hesitation. Certainly, there was no clustering of regional reforms during the end stages of the accession process, as was the case with Czech Republic. Major reforms like codification were done even before accession negotiations began and the general trend of reforms during the accession process was relatively uniform throughout.

What role did Hungarian elites play in this process? The main trend that can be gleaned from the existing literature is one of disunity and political struggle. On the one hand, the Antall government (1990-1993), set out a policy strategy to draw specific attention to displaced Hungarians in neighbouring countries. After the First World War, Hungary's borders were radically redrawn, reducing its size by two-thirds and leaving many Hungarian's outside of the nation-state. The Antall government, during both transition process and during EU negotiations, worked to rally public support for these stranded fellow Hungarians in an effort to create international awareness and pressure for their plight. Insisting on the historical injustice and artificial nature of the current borders was meant specifically to "lead to the redrawing of the borders in Central and Eastern Europe" (Valki, 2001: 296). Clearly, these preferences had the potential to act as a major disrupting influence on Hungary's regionalization in both the pre-accession and the accession periods. Demanding expansion of the Hungarian domain clearly throws the existing regional units into uncertainty. The problem that the Antall government faced, however, is that these admonishments were levelled at a public more concerned with economic conditions and, moreover, the financial benefits of EU membership (301). Thus, the plight of their displaced compatriots outside Hungary's borders fell on deaf ears. It seems, then, that despite the government's bests efforts, the regional structures already fixed in the communist period remained, keeping regional implementation costs to a minimum. In other words, while Hungarian elites actively pursued an international policy trajectory that would aim to redraw the borders and regional units of Hungary, the communist era regional divisions remained fixed.

Additionally, the Hungarian government was starkly divided on the regional issue down a deep left-right cleavage: "the decentralizing liberal parties and the more centralizing political right" (Folwer, 2002: 21). The meso-level county divisions had the ambiguous appeal of being both mistrusted because of their function during the communist period and trusted because they also pre-dated communism (26). During the course of changes in administrations, however, led at times by a strong right leaning government preferring more centralization and at other times led by a strong left leaning government preferring less centralization, no changes were made to regional level governmental units. Again, these divisions seemed to survive political strategies to change them. All of this amounts to evidence for the overwhelming primacy of structural conditions and the surprising inefficacy of veto players in establishing regional level divisions. Again, the main point here is that Hungary's low implementation costs of regionalization had almost nothing to do with elite or veto player preferences. Nonetheless, these low implementation costs facilitated expedient regionalization.

The argument presented here is that low implementation costs in Hungary led to expedient regionalization. This much can be seen in the way that regional reforms were handled by the Hungarian government as well as a cursory look at the dates of devolution of power compared with that of EU accession negotiations. But for Hungary, the more interesting point is just how low the implementation costs of regionalization were. Most of the reforms, as was noted, had already been made before accession negotiations began, and moreover, before Hungary was even provided with the EU's explicit accession criteria laid out in its White Paper and annual reports. In a way, it might be fair to say that Hungary had no choice in the matter of quickly regionalizing or delaying the process. That decision had already been made. To delay lingering regional reforms in order to secure more Structural and Cohesion funds would simply make no sense at all. As such, EU membership took priority over whatever funding might be available for regionalization, and the practice of being a good European complier on regionalization was a role that consecutive governments were perhaps grudgingly forced to play.

Conclusion:

This main purpose of this analysis is to provide a relatively parsimonious model of expedient and protracted regionalization in CEECs. Many of the main elements of this model are derived from the existing rational choice institutionalist literature – that is particularly the case for the basic cost-benefit structure that underpins my model. As I have argued, the choice to quickly regionalize or to delay regionalization is a function of the implementation costs of doing so. Implementation costs constrain actor choices regarding regionalization. What I think distinguishes this model from the existing literature is the way in which it radically restricts what can be counted as reasonable constraints. As such, unilateral decision making by unopposed veto players, or equally, the stalemate that occurs when governmental opposition does exist, are factors that do not weigh in at all on expedient or protracted regionalization in CEECs. And while existing regional divisions might help reduce the implementation costs of regionalization, legacies or the historical baggage of elites and policy makers are similarly inefficacious in determining the speed of regionalization. What counts, then, are implementation costs understood as the ease by which a candidate state can meet EU accession requirements. For the Czech Republic, as I have argued, high implementation costs calculated by the difference between existing regional divisions and readiness and EU requirements led to protracted regionalization. For Hungary, by contrast, low implementation costs led to expedient regionalization. At a fundamental level, then, this paper seeks to draw attention to a single insight: that regionalization as part of the larger EU accession process presents CEECs with two competing cost-benefit structures -- EU membership and EU Structural and Cohesion funds. Prioritizing one over the other is the central mechanism behind expedient and protracted regionalization.

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