Economic Nationalisms in the New Europe

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Introduction

The failed French, Dutch and Irish referendums on the reform treaty have focused attention on growing concerns among many West Europeans about the impact of enlargement. Since Philippe de Villiers first evoked the "Polish plumber" in the 2005 French referendum on the constitutional treaty, the phrase has become shorthand for the perceived threat of labor migration from new member states to West European domestic wages and national welfare.[1] Less consideration has been paid to the views of new member states towards the enlarged EU. A dominant narrative has emerged that while West Europeans are battening down the hatches in the face of increased competition, their East European counterparts are busy seizing the economic opportunities that enlargement offers. The Polish tourist board's plucky riposte to the Polish plumber rhetoric is indicative of such a sentiment, with its advertisements featuring a sexy plumber declaring "*Je reste en Pologne, venez nombreux*" (*I am staying in Poland, so everyone come over*). Thus whereas French or Dutch or Irish opposition to the reform treaty appear to be grounded in part in the desire to protect the domestic status quo against further European integration, most East Europeans appear willing to embrace any change that EU membership might offer.

This paper challenges this conventional view. It argues that for many East Europeans, particularly among those from the most economically successful new member states, we can also observe emerging opposition to the EU on the grounds that it poses a threat to existing political-economic arrangements – what I term here "economic nationalism." While economic nationalism has been traditionally identified with a range of economic policies such as tariff barriers, industrial subsidies, and other protectionist measures (Gilpin 1997), recently scholars have sought to redefine economic nationalism by placing *nationalism* and national identity – rather than the state or illiberal economic policies – at its core.[2] In other words, all economic nationalists share a purported desire to protect the economic interests of the nation-state as a collective community against external pressures. Yet they differ significantly in terms of how they (1) define the collective community; (2) portray external threats to that community; and (3) prescribe political economic policies to alleviate that threat. For example, in member states like the UK with a strong free market tradition, the EU has been portrayed by its critics as a threat of "socialism through the back door." In countries like Sweden or Denmark with strong national welfare state traditions, on the other hand, further European integration is portrayed as "Anglo-Saxon capitalism through the back door" (Hix and Goetz 2000: 4-5). Thus economic nationalist critiques of the EU are grounded in part by whether a particular national variety of capitalism falls to the right or left of the EU status quo. This paper argues that we observe similar patterns in new member states, where different varieties of capitalism developed since at least the 1980s can give rise to different economic nationalist reactions to the challenges of European integration.

The paper considers this argument through a comparison of two new EU member states: Estonia and Slovenia. Both of these small, newly independent states were heralded as economic success stories upon joining the EU. Yet each state can attribute its economic success to a very different transition strategy: Estonia pursued the most neo-liberal reform agenda of all CEE states, and Slovenia one of the most protectionist. With the start of formal EU accession negotiations in 1998, each state was forced to adapt its emerging market economy differently. In general, the EU accession process led Estonia to *de*liberalize its economy while in Slovenia it prompted further liberalization. The paper shows how leading up to and following their accession to the EU economic nationalists in each state mobilized around the perceived negative consequences of EU membership to the national political economic status quo. It argues, moreover, that economic nationalist positions in new member states are *more* cohesive than in older members due to the unique process of transition whereby nation-state building occurred in tandem with the creation of new capitalist economies. In other words, leaders frame economic policy strategies, whether more liberal or protectionist, as constituting an important aspect of national identity – which, in turn, shapes positions on European integration both internally and within the enlarged EU.

Varieties of capitalism and political divides over European integration

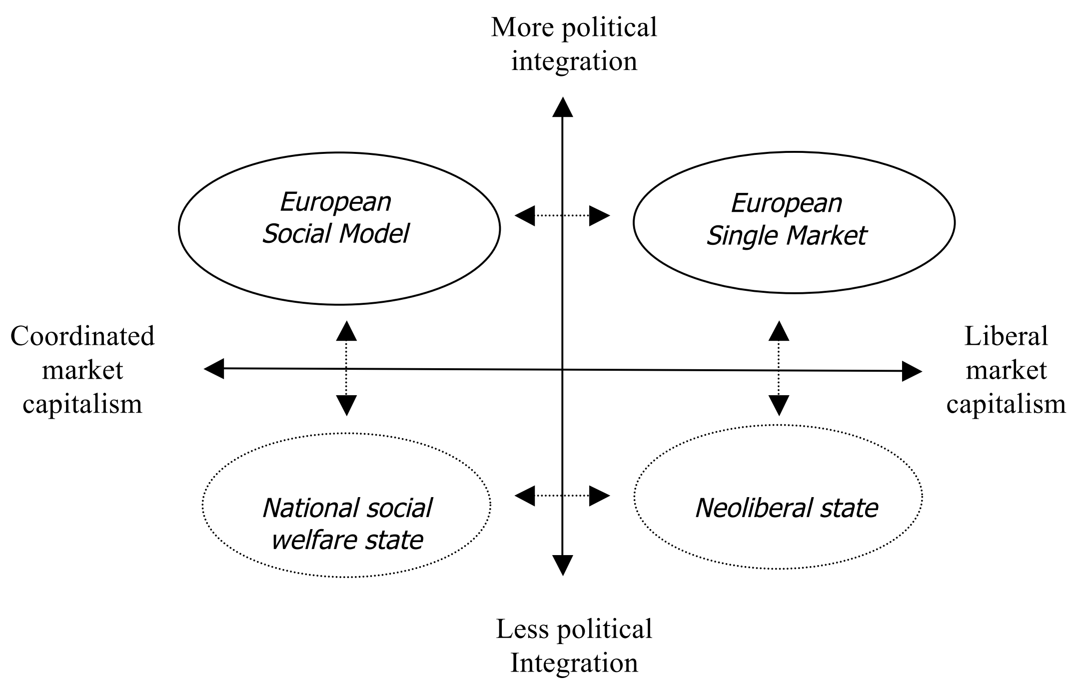
An inherent tension underlies the European project: between promoting the free movement of goods, capital, services, and labor (the single market) and maintaining social cohesion within and across its member states (the European Social Model). To achieve the first task, European institutions seek to remove existing barriers to trade and investment across borders (or *negative* integration). To achieve the second, they seek to introduce new regulatory policies to correct market failures, creating supranational rules on consumer protection, environment, or health and safety at work (or *positive* integration). Since Delors stressed that a social dimension must be at the heart of the Single European Act, the European Union has expanded its scope in economic terms through the expansion of the common market and the introduction of a single currency in 1999 and in social terms through the introduction of strategies on employment, social inclusion, and pensions. What has come to be termed the European Social Model signifies a unique, i.e. *European*, compromise between promoting market liberalization while preserving labor and social protections embedded in European social welfare states.

As Scharpf argues, however, the driving force behind European integration remains deregulatory – abolishing obstacles to free movement rather than creating new regulatory institutions. In practice most "hard" legislation proposed and enforced by the Commission relates to furthering the single market, while social goals remain "soft," subject to voluntary coordination, benchmarking and best practices.[3] This "constitutional asymmetry," according to Scharpf reflects the prioritization of economic over social integration at the EU level.[4] Increasingly the Commission leaves conflicts over market liberalization and social regulations to other EU institutions to mediate, namely the European Parliament and the European Court of Justice (ECJ).[5] This leaves both institutions subject to increasing pressure among member states, political parties and social partners to influence key decisions over the often competing goals of achieving a single market and maintaining the principles underlying the ESM.

Member states are not only the receiving end of EU rules and norms; they are also actively involved in shaping them. Diverse national institutional configurations – which underlie the social solidarity of the nation-state – shape the agendas states pursue to mediate common European (and global) pressures. While member state positions on the wide range of economic and social issues before the EU cannot be mapped strictly according to its type of capitalism, we can observe general cleavages among member states over the degree to which the EU should balance economic and social demands. Scholars have shown how coordinated market economies such as Sweden, Finland, Denmark, Austria and France traditionally advocate stronger provisions for economic cohesion and social protections, while the UK, Ireland and to a lesser extent The Netherlands advocate less regulated markets.[6] Social partners play an active role as well. Transnational capital, and associations that represent their interests such as the European Roundtable of Industrialists, have been active proponents of EU rules abolishing barriers to trade and investment.[7] Labor associations, on the other hand, traditionally have been far more reactive than proactive at the EU level, more committed to preserving their national arrangements against external pressures than to investing in new social compromises at the EU level. Yet this is changing, by design or necessity, as trade unions increasingly focus their efforts on strengthening regulatory and social frameworks at the EU level.[8]

The construction of the EU has been shaped by ongoing tensions between the competing aims of creating a single market and promoting the ideal of an ESM that preserves economic cohesion and social protections. As shown in Figure 1, political conflicts among proponents of further European political integration (the top two quadrants) are waged over these two competing views – with member states and social actors within them wielding pressure from below. Whether European integration maintains or undermines the principles underlying the ESM will, according to Scharpf (2002), be a matter of political contingencies rather than economic imperatives. Put another way, what is at stake is whether the EU will be a regional instantiation of global economic integration or, conversely, act as a political-economic bulwark *against* globalization.[9] Ongoing struggles among and between European institutions, member states, and social partners will play a key role in shaping alternative political economy trajectories of European integration. Returning to the fear of the Polish plumber, what impact might enlargement have on these ongoing conflicts?

Figure 1: Varieties of capitalism and political divides over European integration[10]



EU enlargement and conflicts over European integration

While many observers of the EU focus on internal demographic changes, the introduction of a single currency and globalization pressures as main threats to the ESM, attention has recently turned to another potential threat: enlargement. The 2004 inclusion of eight new post-socialist states and the 2007 enlargement to Romania and Bulgaria are viewed as potentially undermining the ESM for at least three reasons. First, due to their lower wages and higher rates of unemployment, new member states threaten to put downward pressure on wages in the EU as a whole by western firms moving east and eastern workers moving west. Second, levels of regulation and social protection are considered far lower in new EU member states than in old members, contributing to popular fears of competitive deregulation and "social dumping." Third, EU member states are commonly considered to be far more enthusiastic supporters of free market liberalization and stronger critics of supranational regulation. The following section examines each of these arguments in more depth.

Enlargement is argued to place downward pressure on wages in two ways. First, with almost all barriers to trade and investment eliminated, west European-based firms will continue to take advantage of far lower wage costs and move production east. This places pressure, in turn, on western labor to reduce its costs in order to compete. Second, provisions for free movement of workers will spur mass migration of east European workers to seek higher wages in the west. Migration, according to this view, will lead to reduced wages and increased unemployment in West European states as employers lay off domestic workers and replace them with migrants willing to work at a lower rate of pay. Studies seeking to measure the impact of enlargement on western labor markets are inconclusive, documenting varying degrees of impact.[11] Accurate assessments are difficult given that enlargement is so recent, transitional periods are still in effect, and migration data are incomplete. Yet elite and popular *perceptions* of this relationship between enlargement and labor markets may be as important as reality in setting the policy agenda. With the exception of the UK, Ireland and Sweden, most existing EU governments negotiated transitional arrangements limiting freedom of movement for new EU members for up to seven years.[12] Restrictions are tighter for Romanian and Bulgarian citizens. Despite these transition periods, the emblematic "Polish plumber" appears in different guises in popular debates across the EU.

A second and related issue is the impact of enlargement on economic and social cohesion. Commonly referred to as "social dumping" or "regime competition," this argument posits that new member states' lower tax rates, laxer environmental and labor standards, and weaker social provisions will lead to a European wide "race to the bottom."[13] That is, in order to prevent capital from exiting, west European leaders will be motivated to slash taxes, weaken state regulations, and attempt to constrain wages. Tensions over social dumping erupted in a diplomatic imbroglio in 2005 when then Finance Minister Nicolas Sarkozy stated that if new member states could "afford" a flat tax – suggesting that such a tax would lead to subsequent decline in tax revenues – then they would not require financial help from the EU in the form of structural and cohesion funds. (Adding fuel to the fire, just weeks after Sarkozy's outburst, George W. Bush arrived in Bratislava to praise Slovakia's flat tax as a model for Europe). Chancellor Gerhard Schröder also criticized the new member states for taking aid from Brussels while reducing their tax rates to attract business from Western Europe, stating: "It is certainly unreasonable that we finance an unbridled tax competition among each other via the budget of the European Union."[14]

The third perceived impact of enlargement on the ESM – and one that is most pertinent to this analysis – is that because new member states are far more neo-liberal in orientation, they will join forces with member states like the UK and Ireland to push for further liberalization in the EU.[15] This view of new member states being more closely aligned to Anglo-Saxon than Continental values was reinforced in the lead up to the US invasion of Iraq where, in Rumseld's provocative distinction, "new Europe," along with the UK, supported the US despite overwhelming opposition to the invasion among "old" European states. This view also extends to economic ideals. Soon after the start of the Iraq war, Habermas and Derrida published a manifesto differentiating "core Europe" from the UK and new member states in many of its core values, including its social-democratic traditions.[16] The perceived proclivity of new member states towards neo-liberal rather than social democratic ideals is often attributed to the legacy of state socialism, where decades under communist rule leave liberal reformers skeptical of state interventions of any sort. This tendency is also attributed to the program of "shock therapy" in the 1990s, a neo-liberal reform agenda largely introduced and overseen by US-based advisors.[17] EU accession was promoted as a means to reunite Europe, not only in symbolic terms but to harmonize socio-economic rules and norms across the continent. Yet in practice, the harmonization of the single market proceeded faster than the harmonization of labor and social policies. Scholars have attributed this outcome to external factors, namely the Commission's prioritization of single market harmonization over and above softer social policies and to internal dynamics, namely the strength of transnational capital vis-à-vis labor in new member states.[18] According to Meardi (2000) this outcome is also a matter of will on the part of post-socialist elites: rather than lagging behind old EU states in creating free markets, new member governments are at the vanguard of economic liberalization.[19]

In sum, enlargement is viewed to pose a threat to the existing and future ESM by placing downward pressure on wages, spurring regime competition, and bolstering neo-liberal ideals. The ten new post-socialist members are commonly treated as a unified bloc: "new" Europe versus "old" Europe. However, like in Western Europe, we can observe a significant degree of variation among different new member states in terms of political-economic institutions. While some states followed a radical neo-liberal agenda of monetary stabilization, liberalization, and privatization, others fashioned a more gradualist strategy that used state power to build market economies and simultaneously preserve social cohesion. Instead of viewing transition as a path to capitalism writ large, scholars now examine how the process of transition led to different varieties of capitalism across new member states. Bohle and Greskovits (2007) identify three variants of transnational capitalism among new member states: a "neoliberal" type in the Baltic States, an "embedded neoliberal" type in Czech Republic, Hungary, Poland and Slovakia, and a "neocorporatist" type in Slovenia.[20] The following two cases examine to what extent these antipodes of different varieties of capitalism have on positions towards European integration.

Neo-liberal nationalism and European integration: the case of Estonia

Estonia's "return to Europe" cannot be disentangled from its exit from the USSR. Europe was framed as a "savior" in the early stages of transition, as a means for Estonia to escape its geopolitical position in the post-Soviet sphere.[21] Although Estonia was the most economically developed Soviet republic, it was fully integrated into a rigid system of central planning and thus unprepared to face free-market competition as a small, independent state. When Estonia seceded in 1991, exports outside the Soviet Union accounted for only two percent of the Estonian GDP.[22] The Russian economic blockade of the three Baltic States in 1991 had catastrophic effects: between 1990 and 1994, industrial production declined by 60 percent, gas prices jumped by more than 10,000 percent, and inflation ran at more than

1,000 percent per year.[23] Estonia's economic strategy at this critical juncture was based on a radical withdrawal of the state from the economy and a rapid opening of its markets.[24] State trading monopolies and import quotas inherited by the USSR were quickly abolished. By 1993 Estonia had abolished *all* tariff and non-tariff barriers to trade, including on agricultural products. In addition, Estonians pursued rapid privatization and ensured equal treatment of foreign investors. As a result, foreign owners played a prominent role in the Estonian privatization process, purchasing around 40 percent of the sale value of all privatized enterprises by the end of 1994.[25] In line with this approach, poorly performing firms were not extended government subsidies.

Estonia's radical unilateral trade-and-investment liberalization is unique among all CEE countries. Only the Czech Republic came close to Estonia's level of liberalisation among the CEE states. By 1999, with a zero percent of average weighted tariffs, as well as a trade to GDP ratio of 186, the only competitors to Estonia's non-discrimination between foreigners and its own citizens were Hong Kong and Singapore.[26] How then did a country whose leaders aspired to become the "Nordic Singapore" negotiate their accession into an economic and political union whose economic policies were far less liberal? I show that from the late 1990s Estonia has been forced to gradually *de*liberalize its economy – first to meet the conditions of WTO membership and, more crucially, to meet the conditions of EU accession. Due to an extraordinarily high degree of internal consensus around Estonia's neoliberal reform agenda, the impetus for change was almost exclusively externally imposed.[27] Estonian ruling governments fully abided by EU conditions, completely harmonizing their trade laws and policies in conformity with the EU by 2004. But these changes did not go uncontested. Prominent architects of Estonia's radical shock therapy strategy argued that EU membership would undermine Estonia's successful liberal transition path.

Nowhere in CEE could we witness such a high degree of domestic consensus around the neoliberal reform agenda. Three sets of factors can help explain this extraordinary domestic consensus. First, the Estonian movement for independence in the 1980s was framed as achieving liberation from

Soviet occupation, stemming from the 1939 Molotov-Ribbentop Pact, as well as an abandonment of the previous economic and political systems. Leading up to and following Estonia's declaration of independence in August, 1991, Russia was portrayed as posing both an external and internal threat to Estonia's survival. The perceived threat of Moscow's imperialist ambitions supported the prevailing political discourse that Estonia was in need of "extraordinary politics."[28] Moreover, due to Russification policies during the Cold War, in which thousands of Russian speakers were relocated to Estonia, nearly 30 percent of the Estonian population was comprised of non-ethnic Estonians by 1990. The right-leaning Pro Patria party that took power in 1992 ran on the promise to "clear the place."[29] In practice this resulted in dismantling the Soviet *nomenklatura*, made up of Communist Party bureaucrats, enterprise managers, and collective farm directors, a disproportionate percentage of which were Russian-speakers, and appointing dissents and Estonian émigrés to positions of power.[30] This "cleaning" was facilitated by a 1992 citizenship law granting automatic citizenship only to citizens or their descendants of Estonia's inter-war republic (1918-1940). The law disenfranchised most ethnic Russians, who had settled or were born in Estonia after Soviet annexation in 1940.[31] The collapse of unprofitable state industries had a disproportionate impact on the Russian minority, as they were concentrated in the heavy industrial northeast. Thus the biggest "losers" of transition – the Soviet *nomenklatura*, enterprise managers, industrial workers – were effectively excluded from political competition. Ethnic Estonians were also hit hard by the economic changes, particularly farmers in the more remote rural regions. Yet in the early stages of transition external and internal security threats appeared to trump economic interests.

Second, given the effective marginalization of industrial and agricultural sectoral groups, Estonia's market reformers were given free reign to carry out dramatic reforms. Prime Minister Mart Laar and the "Pro Patria" coalition party, made up of former dissidents and neoliberal advocates, embarked on their "big bang" program with ideological zeal after their strong showings in the 1992 elections. The Nike slogan "Just do it!" marked the launch of their uniliteral trade policies. Concerning the question of how to pacify potential domestic losers of liberalizing measures, Laar pronounced: "Liberalize, then negotiate; but don't negotiate, then liberalize!"[32] In just three years Laar's government had succeeded in abolishing all formal and informal trade barriers. Laar recalls a moment when Estonia entered negotiations with the EU on a free trade agreement in 1994, suggesting that Estonia already had something to teach the far more protectionist-oriented EU.

> Visiting EU officials could not believe that any economy could possibly function without custom tariffs. It took a whole day before the officials had familiarized themselves with all the acts and regulations and convinced themselves that such a concept was really possible.[33]

A final factor to explain Estonia's high level of consensus around neo-liberal economic policies is continuity in political regimes and institutions. With two brief exceptions, liberal-conservative leaning parties have been in power since Estonia gained independence, with successive governments making a point of continuing the right-leaning policies pursued by their predecessors.[34] The most serious challenger from the left, Edgar Savisaar's Centre Party that represents the interests of workers and Russian speakers, became mired in a number of corruption scandals, worsening its already weak position among voters and other parties.[35] Continuity is also evident in government institutions. Most policy decisions concerning trade throughout the 1990s, for instance, were centrally coordinated through one institution: the External Economic Policy Department within the Ministry of Foreign Affairs. The first Minister of Foreign Affairs, Lennart Meri, recruited young Estonians to staff the Department who had no ties to the previous regime, little experience in trade policy, and most educated in the United States. The Estonian parliament (the Riigikogu) provided a virtual "rubber stamp" on all foreign economic policy decisions, even with the change of regimes. The MFA's quasi-monopoly of expertise on economic policy issues was an important source of its autonomy and power, both within governments and in relation to interest groups, to push through Estonia's neoliberal transition strategy.[36] "The effective technocratic management of economic policy," according to Feldman and Sally, "helped to ensure policy continuity despite the vicissitudes of Estonian party politics."[37]

This congruence of ideas and institutions resulted in a high degree of consensus and continuity of Estonian trade policy throughout most of the 1990s. This began to change, first with the opening of trade negotiations with the WTO in 1995 and then, more profoundly, with the start of EU accession negotiations in 1998. When starting WTO negotiations, Estonian leaders believed, understandably, that negotiations would be short and simple. But the road to becoming the 135th member of the WTO in 1999 was longer and more complicated than they had anticipated. Tariff bindings were the first obstacle. Estonia presented the WTO with a precedent: Estonia was the first candidate to enter negotiations with *no* tariffs, but requested that the WTO bind their tariff ceilings at higher levels in order to harmonize with EU levels – EU membership being the government's primary objective.[38] In every other CEE case, including Slovenia, the WTO forced applicants to lower, and then bind, their rates, and often below the required EU levels.[39]

EU accession ultimately posed the greatest challenge to Estonia's radical free market regime. Estonia had to move from zero tariffs to 1999 to implementing 10,974 tariff lines upon accession in 2004.[40] EU accession negotiations necessarily forced the spread of trade policy capacity throughout the government, undermining the executive branch's monopoly on trade policy. Estonia also had to align itself with the European Union's Common Agricultural Policy and Common Commercial Policy, including protection against third countries. In 2000, Estonia formally renounced its zero tariff policy and imposed agricultural tariffs on countries with which it did not have bilateral free trade agreements. Estonia set these tariffs at a low 3.3 percent and the EU pressured the government to raise them even further. Agricultural groups were emboldened to demand even greater subsidies and protections in order to compete against cheap exports from third countries. Estonian business groups joined farmers in opposing EU-inspired trade reforms. The country's most influential business newspaper, *Äripaev*, advocated delaying EU accession. Business groups also began to fear that Estonia falling into line with

EU quotas on iron, coal and steel would substantially increase the cost of previously cheap imports from Russia and other CIS countries. Moreover, business groups began to debate whether Estonia abandoning its progressive pro-market policies – namely free trade, flat income tax, and no tax on reinvested corporate profits – would hinder its economic growth and competitiveness.[41]

This debate was also waged in the larger public sphere. Liberal-conservative parties have dominated all Estonian governments since independence and were pro-EU in their platforms. The main opposition party, the Centre Party, which draws the largest support of ethnic Russians, flirted with Euroskeptic positions – namely through public pronouncements of its leader, Edgar Savisaar – but abandoned them when it entered government in 2003.[42] In the absence of significant party debate, individual public opinion makers and think tanks they head played the most prominent role in opposing EU conditions. Capitalizing on rooted distrust of unions of any sort, EU critics rallied around the slogan of going "from Moscow to Brussels."[43] The Estonian "No to the EU Movement" (or LEIEL in Estonian), a small, independently financed non-governmental organization, utilizes Soviet imagery and comparisons between the EU and the previous regime in many of their materials. One LEIEL leaflet donned an image of the Soviet hammer and sickle in the middle of the European Union flag. The leaflet lists 15 ways in which the USSR and the EU are alike. One likens Europol to the KGB; another compares the European Commission to the Politburo.[44] Uno Silberg, a professor of economics and leader of LEIEL, made such comparisons at the 30th Anniversary of the People's Movement against the EU in Denmark in 2002:

> The European Union is very like a disguised Soviet Union – a form of federal bureaucratic socialism. The advocates of Estonia's independence and sovereignty are against such a super-project. They regard it as downright harmful to the harmonious development of Estonia, Denmark and other European countries that aspire to maintain their national democracy and national independence.[45]

Silberg warns that "The break-up of the old Soviet Union started from Estonia, and you can be certain that the European Union and its architects will not have an easy time either of trying to manipulate our country."[46]

Ivar Raig emerged as another prominent EU critic. As a long-time chairman of the parliamentary economic committee, Raig was one of the founders and active supporters of Estonia's trade policy. From 1993 to 1996, he was also the chairman of the government working group preparing Estonia's EU membership application. In Raig's account: "We created a very liberal trade policy. My vision was Estonia as the Nordic Singapore. Membership of the EU will threaten us economically because we enter a market with many trade restrictions. Duty free sale, free import of metal from Russia, and free trade with Ukraine will be threatened."[47] Raig vociferously pushed, but failed, Estonia to apply for substantial transition periods upon EU accession, in order to maintain Estonia's "attractiveness for foreign investors" and "to preserve its business-friendly taxation system." He goes on to assert that the subsequent principle for EU economic policy should be harmonization is carried out to the extent that is minimally required, in order to attract not only European but also third country direct investments (primarily from the USA and Japan) to Estonia. Raig also perceives a double standard in the EU's previous enlargement negotiations leading to unfair competition. For example, Raig repeatedly points out that Finland successfully negotiated a permanent derogation when they entered the EU in 1995 preserving the duty-free and tax-free status of the □land Islands.[48]

Igor Gräzin founded with Raig the Euroskeptic think-tank Research Center Free Europe in Tallinn in 2003. Gräzin, a law professor at Tallin State University, suggests that the allegedly socialist – and expansionist – nature of the European project will have adverse affects on the Estonian economy. An advocate of unfettered free markets, Gräzin complains: "To qualify for EU entry, we'll have to ditch the liberal market system that has made us so successful."[49] Gräzin also criticizes the government's acquiescence to all EU demands. He states: "Before jumping on this EU train, [politicians] haven't bothered to ask where it is going…or how much the ticket's going to cost. Even if it turns out to be cheap, it's not such a hot trip if the end of the line is an alligator infested swamp, now is it?"[50] Estimating that "over 10 to 15 current EU governments are socialist-oriented," Gräzin says one of the reasons the EU has pressed Estonia to abandon its ultra low-regulation, low-tax policies is that "socialism is expansionist by nature. The European Union needs Estonia more than Estonia needs the EU."[51] He continues:

> It remains to be seen how much further the servitude Eastern Europe and the feudal superiority of the EU will expand given all the international legal tools to control the newly acquired colonies from the former Communist and Soviet bloc. How much new humiliation is Eastern Europeans ready to bear and how deeply rooted is their passive resistance? This is the silence of the lambs![52]

Estonian EU-critics thus integrate two main critiques against the EU: that the sovereignty-constricting nature of the EU threatens Estonia's newly won sovereignty in general and Estonia's particular and successful neo-liberal variety of capitalism in particular. Given the high degree of consensus around neo-liberal reforms – and the lack of resistance to these reforms by domestic interest groups or opposition parties – EU critics could portray EU pressures to de-liberalize the Estonian economy as a threat to a cohesive, as well as successful, national economic policy. Estonian critics of the EU continue to advocate for further liberalization of the single market, from the liberalization of the service market to reducing regulatory barriers, now that Estonia has joined the EU, a point to which I return in the concluding remarks.

Coordinated capitalism and European integration: economic nationalism in Slovenia

Slovenia's initial transition strategy differed significantly from Estonia's. Instead of following a strict doctrine of macroeconomic stabilization, market liberalization, the Slovenian government followed a decidedly gradual path. They implemented a floating exchange rate, protected domestic industries through formal and informal trade barriers, subsidized "national champions," and launched a privatization scheme that kept most ownership shares in domestic hands. Unlike Estonia that sought a sharp break from previous political regimes, a higher degree of political continuity existed in Slovenia, with former Yugoslav elites remaining in power throughout the 1990s and the corporatist legacy of Yugoslav worker self-management kept largely in tact. Once Slovenia entered formal EU accession negotiations in 1997 it faced the same pressures as other CEE applicant states to eliminate barriers to the free movement of capital and goods and create free market institutions. Examining the *formal* adoption of EU laws and regulations in Slovenia, one might conclude that Slovenia's gradualist reform path has now been superseded by more liberal EU laws and regulations. Yet a more in-depth examination of the process of European integration in Slovenia presents a more complex picture. EU adaptational pressures did not go uncontested. Privatization and liberalization of hitherto nationally owned sectors prompted the greatest degree of protest over the content and speed of EU conforming liberalizing measures.

To explain why Slovenia followed a less radical path of transition one can point to Slovenia's favorable initial starting conditions. Slovenia experienced a transition recession and high inflation after gaining independence in 1991. But this recession period was shorter and less severe than in other post-socialist states. Slovenia lost important Yugoslav markets with the violent dissolution of SFRY, with Yugoslav republics absorbing 60 percent of Slovenia's total exports. These losses were partially offset, however, by Slovenian firms' already well established trade links with Western Europe, a legacy of Yugoslavia's liberal trading regime initiated in the 1970s. Moreover, Slovenia inherited a significantly lower debt burden than other CEE states. While the SRFY was heavily indebted, due to massive borrowing in the 1980s, Slovenia negotiated a very favorable debt rehabilitation agreement with the IMF and international lenders after secession.[53] Taking on less than 20 percent of the total Yugoslav debt, Slovenia could manage repayment without much difficulty. Slovenian advocates of independence in the 1980s argued that Slovenia was economically disadvantaged within the SFRY by being forced to subsidize the economically underdeveloped republics by large budgetary and foreign currency transfers to Belgrade. Yet, in retrospect, Slovenia fared relatively well in the Federation in some respects, such as amassing the most economically competitive and technologically intensive industries. While Serbia and Bosnia inherited a majority of resource intensive firms such as steel and heavy industries such as the unprofitable manufacturer of the Yugo, Slovenia inherited more flexible firms such as the household appliance manufacturer Gorenje, the pharmaceutical firm Kirka, and the technical product distributor Merkur.

Initial starting conditions are undoubtedly a significant factor in shaping Slovenia's transition path. But one must also take into consideration two other factors: political decisions of governing elites and transnational influences. As for the first set of factors, left-leaning coalitions led by the Liberal Democratic Party (LDS) ruled Slovenia almost uninterrupted between 1992 and 2004, with right-leaning coalitions in power for the one-year period after independence and for a short six month interval in 2000. No "cleansing" of former Yugoslav socialists occurred in Slovenia. Former socialist party members went on to assume prominent positions in government and industry. The government pursued a strategy that entailed a substantial role for the state in the economic transformation and long-run development of the country. The Slovenian Constitution defines Slovenia as a "welfare state" (Article 2), and contains many elements of Slovenia's corporatist past, such as the rights of workers to make decisions (Article 75).[54] Slovenia's privatization policy favored domestic owners, entailing 40 percent of shares transferred to three state-controlled funds, 20 percent to employees, and the remaining 40 percent sold in public auction, with employees given a preferential rate. In practice, many "voucher capitalists" chose to quickly sell their shares back to government funds, making the state and proto-state funds majority owners in many major firms by the mid-1990s. The government's overall reform strategy was supported by an early consensus among employers, trade unions, political parties, and economic experts. This consensus among social partners was institutionalized through corporatist bodies such as the National Council, a second parliamentary chamber representing local and functional interests, as well as legally enforced comprehensive bargaining agreements between labor and capital.[55]

The second set of factors concerns the role of external transnational actors. In the early stages of transition, international financial institutions were actively involved in shaping transition strategy in post-socialist states. The "shock therapy" proposed by Jeffrey Sachs and other advisors became the buzzword to capture the similar set of reforms as well as the speed in which they were advised to implement them. Slovenia's voucher privatization policy that favored domestic owners went against the prevailing IMF wisdom. In 1992, Sachs traveled to Ljubljana to propose an alternative IMF-endorsed plan for privatization. The then deputy prime minister, Jo□e Mencinger, and other Slovenian economists strongly opposed Sach's blueprint. Mencinger recalls, "We listened to them, but didn't follow their advice. Their agenda was based on ideology, not economics. And the US advisors didn't see a difference between Slovenia and Mongolia."[56] When the government formally approved the IMF-endorsed plan, Mencinger submitted his resignation in protest. The first elected Prime Minister, Alojz Peterle, from the nationalist-leaning Demos coalition faced a choice: take Sach's advice and fire Mencinger, or listen to Mencinger and rebuff Sachs.[57] Mencinger maintained his position, and the government submitted a privatization policy that diverged from the IMF proposed plan. Mencinger went on to join the Board of Governors of the Slovenian Central Bank, where he pushed a macroeconomic policy agenda that also diverged from IMF advice. The Slovenian Central Bank chose a floating exchange rate in order to protect domestic industries and maintain a low current account deficit. Mencinger remarks that after the Czech financial crisis of 1999, his former IMF adversaries conceded that he might have been right, or "at least not completely wrong."[58]

As Slovenia entered formal accession negotiations with the EU in 1998 the EU exerted more active leverage on Slovenian economic policy. One of the earliest and most contentious episodes in Slovenia's path to Europe occurred when the European Commission, at the behest of Italy, forced Slovenia to amend its Constitution, eliminating a clause that prohibited foreigners from buying land, in order to enter EU negotiations.[59] The Slovenian government complied, but not without prompting a heated parliamentary and public debate that raised concerns about the threat of EU membership to national interests.[60] Once Slovenia began formal negotiations the EU's leverage substantially increased. Opening the state-owned Slovenian banking sector to foreign competition became one of the most contentious issues in EU accession negotiations. After entering formal EU negotiations in 1998 and facing EU pressures to conform to conditions set out in the competition chapters of the *acquis*, the government began to substantially liberalize the banking sector and dismantle many of the barriers to entry that were kept in force throughout the 1990s. A 1999 Law on Banking permitted foreign banks to open branches in Slovenia and abolished laws requiring equal domestic and foreign ownership shares in domestic banks. Yet by 2001, the government still owned nearly 90 percent of the banking sector. Finally yielding to mounting to formal and informal EU pressure, in May 2001 the Slovenian Government finally initiated a privatization plan for Slovenia's two largest banks, Nova Kreditna Banka Maribor (NKBM) and Nova Ljubljanska Banka (NLB).[61] The privatization process signified one of the most dramatic property changes since Slovenia gained independence a decade earlier and spurred considerable public protest. Although privatization of the banking sector in other CEE countries generated little public concern, in Slovenia a joint media campaign, public protest and political opposition obstructed the privatization of Slovenia's second largest bank.

The European Commission, in its regular reports on Slovenia's progress towards meeting accession criteria, repeatedly raised the slow pace of bank privatization as a main concern. The Commission cites bank privatization as evidence more generally of the "gradualist approach to structural reforms in Slovenia."[62] In its general evaluation of economic criteria in the 2001 report, the Commission cited the May 2001 privatization decision as an "important step forward" in "reducing the role of the state in the economy." The Commission reported that while "restructuring of the banking sector has progressed somewhat," they cautioned that "further work remains."[63] More specifically, the Commission warned that the intention of the state to keep a blocking minority share in the banks would diminish the interest of potential key investors. In the 2003 "Comprehensive Monitoring Report on Slovenia's Preparations for Membership the European Commission" concludes: "Although limited and partial privatization is taken place in the banking sector, the state remains strongly present in this sector while further privatization would promote reform conducive to competitiveness."[64]

The initiation of formal talks with foreign bidders spurred vociferous public debate surrounding the NKBM privatization. In late October the Maribor based "Movement for People" sent a public letter to Finance Minister arguing that the sale of NKBM would not be profitable and would have negative effects on the Slovenian economy. The letter was followed by a well publicized political and media campaign against the sale of NKBM, framed by the rallying cry "Our Bank."[65] The initiation of formal talks over bank privatization also spurred vociferous public debate. The Maribor based "Movement for People" sent a public letter to Finance Minister Rop arguing that the sale of NKBM would not be profitable and could have negative effects. The mantra "Our Bank" became the rallying cry against the sale of both banks. The letter was followed by a well publicized political and media campaign against the sale of NKBM, with the greatest amount of activity in the Maribor region.[66] Popular arguments against the rapid privatization and sale of banks to foreign investors were threefold. First, keeping banking in domestic hands was deemed crucial to preserve national autonomy. Not only was Slovenia capable of relying on its own resources and capital to build a strong national economy, but selling national assets to foreigners would threaten Slovenian national interests and social cohesion. Second, as Slovenia prepared to enter the EU as one of the smallest economies, Slovenia faced the threat of being consumed by larger and more affluent EU member states. Further integration into European markets would threaten the largely autonomous and hitherto successful development of the Slovenian economy. Finally, critics argued that increased foreign influence in the banking sector would also bring about a corresponding rise in external political influence in the Slovenian economy. Foreign owners would finance political parties directly or indirectly, thereby gaining influence in national level decision-making, or grant loans only to preferred investors, leaving local businesses and individuals strapped for capital. In early November 2001 one of the most influential daily newspapers published a telephone based public opinion polls showing the generally ambivalent attitude of the Slovenian public towards privatization to foreigners. Over 73 percent of all respondents said that the "state should keep the biggest banks in Slovenian hands," while 15 percent responded that "the state should sell banks to buyer offering the best bid, foreign or not."[67]

Architects of Slovenia's initial transition strategy figured prominently in public debate. Mencinger, while no longer serving within the government, continued to advocate for a greater state role in Central Bank, monetary policy and bank ownership as a prominent public intellectual.[68] Mencinger, along with other prominent Slovenian economists such as Ribnikar, argued against yielding to EU pressure to privatize the banks and open the sector to foreign competition. Their first argument was based in comparing the structure of bank ownership in Western and Eastern European states. They pointed out the marked differences between EU-15 states, where a large percentage of banks were state owned, and EU applicant states, where foreigner owners dominated the market. For instance, in 1997 the EU-average of percentage of foreign bank assets was 12.7, and lowest in neighboring Austria (3.3 percent) and Germany (4.3 percent). In contrast, the percentage of foreign ownership in CEE states was over 75 percent by 1997, with Estonia leading at nearly 100 percent foreign ownership. Mencinger and Ribnikar attributed the high foreign presence in other CEE countries to insufficient domestic capital, lack of expertise and deficient technology. Slovenia, in contrast, enjoyed a relatively better developed banking sector at the beginning of transition and rehabilitated banks with domestic resources, making them as competitive as foreign banks. Through the 1990s, the economists argued, Slovenia thus could afford to open up to foreign banks only gradually. Mencinger, in his role as one of the architects of Slovenia's transition path and a prominent public intellectual, framed the issue of bank privatization in terms of preserving Slovenia's "national-capitalism." In a 2002 editorial in the leading Slovenia daily, Delo, Menciger writes: "The demands by foreigners for an end to the Slovenian 'national-capitalism' are increasing, although I think that we have the right to defend our interests and our capitalism, since others also have that right."[69]

By the end of March 2002, almost a year after the government announced the privatization program, the government commission decided that none of the bidders that submitted biding bids met the privatization conditions.[70] The Ministry of Finance temporarily halted the procedure. President Kucan questioned in the *Financial Times* the necessity of selling Slovenian banks to foreigners.[71] The European Commission in its 2002 Regular Report stated that the government's decision to stop the privatization of NKBM in "the final stages of the process" was due to succumbing to increased "domestic political resistance."[72] In its general evaluation of Slovenia's progress in meeting economic criteria, the Commission stated that the "competitiveness of the economy would be supported by speeding up structural reforms," in particular, the "further privatization in the financial sector"[73] Soon after Slovenia entered the EU 2004 a new right-leaning coalition came to power, ending the twelve year reign of the LDS. The new government immediately launched an ambitious national restructuring program, with bank liberalization at the center of reforms. In January 2005, Slovenian Prime Minister Janez Jansa traveled to Estonia where he acknowledged that although Slovenia and Estonia took very different development paths, they now share the same views. Slovenia is "facing the second wave of reforms, which Estonia has already implemented," Jansa remarked.[74] The government appointed key neo-liberal economists to guide the measures. Yet just three months after being appointed head of the Office for Development and Growth, a leading neo-liberal economists, Jo□e Damijan, resigned in protest, allegedly over a disagreement with the Finance Minister over the slow privatization of NLB. Damijan remarked to the business daily *Finance* on his resignation: "My personal views regarding the withdrawal of the state from the economy are somewhat different from the views of some ministers."[75] In a personal interview, Damijan reflected on the failed economic reforms. Given that the government and the public are "socialist in mindset," according to Damijan, "to really change this mentality and liberalize the economy will take decades."[76] Meanwhile, Jo□e Mencinger reflects on the failed reforms by saying that the government's strategy, like the EU's Lisbon Agenda on which it was based, with its "abundance of empty words, newly invented phraseology and concepts, action plans and priorities, and similar claptraps" will go in to the dustbin of history as a "worthless and harmless document."[77]

Concluding remarks

Through an in-depth comparison of political debates within Estonia and Slovenia over European integration, the paper demonstrated that economic nationalist responses to European integration are not limited to Western Europe. The diverse varieties of capitalism that give rise to economic nationalist responses among EU-15 states can also be found in the newest members. Yet whereas economic nationalist responses to European integration tend to be articulated through political parties and interest groups in Western Europe, with most mainstream parties taking a decidedly pro-EU position, in the newly independent states of Estonia and Slovenia we observe more unified national responses articulated by prominent political elites. This can be attributed to the unique process of transition, whereby reforms could promote particular economic strategies as being consistent with the building of national identity and political community after the fall of socialist regimes.

To what extent might we generalize beyond the cases of Estonia and Slovenia to other new EU member states? Indeed, size matters in that it is far easier to foster a unified and cohesive identity with relatively small populations. The two cases are also exceptional for being relatively economically successful. In states such as Romania and Bulgaria, where economic development lags behind other East European states, *any change* might appear preferable than the current political and economic status quo. Yet we can witness similar patterns of political conflict over the EU in the Visegrad states. For neo-liberal leaning states like Czech Republic and Poland, prominent political elites such as Czech President Vaclav Klaus or Polish "shock therapist" Leszek Balcerowicz are prominent supports of economic neo-liberal policies and, likewise, outspoken critics of EU regulatory or social cohesion policies. In Hungary and Slovakia, where, like Slovenia, there was greater continuity between communist and post-communist leadership, we can see more "normal" patterns of political competition around the EU, with right-leaning parties objecting to the EU on the grounds of preserving national sovereignty and left-leaning parties objecting to further liberalizing measures.[78]

The paper also challenges the assumption that future ideological conflicts over the EU's trajectory will necessarily correspond to an East-West member divide. Contra to those authors who argue that the neo-liberal market oriented East European states will serve as a "Trojan horse" in dismantling the already embattled European Social Model, states like Slovenia – and to a lesser extent the Visegrad states – have rejected radical neo-liberal reform agendas. The question remains then how East European elites might advocate for a particular "variety of capitalism," or a particular balance between the Single Market and the European Social Model, in the enlarged EU?[79] Returning to our two cases, today Estonian leaders continue to aggressively market Estonia as the "Baltic Tiger" or the "Nordic Singapore," seeking to promote neo-liberal norms from within the EU. The Estonian think tank, Research Center Free Europe, for instance, has formed close links with the British Bruges Group, where they co-author policy briefs, host speaking tours, and organize bus tours around the Estonian countryside to inform citizens of the "real EU."[80] These networks mirror efforts by Estonian and British leaders to join together to oppose any move towards harmonization of tax and social policy.[81] Slovenian leaders have not promoted their more gradualist path with as much missionary zeal. The Slovenian government coined a new slogan "Slovenia: The New Star of Europe," but this stardom is rarely imbued with substantive claims about the "Slovenian way" to Europe. Yet Slovenian actors, including prominent economists, politicians, and labor leaders, have joined forces with their counterparts across Europe to advance a model of the EU based on the principles of supranational regulation and social cohesion. As Mencinger, one of the leading architects of the Slovenian economic model, put it, the rallying cry for Europe should be: "Plumbers of all countries, unite!"

NOTES

[1] Among the radical far right, opposition to the Polish plumber is consistent with a broader anti-immigration and anti-European Union platform. That Poles are largely Catholic departs from anti-Semitic or anti-Muslim positions, and makes opposition to Polish or other East European immigration somewhat more socially acceptable, yet just as pernicious.

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Press; Takeshi Nakano. 2004. "Theorising Economic Nationalism." *Nations and Nationalism* 10: 211-229; John Campbell, John Hall, and Ove Pederson. 2006. *National Identities and Varieties of Capitalism: The State of Denmark*. McGill-Queen's University press.

[3] Scharpf, Fritz. 2002. "The European Social Model: Coping With the Challenges of Diversity." *Journal of Common Market Studies* 40: 645-70

[4] Ibid. 647.

[5] Liebfried, S. and P. Pierson. 2000. "Social Policy: Left to Courts and Markets?" In *Policy-Making in the European Union*, eds. H. Wallace and W. Wallace. Oxford University Press: 267-92.

[6] Menz, Georg. 2003. "Re-regulating the Single Market: National Varieties of Capitalism and their Responses to Europeanization." *Journal of European Public Policy* 10: 532-555; Marks, Gary and Marco Steenbergen, eds. 2004. *European Integration and Political Conflict*. Cambridge University Press.

[7] Van Apeldoorn, Bastiaan. 2002. *Transnational Capitalism and the Struggle over European Integration*. Routledge

[8] Streeck, Wolfgang. 2001. "International Competition, Supranational Integration, National Solidarity: The Emerging Constitution of 'Social Europe'." In *Will Europe Work*? eds. M. Kohli and M. Novak. Routledge; Gajewska, Katarzyna. 2008. "The Emergence of a European Labour Protest Movement?" *European Journal of Industrial Relations* 14: 104-121.

[9] Hyman, Richard. 2005. "Trade Unions and the Politics of the European Social Model." *Economic and Industrial Democracy* 26: 9-40; Pontusson, Jonas. 2005. *Inequality and Prosperity: Social Europe vs. Liberal America*. Cornell University Press.

[10] Adapted from Liesbet Hooghe and Gary Marks. 1999. "The Making of a Polity: The Struggle Over European Integration." In *Continuity and Change in Contemporary Capitalism*, eds. H. Kitschelt; P. Lange; G. Marks and J. Stephens. Cambridge University Press.

[11] Saint-Paul, Gilles. 2007. "Making Sense of Bolkenstein-Bashing: Trade Liberalization Under Segmented Markets." *Journal of International Economics* 73: 152-174.

[12] Under the so-called "2+3+2" arrangement member states had two years (2004 to 2006) either to open up domestic labor markets or use national legislation to restrict migration from the eight new East European states. In the next three years states could either end the initial arrangements or keep them in place. The final two year escape clause allowed states to defer lifting restrictions if migration is deemed to pose a threat to domestic labor markets. But by 2011 citizens from all EU member states must have full freedom of movement. (Donaghey and Teague 2006)

[13] Kvist, Jon. 2004. "Does EU Enlargement Start a Race to the Bottom? Strategic Interaction among EU Member States in Social Policy." *Journal of European Social Policy* 14: 301-318; Sykes, Rob. 2005. "Crisis? What Crisis? EU Enlargement and the Political Economy of European Union Social Policy." *Social Policy & Society* 4: 207-215.

[14] *Deutsche Welle*. 1 March 2005. "Flat Tax Revolution puts Europe on Edge." Accessed at: www.dw-world.de/dw/article/0,1564,1504503,00.html.

[15] Grabbe, Heather. 2004. The Constellations of Europe: How Enlargement will transform the EU. Centre for European Reform.

[16] Habermas, Jürgen and Jacques Derrida. 2005. "February 15, or, What Binds Europeans Together." In *Old Europe, New Europe, Core Europe*, eds. Daniel Levy, Max Pensky, and John Torpey. Verso.

[17] Gowan, Peter. 1999. *The Global Gamble*. Verso; Wedel, Janine. 2001. *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe*. Palgrave.

[18] Bohle, Dorothee and Béla Greskovits. 2006. "Capitalism without Compromise: Strong Business and Weak Labor in Eastern Europe's New Transnational Industries." *Studies in Comparative International Development* 41: 3-25.

[19] Meardi, Guglielmo. 2000. "Trojan Horse for the Americanization of Europe? Polish Industrial Relations Towards the EU." *European Journal of Industrial Relations* 8: 77-99.

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[21] Lennart Meri. 1997. "Euroopa Unioni on vaja Eesti riigi pusimiseks," *Luup* 26, quoted in Pami Aalto. 2000. "The Saviour and Other Europes: Identity, Interests and Geopolitical Images of Europe in Estonia." Paper presented at International Studies Association, Los Angeles, 14-18 March 2000, 3. Marju Lauristin and Peeter Vihalemm. 1997. *Return to the Western World: Cultural and Political Perspectives on the Estonian Post-Communist Transition.* Tartu University Press.

[22] Magnus Feldmann and Razeen Sally. 2002. "From the Soviet Union to the European Union: Estonian Trade Policy, 1991-2000." *The World Economy* 25: 90.

[23] Anatol Lieven, 1993. *Baltic Revolution: Estonia, Latvia and Lithuania and the Path to Independence.* Yale University Press, 10.

[24] David Smith. 2002. "Estonia: Independence and European Integration." In *The Baltic States: Estonia, Latvia, and Lithuania*, eds. David Smith; Artis Pabriks; Aldis Pure and Thomas Lane. Routledge.

[25] Tarmo Haavisto, ed. 1997. *The Transition to a Market Economy: Transformation and Reform in the Baltic States*. Edward Elgar.

[26] Feldmann and Sally (2002), 83-84.

[27] Patrica Dillon and Frank Wycoff. 2002. *Creating Capitalism: Transitions and Growth in Post-Soviet Europe*. Edward Elgar: 155-176.

[28] Mikko Lagerspetz and Henri Vogt. 1998. "Estonia." In *The Handbook of Political Change in Eastern Europe*, eds. Sten Berglund; Tomas Hellen and Frank Aarebrot. Edward Elgar.

[29] Anatol Lieven, 1993. *Baltic Revolution: Estonia, Latvia and Lithuania and the Path to Independence.* Yale University Press, 285.

[30] Ibid., 88.

[31] See Judith Kelley. 2004. *Ethnic Politics in Europe: The Power of Rules and Norms*. Princeton University Press: 94-115. See also Geoffrey Evans and Christine Lipsmeyer. 2001. "The Democratic Experience in Divided Societies: The Baltic States in Comparative Perspective." *Journal of Baltic Studies* 32(4): 379-401.

[32] Lieven., 89-90. Laar's "Big Bang" strategy was recognized by the Cato Institute when granting him the Milton Friedman Prize for Advancing Liberty in 2006.

[33] Mart Laar. 2002. *The Little Country that Could*. St. Edmunsbury Press, 203.

[34] Mikko Lagerspetz. 2001. "Consolidation as Hegemonization: The Case of Estonia." *Journal of Baltic Studies* 32(4): 409-410.

[35] See Vello Pettai and Piert Ehin, eds. 2005. *Deciding on Europe: The EU Referendum in Estonia*. Tartu University Press.

[36] Feldman and Sally (2002), 15.

[37] Ibid., 92.

[38] Ibid., 96.

[39] The World Bank. 1999. *Estonia: Implementing the EU Accession Agenda*. Washington D.C.: The World Bank.

[40] Feldman and Sally (2002), 96.

[41] Piret Ehin. 2003. "Estonian Euroskepticism: A Reflection of Domestic Politics?" *East European Constitutional Review* (Fall/Winter), 99.

[42] Evald Mikkel and Geoffrey Pridham. 2004. "Clinching the 'Return to Europe': The Referendums on EU Accession in Estonia and Latvia." *West European Politics* 27: 716-748.

[43] Ehin, 99.

[44] The LEIEL website can be accessed at: http://www.euroskepsis.ee/el-nl.htm.

[45] Silberg was previously head of the department of economics in the Estonian Ministry of Agriculture for four years, a job he claims he lost because he "became active against Estonia's accession in the EU." Henrik Skov. 2005. "No! to EU: Debate in Estonia." Accessed at: manila.djh.dk/Euestonia/stories.

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[52] Tarn (2003), 2.

[53] Dóra Piroska. 2002. "Varieties of Debt Management in Central and East European Countries: An Institutional Investigation of International Financial Transactions." Intercultural Management and Communication Department's Working Paper No. 1029. Copenhagen Business School.

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[57] Venelin I. Ganev. 2005. "The 'Triumph of Neoliberalism' Reconsidered: Critical Remarks on Ideas-Centered Analyses of Political and Economic Change in Post-Communism." *East European Politics and Societies* 19: 360.

[58] Personal Interview, Jo□e Mencinger, Ljlubjana. 13 September 2006.

[59] See Bandelj 2004: 465-471

[60] Nina Bandelj. 2003. "Particularizing the Global: Reception of Foreign Direct Investment in Slovenia." Current Sociology 51: 377.

[61] *Slovenian Business Week*. 2001. "Government Gives Light to NLB and NKBM Privatization Programs." No. 23, 4 June.

[62] European Commission. 2003. "Comprehensive Monitoring Report on Slovenia's Preparation for Membership," 36.

[63] European Commission. 2000. "Regular Report from the Commission on Slovenia's Progress Towards Accession," 30.

[64] European Commission (2003), 8.

[65] *Slovenian Business Week*. 2001. "Bank Privatization Stirs Up Heated Debate." No. 46, 12.

[66] *Slovenian Business Week*. 2001. "Bank Privatization Stirs up Heated Debate." No. 46, 12 November.

[67] "Narodna zavest izpari, ko je treba kaj pla□ati." *Delo*. 8 November 2001.

[68] Joze Mencinger. 2003. "Does Foreign Direct Investment Always Enhance Economic Growth," unpublished manuscript.

[69] Ibid.

[70]*Slovenian Business Week.* 2002. "None of the Bidders for NKBM Meets the Required Criteria, Commission Says." No. 12, 25.

[71]*Slovenian Business Week.* 2002. "Government Holds the Sale of NKBM." No.17, 29 April.

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[73] European Commission (2003), 23.

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[76] Ibid.

[77] Personal interview, 12 February 2006; Joze Mencinger. 2006. "Privatization in Slovenia." Unpublished manuscript.

[78] See Stuart Shields 2003. "The 'Charge of the Right Brigade': Transnational Social Forces and the Neoliberal Configuration of Poland's Transition." New Political Economy 8(2): 225-244; EEPS article on Klaus.

[79] See Gary Marks; Liesbet Hooghe; Moira Nelson; and Erica Edwards. 2006. "Party Competition and European Integration in the East and West: Different Structure, Same Causality." *Comparative Political Studies* 39" 155-175.

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[81] See Doug Imig and Sidney Tarrow, eds. 2001. *Contentious Europeans: Protest and Politics in an Emerging Polity*. Rowman and Littlefield.