

## EXTERNAL POWER OF THE EU: THE POLITICAL ECONOMY OF NEIGHBORHOOD POLICY

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### Abstract

*The European Union (EU) produces more than \$19 trillion of GDP which makes the EU the biggest and one of the wealthiest economic areas. Its population reaches more than half a billion which makes the EU one of the most crowded territories around the world. However, the EU is not a state in a traditional way and it does not have such a claim; on the other hand the EU is not a standard international organization (IO), either. The EU with its huge economic capacity supported by its single market (SM) has been obviously affecting polities which are in relation with the EU. Even, numerous studies indicate that the EU exercises regulatory actions on many neighboring countries and its other trade partners. Thus, the EU, from a political economy point of view, could be considered as a power in international system.*

**Keywords:** EU, Power, Political Economy, Actorness, European Neighborhood Policy, European Foreign Policy, Conditionality, Single Market

## AVRUPA BİRLİĞİ'NİN DIŞ GÜCÜ: KOMŞULUK POLİTİKASININ EKONOMİPOLİTİĞİ

### Özet

*Avrupa Birliği (AB) yarattığı 19 Trilyon Dolar'dan fazla GSYİH ile dünyadaki en büyük ve zengin ekonomik alanlardan birini oluşturmaktadır. Yarım milyardan fazla nüfusu AB'yi dünyanın en kalabalık bölgelerinden biri yapmaktadır. Bütün bu özelliklerine rağmen AB bir devlet değil ve böyle bir iddiası da yok; ancak sıradan bir uluslararası örgüt de değil. AB'nin Tek Pazar ile desteklenen dev ekonomisi elbette ilişkiden bulunan bütün siyasi yapıları etkilemektedir. Hatta pek çok çalışma AB'nin çevre ülkelere ve ticaret ortaklarına yönelik pek çok düzenleyici eylem gerçekleştirebildiğini iddia etmektedir. Böylece, AB, ekonomipolitik bakış açısı ile uluslararası sistem içinde bir güç olarak değerlendirilebilir.*

**Anahtar Sözcükler:** AB, Güç, Ekonomipolitik, Aktörlük, Avrupa Komşuluk Politikası, Avrupa dış Politikası, Koşulluluk, Tek Pazar

### 1- Introduction

The European Union (EU) produces more than 19 Trillions \$ of GDP which makes the EU the biggest and one of the wealthiest economic area. Its population reaches more than half a billion which makes the EU one of the most crowded territories around the world. However, the EU is not a state in a traditional way and it does not have such a claim; on the other hand the EU is not a standard international organization (IO), either. The EU is a unique polity with its distinctive institutional structure and idiocratic way of policy making. The EU with its huge economic capacity supported by its Single Market (SM) has been obviously affecting polities which are in relation with the EU. Even, numerous studies indicate that the EU exercises regulatory actions on many neighboring countries and its other trade partners. Thus, the EU, from a political economy point of view, could be considered as a Power in international system. Since 1970s, there have been scholarly debates on the EU as an international power. Those debates essentially based on where the power of the EU stems from, what it does, what it says or simply what it is. Therefore, the EU's existence as a unique polity initiated arguments of labeling the power exercised by the EU. For instance, it is labeled as a "soft power" or "civilian power" (Orbie 2008, 2); or "normative power" (Manners 2002, 252) or "market power" (Damro 2012, 683). Whether the EU is a power or not is out of the agenda of the scholars, however the kind of power and how this power is exercised are the main questions in debates. In this study, the objective is to contribute debate on previously mentioned arguments on the EU being an international power through a political economy perspective. The main questions, similar to most of the researchers in this field, are "what kind of a power is the EU" and "how does it display and exercise this power". The hypothesis of the paper is "the EU is a market power and it displays and exercises the power of single market through its regulations, forcing neighbor countries for harmonization and manipulating them with various economic incentives". In order to answer those questions the neighboring countries have been chosen as

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the dependent variables and the EU as an international power as the independent variable. The institutional structure and policy making in the EU has been considered as the intervening variable of the study.

As many concepts generally in social sciences and specifically in political science, the concept of power is also highly disputed and there has not been a consensus on the meaning of it. Since, without clarifying what it is meant by power it would be a vague discussion. Thus, in the first part of the paper the concept of power is discussed for conceptual reasons. One of the main aims of this study is to provide a political economy perspective to the above mentioned debates. Thus, discussing political economy, the significance of this perspective in such debates and the insights that can be carried over would be essential for the study. The second part of the paper is constituted by an assessment of political economy. The discussion on the type and labeling of the EU power would be the third part of the study. A considerable literature review on EU's external power would be carried on and the assertions of all significant approaches would be tried to be revealed. The fourth part would consist of description the neighborhood policy of the EU as the case of the study. The argument of the EU being a market power would be applied on the neighborhood policy and the hypothesis of the research would be tested and tried to be proven.

According to the US realist international relations theorist Hans Morgenthau (1904-80), power 'may comprise anything that establishes and maintains control of man over man and it covers all social relationships which serve that end, from physical violence to the most subtle psychological ties by which one mind controls another' (Morgenthau 1985, 117). Power has often been classified into five principal forms: force, persuasion, authority, coercion and manipulation. It is a central feature of the international system, in which the exercise of power takes many forms, ranging from war, through economic pressure to cultural and ideological influence. This is particularly so because of the absence of effective international authority capable of imposing order on global affairs. It is, however, a problematic and 'essentially contested' concept. For instance, political scientists often distinguish power from influence, restricting the term 'power' to relations exercised through control. Power can be analyzed in terms of quantity and of the distinction between power as capability to achieve objectives and as relationship. Some elements in power are very tangible, such a military or economic strength; others are vague, but influential, such as morale of population. In recent decades there has been growing interest in the varieties of power in international relations other than military power - for instance, oil power and the control over other precious resources such as water.

Although the realist understanding of power is commonly accepted by the IR scholars, there have been many efforts to transform, enhance or change it. However, the realist approach is still the standard conceptualization of power, which is a challenge. The difficulty to form complementary understandings of power restricts the IR discipline to apprehend the consequences of international affairs are shaped and how the actors differentially restrained or empowered to govern their outcomes. Traditionally, the power is considered as the ability of one to change or shape the circumstances and actions of another. For example Max Weber (1947, 52) defined it as: "probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability exists."

## **2- The Concept of Power**

In this section I would suggest four different types of power: coercive power, bargaining power, concerted power and political power. This classification is used for better handling the power while dealing with this difficult phenomenon. The first type of power that is discussed in this paper is "coercive power", which the closest one to the above mentioned mainstream definitions of power. This type of power can be explained basically as to impose powerful ones will against the weak ones. It is strongly related with the terms of strength, violence and it usually implies military might or economic power. Bargaining power on the other hand is connected with the coercive power however they are at the opposite sides of continuum. When coercive power is exercised the powerful side will unilaterally impose its will on the weak side. Conversely, if bargaining power is taken into consideration, neither side can impose their wills unilaterally since they are either similar enough in strength or so interdependent that imposing will over other is practically impossible neither side can impose their will without concessions. Thus, the bargaining power decides which side would take the advantageous position.

Concerted power is the type where the power is generated horizontally between parties who act in concert (Arendt 1973, 141). In other words, in order to reach common objectives or to support common values, capacity of acting together of a mobilized group can be named as concerted power. Unlike the coercive and bargaining power, concerted power does not depend on strength and resources but depends on numbers and conviction. However, concerted power is not necessarily nonthreatening, once it is generated through a group, it can be used against common target as a backing up the coercive power.

Those three types of power are direct or active types of power. However the fourth type of power discussed in this paper is institutionalized or delegated power. Political power is the capacity of pursuing and administering an existing political order. "It is the institutionalized power in organized communities that often appears in the appearance of authority." (Arendt 1973, 143) The political power is the type of power that asks for absolute recognition for which either coercion or persuasion is required. It is the capacity to implement decisions, enforce rules provide goods and achieve collective goals.

One of the main disciplines that the concept of power is usually central is International Relations. In the studies of international relations power is the utmost analyzed concept. In the following section how the concept of power is perceived and theorized by different IR schools is discussed. Although all of the different approaches of IR discipline have different things about the content and characteristic of power, the realist school is widely acknowledged with the concept of power. Realist approach stays crucial to comprehending the current rehearsal of international politics; critics persist to categorize a variety of complications and inconsistencies in many of its fundamental understandings. This is particularly the case regarding the way in which realists describe, measure, and use the concept of power.

First the perception of power within the classical realism context is appropriate to discuss. Morgenthau declared that "international politics, like all politics, is a struggle for power" (Morgenthau 1985, 134). He added that "whatever the ultimate aims of international politics, power is always the immediate aim" (Morgenthau 1985, 135). Morgenthau defines power as such: "when we speak of power, we mean man's control over the minds and actions of other men". He describes political power as: "a psychological relation between those who exercise it and those over whom it is exercised" (Morgenthau 1985). It gives the former control over certain actions of the latter through the influence which the former exert over the latter's minds" (Morgenthau 1985, 149). He defines power through relational approach which is led by Max Weber. Furthermore Morgenthau based power upon concrete resources such as geography, natural resources, industrial capacity, military readiness, and population (Morgenthau 1985). On the other hand, another influential theorist in international relations E. H. Carr claimed that power was undividable, though, for objectives of the argument it could be divided into three groups: military power, economic power, and power over opinion (1946). Classical realists continue that the important endurance of politics as a lasting struggle for power arose from the ultimate human instinct of power. According to classical realists the action in international relations "as a continuing effort to maintain and to increase the power of one's own nation and to keep in check or reduce the power of other nations" (Morgenthau 1985, 118).

A central criticism to the classical realists comes within the realist approach and they are labeled as structural realists. The assumption of classical realists that the politics is a continuous fight for power is accepted by the structural realists, however, they criticize the exclusive attribution to the human nature. Waltz states that "international politics is the realm of power, of struggle, and of accommodation" (1979, 6). According to Waltz "from the vantage point of neorealist theory, competition and conflict among states stem directly from the twin facts of life under conditions of anarchy: states in an anarchic order must provide for their own security, and threats or seeming threats to their security abound" (1979, 7). In line with structural realists, the absence of a superior authority in the scene makes the action of self-help as the only way of behavior. Structural realists claim that the crucial action that a state can take to guarantee its own survival is to collect appropriate value of power. John Mearsheimer, on the other hand, prioritizes relative power of the actors; because the configuration of the international system compels them make best use of their power against others. He pronounces five rudimentary assumption about the international system: "it is anarchic, all great powers possess some offensive military capability, states can never be certain about the intentions of other states, survival is the primary goal of states, and states are rational actors" (Mearsheimer 2001). However, according to Mearsheimer, the crucial one among those five assumptions is power maximization (Mearsheimer 2001). To sum up, both type of realists based their theories on power politics. Consequently, as stated by Stephen Walt, "the concept of power is central to realist theory, yet there is still little agreement on how it should be conceived and measured" (2002, 4).

In international relations usually two different type of power is discussed which are hard power and soft power. These are useful for comprehending and describe the behavior of states at the international system. Hard power is the basic and instinctive type of power. Hard power can be conducted more easily and less costly than the soft power. The concept of hard power had been subject to conceptual debates way before the concept of soft power and demonstrates itself in a very solid way. Hard power is emphasized as the capability to get what you want by the means of economic influence or military power. Therefore, resources are crucial in hard power. Accordingly, hard power is essentially diverse from soft power. Hard power is basically in the realm of realists. In brief, realists display the international community as anarchical, where only states are the actors. Every state struggles to increase its security and they compete to attain as much security and stability as possible. The only way to deal with this situation is "self-help" only. The basic rule of the global system is that states do not recognize any greater authority. International organizations and international administrations could not have the power to

establish rule and order among the states. This is principally the background in which hard power functions at the international level. Moreover, supporters of hard power do not recognize any other form of power.

Contrary, the soft power supporters accept hard power as a form of power; however they recognize different forms of powers such as soft power. A famous soft power advocate Nye claims: “[...] sometimes you can get the outcomes you want without tangible threats of payoffs. The indirect way to get what you want has sometimes been called the second face of power” (2004, 6). In other words, “a country may obtain the outcomes it wants in world politics because other countries - admiring its values, emulating its example, aspiring to its level of prosperity and openness - want to follow it” (Nye 2004, 7). So the soft power is pulling other states to the point that they expect the same outcomes you want and making it through coopting rather than coercion (Nye 2004). In other words, shaping the preferences without using coercion or violence is called soft power. The means for soft power in international politics are rich, however they rely on the principles marked by an actor’s culture, through its internal practices and policies and its relations with others. Therefore, when states legitimize their power on behalf of other countries, “they encounter less resistance to their wishes”. Moreover, “if a country’s culture and ideology are attractive, others more willingly follow. If a country can shape international rules that are consistent with its interests and values, its actions will more likely appear legitimate in the eyes of others. If it uses institutions and follows rules that encourage other countries to channel or limit their activities in ways it prefers, it will not need as many costly carrots and sticks” (Nye 2004, 37). Nye claims that the soft power of a country bases mainly on three resources: its culture, its political values and its foreign policies (Nye 2004, 165).

From this point of view, the EU, as an international actor with its very limited capability of deploying hard power, has the only chance to be a soft power in the international system and have to enhance its soft power capacity in order to be more influential with its relations to others. However, there still remains a question of whether the EU is really an actor on the global stage. In the following section the actorness of the EU is discussed in order to clarify the claim that is made in this study.

### 3- The EU as a Global Actor

The notion of actorness has been variously used for qualifying an independent and distinctive actor in its own right on the international scene. Concerning the EU, the most important aspect of the actorness is whether it can be perceived as an autonomous and determined unit which has the capacity of formulating and following its own policies in the international system. Moreover, offering a non-state unit as an actor, such as the EU, is a quite disputable argument, especially for main stream realists who consider the international system as a state-centric one. However, as early as 1970s the EU (then European Economic Community) together with the United Nations (UN) has been labeled as emerging international actors which are developing their own international character (Cosgrove-Sacks and Twitchett 1970, 12). This way of assessing the international system was a clear challenge to the mainstream approaches of IR which considered the states the only actor worth to be analyzed. Those authors simply defined the actorness as “capacity to act on the global scene” and this capacity can be understood through below mentioned three criteria:

- Autonomous decision-making power embodied in its central institutions
- The extent to which it performs significant and continuing functions having an impact on inter-state relations
- The significance attached to it in the formation of the foreign policies of states, particularly those of its members (Cosgrove-Sacks and Twitchett 1970, 12-14).

As it can be seen, for being an actor in global scene just having the capacity to act is not enough but the actors, especially states, have to recognize the EU as an actor, as well. However, this or similar assumptions usually overlook the EU’s multi-dimensional character. Either, the EU is conceived as an intergovernmental organization or just the commission seen as the acting institution of the EU. To go beyond the theoretical difficulty of comprehending the actorness of the EU, it has been described as “being and having a variable and multi-dimensional presence in the international scene” (Allen and Smith 1998, 48). This approach has been put forward to claim that even a unit, like the EU, which does not have the coherent and centralized foreign policy tools and clear decision making mechanisms similar to states may have great influence in international system. However, there is an expectation and capability gap between what is expected from the EU, especially in hard issues in international politics, and what the EU could do. The expectations such as, being a second Soviet Union or regional peace provider using coercive tools or supervisor of world economy had failed since the EU lacks the resources, ability and instruments for such way of acting. During the Iraq wars and Balkan Conflicts, even massacres, the inability of the EU to intervene the processes had displayed its situation.

Since the foundation of European Integration its founders have taken initiatives to merge their policies on a variety of problems in the international arena. However, bearing in mind the complication of the EU as a political entity, in a most of these circumstances they achieved harmony only at the level of satisfying the lowest common denominator. Although, the European Union in has created several mechanisms such as CFSP and ESDP as a result of extending processes within the EU and appointed a High Representative of the CFSP, who in a sense is a symbol of the EU's member states' commitment to a common foreign and security policy and it is assumed that the intention of the EU decision makers with all of these new mechanisms has been to make the EU a more consistent actor in international relations and to strengthen its role and influence in the international arena. The EU set up several operations in various parts of the world, starting in the Balkans – Former Yugoslavia Republic of Macedonia (FYROM), Bosnia and Herzegovina and Kosovo – and extent to the operations in Chad, Darfur, and the Congo. Other actors cannot overlook the EU which has so many presences all around the world. Nevertheless, as Smith (2008, 25) stresses “the EU is not always able to translate presence into “actorness”, that is, the ability to function actively and deliberately in relation to other actors in the international system” (K. E. Smith, *European Union foreign policy in a changing world* 2008).

However, soft power is not exact fit for the EU (Portela 2007, 9). Generally the terms used for defining the form of power that EU exercises are labeled as civilian power or normative power. The term civilian power necessarily indicates the means of power instead of the ends of it. So, maybe while using soft power, one may exercise a civilian power but this does not essentially make them synonymous, since soft power, by definition has an objective to be achieved (K. E. Smith 2005, 75). However the term normative power, which has the claim of diffusing norms and values, has more in common with the soft power since both consider the effect of norms and values in changing the preferences of others in international politics (Manners 2002). Although, conditionality is used as a coercive measure for diffusing norms and values, Manners reject the willingness to use of force in an instrumental way (2002, 242). Manner argues further that normative power of the EU goes beyond Westphalian conventions, in other words the exercises influence by not only “what it says but what it is” (2002, 252).

Thus, the actorness of the EU and the exercising a form of power is convincing. The EU, in very basic has the capacity of acting in international scene and it is perceived by the others as an actor, so it bears some very important aspects of an actor. Moreover, having the sources of power and exercising it makes the EU a power. However, it has been understood that the EU is certainly not a hard power in terms of realist theories. It is sort of a soft power, but still this definition is not quite suitable for the EU. So the question of what kind of a power remains as a disputable issue. There are several suggestions of the type power the EU bears. One of them is the very well known “normative power” of Ian Manners. Civilian power is also a common proposition which is made to define the way of exercising power of the EU. There is also another label of the EU power which is called “market power” (Damro 2012). All of the above noted forms of powers, which have the claim of exercised by the EU, have been discussed in numerous studies, however the concept of market power that is set by Damro remained quite understudied. This approach seems worth to study since it has a quite notable explanatory power in describing the external relations of the EU with its candidates and neighbors. In the following section a conceptual framework of the market power would be drawn in order ease to understand the situation of the EU in relation to other actors of the global scene.

#### **4- Power of the EU**

EU has always prioritized market throughout its integration process. A Common External Tariff has provided an external dimension to the EU even since its foundation. In forming of the European Identity the common market and common commercial policy has played critical roles. The 1970s, so called recession era of the EU, even witnessed some very important developments in market integration. The Single European Act (SEA) had given a considerable bolster to market integration and consolidated the market identity of the EU. Accordingly, the EU considers itself as a significant international actor stemming its power from an effectively functioning single market (Damro 2012, 685). This has been evolved from being a relatively limited regional integration initiative to a comprehensive and influential market power of today's. Awareness of this situation had underlined the EU's identity as the Market power of Europe (MPE) (Damro 2012, 686). Damro, introduced the concept MPE through the role of market interventions via economic and social regulation (2012). The identity of the EU as MPE is linked to three characteristics of the EU. According to Damro, these characteristics are: “material existence, institutional features, and interest contestation” (2012, 683). These characteristics ease to comprehend the EU as a global power through its position, international environment, institutions and actors which contribute its power.

Basically, the Single Market of the EU specifies the substantial presence of the EU and the most concrete feature of its being in the global scene (Allen and Smith 1990). As a feature of its identity the significance of the Single

Market can be observed through the economic figures. The biggest developed industrial market in global scale is the EU. Even, the commission declares the EU as the largest trading bloc and primary destination for foreign direct investments (Commission 2010). Van Rompuy displays EU's comparative economic power by stating that EU generates the 22 percent of the world's wealth with having only 7 percent of the world population compared to 21 percent of the US, 11,5 percent of the China and 4,7 percent of the India (2010, 5). He argued that the EU as a whole is the first commercial power in the world, stronger than the US, China or Japan (van Rompuy 2010, 5). Thus, the size of EU's economic power has to be taken into account when talking about the actorness of the EU in international system. One of the important ways the EU to externalize its internal policies has been via regulatory standards. This is possible because of the EU's market size. This power may be less felt by the other big economies, but it is felt by other members of the international system.

Additionally, beyond the material existence, the institutional characteristics of the EU are also essential for conceptualization of MPE. These elements demonstrate that which official actors are behind the MPE and what are the rules under which they operate. The EU has been defined as a regulatory state which realizes its policies especially with rules and regulations (Majone 1994). Accordingly, there are numerous social and economic regulations issued by the EU, which can either liberate or limit the market activity and have significant external effect. Thus, if the EU is a regulatory state then MPE has to take the methods of policy making for producing regulatory measures into account which may have serious impacts on functioning of market. Moreover, MPE has to pay attention to the roles of the Member states while policy producing and implementing and the function of EU's institutions in all processes of rulemaking (Fioretos 2010). Hence, such a complicated political entity which comprises numerous actors in its policy making structures may act differently in separate times. Analyses of MPE, thus, take the methods into account in which disparity in the rules of decision making for producing and implementing regulatory measures decide which actors contribute to the external part of the EU (Damro 2012). As being a regulatory state as suggested, the EU creates standards which other actors may recognize. Identifying the EU through institutional features helps to stress the significance of the internal rules as crucial aspect of the MPE. Since the EU has a high level of "regulatory expertise, coherence and sanctioning authority", it has the power to use them in global system (Damro 2012). The presence of those established mechanisms of regulatory capacity would deliver a base for unintended externalization which in turn boosts MPE.

A comprehension of the EU as MPE also considers the central position of the rival interest groups in the EU Market. Although the EU is a regulatory polity, it is open to public discussion and effect; there are numerous groups that compete for regulations that serve their interests (Coen and Richardson 2009). This competition in interests add a third dimension to EU's identity and assists MPE to exercising power in international system. The EU's different types of economic and social regulations may create costs and benefits differently throughout the society. The contestation among these different interest groups also functions in MPE's externalization (Damro 2012). The externalizing nature of MPE engenders inclusion of international interest group into consideration. This is important because these interest groups may push for externalization of internal regulation, either through coercive or non – coercive ways. As the international actors observe the contestation of actors within the EU and predicts results, the EU's unintentional MPE may rise. Moreover, when the interest groups which are supporters of externalization start to influence policy making and regulations, these activities encourages the intentional MPE of the EU. The basis of the EU's identity as MPE is defined through these three features of its (existence of the market, institutional characteristics, and interest group contestation). These three characteristics predispose the EU to act as MPE (Damro 2012). Thus, when defining the EU as MPE these features are the integral features. Moreover, increase in these characteristics e.g. "growth in market size, extension of regulatory capacity, and pressure from externalization supporter groups"; would cause increase in externalization of the EU (Damro 2012).

The externalization would happen firstly by the attempt of the EU institutions or actors towards external actors to follow EU regulations that are effective in single market or act in conformity with the EU policies or regulations. The subjects of externalization are usually public or private actors outside the EU such as states, international organizations and non-state actors. Secondly it expected to actual adherence of the non-EU actors to EU regulations or policies. There are basically two tools of the EU in realizing externalization which are named as positive conditionality and negative conditionality. Positive conditionality, in terms of MPE, means promising incentives to a country outside the EU if it meets the conditions. Negative conditionality, on the other hand, implies reducing, suspending or terminating those incentives if the state in question fails to fulfil the conditions (K. Smith 2003). The positive conditionality usually pursued by the measures as such: "reaching trade, co-operation and association agreements; reducing tariffs and quotas; granting preferences; providing aid; and extending loans" (K. Smith 2003, 54). The negative conditionality is realized typically with policies such "implementing embargoes and boycotts; delaying, suspending and denouncing agreements; increasing tariffs and quotas; withdrawing preferences; reducing and suspending aid; and delaying successive loans" (K. Smith 2003, 60). The EU as a Market Power uses its power of externalization via particular tools of positive and negative

conditionality towards both states and non-state actors. The neighborhood policy is an important case to observe externalization of MPE. In the following section this policy is assessed and how the EU influenced the states participated in Neighborhood Policy are influenced by the EU through MPE is demonstrated.

## 5- European Neighborhood Policy

The European Neighborhood Policy (ENP) has been created as an alternative to EU's conventional external politics. The ENP aimed to promote structural reforms in EU's partner countries through financial supports, trade and travel agreements. Through the ENP the benefits of the EU's internal market have been intended to be shared by the partner countries by promoting democracy and rule of law which subsequently produce prosperous economies in those states. The political rationale behind the formation of the ENP has been to avoid new detachments in Europe following the EU's eastern enlargement of 2004 and 2007. The idea to create such a policy is first launched in August 2002 with a joint letter prepared by the High Representative Javier Solana and the Commissioner Christopher Patten. The letter expressed the reason and the need to form a policy towards the neighborhood with the following words:

*In no other neighboring region will enlargement have such immediate consequences. While there are important opportunities to explore closer ties with these countries, there are also challenges in areas like illegal migration, trafficking and spill over from local or regional crises ( Solana and Patten 2002).*

Initially, the ENP launched for the eastern neighbors of the new members. Afterwards, the ENP has been extended towards Southern Mediterranean and Southern Caucasus. The partner countries participate the ENP are Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestine, Syria, Tunisia, and Ukraine. The EU aimed to realize long term and institutionalized external relations with neighboring countries through the ENP instead of ad hoc and short term interactions. The objective of the long term and institutionalized relations has been to alter the partner countries through encouraging democratic reforms, rule of law and functioning market economy by offering benefits from the EU's internal market. By using the market power, the hope has been to create an area of shared values which is in cooperation with the EU in most issues. The functioning of the ENP is based on action plans setting out the political and economic reform agendas of partner countries. The achievements are evaluated annually by the Commission and the European External Action Service. The budget offered by the EU for supporting financially these countries has been €12 billion both from 2007 to 2013 and 2014 to 2020. As a market power the EU offers the most advanced countries a more comprehensive access to internal market. Moreover, the EU also assured facilitating of traveling into the EU through "mobility partnerships". The economic integration of the EU has been the model for the ENP. The procedures have been borrowed from the enlargement process which has been proved to be a successful model for economic and political transitions. However, the incentive offered in enlargement was accession which was the exclusive motivator of the candidate countries. The ENP is a weak version of enlargement process without the promise of accession.

The ENP displays that the EU forms its foreign policy gradually, as the institutions and policymakers react according to experiences. By the ENP, the EU pursues its relations with the neighbors bilaterally (Emerson 2004, 10). The objective of regional stability has been the central aim of the ENP (Smith and Webber 2008, 73). However, this objective could not be reached as a result of the bilateral approach of the EU towards its neighbors. Moreover, the ENP has been also constrained by other regional powers. The weight of external factors, e.g. other powers, combined with internal weaknesses, e.g. lack of substantial incentives, cause inefficiency in the ENP. Schimmelfennig and Sedelmeier have defined three models of external policy making that stress the success of rule transfer from EU to candidate countries (2004). They have argued that rule transfer, i.e. adoption of EU rules, best occurred through "external incentives model" (Schimmelfennig and Sedelmeier 2004). This is a model based on actors' cost benefit calculations. The EU conditionality that offers incentives influence the domestic cost benefits equilibrium. In the context of enlargement, the authors claim that a candidate country adopt EU rules if the incentive exceed the adoption costs (Schimmelfennig and Sedelmeier 2004). The same study also suggests two alternative models of EU external policy making. One of them is a constructivist model named as "social learning model" which presume that candidate states adopt EU rules if they are legitimate or appropriate for them. The other model suggested is the "lesson drawing" model that assumes domestic dissatisfaction status quo ease the adoption of EU rules (Schimmelfennig and Sedelmeier 2004). In other words, the candidate countries adopt the EU rules because they expect the EU rules would solve their problems more effectively. Similar to conditionality in enlargement policy, the conditionality in ENP has been drawn in the Action Plans. For instance the action plan of Morocco, articulates that "the arte of progress on this ambitious plan will depend on the efforts and concrete achievements in meeting jointly agreed priorities." According to Schimmelfennig and Sedelmeier the external incentives model would be the most effective model in ENP as it is in enlargement policy (2004). The enlargement conditionality has been clear and explicit.

However, the case is not same in the ENP. For example, one of the most crucial conditions to be fulfilled by all of the partner countries is Copenhagen Criteria, has been expressed with very different tones in different action plans. The difference between enlargement and ENP is tremendous in the incentive side, since the rewards offered in ENP are quite vague. Membership has been the big reward in enlargement, the incentives in ENP is not that clear. Usually the phrase of “privileged relations” is used in ENP documents; however what precisely these privileged relations mean is not clear (Bindi and Angelescu 2012). While the conditions expected by the EU are quite clear and specific the incentives are formulated very careful and open ended, for instance, “a promise of dialogue on visa facilitation.” Moreover, the link between incentives and conditions is not very clear (Bindi and Angelescu 2012). It is very difficult to comprehend which incentive would be rewarded as a result of which condition. In other words the concept of conditionality is not explanatory in the ENP. However, may be at a micro level compared to enlargement, conditionality is still common denominator among enlargement and ENP.

So, the ENP cannot be a substitute for membership as it does not provide the same situation for partner countries. Nonetheless, it can be stated that in fact the ENP has been designed as an alternative to enlargement from the EU’s point of view as using its market power for transformation. The degree of influence, however, is much less compared the enlargement process. Even so, enlargement process has been a model and provided numerous instruments for the ENP. First of all, the main rationale is the same as being to influence EU’s neighbor countries by transferring norms values and regulations. The instruments for both of the ENP and Enlargement Policy rely on conditionality. The EU discusses a bilateral Association Agenda with each of the partner countries which determines the political and economic priorities. After meeting the priorities an Association Agreement will be signed. Similar to enlargement process, the commission monitors the achievements of the partner country and issues a progress report annually. However, no partner country had achieved to sign such an agreement yet. As mentioned above, the prize is not a membership in the ENP as it has been in the enlargement process. So, the question of what incentives are offered to partners by the ENP has to be answered. Firstly, the EU provides financial support for the realization of economic and political reforms through aids and loans. Secondly, the EU offers privileged access to internal market by removing trade barriers, which, however, requires numerous legislative and technical harmonization with the EU Acquis. Thirdly, people’s mobility will incrementally be provided to reach visa liberalization between the EU and the partner country.

The ENP, as a soft power instrument employed by the EU seemed not as efficient as it has been expected. The market power of the EU, thus, would be much effective if a full access is promised to the single market in a certain date, as it has been in the enlargement process. Nevertheless, the Market Power of the EU can change the preferences of the subject countries either extensively or limited which means it has the potential of shifting politics of countries other than the members of the EU. Thus, the power of the EU cannot be underestimated, but it is more effective when the EU suggests a clear accession perspective to its single market. The ENP case demonstrates that the EU is an actor in regional scale. However, the impact of the EU on different regions and different countries has to be assessed in order to claim EU’s global actorness. The external power of the EU on a global scale seems quite limited, especially compared to powers which can clearly use hard power instruments. The lack of capability of unified action and use of hard power are the main weaknesses of the EU in external relations. On the other hand, its single market is the trump which provides decisive advantage to the EU compared similar polities in the world.

## **6- Conclusion**

Power is the key concept to explain the global politics and economics as well as the external relations of the polities. However, it is a highly contested concept that there are numerous disputes over its definitions, types, contents, ways of engaging etc. Different disciplines in social sciences defined power according to their understandings. Moreover, the definition of power has taken different forms even for the different approaches within a discipline. One of the objectives of this study has been to find a convenient definition of the power that can be applied in political economy studies. Accordingly, the concept of power had been analyzed through the disciplines of sociology, political science, economics and international relations. Especially, the taxonomy identified in international relations and political science applied in this study as the explanatory tool of how external relations of the EU are handled. Thus, the types of power is firstly classified as hard power i.e. coercion based actions and soft power i.e. persuasion based actions. Then, the EU had been claimed as a polity that put persuasion at the center of its external relations; in other words unless other global powers, the EU had been specified as a soft power. The contestation pursued even what kind of a soft power is the EU. There were several suggestions those label the type of soft power which is exercised by the EU as, for instance, normative power, civilian power or market power. The approach of Damro which puts the attractiveness of the EU single market at the center has been chosen as the most convenient explanatory tool for explaining how the EU external relations



and global actorness are operated. In his model, Damro argues that the single market is so attractive and offers so many opportunities that the EU influences other actors in international arena with offering different levels of accession to its single market.

The discussion in this study went over by the global actorness of the EU. It has been understood that the EU has and exercises a kind of power, namely a market power, but the question of whether or not the EU is a global actor in the world scene remained unanswered, which has been one of the main assumptions of this study. Accordingly, a discussion on the definition of global actorness has been made and a convenient definition for global actorness was sought. Afterwards, the criteria of being a global actor has been stated as "autonomous decision-making power embodied in its central institutions, the extent to which it performs significant and continuing functions having an impact on inter-state relations and the significance attached to it in the formation of the foreign policies of states, particularly those of its members" (Cosgrove-Sacks and Twitchett 1970, 12-14). The EU analyzed via those criteria and suggested that it bears the conditions of being a global actor as it has a kind of separated institutional formation that allows some degree of autonomous decisions, it has influence on both intra-state relations i.e. relations among the member states, and inter-state relations i.e. relations with third countries, and it has always been a consideration both for its members and other countries.

At the last section, how the EU exercised power as global actor has been analyzed through an ambitious policy named as European Neighborhood Policy. By this policy the aimed, firstly to stabilize its environment and secondly to design and transform it. For this end, the EU employed the tools which has been applied was successful in the eastern enlargement process. The main rationales behind those tools have been offering gradual access to single market and socialization through democratization. Thus, the conditions that are expected to be met by the partner countries has been two folded, on the one hand the EU asks technical alterations from partner countries and desires to transfer regulations to them for compliance with the single market and thus accessing it gradually. On the other hand, for stabilization, security and normative reasons the EU asks some political conditions to be complied, namely the Copenhagen Criteria, for further integration with the partner countries. However, the conditionality employed by the EU, which worked pretty well in the enlargement process, seemed not so efficient in the ENP. Especially, the lack of concrete incentives, e.g. the full membership in the enlargement process, limited the effectiveness of the EU in the ENP. However, the limited success in this example does not make the EU failed actor in global politics since the EU has been very successful in many other policies, e.g. enlargements and trade talks of world trade organization. Moreover, although it is limited the EU has a considerable influence on the ENP countries, at least by setting objectives for developing and creating a public opinion towards these objectives. Furthermore, the EU has not given up the ENP, contrary, it is reexamined by the EU and it would be realized through more effective tools in coming years.

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