



Building a transnational fusion bureaucracy? A study of state officials and opinion leaders in Rousse (Bulgaria) and Transcarpathia (Ukraine)

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Abstract

This paper compares how officials in Rousse, Bulgaria, and Transcarpathia, Ukraine interact with ‘foreigners’: officials from agencies of the European Union (EU), other member states, and foreign consultants. The goals are: a) to compare the extent to which officials in the two communities participate in transnational networks of European bureaucracies, the so called ‘transnational fusion bureaucracy’; b) to assess the ways in which the bottom up actions of those officials relate to the broad, top down policy goals of the EU; and c) to analyze the effects of those interactions on the business environments of the two communities.

As a result of comparing the two regions, this paper argues that similar processes of integration in the transnational fusion bureaucracy occur in the internal periphery of the European Union (Rousse) and in areas outside the EU borders (Transcarpathia). In doing so, it questions the extent to which both regions participate in an emerging ‘transnational fusion bureaucracy.’ emphasizing difference in intensity of the considered processes, as well as the different responses by the two bureaucracies to inputs and opportunities provided by the EU.

Keywords: Cosmopolitanism, postsocialism, transnational fusion bureaucracy, EU membership, European Neighborhood Policy, Bulgaria, Ukraine

1 Introduction

This paper analyses the integration of local-level state officials and opinion leaders into the system of governance of the European Union (EU). Specifically, it compares examples from two distinct regions: Rousse (*Rusenska Oblast*) in Northern Bulgaria, an EU member since 2007; and Transcarpathia (*Zakarpatska Oblast*) in Western Ukraine, which is not a member of the EU, but a recipient of EU funding through the European Neighborhood Policy (ENP) (Figure 1). Both regions share a Socialist past, are located in the borderlands of the enlarged EU, benefit from some of its funding programs, and have strong economic ties with Western Europe. In comparing these two regions this study asks the following research questions:

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1. What are the relationships between local officials and the EU? Relationships, in this context, means their participation in transnational networks of government officials encouraged by the EU as well as their acceptance of ideals, symbols and behaviors inspired by the EU?

2. How does Bulgaria's formal EU membership vs. Ukraine's participation in the ENP affects those relationships?

3. To what extent do these relationships reflect the larger policy goals of the EU?

4. What are the consequences of these relationships on businesses?

In answering these questions, this paper contributes to recent debates on the geopolitics of State spaces, on the multi-faceted role of the European Neighborhood Policy (ENP) in redefining the geopolitical role of the EU. Examples from the first debate in *Geopolitics* are the special issue edited by van Houtum and Boeldetje in early 2011 and other articles from the same authors of the special issue¹. Examples of the second debate are the recent special issue edited by Moisis and Paasi in 2013, and the round table over John Agnew's work on the 'territorial trap', a concept that captures the over-emphasis in geopolitics and IR on states as neatly defined and static territorial units.²

The broad direction of those debates is as follows. 1. There is a tension within the scholarship on geopolitics between understanding states as static territorial frames vs. dynamic social processes that span beyond traditional boundaries. Recently, Moisis and Paasi have stated the need for integrative approaches that account for both the territorial and the dynamic aspects of states. In doing so, they suggested to look at policy transfer as a starting point to achieve such integration. 2. The ENP is re-defining the geopolitical role of the EU, implicitly closing EU spaces and pushing the Union closer to a modernistic notion of sovereignty.

In addressing these debates on the geopolitics of state spaces and the ENP, this paper looks at local level officials in the EU internal periphery vs. the Neighborhood. In so doing, it discusses the tension between their territorial competencies and national allegiances vs. their participation in transnational projects aimed at transferring EU policies at the local level. Scholars have argued that bureaucracies at all levels are included in the EU governance because they participate in transnational networks funded and encouraged by the European Commission, the so-called "transnational fusion bureaucracy"³. Janine Wedel, Merje Kuus, and REF.SUPPRESSED and REF.SUPPRESSED have also argued that the emergence of pan-European bureaucracies builds on manipulations and ambiguities, explained by the concept of

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‘ritual of listening to foreigners’, defined as the “sophisticated art of impressing westerners while maneuvering to get what they [East European officials] wanted⁴. This paper utilizes the ritual of listening to foreigners as an analytical tool to investigate to what extent and in what modalities Rouse and Transcarpathia participate in the transnational fusion bureaucracy

The two regions discussed in this paper have differences and similarities that allow addressing both debates in geopolitics. First, they both have outward looking economies and politics, which push local officials and businesses to be particularly attentive to both territorial issues in their respective states and to transnational networks. Second, they both have to deal with the consequences of belonging or non belonging to the EU. Rouse has been, since the nineteenth century, the gateway to Bulgaria. As the main Bulgarian port on the Danube, it was through Rouse that Western European trade and ideas entered the country. In the postsocialist period, it quickly reestablished a leading role in the Westernization of Bulgaria thanks to a proactive local leadership; which successfully attracted Western European foreign investments and funding⁵. Transcarpathia is strongly affected by the ENP because it borders four EU member countries (Poland, Slovakia, Hungary, and Romania) and it has an economy heavily dependent on cross-border trade and migrant remittance, as well as deep historic and ethnic ties with its Western neighbors. Even more important to the conclusions drawn in this paper, since the early 2000s, Western European firms have increased their investments in the West of Ukraine and, in doing so, they integrated Transcarpathia into their supply chains⁶.

This paper finds the following: A. the full integration of Bulgaria in the EU leads to deep institutional transformations in Rouse, which ultimately ‘normalize’ interactions with foreigners within routine bureaucratic processes; and B. the partial integration of Ukraine via the ENP leads to shallower institutional transformations and thereby to much less committed interactions with foreigners. As a result, the ENP is only partially successful in Transcarpathia as it does not fully meet its goal of integrating “neighboring countries into EU systems of norms, regulations, institutional styles”⁷. These findings respond to Moisiu and Paasi’s call to overcome the distinction of a static and a relational understanding of the state.⁸ Officials in both communities respond to inputs and constraints from their national (territorial) bureaucracies and transnational (EU) networks. In both cases, they attempt to maximize the resources and opportunities available to them. Such opportunistic behavior is obvious in Rouse, where EU membership has aligned the interests of the territorial state with the EU. In Transcarpathia, officials participate in

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3 transnational networks to the extent to which there is no conflict with national norms. When such
4 conflict occurs, local officials quickly reassert their allegiance to the territorial state.
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7 These findings also contribute to the discussion of how the ENP re-defined EU
8 geopolitics. It especially sheds new light on what van Houtum and Boedeltje dubbed the politics
9 of the half-open door.⁹ The ENP provides technical and financial assistance, but without granting
10 the Neighborhood any democratic control over EU policies and over the management of the
11 border. In Transcarpathia, those exclusionary practices result in a partial extension of
12 transnational fusion bureaucracy beyond the border of the EU. Such 'reduced' participation in
13 EU bureaucratic networks has tangible consequences on the business community. Even though
14 businesses in both regions participate in Europe-wide production networks, institutional changes
15 are regarded as positive in Rouse, whereas this is much less so in Transcarpathia.
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18 The empirical data are based on 38 interviews conducted in Bulgaria (in Rouse and Sofia) with
19 33 among state officials and managers or entrepreneurs of local and foreign firms, as well as
20 twelve interviews conducted in Transcarpathia with eight local state officials and representatives
21 of the business community conducted in 2005, 2006, and 2009. These interviews are part of a
22 larger, ongoing project which analyses the relationships between government change and
23 industrial change, focusing on foreign direct investments in four regional economies of Central
24 and Eastern Europe¹⁰. Interviewees were high-level local officials, opinion leaders, and
25 businesses in both regions. They were identified following the case study method¹¹. In Bulgaria,
26 this research snowballed from an initial contact with a national-level think tank, which provided
27 an overview of policies in Bulgaria and contact information with an organization based in
28 Rouse: the Business Support Center, BSC Rouse. BSC Rouse provided contacts for interviews
29 with the Municipality, the Chamber of Commerce, and with ten local entrepreneurs. In Ukraine,
30 an initial contact with the director of an Italian-owned garment manufacturing firm (anonymous)
31 provided contacts within the local community of expatriate directors and entrepreneurs, their
32 local partners, and with local authorities. While conducting interviews, the importance of various
33 types of ties with the EU emerged in both regions. Thus, the interview excerpts present their
34 attitudes towards the EU, its policies, and the assumption that further European integration is
35 positive for the community. Interviews consisted of open-ended questions concerning the
36 socioeconomic changes of the region since the collapse of socialism, the changes in investment
37 flows; the impact of the financial crisis, and the role of the EU's funding programs in the region.
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3 The paper is structured in the following manner. The second section discusses the concept of
4 ‘transnational fusion bureaucracy’, developed by Beck and Grande within a larger
5 ‘cosmopolitan’ theoretical framework. It also contextualizes their work in the broader literature
6 on Europeanization in political geography and political science. In doing so, it emphasizes that
7 Beck and Grande omitted to discuss the mechanisms that have allowed the emergence of the
8 transnational fusion bureaucracy to emerge. In order to fill this gap, the third section analyses the
9 interactions among bureaucracies; arguing that institutions across Central and Eastern Europe
10 learn and implement EU-inspired ‘best practices’ through the ritual of listening to foreigners.
11 The fourth section discusses the examples from Rouse and Transcarpathia, highlighting
12 similarities and differences in learning ‘Europe’s way’ in communities within the EU vs. its
13 immediate outer periphery. In conclusion, this paper argues that the EU has met its goal of fully
14 integrating the bureaucracy of Rouse in its structures and, according to the goal of the ENP,
15 partially integrating Transcarpathia. From the perspective of the local officials involved,
16 Europeanization means qualitatively very similar processes, though significantly more intense in
17 Rouse than Transcarpathia. This corresponds to a clear commitment to the European project in
18 Rouse, and to more critical voices in Transcarpathia.
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37 **2 Beck and Grande’s theory of bureaucratic change**

38 Beck and Grande developed the concept of transnational fusion bureaucracy within a
39 Critical-cosmopolitan approach to globalization studies. Since the end of the Cold War, scholars
40 have identified a tension between the persistent role of nation-states as crucial actors on the
41 international scene and the emergence of new forms of political power – ranging from
42 supranational organizations, to NGOs, to corporate actors. In order to solve this tension, Beck
43 and Grande, Chris Rumford, and others have developed a theoretical framework called critical
44 cosmopolitanism¹². In a nutshell, critical cosmopolitanism focuses on the generation of a
45 “multiplicity of perspectives, and consequently allowing for the possibility of many worlds”¹³. In
46 doing so, it critiques a body of globalization theories that have offered a strong vision of the
47 singularity of the world. There are several examples of empirical studies that use a cosmopolitan
48 perspective to present a richer portrait of globalization. Binnie et al. edited a volume on the
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3 material aspects and social practices in increasingly diverse cities; Levy et al. studied the
4 transformation of official discourses on national identity in Europe following the integration in
5 the European Union; and Lawhon and Chion's study of Cuzco (Peru), deployed cosmopolitanism
6 to move beyond the dichotomy of local/global.¹⁴ The end product is an umbrella framework that
7 accounts for the production of new forms of governance, such as those resulting from the
8 interactions between NGOs, corporations, and states, as well as transformations in the notion of
9 sovereignty and the resulting emergence of transnational bureaucracies.¹⁵

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11 Among cosmopolitan perspectives, Ulrich Beck and Chris Rumford are engaged in a
12 lively debate on the nature of cosmopolitan theories. A passage in Rumford's *Globalization of*
13 *Strangeness* captures well the intellectual relationship between them: 'as usual when reading
14 Beck's work, I was both excited by the possibilities it opened up and aware that... it might quite
15 possibly be wrong.'¹⁶ In terms of the purposes of this article, one of their most relevant
16 differences is the different use of cosmopolitanism as a tool to analyze social processes. For
17 Rumford, it is primarily a tool to analyze the 'changing relationship between individuals, their
18 communities, and the world.'¹⁷ Beck has a more comprehensive approach, attempting to found a
19 cosmopolitan social science developed as a reaction against 'methodological nationalism', i.e.
20 the use of the nation state as main container of social processes.¹⁸ While appreciating Beck's
21 effort, Rumford argues that 'Beck finds cosmopolitanism wherever he looks for it... [his]
22 wishful thinking about cosmopolitanism gets in the way of clear analysis.'¹⁹ This paper uses
23 Beck and Grande's theories while at the same time adopting Chris Rumford's viewpoint, as it
24 rejects the notion that cosmopolitanism has become a crucial element of identity for the officials
25 interviewed. Instead, they are rooted in their respective national communities and practice some
26 'cosmopolitan' engagement with other European officials when convenient and when it does not
27 conflict with the demands of their national governments.

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29 Within the 'cosmopolitan' toolkit, the concept of 'transnational fusion bureaucracy'
30 builds primarily on the 'both/and theorem' and on the 'side effects theorem' developed by Beck
31 and Grande. The both/and theorem states there is an inclusive relationship between the first
32 modernity and a second phase of modernity that emerged at the end of the 20th Century. This
33 theorem argues that the 'either/or logic' that formerly characterized the Europe of disparate
34 nation-states has been eclipsed by a 'both/and logic' that allows for less distinction between
35 spheres of action and institutional ascriptions of jurisdictions.²⁰ In other words, state institutions
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3 and agencies in Europe are now allowed to expand and mix their territorial and functional
4 competences, thereby often crossing national boundaries. In so doing, they establish new
5 political spaces, such as the cross-border metropolitan regions emerging throughout Europe.
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7 Nelles and Durand analyzed one of these regions, Eurometropole Lille. In doing so, they showed
8 that cross-border regions operate mainly as forums for discussion among policy makers.
9 however, cross-border regions also involve the application to EU funding and the joint work of
10 several local governments, state agencies, and public and private partnerships.²¹ Thus,
11 bureaucracies tend to become ‘transnational’ (working across territorial boundaries), and
12 ‘fusions’ (joining their resources towards specific projects).
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19 The side-effect theorem states that the transformation of societies in the late twentieth and
20 early twenty-first century happened as an unintended consequence of modernization rather than
21 through revolutions. One of the most important consequences of this theorem, which capture the
22 insights of critical cosmopolitanism, is that the emergence of the EU did not lead to a simple
23 zero-sum game between supranational and national authorities. Officials in the European
24 Commission and in national governments do not compete for power; instead, they interact in rich
25 and complex ways which lead to unexpected outcomes. As Beck and Grande put it, “the nation
26 state is not replaced but integrated in a variety of ways into new international regimes.”²² Such
27 complexity means that local, national, and supranational agencies experience various levels of
28 integration, and sometimes unexpected shifts of power and authority. This argument is not
29 unique to Beck and Grande; for example, Linda Weiss has discussed structural changes leading,
30 sometimes unexpectedly, to the emergence of new forms of state power²³ In Europe some of
31 those changes involve systematic acceptance of ambiguities in implementing EU policies: state
32 agencies at all levels manipulate EU policies and deploy the concepts of ‘Europe’ and
33 ‘Europeanness’ to fit their own needs.²⁴ Cases of specific EU policies transformed by national
34 and local government agencies include: urban policies, environmental policies, regional policies,
35 and ‘cluster’ and other economic policies.²⁵
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49 Research in geography and sociology demonstrated that bureaucratic change in Europe
50 has affected not only the structure of government institutions but also the ways in which they
51 exercise power over territories. Geographers study the redistribution of tasks and functions
52 among different types of institutions that exercise power over discrete territories which they call
53 “de-territorialization and re-territorialization.”²⁶ Essentially, they question the distinction
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3 between national, regional, and local authorities typical of the modern nation-state. They also
4 argue that these functional changes lead to transformations of authority, identity, and governance
5 at all levels.²⁷ Thus, as a result, territories change and new scales of governance emerge, such as
6 the cross-border regions mentioned earlier, in a process heavily shaped by politics. As a
7 consequence of these territorial changes, state agencies are both blurring and mixing their
8 competencies and steadily losing the monopoly of government over discrete areas.²⁸

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10 Geographers' contributions are important because, in the mainstream social science
11 portrayals of territory, identity and power remain comparatively undertheorized.²⁹ In this specific
12 case, Beck and Grande's discussion of the transnational fusion bureaucracy remains
13 fundamentally aspatial. At the most basic level, they do not discuss how the differences between
14 the EU core in Western Europe and the periphery in Central and Eastern Europe affect it, and
15 whether or not it extends beyond the borders of the EU. In particular, Nelles and Durand's study
16 of Eurometropole Lille shows interactions between actors of similar cultural backgrounds and
17 roughly equal power. In the poorer regions of Central and Eastern Europe, EU funds are crucial
18 to supplement cash-stripped local bureaucracies, thus creating a vast power differential in favor
19 of the EU bureaucracy. Outside the EU, the ENP provides some incentives for integration, but
20 not nearly as much as within its borders. To account for those differences allows avoiding the
21 trap identified by Chris Rumford: in fact, this paper does not find cosmopolitanism in every
22 European bureaucracy. Instead, it identifies more complex trends in which each bureaucracy
23 appropriates nationalistic, regional, and cosmopolitan worldviews according to their needs. The
24 following sections reach this conclusion by analyzing the ways in which bureaucracies in Central
25 and Eastern Europe and beyond participate in the transnational fusion bureaucracy before
26 looking at the specific cases of Rouse and Transcarpathia.
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46 **3 Learning 'EU-rope's way: Europeanizing bureaucracies inside and outside the EU**

47 The concept of 'ritual of listening to foreigners', developed by Janine Wedel and Merje
48 Kuus, describes how postsocialist bureaucracies are included in the transnational fusion
49 bureaucracy by focusing on officials' learning processes.³⁰ This concept is specific to Central
50 and Eastern Europe and the countries of the former Soviet Union as it builds on the cultural
51 divide between the East and the West of Europe. The following quote exemplifies this situation:
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3 The Poles' ritual of listening to foreigners, in which the naïve but self-assured
4 Westerner would encounter the shrewd Pole, who deftly charmed his guest while
5 revealing nothing of what he truly thought... [a] sophisticated art of impressing
6 westerners while maneuvering to get what they wanted.³¹
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12 Building on Wedel's intuition on how Polish elites manipulate Western donors, Merje
13 Kuus developed a tool to understand how both Western and local elites constructed the meaning
14 of 'Central and Eastern Europe.' In her view, 'listening to foreigners' is much more than a
15 process of learning: it is also "a strategy of telling Westerners what they want to hear, so as to
16 attract Western attention and money."³² This strategy often builds on partnerships between
17 foreign and local experts and project managers. As a part of their job, these local experts collect
18 and organize information, thereby maximizing the likelihood of obtaining funding by, "discreetly
19 guiding Westerners' interpretation of [what] Central Europe [is]."³³ Therefore, Kuus emphasizes
20 the active role of Central European elites in guiding Western donors, sometimes even influencing
21 the design of aid programs.³⁴
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30 In a later paper, REF.SUPPRESSED and REF.SUPPRESSED used the 'ritual of listening
31 to foreigners' to discuss bureaucratic change within the EU.³⁵ They focused on the funding
32 program under the Cohesion Policy, established by the EU to "reduce the significant economic,
33 social and territorial disparities that still exist between Europe's regions."³⁶ In doing so, they
34 argued that the Cohesion Policy transformed the relationships between the supranational and
35 sub-national scales of government, and that, in their case study of Bulgaria, the 'ritual of
36 listening to foreigners' explains the mechanisms of such transformation.³⁷ In their view, the
37 'ritual of listening to foreigners' acts as a circular and open ended process in which "actors at the
38 European and national levels of governance attempt to manipulate meanings and practices to
39 foster their own agenda."³⁸ The manipulation is reciprocal: through the process of implementing
40 Cohesion policies, both EU level officials and their Eastern European counterparts push their
41 own agendas when dealing with each other. Additionally, they mean that 'Western' messages are
42 not coherent, but are the result of multiple interests. Finally, the 'ritual of listening to foreigners'
43 is a powerful transformative tool: Eastern European institutions must compete for Western
44 funding, which come with conditional ties sometimes leading to substantial changes in the
45 organization of institutions. The outcome is similar to Beck and Grande's analysis: the tolerance
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3 for ambiguity leads to unexpected side effects while at the same time maximizing both the
4 Commission's enforcement capabilities and local officials' ideological support toward the EU.
5 The EU funding process also leads to strengthening the horizontal links among officials in
6 similar roles in different countries because successful projects often involve state agencies and
7 public-private partnerships in multiple countries.³⁹ In a nutshell, widespread ambiguities in the
8 Cohesion policies support the Eastward extension of the transnational fusion bureaucracy.

14 Existing literature has not yet discussed the extent to which it is possible to apply
15 REF.SUPPRESSED and REF.SUPPRESSED reasoning outside the boundary of the EU.
16 According to the authors, the Cohesion Policy results in intense and transformative interactions
17 among institutions at all levels within the EU. Outside of the EU, the ENP aims at 'integration
18 without accession', i.e. at influencing fifteen neighboring countries plus Palestine without
19 offering the incentive of eventual membership.⁴⁰ With a total budget roughly three percent of the
20 Cohesion Policy, the ENP offers free trade and financial assistance in exchange for the alignment
21 of specific policies with the EU.⁴¹ Notwithstanding the huge disparity in political leverage and
22 resources, is the ENP having an effect on government institutions similar to the Cohesion
23 Policy? In other words, to which extent do both policies contribute to the emergence of the
24 transnational fusion bureaucracy?

33 The political goals of the EU and considerations on the structure of the two policies
34 suggest that they play similar and complementary roles in the formation of the transnational
35 fusion bureaucracy. Politically, the goals of supporting regional integration (Cohesion Policy)
36 and integration without accession (ENP) are closely related. In practice, the Cohesion Policy
37 provides funds that support the application and enforcement of EU policies, while the ENP
38 attempts to export some EU norms and policies. As a result, both Cohesion and the ENP foster
39 the diffusion of "European best practices."⁴² Structurally, both Cohesion and the ENP are
40 umbrella policies that build on the legacies of various types of financial instruments the EU had
41 developed over the years. Cohesion policies are the direct descendant of policy decisions taken
42 in 1985 (the so called Delors Package 1), which introduced operating and regional concentration
43 principles.⁴³ The policies that operate in Central and Eastern Europe build on several instruments
44 established in 1991 and later to assist the Former Soviet Union in their transition to the market
45 economy and to prepare Central and Eastern Europe for accession into the EU. All these policies
46 are structurally similar, in the sense that they build on grant-based programs that rely upon a

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3 complex interplay between the Commission, national and local governments, public-private
4 partnerships, and private consultants.⁴⁴ The structure of these programs has been decided by the
5 Commission—building on the experiences matured by the earlier financial instruments—and it is
6 constantly honed and re-tooled in each programming period. Thus, because of the
7 complementary political goals and structural similarities, it is appropriate to compare the effects
8 on the two policies on similar recipient communities in the EU and Ukraine, after considering
9 two *caveats*.

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16 The first *caveat* in discussing the ritual of listening to foreigners is the different legal
17 environment of Bulgaria's EU membership vs. Ukraine's geopolitical choice and its influences
18 on the system of rewards for local officials. EU membership means first and foremost that
19 Bulgarian agencies are supposed to comply with, and to a certain extent shape, EU rules. Thus
20 the incentive to show compliance with the EU is very strong. At the same time, the press
21 reported widespread corruption and scandals involving misuse of EU funds; suggesting
22 deception in the relationships between Bulgarian officials and the EU.⁴⁵ Finally, research
23 previously published by the author⁴⁶ suggests that EU membership shifted the scale of
24 interactions between Bulgarian officials and foreigners and that these are now handled at
25 national level, particularly by the Ministry of State Administration and Administrative Reforms
26 (MDAAR). On the contrary, reflecting its internal political debates, Ukraine has attempted to
27 strengthen its relations with both Russia and the West to maximize its national autonomy. The
28 result is what Western commentators perceive as an uncertain geopolitical choice, ridden with
29 alliances as well as conflicts. Stark examples of the latter are the fall 2013 protests following the
30 delay of a trade agreement with the EU which was caused by pressure from Russia.⁴⁷ These
31 complex interactions with the EU have direct implications at the local level. Officials in
32 Transcarpathia and elsewhere do not have strong incentives to comply with the EU beyond the
33 requirements of each ENP-financed project. Moreover, their interactions with EU officials are
34 not buffeted by any equivalent of the MDAAR. Thus, the incentives of exhibiting compliance as
35 well as the opportunities for deception are much lower.

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51 The second *caveat* is that the notion of ritual implies practices of misrepresentation
52 within structural relationships. The best way to detect those practices is to witness repeated
53 engagements between local officials, foreign consultants, and EU officials working on specific
54 projects. However, this long term detection was not possible within this project so the author
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relied on second-hand accounts, in which local officials voiced their opinion on EU funding programs and on the EU itself including its mission and practices. Thus, ambiguities were detected indirectly, by looking at the efforts local officials made (or not) to praise the EU and its mission while trying to adapt EU projects in ways that maximize local needs. After considering those *caveats*, the analysis of the ‘ritual of listening to foreigners’ in Rouse and Transcarpathia lead to the following results.

4 Listening to foreigners in Rouse, Bulgaria and Transcarpathia, Ukraine

In Rouse, three institutions are particularly active in applying for funding and in establishing partnerships with foreigners. They are the Business Support Center for Small and Medium Enterprise (BSC), the Chamber of Commerce and Industry (RCCI), and the Municipality. The evidence below shows that EU membership changed the rules of the game for these entities. Before EU membership in 2007, some of the leaders of these institutions interacted closely with foreign donors and consultants, practicing the ‘ritual of listening to foreigners’ as described by Wedel and Kuus. After 2007, the interactions with foreigners became streamlined and part of normal bureaucratic processes - the ‘ritual’ now being handled by the MDAAR and other ministries. BSC Rouse started in 1994 as a private initiative of a local entrepreneur, Ms. Katia Goranova. In her own words, the center started to do “real things” in 1996 because a British consultant “who understood very well what [the BSC] wanted to achieve” helped them with the first application to a EU grant (interview executive director, BSC Rouse, 11-07-2005). The grant not only allowed BSC to start the first business incubator but also to attend two conferences in the United States and establish additional professional contacts, which led to new grants, the establishment of a second business incubator, and a fund to support agro-business.

REF.SUPPRESSED et al. described one of BSC Rouse’s initiatives that took place in the mid-2000s that can be easily described in the framework of the ritual of listening to foreigners: the development of the textile ‘cluster’. First, Ms. Goranova identified specific local needs (small firms’ lack of access to cutting-edge technology); second, she and her team made two visits to some textile clusters in Italy; third, she invited an American consultant to assess the situation; and fourth, she prepared a grant to finance the acquisition of new machinery that local firms could borrow. This initiative fits the framework because it entailed a constant manipulation, along the lines of the sophisticated art of impressing westerners described by

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3 Wedel and Kuus. Indeed, Ms. Goranova and BSC's staff worked hard to translate a specific local
4 need into language and ideas that would attract attention and support by the international donors'
5 community.⁴⁸
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9 In later initiatives, BSC Rouse started to act more and more autonomously from foreign
10 consultant who were deemed too expensive.⁴⁹ Then, following the integration of Bulgaria into
11 the EU in 2007, applications for funding became an increasingly internalized process managed
12 by national authorities. In this new environment, BSC Rouse had avoided applying for new
13 projects because of the mistrust in the national government expressed in this interview excerpt:
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19 [BSC Rouse project manager, speaking in English] In 2007-2009 the EU funds
20 dedicated to Bulgaria did not work at all. The main reason was corruption:
21 sometimes it was reaching up to 50-70 per cent of the whole project total eligible
22 cost, and this was the reason why our organization did not apply for any funding.
23 We just refused to participate in such schemes. [BSC Rouse executive director,
24 intervening in the conversation in Bulgarian: we didn't want to participate because
25 someone wanted to put the money in their pocket] (interview executive director
26 and project manager, BSC Rouse, 07-28-2010).
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35 At the same time, several years of work within the transnational networks of policy makers
36 earned BSC Rouse a solid reputation, full-fledged inclusion in the transnational fusion
37 bureaucracy, and direct access to the European level of governance:
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42 BSC is also part of the largest European network of support for SMEs [small and
43 medium enterprises], and we are in direct relation with the European Commission.
44 We are very active in the field, and our opinions are taken seriously there.
45 (interview executive director and project manager, BSC Rouse, 07-28-2010).
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51 In this last interview excerpt, Ms. Goranova and her project manager seem to suggest that BSC
52 does not need to 'listen to foreigners' anymore due to the reputation they earned over time.
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54 In the other two cases, the author found scarcely any evidence of ritual listening to
55 foreigners. However, he did find evidence of participation in international networks. As in the
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3 previous case, this participation increased dramatically after EU membership and it is crucial for
4 the survival of the institutions. The oldest Chamber of Commerce in Bulgaria, Rousse's
5 Chamber of Commerce and Industry (RCCI), was re-established in 1990 as a voluntary
6 organization. Because it cannot survive only on members' fees and services to firms (domestic
7 and international), funds from the European Union have been crucial parts of its budget since its
8 inception. When the author interviewed him in 2005, the chairman of RCCI emphasized the
9 importance of EU funds:
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18 The chamber has a difficult time to survive, because it doesn't have stable
19 financial incomes, so the people who work here are almost volunteers. The fees
20 for participants are small, and cover around 15 per cent of the expenses. 55 per
21 cent is covered by the work as consultants for certifications and documents, 35 per
22 cent by projects financed by EU funds (interview Chairman, RCCI, 11-08-2005)
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28 After Bulgaria joined the EU, RCCIs experienced a dramatic increase in its involvement with
29 international projects as well as a visible transformation in its leadership. While the senior
30 management in 2005 spoke Bulgarian and Russian, they were replaced in 2010 with younger,
31 English speaking managers. The new executive director described the growing involvement with
32 EU funds as follows:
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39 As for EU projects, we implement projects directed to support private companies
40 in the areas of human resources, innovation, foreign investments, and
41 entrepreneurship. We have been involved with projects for fifteen years. In the
42 beginning, the projects focused on capacity building, while in recent years they
43 are more closely related to startup businesses. Now [after 2007] there are more
44 programs and more money available to companies [through EU finding]
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48 (interview executive director, RCCI, 07-28-2010).
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53 These projects are instrumental for including RCCI in the 'transnational fusion bureaucracy',
54 because they require collaboration with similar foreign institutions:
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3 First, the chamber as an organization implements its own projects; second, it
4 provides support to its clients to apply for funding. As an organization, we are
5 partner in several Cross border cooperation (CBC) projects with Romania. The
6 largest are three projects on environmental support and energy efficiency.
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11 (interview executive director, RCCI, 07-28-2010).
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14 Overall, RCCI's survival is tightly linked with participating in the institutional European
15 networks that have grown exponentially after EU membership. However, the collaborations with
16 European partners appear to happen in the formalized environment of the EU funds applications
17 and no particular evidence of the manipulations of the ritual of listening to foreigners were
18 found.
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23 Similar to RCCI and BSC Rousse, the Municipality also participates in projects involving
24 dense interactions with foreign institutions. In this case, the increased participation in European
25 networks after Bulgaria joined the EU led to changes in the internal structure of the institution.
26 The Municipality established a new office, the Department of European Integration, which
27 prepares and implements projects financed by the EU. Similar to the other two cases, the new
28 department has young, English speaking management and has a growing engagement with
29 networks of similar institutions:
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37 [Since Bulgaria joined the EU] this department grew a lot. In the beginning it was
38 a small department, now we are a directorate with two departments, one for
39 sustainable development and the other for European integration... [Now] we have
40 a good partnership with the municipality of Giurgiu in Romania; ... we [also carry
41 on joint projects] with institutions in Ireland, Denmark, etc. [Before joining the
42 EU] we had a partnership with Austrian organization, and other countries. We also
43 have ... exchanges of students, people, and artists [with four cities across Europe]
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49 (interview head of the Department of European Integration, Municipality of
50 Rousse 07-26-2010).
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55 Together, these three institutions led the transformation of Rousse in the postsocialist
56 period.⁵⁰ Thanks to the funds brought by the EU and foreign donors, RCCI, BSC Rousse, and the
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3 Municipality were able to diminish red tape, increase the financial resources available to
4 businesses, retain a highly educated English speaking labor force, and complete important
5 infrastructural projects. By 2010 Rouse has established two industrial parks, developed a well-
6 balanced economy, and increased cross-border trade and movement of persons with the
7 neighboring Romania (interview executive director and project manager, BSC Rouse, 07-28-
8 2010). These accomplishments led to the establishment of a strongly pro-EU environment and
9 none of the actors interviewed in this project, both in the public and private sector, expressed any
10 concern or open resistance against the EU and its mission.
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13 In Transcarpathia, as expected, the number of agencies applying to EU funding and the
14 economic significance of each project was much smaller than in Rouse. The author found
15 examples of EU projects in the City of Tyachiv and the Chamber of Commerce of
16 Transcarpathia.⁵¹ The following interviews show that the ENP's 'policy of half open door' has
17 had three main implications: a) it affected the research process itself; b) it directed local officials'
18 participation in the 'transnational fusion bureaucracy' and, ultimately, the ways in which they
19 interact with people, projects, and ideas coming from the EU; and c) it shaped policies and the
20 responses of businesses to Europeanization.
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23 When compared with Rouse, research in Transcarpathia was slower and the access to
24 institutions was more difficult. In Rouse the author followed the networks of institutions used to
25 engage foreigners and thus had relatively open access to opinion leaders and administrators. In
26 Transcarpathia he followed the networks of foreign businesses and only had access to some
27 administrators working with them. Additionally, he was also able to access some institutions
28 thanks to the help of local academics. While a generational change occurred in Rouse between
29 2005 and 2010 in which a new, younger, Western trained set of leaders was emerging; in
30 Transcarpathia, the leadership remained Ukrainian and Russian speaking. Moreover, while
31 institutions in Rouse had an expectation of openness to inquiries, difficult access (and in the
32 case of customs, secrecy) remained the norm in Transcarpathia.
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35 Partial integration in the EU structures becomes evident when looking at the ways in
36 which local officials negotiate the opportunities of integration in the transnational fusion
37 bureaucracy. As in a mirror, Western Ukrainian officials respond to the 'policy of the half open
38 door' by accepting the general principles behind the EU-led reforms while being very critical of
39 specific policies. The overall outcome is a half-hearted ritual of listening to foreigners: the
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3 'reaching out' to foreign officials and consultants is less intense, as is the posture of accepting
4 their messages in order to better manipulate the outcomes. The following excerpt of an interview
5 with the mayor of Tyachiv, a small sized town on the Ukrainian-Romanian border, illustrates this
6 point:
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12 Looking at our sister cities [in the EU], their qualitative level changed after
13 joining the EU; and there were some social changes. Through our relations with
14 them we are working to reach their standards.
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19 I value all of the EU objectives, but I think that we should [be prepared]. ...I also
20 saw the negative aspects of EU membership. ... If you look at the Romanians that
21 live here next to us, in the Carpathians, sheep were an important part of the
22 economy. ... Then the EU came, and ...said 'you don't need one thousand sheep,
23 but only ten.' it was very bad for our neighbors (interview mayor, City of
24 Tyachiv, 07-13-2009).
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32 Similar to officials in Rouse, the Ukrainian mayor perceives the EU as a model to follow. As
33 such, he is imitating the achievements of Tyachiv's sister cities, while making adaptations to the
34 local environment. However, the experiences of neighboring Romanian villages make him
35 cautious about the EU. Such cautiousness, suspicion, and refusal to accept EU rules wholesale
36 explain the halfhearted 'ritual of listening to foreigners' that seems prevalent in Western
37 Ukraine. Foreigners must be 'listened to' because they bring resources and models to follow.
38 However, EU membership has brought significant challenges to Central Eastern Europe;
39 therefore, Ukraine should not accept everything that comes from Brussels.
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46 In addition, the author of this research did not find any evidence of the evolution of the
47 ritual of listening to foreigners described in Rouse. Ukraine did not join the EU: therefore, in
48 Transcarpathia relationships with foreigners have not become routine bureaucratic processes as
49 in the Municipality of Rouse or RCCI. As shown in the following interview excerpt with the
50 President of the Chamber of Commerce, Ukrainian national laws and EU legislation are only
51 partially harmonized, thus presenting both opportunities and difficulties for the Chamber of
52 Commerce. Opportunities incorporated inclusion in the network of the European Chambers of
53 Commerce. Opportunities incorporated inclusion in the network of the European Chambers of
54 Commerce.
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3 Commerce, which led to new partnerships and to the organization of several events related to
4 business:
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9 The Chamber of Commerce of Transcarpathia was among the first in the Ukraine
10 to acquire the denomination of 'European chamber of commerce'. ... As a
11 European chamber, we carried on several events that have never taken place in
12 Ukraine before... At present we have the largest number of partnership agreements
13 with foreign chambers of commerce in the Ukraine, I think 58 of them (Interview,
14 President, Chamber of Commerce of Transcarpathia, 07-14-2009)
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21 The most important challenges concern the utilization of EU funds: although there are programs
22 available to Ukraine, the Chamber of Commerce has had difficulty applying due to discrepancies
23 between national and EU laws:
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28 There are many funding programs, but unfortunately only a minimum part
29 actually gets to work in the region. ... Unfortunately, up to date we do not have
30 the main role in any project, partly because of decisions of the EU that contrasted
31 with laws in Ukraine. ... I can give you an example: even though we completed a
32 project last year, we haven't received yet 380 thousand euros. ..., according to the
33 Ukrainian law, a firm or institution must receive currency gains for international
34 transactions [valiutnaia vyruchka] within 90 days, otherwise it will have to pay a
35 fine and the entrepreneur or manager is held personally responsible. So you want
36 me to work with these funds? No way! It's a simple question: why should I have
37 problems? (Interview, President, Chamber of Commerce of Transcarpathia, 07-
38 14-2009)
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49 As the excerpt above shows, when it comes to applying for EU funds, the President of the
50 Chamber of Commerce is in an uneasy position between Ukrainian and EU law, and he operates
51 within a national political agenda that provides incentives to emphasize independence. As a
52 result, Transcarpathians have an interest in trying to capture the small amount of EU funds
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3 available to them while at the same time making less of a show of compliance with the EU. This
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5 colorful interview excerpt makes the point:
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9 If you [Europeans] don't know how to work, then learn, and only then come here.
10 And you want to teach others. For what purpose? ... we have a good old saying,
11 "you don't go with your own Book of Psalms to another's monastery". I translate:
12 the law of the EU is not the law of Ukraine. And come telling me 'you have to do
13 like this' is stupid. We should have a negotiation to bring legislation to a common
14 denominator, but [acquire EU legislation] to the fullest, it is impossible. ... You
15 should pay attention not only to reaffirm your own way of life, but you should
16 learn about your partner... If we are ready to learn from someone, why is it that
17 nobody wants to learn from us? We have something to teach too (Interview
18 President, Chamber of Commerce of Transcarpathia, 07-14-2009).
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28 Those ambiguous and mixed feelings towards the European Union, its initiatives, and values
29 have profound consequences on policies and on the business environment. In fact, from a
30 business standpoint, Rouse and Transcarpathia are comparable as they both received significant
31 foreign investments in the apparel sector.⁵² However, Transcarpathia was the least successful in
32 establishing (neoliberal) policies favorable to business, which some scholars argue lay at the core
33 of EU regulations.⁵³ In fact, while investors and local firms were overall pleased with the actions
34 of policy makers in Rouse, in Transcarpathia they were not.
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40 Take, for example, Texwash. Texwash is part of a German multi-national group
41 specialized in professional washing and ironing for trousers manufacturers. The group has
42 facilities in Slovakia, Czech Republic, Tunisia, China (now closed), and in 2005 invested in a
43 new facility in the capital of Transcarpathia, Uzhgorod. Its strategy consists chiefly in following
44 the sourcing patterns of apparel producers. Thus, they decided to open their Ukrainian factory
45 due to EU enlargement and rising salaries in Central and Eastern Europe, which pushed many
46 producers to look for new "low wage" areas. However, as the following excerpt of an interview
47 with the director of Texwash shows, the sector is growing slowly, mostly because of corruption
48 and bureaucratic red tape:
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3 Q.: [because of your work] You know how the apparel industry in Ukraine is
4 going, what is your impression?
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7 A.: It's going very slowly, not as it has to be, because most of the companies are
8 afraid of the situation here. It is not like in Tunisia: there the government and the
9 people help you very much if you have to build up something, but here you have
10 no help. You need time; you need a lot of money to build up. Then corruption is a
11 horrible story here (interview, General Director, Texwash 07-10--2009)
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18 In his view, the behavior of the Ukrainian bureaucracy has affected investors' decisions, as they
19 may choose among several locations equally close to Western Europe that remain less
20 problematic, such as Montenegro, Macedonia, Tunisia, and Morocco (interview, General
21 Director, Texwash 07-10—2009).
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25 Texwash's director is not the only entrepreneur clearly dissatisfied with the Ukrainian
26 bureaucracy. The following excerpt reports the conversation between the author, the director of
27 Texwash, and a high level manager of an Italian apparel firm.
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32 Q.: Is there any help towards companies by the government?

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34 A. (Texwash): No, nothing. Opposite. You have to fight with them. If there is not
35 a problem, they create one, and then you must pay to solve it.
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38 A. (Italian director) (in Italian): Everyone is telling you the same!

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40 Q.: Why are you still here?

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42 A. (Texwash): I think my boss came here searching for an opportunity of
43 expansion. ... Now the investment is done and it is better to keep going, because if
44 you close it you lose money. ... However, if he knew all the problems in the
45 beginning, he would not have invested. I am 100 percent sure.
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48 A. (Italian director): Me too. My company would do exactly the same. (Interview,
49 General Director, Texwash, and high-level manager, Italian firm 07-10—2009).
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53 Besides the two foreigners, a local entrepreneur, who is a partner in an Italian-Ukrainian joint
54 venture, expressed similar views. The following excerpt shows that the Ukrainian interviewee
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3 has an insider view, which explains the logic behind the red tape. Excess regulations and
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5 corruption are a way in which state officials acquire resources:
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9 Each inspectorate and each agency makes its own laws, which they use to acquire
10 resources for themselves. Each inspectorate has become almost like a private firm.
11 State bureaucracy has become a business, and a really big one.

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14 Q.: You mean that each state agency must find its own resources?

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16 A.: They try. They issue many fines, very high ones.

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18 Q.: Did you see any other change in the State, like laws and law enforcement?

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20 A.: It became worse. The laws became more, there are lots of laws that contrast
21 each other, and to navigate such a system is very difficult. Sometimes it is easier
22 to solve questions on the side of the law (interview Ukrainian entrepreneur 07-09-
23 2009).
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29 In sum, this section tested the extent to which the ‘ritual of listening to foreigners’ may
30 explain the mechanisms of bureaucratic change in Rouse and Transcarpathia, and especially the
31 ways in which both regions participate in the transnational fusion bureaucracy. The results are as
32 follows: 1. Officials in both communities apply to the EU programs available to them and in so
33 doing interact with foreigners. However, the extent to which those interactions entailed deception
34 and manipulation varied according to timing and perspective of EU membership. In Rouse, the
35 need for manipulation was very obvious during the early transition period, when local leader
36 attempted to frame their needs in ways that were attractive to donors and EU officials. After
37 Bulgaria joined the EU and Bulgarians became insiders, the interactions became more frequent
38 and the projects much larger. At the same time, the need for deception and manipulation
39 decreased because of changes in Bulgaria’s policymaking and the institution of MDAAR. In
40 Transcarpathia, the lack of perspective membership in the EU, the much smaller amount of
41 funding available, and the only partial legal harmonization between EU and Ukrainian laws led
42 to more difficult interactions. At the same time, local officials have much smaller incentives for
43 deception and manipulation. Instead, they are often openly critical of the EU, a practice in line
44 with the national orientation of the Ukrainian government. 2. As a result, the evidence of
45 bureaucratic change is strong in Rouse and minimal in Transcarpathia. The consequences on the
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3 business environment are profound: Rouse adopted neoliberal policies and principles with
4 greater success, thereby demonstrating the partial success of the ENP in Transcarpathia.
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8 9 **5 Conclusion**

10 In their work on the geopolitics of state spaces, Moisiso and Paasi called for identifying
11 'possible avenues for moving beyond the dichotomy between territorial and relational
12 thinking.'⁵⁴ This paper has responded to their call by comparing two postsocialist regions:
13 Rouse (Bulgaria), within the EU, and Transcarpathia, Ukraine, just outside of the EU border.
14 From the viewpoint of local officials, there is not necessarily a strong dichotomy between
15 territorial and relational thinking. In fact, both territorial (national) governments and EU-
16 sponsored transnational networks bestow resources upon them and constrain their actions. In
17 order to study how officials navigate both systems of references this paper adopted Beck and
18 Grande's critical cosmopolitan approach. First, the paper discussed the mechanisms that allow a
19 Europe-wide transnational fusion bureaucracy to emerge: as a by-product of applying to EU
20 funds, state agencies across Europe establish transnational networks, exchange best practices,
21 and in some cases transform their structures. Second, it tested Kuus' argument that bureaucracies
22 across Central and Eastern Europe practice a ritual of listening to foreigners to maximize their
23 opportunities offered by the transnational fusion bureaucracy. The results confirm the apparent
24 contradiction that critical cosmopolitan approaches try to solve: that the institution of a
25 supranational level of governance does not compete against national authorities but rather
26 strengthens state agencies. When successful, local leaders are able to bring together inputs from
27 both their territorial states and transnational networks, and this increase significantly affects
28 available resources.
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44 In studying Rouse and Transcarpathia, the paper highlighted the limits of Beck and
45 Grande's thinking. In their original formulation they did not take spatial variations in the
46 transnational fusion bureaucracy into account. As a result, the concept captured relationships
47 between mostly Western European actors having roughly equal (or at best ambiguously unequal)
48 power. In Central and Eastern Europe the dependence on EU funds creates a vast power
49 differential between local officials and the 'foreigners', whose collaboration enhances the
50 possibilities to access grants. The literature has argued that officials in the region respond to this
51 weakness through systematic deception and manipulations, i.e. 'the ritual of listening to
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3 foreigners'. In Rouse, before the accession to the EU, the author identified several examples of
4 'ritual of listening to foreigners'; after EU accession, changes in the organization of several
5 ministries shifted the 'ritual' upward, to the national layer of government. As a result, in Rouse
6 the engagement with foreigners became a much more streamlined process, requiring less
7 manipulation.
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12 The second spatial variation in the transnational fusion bureaucracy identified in this
13 paper is its extension beyond the EU border. Ukraine receives some funds from the EU through
14 the ENP, but in a significantly reduced amount. Moreover, Ukrainian geopolitics focuses on
15 attempts of cooperation with both the EU and Russia, ridden with tension and aimed at national
16 autonomy. As a result in Transcarpathia, the lesser amount of funding available and the
17 incentive to reaffirm sovereignty led to a different structure of incentives, much less focused on
18 compliance with the EU than in Rouse. Thus, rather than practicing the 'ritual of listening to
19 foreigners', Transcarpathian officials seem to prefer a more confrontational approach towards the
20 policies and messages of the EU.
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29 The discussion of the partial extension of the transnational fusion bureaucracy to
30 Transcarpathia led to touch upon a second debate in geopolitics: the extent to which the ENP is
31 closing the spaces of the EU, pushing the union towards a modernist notion of sovereignty. The
32 analysis shows that formal membership in the EU vs. participating in the ENP deeply affects the
33 officials interviewed. Formal EU membership allowed the leaders of BSC Rouse a voice in
34 transnational networks of similar institutions; it led to a generational change from Russian
35 speaking and USSR trained officials to a new generation that is English speaking and Brussels
36 trained. It also led to the restructuring of national level ministries that in turn streamlined Rouse
37 officials' participation in the transnational fusion bureaucracy. Participating in the ENP allowed
38 Transcarpathia to apply to substantially similar grant programs but with a much smaller pool of
39 funds. Thus, Transcarpathia could also play a part in the transnational fusion bureaucracy, albeit
40 to a much smaller extent than Rouse. It also did not benefit from the streamlining of national
41 policies with the EU, thereby making funding applications more difficult. As a result, local
42 officials expressed frustration from being excluded from making the rules of the funding
43 programs. Such a partial integration has tangible consequences to the business environment.
44 Transcarpathia is much less pro-business than Rouse and therefore the ENP has only partially
45 met its goal of closing the policy gap between the EU and its neighborhood. In the end, the
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differences between the two regions illustrate one further assumption put forward by critical cosmopolitan approaches: territorial and functional competencies among institutions mix. Thus, the closure of the EU is not sharp; instead, it is a matter of decreasing intensity, not fundamental separation.

Caption:

Map 1: Rouse and Transcarpathia

Acknowledgements

SUPPRESSED.

Notes

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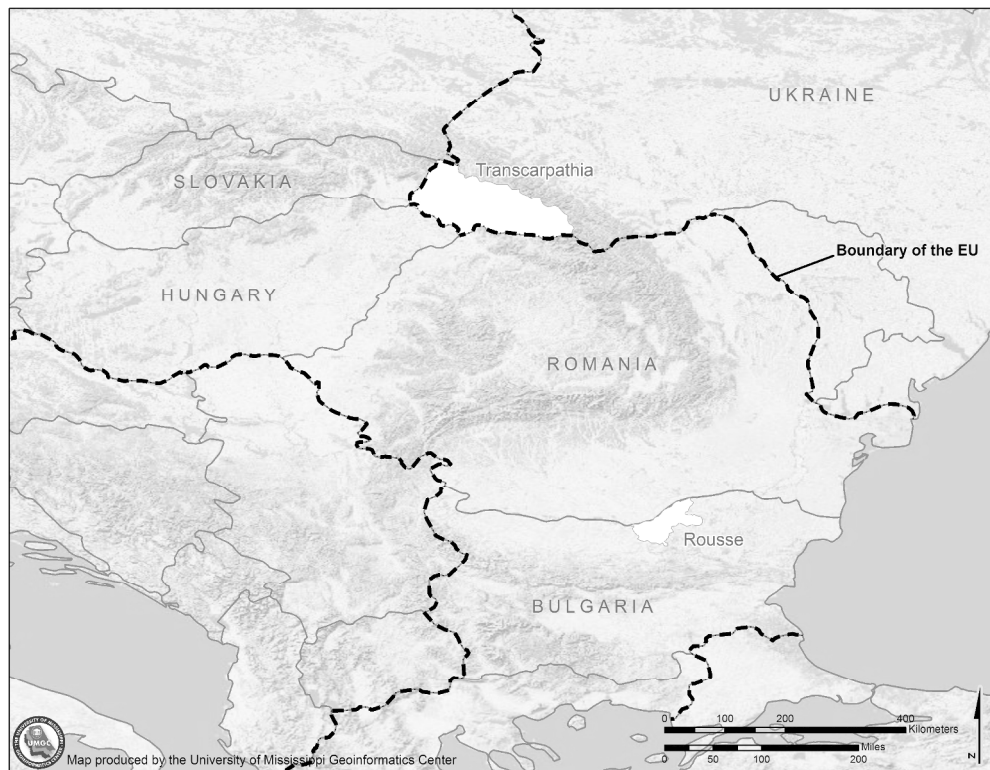
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