

# THE EU AND ENLARGEMENT 10 YEARS ON: SUCCESS AND IMPROVEMENT

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A few days ahead of the tenth anniversary of the EU enlargement to central and eastern European countries, Notre Europe - Jacques Delors Institute and the Embassy of Poland in Paris organised a conference to assess its economic and social repercussions. If Poland is considered as a symbol of success and if economy globally improved in those countries, social and territorial cohesion need to be reinforced.

Notre Europe - Jacques Delors Institute Director Yves Bertoncini was eager to celebrate the tenth anniversary of the European Union's enlargement to central and eastern European countries, a move which had not attracted France's full support and which was seen in a fairly negative light by the French people. Yves Bertoncini identified three major issues in 2004. The first was a geographical deepening of the European project, which made it possible to establish a broad area for peace but also for economic and human exchange. There was a kind of political reunification. The fears voiced that enlargement might paralyse the European institutions have been proved groundless. Enlargement undoubtedly increased the EU's heterogeneous nature, but that was a change in degree rather than in nature.

The second issue was political and military: enlargement took place just after the Iraq War. It was feared that pro-Atlantic countries would be joining an EU which was not, of itself, pro-Atlantic. But the Ukraine crisis has revealed the Europeans' unity. Enlargement has further consolidated the area of peace for countries that are members of the EU and has highlighted the difference with those that are not. As a result, relations with Russia have been affected by it.

Thirdly, economic and social issues have played a crucial role: the discussion focused also on these issues, especially in France, with social competition and with the debate over "the Polish plumber" in 2005. At the macro-economic level, convergence has been the dominant aspect despite very strong competition at the micro-economic level.

His Excellency Mr. Tomasz Orłowski, the Polish ambassador to France, introduced the conference, the debate then being taken up by:

- Vasco Cal, a member of the Bureau of European Policy Advisers (BEPA), European Commission,
- Bernard Guetta, international political correspondent with France Inter and *Libération*,
- Marjorie Jouen, adviser at Notre Europe - Jacques Delors Institute.



## 1. Poland in the EU: a symbol of enlargement's success

His Excellency Mr. Tomasz Orłowski, the Polish ambassador to France, inaugurated the conference by talking about the success of enlargement. The two dates marking the twenty-fifth anniversary of free elections in Poland (4 June 1989) and Polish membership of the European Union (1 May 2004) must be considered in common. It would not have been possible for Poland to join the EU without the country's political and social overhaul being completed. This is an important message with a view to any future enlargement. The amount and depth of the work that needs to be done is sometimes underestimated. The *acquis communautaire* has increased substantially over the years: it was 70,000 pages long in 1995, but that figure had risen to more than 170,000 pages by 2004. In connection with the prospect of future enlargements, we may expect the figure to top 200,000 pages. The ten member states which joined in 2004 provide clear proof of the fact that if you work hard, you can achieve results.

It may be oversimplifying matters to assert that the structural funds alone have changed Poland. While it is true that they have allowed Poland to benefit from the equivalent of the Marshall Plan, they are not the main benefit accruing to Poland from its membership of the EU. According to the Ambassador, the crucial benefit is the country's participation in the free circulation of people and of ideas, which has given thousands of Poles, especially young people, the opportunity to travel and to work in other European countries. This has meant creating things together, seeking out opportunities. As things stand today, up to 70% of Poles are in favour of the construction of Europe. There is immense optimism in Poland. We need to find compatible interests in our Union, to be part of an integrated whole in which each individual can have his or her specific characteristics but where mutual aid is part of the agenda.

From Warsaw's point of view, the only possible way forward is to turn Europe into something more than an association of consumers: we need to demand more EU. The euro area needs to be better managed. It needs to remain more inclusive and more open to all those countries that wish to integrate into it. The common goal remains the same, namely consolidating public finances, rediscovering the path to economic growth and recovering confidence and optimism in the Union.



Poland's history has always been marred by war and by the absence of political stability. Over the past twenty-five years which have witnessed the country's transformation, the choice of a system of democratic government, and membership of NATO followed by membership of the EU, there is now a feeling of democratic stability. We should not forget that peace in Europe cannot be taken for granted for ever, as the situation in Ukraine reminds us. We need to work on maintaining peace, which we see as a victory. It is a process which is being constantly renewed and which requires nurturing.

Along similar lines, Bernard Guetta argued that Poland has suffered sufficiently from geopolitical storms in the

course of its history not to remain indifferent to developing events in the world. Poland was looking first and foremost towards the Atlantic alliance, casting a very fearful gaze towards Russia. When there is a need for protection, people look towards wherever they can find it. Poland's desire to have the kind of defence that the EU could not give it was dubbed "Poland's pro-Atlanticism", but with the crisis in Georgia and the United States' reluctance to get involved in it, Poland drew its conclusions. Thus it has now become the most ardent advocate of a common European defence system, a defence system pegged to a Common foreign and security policy and to political union. This has given the country a crucial point in common with France, namely that both countries "think global". They both want a common defence system, a common diplomacy, a political Europe. There is an astonishing identity of views between Warsaw and Paris in the sphere of politics today. This convergence between France and Poland is the best proof of the success of enlargement. The presence of Poland in the EU is one of the best guarantees that the EU will be deepened. Yet such a thing would have sounded paradoxical only ten years ago. There is strong convergence between Poland and France but the two countries are fairly alone in this, especially by comparison with Germany, where pacificism continues to predominate and to make it difficult to make any headway in the sphere of defence. Bernard Guetta argued that enlargement has been a success and that it will continue to be so.

Yet he stressed that there have been grimmer realities as well. The Round Table followed by the "shock therapy" implemented in Poland, linked to the enlargement process, had very harsh social repercussions for a long time. The result was as an absolute imbalance on the political chess board. The party which garnered a majority in the country's first free elections and which implemented the "shock therapy" no longer exists. The way things stand today, we can identify a trend towards a kind of catch-all centrist party. This political scene suffers from major weaknesses. Poland's sole true problem today is its political scene, which needs to be rebuilt.

Moreover, the "shock therapy" proved so attractive on account of its boldness and of its early successes that it was even imported by Russia when Boris Yeltsin arrived on the scene. Yet due to Russia's economic history and the state of its private capital, what worked perfectly well in Poland led in Russia to the *Nomenklatura* getting its hands on the country's wealth and to the birth of a local mafia. The EU applauded the "shock therapy"

back then, but today it can see its results, with ten years of legal robbery and a mafia-style culture.

According to Bernard Guetta, enlargement has been a huge success in economic, political and strategic terms, but we have spawned a dramatic situation with Russia because we have forgotten to think through our relations with the country, and the result is the crisis in Ukraine.

## 2. Enlargement: improving the economy and raising the standard of living

Vasco Cal began by pointing out that those countries that joined the EU in 2004 have systematically enjoyed greater economic growth than the other member countries both before and after the crisis. Internal growth in the European Economic Area as a whole has been driven by the new member states. This is due to a series of factors: the internal market; the increase in intra-Community trade; the arrival of direct foreign investments; and the member states' economic integration. Yet one cannot lump all of the new member states into one basket because each one has its own individual profile, as Marjorie Jouen pointed out.

If the EU had remained restricted to its six founder members, its clout would be very different indeed today. Back in 1957 those founder members accounted for 14% of the world's GDP, while today they account for only 9.9% of it. But thanks to the member states that have joined it in successive waves, the EU's GDP is currently worth 23% of global GDP and the EU as a whole is still one of the world's three leading economic powers. The enlargements have helped to boost the EU's economic clout in the wider world.

But according to Vasco Cal, economic growth has not been an end in itself. Thanks to membership of the EU, the standard of living in the new member states has improved. Both the state of the environment and food quality have improved. Thanks to progress in infrastructure safety, the number of deaths in car accidents in Poland has been slashed by half. By the same token, the fear of migrant flows triggered by the free movement of persons has proven groundless: the number of people residing in a different member state from their own continues to be negligible, accounting for less than 3% of the EU's overall population. In 2004, only the United Kingdom and Ireland had decided to open their borders. Due to their extremely dynamic economies and

because the other member states didn't open their borders, they attracted many people from the new member states. This movement calmed down from 2008.

Vasco Cal also pointed out that the rule of law is the basis for all decision-making in the European Union. The Commission's right of initiative is strictly regulated by the articles of the Treaty on the Functioning of the EU and by the Treaty on the EU. This is a major advantage for the administrations of those member states that joined in 2004.

One of the issues that keeps cropping up in debates on enlargement concerns the cost of membership in 2004. Enlargement cost only 22 billion euro for pre-membership, followed by an additional extension of 40 billion. Those sums are paltry indeed compared to the funds paid out to Ireland, Portugal, Spain and Greece when they joined. If we look at the situation ten years on, it has been a success.



## 3. Social and territorial cohesion need to be strengthened

While membership of ten new countries in 2004 has proven to be a success, European integration still requires deepening.

Marjorie Jouen reported that in the months prior to membership, the new member states were described as accounting for more than 23% of the EU's surface and for more than 20% of its population yet for only 9% of its GDP. This pointed to the need for growth and convergence. In terms of GDP per inhabitant, it was common knowledge that the enlargement would lead to a statistically impoverishment of the European average of 12.5% immediately after joining on 1 May 2004. According to Vasco Cal, structural funds have helped to turn Europe into what the World Bank has called "the convergence machine": the EU integrates the less developed peripheral countries and manages their growth more rapidly until they achieve the level of the Community average. Part of the structural

funds have been allocated in particular to strengthen the institutional capacity of new members, of ministries, of the civil service and of the machinery of state.

In social terms we have to recognise that there has been strong competition. Social protection was facing a big pinch at the East, in particular with the reforms inspired by neo-liberal models. Several classes of population lost out over this: the pensioners, the small farmers and the unskilled workers. Poverty grew, prompting young people in the Baltic countries to emigrate, in a kind of brain drain, to the countries of central and eastern Europe.

The impact of enlargement on jobs in industry in France has been catastrophic according to Marjorie Jouen. And there has indeed been massive competition in the mechanical industry, with companies in Champagne-Ardenne or in Normandy either folding or relocating. By the same token, the countries that have lost out the most have been Portugal and Spain, with plant closings in the automobile industry. An internal competition effect has taken root, revealing certain countries' lack of strategy. But we should not forget that competition from Asia has been far more destructive than the opening up of markets to the countries of central and eastern Europe, particularly in the textile industry. Farming has also been a leading issue in the enlargement process. The agri-food industry began to set up, to

imagine that there was going to be a considerable market, with differing strategies. This was an aspect of the transition that failed to attract a great deal of attention, when in fact the arrival of the ten new members meant a 58% increase in the number of jobs in farming; membership on the part of Romania and Bulgaria in 2008 alone meant a 140% rise in jobs in farming.

In terms of territorial cohesion of the enlarged EU, Marjorie Jouen argued that two scenarios were possible. The first was the creation of a centre with two peripheral areas, the centre including the historically wealthy area of Germany, the Netherlands, northern France, Milan and London. The first peripheral area would concern the moderately prosperous areas, and the second the south and the extreme north west, extending also to the areas furthest to the east and north. The second scenario would have been a multi-polar Europe with five areas: a north-west area, a central one, an area around the Balkans, another around the western Mediterranean and another around the Baltic. The territorial result of enlargement has shown us that, unfortunately, the first model has prevailed, with "a centre and two peripheral areas", the peripheral areas to the south and east being the poorest. Also, throughout the EU, the gap has widened between the areas around countries' capital cities and the provinces, which suggests the need to devise other strategies for cohesion.

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