

Enlargement of the European Union: Early Expansions
and Future Possibilities from the East

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Following the establishment of the European Communities (EC) after WWII, the European Union (EU) has evolved into an economic powerhouse of a political and economic union and has expanded from the original “inner six”¹ members to now include 22² other member states for a grand total of 28. With the ratification of the Maastricht Treaty in 1992, and then the implementation of the Copenhagen Criteria in 1993, we can see the EU and its structure as it is today. The topic of expansion is becoming increasingly relevant as more Central and Eastern European countries (CEEC) are overcoming the economic barriers that had been put in place during the latter half of the 20th century, especially now since one of the biggest contributors to the EU, the United Kingdom, is in the process of withdrawing from the union. It is with these CEEC that I am particularly interested because of the unique nature of being a transition economy that allows for the exploration of the routes a country might take to transform from a centrally planned economy to a modern capitalist economy. It is especially interesting to consider this when certain aspects of central planning that contradict a free market (i.e. socialized healthcare/education) preserve immense support on behalf the citizens, while others vanish freely (i.e. price controls). In this paper I will discuss the already seen and the potential impacts of adding additional member states to the European Union, and to consider all of these aspects I will first look at the evolution of the institutions of the European Union, then examine the effects upon the EU that stem from the CEEC³ that have already joined as well as those upon the CEEC by the EU itself, and finally I will discuss the potential effects of the potential accession of additional CEE members.⁴

As previously stated, the European Union as we know it today took shape in 1992 with the Maastricht Treaty⁵ and was formalized in 1993 with the Copenhagen Criteria.⁶ The precursor to the EU

¹ These six countries were Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany

² It will be 27 soon enough once the United Kingdom formally withdraws, if it ever does.

³ These include Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia following the 2004 enlargement; Bulgaria and Estonia joined in 2007

⁴ Albania, Montenegro, North Macedonia, Serbia, and Turkey are all currently recognized candidate countries

⁵ The Maastricht Treaty has since been amended by the treaties of Amsterdam (1997), Nice (2001), and Lisbon (2007) but still functions as one of two treaties that create the constitutional basis of the EU

⁶ The Copenhagen Criteria are the rules that determine a country’s eligibility to join the EU and require such countries to: (1) function as a democracy; (2) have a free market; and (3) adopt already established EU laws

were the European Communities (EC) comprising of the European Coal and Steel Community (ECSC)⁷, the European Atomic Energy Community (Euratom)⁸, and the European Economic Community (EEC)⁹ that were all ruled by the same set of institutions. Only a few years later, the European Free Trade Association (EFTA) was established in 1960 by the “outer seven”¹⁰ as an alternative for countries that were either unable or unwilling to join the EEC.¹¹ The first enlargement of the EU¹² occurred in 1973 with the accession of Denmark¹³, Ireland, and the United Kingdom followed by the addition of Mediterranean countries Greece in 1981 and Spain and Portugal in 1986. The creation of the European Single Market in 1992 made it significantly more difficult for members of the EFTA to do business with those in the EEC, but these barriers were reduced with the formation of the European Economic Area (EEA) which extends the EU’s single market to other non-EU members. However, many EEA states were not satisfied with the limited business opportunities it provided, leading to further expansion in 1995 with the additions of Austria, Finland, and Sweden.

The fall of communism at the end of the 20th century ushered in a new era of democratic governments across all formerly oppressed soviet countries, and many were eager to attain EU membership. In 2004, 10 countries joined the EU¹⁴ consisting of seven former members of the Eastern Bloc and one former member of SFR Yugoslavia. Two additional former members of the Eastern Bloc, Bulgaria and Romania, became EU members in 2007, and the most recent expansion was in 2013 with the

⁷ The ECSC was formally established in 1951 by the inner six via the Treaty of Paris; dissolved in 2002 following the expiration of the Treaty of Paris

⁸ Signed by the same countries of the ECSC in 1957 to foster cooperation in the development of nuclear energy

⁹ The same six countries signed the Treaty of Rome the same year which formed the EEC as a customs union and eventually transitioned to become the European Community (EC) after the EU’s formation in 1993 before ultimately having its institutions completely absorbed by the EU in 2009

¹⁰ These seven countries were Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom

¹¹ Norway and Switzerland are the only founding members that have not defected to the EU, however Iceland and Liechtenstein have since joined

¹² It was still the EEC at this time, but I will refer to it as the EU for simplicity and because it is not a relevant distinction to my considerations

¹³ At this point Greenland was under the control of Denmark and was thus also a member but later withdrew after home rule was granted in 1979

¹⁴ These countries were Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia

addition of Croatia.¹⁵ Initially the already established members of the EU had concerns over the potential impacts of allowing these 11 countries to be added to the political and economic union such as potential mass migration from Eastern to Western Europe and a fear of increased organized cross-border crime, however there are strong disincentives for new EU citizens seeking opportunities elsewhere, namely exploitive working conditions and animosity between local Western European populations and Eastern European migrants.¹⁶

Additionally, analysis conducted by Czech and Romanian on migrant flows following the 2004 enlargement has shown that many of those from Eastern Europe who wished to move west had already done so during the period immediately after the fall of the Iron Curtain.¹⁷ Furthermore, a successful accession period that allows for high growth and reform implementation will minimize any migration pressures.¹⁸ This is not to suggest that there was no movement among citizens from CEEC,¹⁹ but the primary fears behind the prevention of any EU enlargement are rebuffed with cold, hard numbers stemming from already accessed CEEC.²⁰ Though temporary population movements were indeed noticeable, when looking at the normal flows of immigrants coming from outside the EU, the overall migration associated with the 2004 enlargement was negligible.²¹ Researchers have not found any relationship between unemployment changes and rising migration within the UK,²² but this can also be

¹⁵ Croatia initially applied for membership in 2004 with the first wave of former communist countries but the delayed extradition of several Croatian citizens who were for war crimes and crimes against humanity by the United Nations' International Criminal Tribunal for the Former Yugoslavia (ICTY) caused the EU to postpone negotiations

¹⁶ "Expanding the EU: The Debate over Border Management," *Strategic Comments* 6, no. 9 (2000): 1–2.

¹⁷ Strielkowski et al., "EU Enlargement and Migration," *Romanian Journal of European Affairs* 13, no. 3 (2013): 53–63.

¹⁸ See note 17 above

¹⁹ By some estimates there were nearly 1.2 million workers who emigrated to Ireland and the UK alone

²⁰ It is important to note that the various Treaties of Accession (2003, 2005, and 2011) have stipulations that allow existing member states to enforce a transition period before new workers can be employed on an equal and non-discriminatory basis within the old member states; this can last up to seven years if it is determined that worker inflows from new members would have detrimental effects on the labor markets of old member states

²¹ Barrell et al., "EU Enlargement and Migration," *Journal of Common Market Studies* 48, no. 2 (2010): 373–395.

²² Gilpin et al., "The Impact of Free Movement of Workers," DWP Working paper no. 29, Department for Work and Pensions, (2006).

explained by the fact that immigrants are imperfect substitutes for native workers²³ and are thus participating in different labor markets. If the opposite were true where immigrant and native workers are complements, then immigration may increase aggregate labor demand in the short-run.

A 2013 study found that workers emigrating from Eastern Europe even caused a 6% increase in the wages of young workers and had no effect on those of older workers,²⁴ which contradicts the widely held belief of many anti-immigration pundits that an increase in emigration will cause detrimental effects on wage distribution. While some people may have desired to see if better opportunities exist in the West, the already established agricultural markets of CEECs provides an incredible supply of several agricultural commodities like coarse grains, beef, and milk²⁵ on a scale that the industrialized countries in the West are no longer able to produce.

Now that 11 former communist countries are members of the EU, the decisionmakers in Brussels have learned effective strategies to facilitate the integration of transition economies²⁶ and are now more capable in their efforts to ensure new members can get on the path to reaching the production levels of long established members. In a similar vein, with the multitude of traditional ethnic identities that exist in the various CEEC, institutions for adopting Western European culture while still preserving the already established aspects of national culture have also emerged to allow for even easier accession.²⁷ Although it would seem like an increased number of member states would lead to institutional congestion and inhibit efficient decision-making, the reality is that the addition of CEEC has not triggered any institutional gridlock nor the forfeiture of any decision-making capacity that the was feared by the public and

²³ Manacorda et al., "The Impact of Immigration" CEP Discussion Paper no. 754, Centre for Economic Performance, LSE, (2006).

²⁴ Benjamin Elsner, "Emigration and Wages," *Journal of International Economics* 91, no. 1 (2013): 154-164.

²⁵ Wolfgang Münch, *Effects of EU Enlargement to the Central European Countries on Agricultural Markets* (Frankfurt am Main: Peter Lang, 2003), 21-45.

²⁶ Papadimitriou, Dimitris, and Eli Gateva, "Between Enlargement-Led Europeanisation and Balkan Exceptionalism," *Perspectives on European Politics & Society* 10, no. 2 (2009): 152-66.

²⁷ D.F. Hafner, "Dilemmas in Managing the Expanding EU," *Journal of European Public Policy* 6, no. 5 (1999): 783-801.

politicians alike.²⁸ Certainly there are significantly more actors involved in the decision-making process,²⁹ but institutional changes have allowed for the continuation of effective governance.³⁰ If anything, it is remarkable how minimal of an impact new member states have imposed on European integration since 2004, and especially how so few of the obstacles currently confronting the EU have to do with the assimilation of the post-communist member states.

While enlarging the EU brings many advantages to the Union itself, it should be no surprise that the states seeking membership also reap incredible benefits. The process of European integration provides potential member states with long-term macroeconomic stability³¹ because the EU has clear goals for preserving and increasing economic advancement and growth with roots in the free market. The EU also seeks to improve the welfare of all its citizens through the improvement of social security and welfare and integrating with the EU fosters higher standards for Europeans in all capacities. After joining the EU, member states such as the Czech Republic, Hungary, Poland, Slovakia, and Slovenia realized either improvements in foreign trade or a reduction in net export disparities. In addition, all but three of the countries that acceded in 2004 had decreases in their overall unemployment rates³² resulting from the impacts on business activities when introduced to the larger market provided by economic integration. Access to this market allowed for the use of economies of scale, provided higher profits margins, and created new job openings, all of which manifest in decreased unemployment rates thus allowing for sustained macroeconomic stability. Studies have shown that, beginning at the application for membership, the effects of EU accession are both positive and statistically significant and have direct impacts on the increase of FDI inflows.³³

²⁸ Dimitar D. Toshkov, "The Impact of Eastern Enlargement," *Journal of European Public Policy* 24, no. 2 (2017): 177-196.

²⁹ 206 during the 2014-2019 legislative session, or just over ¼ of the MPs in the European Parliament

³⁰ I contend that these changes could certainly have counteracted any negative externalities that arose from the expansion of the European Parliament, but because they happened simultaneously it is difficult to make any sort of distinction

³¹ Razić, Sanel and Merim Kasumović, "Macroeconomic stability of new member states," *Theoretical and Applied Economics* 26, no. 1 (2019): 23-36

³² Eurostat, Employment and Activity (2019).

³³ Hanna Makhavikova, "The Determinants of FDI in the Central and Eastern Europe," (2015).

There are many aspects of the relationship between the various member states are mutually beneficial, and to realize these, the fundamental pillars of the EU come into play. These so-called “four freedoms” are the free movement of goods, services, labor, and capital, and by encouraging these freedoms, both the EU as a whole and the individual members can see a plethora of benefits. Free movement stems from the mutual recognition (MR)³⁴ of individual member states which is in turn enforced by the four freedoms that are central to the European Single Market. Mutual recognition gets its origins from the idea that EU member states have parallel regulatory objectives in safety, health, environment, and consumer protection (SHEC), and this recognition delivers members benefits through regulatory³⁵, strategic³⁶, and welfare³⁷ means.³⁸ By encouraging convergence of the local institutions of individual members, the EU gives them the opportunity to develop new institutions that promote more efficient trades across all states.

It is no wonder why so many countries with struggling economies wish to acquire EU membership when there is an existing framework for extensive institutional reform. Nations currently on the docket as recognized candidates for inclusion in a potential EU enlargement in the future are Albania, Montenegro, North Macedonia, Serbia, and Turkey.³⁹ Additionally, Bosnia and Herzegovina began the process of applying for membership in 2015 and Kosovo has been a potential candidate⁴⁰ since 2016. The

³⁴ This refers to the implication that for anyone with any notion of oversight, when goods from one member state are entering another, they must be given unhindered access, even if local regulations between the two are different, so long as the regulatory objectives of the two members are the same; the generalized application (and recognition) of this concept is what makes it “mutual”

³⁵ MR allows for the protection of national regulatory autonomy for SHEC objectives; also places focus on these objectives rather than technical detail which creates a safeguard against regulatory failure

³⁶ MR places costs of mis- or over-regulation on the individual member states so there is pressure for the development of less costly rules; it lays the basis for regulatory competition among member states and allows for improved free movement without more rules at the EU level

³⁷ MR promotes healthy competition

³⁸ Jacques Pelkmans, *European Economic Integration* (Harlow: Financial Times Prentice Hall, 2006), 53-78.

³⁹ Turkey has been seeking membership since 1987 and negotiating with the powers that be since 2005; the EU has postponed these negotiations several times due to diplomatic disputes, namely with Cyprus, and allegations of human rights abuses

⁴⁰ International recognition of Kosovo continues to be mixed after declaring its independence from Serbia in 2008 which prevents it from being able to attain membership; the country has been under an EU rule-of-law assistance program stemming from extensive political and corruption issues

biggest obstacles for each of these countries, or any potential candidate for that matter, in their accession is being able to satisfy all the requirements of the Copenhagen Criteria⁴¹ of liberal democracy, market economy, and adoption of EU laws. Unfortunately, even doing so is not necessarily enough to guarantee EU membership since a significant portion in allowing accession is that of existing member states' willingness to admit other nations.⁴² There is a perception that precedes the present-day cycle of EU enlargement proclaiming that CEEC need guidance from Western Europe to be brought up to European standards that should be examined through a postcolonial lens.⁴³ The EU should not wish to transform potential members into copies of existing ones, it should embrace the inherent otherness that is provided by the inimitable perspective of CEEC.

Turkey is a unique example of a candidate for EU membership in that it is arguably the most diverse nations to apply yet. While its government has never recorded an ethnic, or national, identity of its citizens, surveys estimate that there are over 50 ethnic groups⁴⁴ living within the borders of Turkey, most of which have their own language. Until the 2000s any expressions of non-Turkish identity were legally punishable, so the citizens of Turkey have never truly had a chance to freely, without fear, identify with any cultural groups.⁴⁵ If Turkey were complete its accession, EU membership could create a new identity community of European citizens that would allow for the peaceful coexistence of the wide array of ethnic minorities living in Turkey.

In contrast to a nation's desire to become an EU member, there are also several aspects of the EU that have resulted in its rejection by millions of people. Strict fiscal rules and structural reforms with their roots in neoliberal discourse dominate discussions among EU policymakers. Euphemistically called "structural reforms," policies such as the reduction of social security are being pushed by these neoliberals and are levied on millions of people who are predominately those that need public benefits the

⁴¹ See note 6

⁴² Dorian Jano, "The Politics of EU Enlargement Revisited," *Contemporary Southeastern Europe* 1, no. 1 (2014): 68–91.

⁴³ Merje Kuus, "Europe's Eastern," *Progress in Human Geography* 28, no. 4 (2004): 472–89.

⁴⁴ "Turquie: Situation Générale," Laval University, last modified November 4, 2016, http://www.axl.cefan.ulaval.ca/asie/turquie_1general.htm.

⁴⁵ Laman Tasch, "The EU Enlargement Policy," *Mediterranean Quarterly* 21, no. 2 (2010): 18–46.

most.⁴⁶ These contemporary agendas seem to directly contradict the original purpose of the EU, that of improving the lives and wellbeing of all European citizens. When you consider the fact that the EU is now able to seemingly regulate nearly every aspect of a European citizen's life,⁴⁷ it is not surprising that the UK voted for Brexit. When it (reluctantly) joined in 1973, it seemed that the UK's primary goal was to work from within and prevent the EU from becoming too powerful. It will certainly be interesting to see what the British government finally decides on for their exit strategy, especially since both the EU and the British Parliament itself have shot down several of the proposals to date.⁴⁸

The EU has an obligation for member states to contribute a certain portion of funds to the EU based on a member state's Gross National Income (GNI), but when combined, these individual contributions must not exceed 1.2% of the sum of all member states' GNI.⁴⁹ In 2019, members will contribute a total of approximately €165.8 billion⁵⁰ to the EU's operating budget, which is about 1% of the EU's total GNI. While this is an objectively fair approach to determining the amount each member contributes, it is intuitive that the more developed and productive members will pay a greater sum of money, even if it is still directly proportional to its GNI. The UK, for instance, negotiated the UK rebate to reduce the size of its contribution, which is based on complex calculations that roughly returns about 66% of the difference between its share of VAT contributions and of EU spending in return. One of the biggest motivators behind Brexit was that people felt the UK was paying too much⁵¹ and not receiving enough benefit, even with the rebate calculation in place.

The various enlargements of the EU have provided both the union and new member states with countless benefits, and while some argue that membership is detrimental to a nation's democracy, it is

⁴⁶Paul De Grauwe, "What Future for the EU After Brexit?" *Intereconomics* 51, no. 5 (2016): 249–251.

⁴⁷ While some members respond to this notion negatively, CEEC benefit from placing the burden of policy and decision making on the EU, which has allowed for easier resistance to special interest groups

⁴⁸ When I heard that the EU gave the stipulation that the UK must still hold European Parliament elections or face forced ejection on June 1st, I had not laughed that hard in a long time

⁴⁹ "How the EU Is Funded." European Union. Last modified February 13, 2019. https://europa.eu/european-union/about-eu/eu-budget/revenue-income_en.

⁵⁰ European Union, *Integrated Financial Reporting Package*, (2018).

⁵¹ I would imagine that a lot of this public dissent arose from a false claim by the Vote Leave group that stated the UK was contributing £350 million a week to the EU

easy to prove that the effects of EU accession have allowed for the improvement of many CEEC economic prospects. CEEC that joined in 2004 and 2007 rank notably high in terms of economic freedom and FDI inflows have increased substantially creating thousands of opportunities for growth. The fragmented political systems left in the wake of the Iron Curtain have been able to more effectively restructure by implementing the Copenhagen Criteria and the governments of many CEEC much more closely align with Western standards of democracy. Future inclusion of non-member CEEC will pose unique issues arising from increased populist movements, but the EU's experience integrating former Soviet countries will provide the necessary framework to tackle these obstacles.

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