

[About sponsorship](#)

European Union enlargement

Now that we are all bundled inside, let's shut the door

Apr 28th 2005 | BRATISLAVA, BUDAPEST, PRAGUE AND RIGA
From The Economist print edition

A year after the new boys entered the European Union, the mood is a mite surly, and definitely unwelcoming

[Get article background](#)

GALEN, that great second-century physician, observed "*Triste est omne animal post coitum*". He might have been reflecting on the mood of the European Union a year after it embraced ten new members, eight of them from central Europe. Most of the newcomers affect a ho-hum indifference to membership now that they have it—even though they worked furiously to get it. The older members ponder, with varying degrees of anxiety, the low tax rates and the even lower wages which most of the new countries have brought with them into the single market.

The new members' singular lack of jubilation might suggest that this latest enlargement, the biggest by far in the Union's history, has been something of a let-down. "We have accepted the dictatorship of Tesco," grumbles Vladimir Zelezny, a Eurosceptic Czech member of the European Parliament.

Only the Slovaks still seem truly excited, perhaps because they came nearest to failing the course. After overthrowing communism, they had to beat back the neo-authoritarian government of Vladimir Meciar, which ran the country in the mid-1990s. "We would not have got rid of Meciar, were it not for the vision of the EU," says Pavol Demes, director of the Bratislava office of the German Marshall Fund of the United States.

In fact, last year's enlargement has gone remarkably well, both for the newcomers and for the Union, and all the more so when measured against the fears that preceded it. The institutions in Brussels have gone on working normally, despite predictions of gridlock. The economies of the new members have gone on growing at a healthy clip, roughly two to four times as fast as the euro-zone average, despite worries that their industry would be choked by regulations and their agriculture ruined by the opening of markets. More often, the opposite has happened, notably in Poland. Manufacturers have done unexpectedly well out of open borders and easier exporting. Farmers have gained from subsidies and new demand.

One problem is that the central Europeans feel themselves, in some respects, to be second-class members of the Union. This spoils their pleasure. They are stuck outside the Schengen zone of passport-free travel for at least another two years. They are denied the freedom to work in most EU countries for perhaps another six years: only Britain, Ireland and Sweden have opened their labour markets right away. The newcomers must meet further tests before they can join the single currency. Their farmers get smaller direct subsidies from EU funds, starting at one-quarter of the payments made to farmers in the 15 "old" members, a money-saving measure meant to speed farm restructuring.

Most painfully, after the ravages of communism and the post-communist transition, it will take the central Europeans decades before they can raise their average wages to western European levels. For most ordinary people, accession last year brought "euphoria on the eve of May 1st, a great historical moment—and then, the next day, nothing had changed," says Robert Braun, former chief strategy adviser to the Hungarian prime minister.



Still, given a few quiet years to bed down, this Union of 25 countries, due to be 27 with the entry of Romania and Bulgaria in 2007, could probably emerge little changed in its habits and workings from the Union of 15. Meetings in Brussels would be longer and wordier, relations with Russia would acquire a new salience, Britain would have a few more allies in its fight against tax harmonisation, and that would be pretty well all. Unfortunately, the quiet years needed for that bedding-down are not in prospect.



Instead, because European governments overestimated both the difficulties of enlargement and the strength of popular support for the EU, they committed themselves last year to the politically exhausting business of ratifying a new constitution. This document need not change much in the way the EU operates, save in some formal respects, but it does require each country to re-examine and re-confirm some fairly open-ended membership commitments in minute detail. No country is enjoying this process, least of all France, which holds its ratification referendum on May 29th, and has emerged as the unforeseen doubter. Opinion polls say the constitution is likely to be rejected there.

What happens if it's no?

The new members are looking on anxiously. If France votes no, its instinct might be to try forming a new small group of the EU's six original members, weakening and perhaps undermining the wider Union. If, on the other hand, France votes yes and then Britain votes no (as Britain probably will), that would be just as worrying, if it pushes Britain to the margins of the EU or out of it entirely.



The Union would become a much less friendly place for the new members, which tend to share Britain's taste for market liberalisation, tax competition, subsidiarity and Atlanticism, and look to it as a guarantor of those things. There is a faint possibility, too, that one of the new members, perhaps the Czech Republic or Poland, might fail to ratify the referendum, putting its own future in doubt. The Czech president, Vaclav Klaus, is the only EU head of state to oppose the constitution, while the Poles fume that the constitution will reduce their country's voting power within the Union.

French angst about Europe owes much to enlargement, and much also to worries about immigration and globalisation. Whereas France felt confident of its leading role in an EU of 15 countries, in an EU of 25 or more it is starting to feel unhappily overwhelmed. The idea that Turkey might one day join the Union weighs heavily on public opinion in France, as it does in Germany and Austria.

France fears not merely that it is losing its historic leadership of the Union, but also that enlargement is bringing in more low-wage, low-tax countries which will further undermine, through competition, the French model of big government and high taxes. It may well be right. Lithuania's tax burden in 2003 was 28.7% of GDP, 17 percentage points less than the French equivalent. Slovakia's 19% flat rate for all main taxes—personal, corporate and VAT—has become the envy of the region. But in the French view all this amounts to “fiscal dumping” by the new members—using low tax rates to lure jobs and investment away from western Europe, then balancing the state budget with EU cash from French and German pockets. The charge is wrong, but try telling France that.

The new members also tend to be much more Atlanticist in their foreign relations. In the run-up to the Iraq war in 2003 they mostly supported America, leading France's president, Jacques Chirac, to say that they had missed a good opportunity to shut up. The phrase still rankles.

“Now they know we are not going to keep quiet,” says Eduard Kukan, Slovakia's foreign minister, pointing to the part the new members have started to play in EU policymaking. Poland and Lithuania saved Europe's face by giving strong early support to Ukraine's orange revolution last year. Slovakia and Hungary have joined Austria to lobby, so far unsuccessfully, for accession talks with Croatia. The Czech Republic has been steering EU policy in relations with Cuba.



Romania looks set to outdo everyone in its pro-Americanism, if and when it joins the Union in two or three years' time. Its new president, Traian Basescu, elected in December, has said that his priority is to work closely with Washington and London, a formula which pointedly omits Paris and Brussels. Last week he said that Romania favoured "a state with minimal involvement in the economy", a rebuke to France's *dirigiste* model. He added for good measure that he resented what Mr Chirac had said in 2003. "Romania is a country which has respect for itself," he said, "we do not like these kinds of declarations."

Mr Basescu may be living dangerously. His country has yet to join the EU, and France could still block its entry. Romania, and its neighbour, Bulgaria, began their negotiations alongside the central Europeans but were deemed unready to join last year. This week they signed accession treaties which will bring them in at the start of 2007, unless the EU sees signs of late disarray, in which case it can set back entry for another year.

But these accession treaties have to be ratified by all member states, including France. If relations deteriorate much further, the French parliament might decide that Romania is still unfit to join, and refuse the treaty. Germany's Christian Democrats are also talking about blocking Romania, and their support is needed for a constitutional majority in the Bundestag.

Keeping Turkey out

The question mark over Romania's accession is a small one. A much bigger one hangs over any further EU enlargements. Turkey has been accepted as a candidate, but few EU countries can easily conceive of it as a member, even ten years from now. The fear in some quarters of bringing an Islamic country into Europe is at least as great as the desire, in other quarters, to show it can be done. Turkey's size and relative poverty exacerbate the problem. The result is that the EU risks opening negotiations with Turkey later this year with no serious intention of completing them.

The countries of the western Balkans—Albania, Bosnia, Croatia, Macedonia, and Serbia and Montenegro—have all been promised in principle that they can join the Union once they are ready. But that promise, given in 2003, has no timetable attached to it, and most of the countries are still a mess. Indeed, until the final status of Kosovo is decided in talks due to start this year, and until the relationship between Serbia and Montenegro is decided by a referendum next year, it is not even clear how many countries the region will comprise.

Only Croatia is anywhere near ready to start entry negotiations, but its hopes of doing so last month faltered when the EU decided that it was not co-operating with the Hague war-crimes tribunal, a precondition for talks. The Europeans mainly want Croatia to surrender, or to inform on, Ante Gotovina, a fugitive Croat army chief who has been charged with ethnic cleansing during Croatia's war with the Serbs.

Ukraine is not recognised as a candidate for Union membership, but if its new pro-western government forges on with bold political and economic reforms, breaking with Russian and post-Soviet models, accession talks will be hard to resist. But

there is a chicken-and-egg problem. Ukraine may be able to hold the course of reform only if it has a clear prospect of EU entry already in front of it, as was the case in Slovakia. Poland and most other central European countries think it is crystal clear that Ukraine should be offered a prospect of membership in order to stiffen its resolve. They want Moldova to follow, and some day even Belarus, if it can ditch its dictator of the past ten years, Alexander Lukashenka.

Losing the will to enlarge

But other EU countries disagree. They do not want to anger Russia, which sees these former Soviet lands as its sphere of influence. France nurtures Russia as a diplomatic ally. Germany relies on it for gas. Both want the Union to be nicer to Russia—unlike the new members, especially the Baltic states, who tend to view Russia as a nuisance if not an outright danger.

It is something of an irony, in sum, that while enlargement has become the most popular and successful instrument of regime change in Europe's history, the European Union is losing the will to enlarge any more. It does not really want any more members, save perhaps for Croatia, and only then because Croatia has such a beautiful coastline.

Of course, if truth were told, there was precious little popular support for last year's enlargement either. Like many other Union policies it was negotiated between governments and then implemented against a background of public indifference. A Eurobarometer opinion poll taken in 2002, just as EU governments were concluding terms for the 2004 enlargement, found that 41% of EU citizens did not want to know any more about the candidate countries, 76% did not wish to live or work in them, and 91% felt "no tie of any kind" with them.

History will surely judge the EU governments to have acted wisely, nonetheless, in pursuing the 2004 enlargement, and with it the rehabilitation of central Europe after half a century of communism. But some of those governments now find that they have frightened themselves, and many of their citizens, with the prospect of a wider and woollier Europe. Public opinion has been aroused. It worries about the shifting of factories and jobs to the low-wage economies of central Europe—*délocalisation*, as the French say.

In fact, the central European countries compete more often for projects against distant low-wage rivals such as China and Brazil, and all Europe benefits from central Europe's success. But still, some industrial capacity is shifting directly from the old to the new members. And some workers from central Europe are indeed entering western labour markets, often illicitly, since most EU governments have bowed to public opinion by closing their job markets to the newcomers. Such migration usually helps local economies, but it still upsets local interests.

Public opinion in western Europe also senses, accurately, that enlargement points the Union down a road which, if followed to its apparent conclusion, would mean open borders with the Balkans, wages in parts of Europe at Chinese levels, and Turkey as *primus inter pares* at EU summits. There may be much good to be said for each of these things, but public and even official opinion in many other EU countries is not yet ready to hear it. Anxieties about cultural integrity and national security are too strong.

Having been conceived as a way of exporting Europe's stability to neighbouring countries, enlargement is coming to be seen more as a way of importing instability. The emphasis throughout the West on national security since September 11th 2001 means that it is no longer clear even when the countries which joined the EU last year will be admitted to the Schengen zone of passport-free travel, if ever. They can join Schengen only with the unanimous approval of existing members, and that will not come if some interior ministers get their way, says one top EU official.

Whatever the outcome of the French referendum on the EU constitution, therefore, future enlargement is going to be much more difficult. Romania and Bulgaria should count themselves lucky if they get in under the wire, Croatia too. If the Union hangs together in its present form—by no means a certainty if France votes no next month—it may have to look for other ways to spread stability and prosperity to the mostly rickety countries round about. Already it offers nearby countries cash and technical aid, plus market access, in exchange for economic and political reforms based on European norms. But these exchanges are unlikely to produce the deep transformations which countries must attempt when they want to join the Union. They are regarded rather snootily by the recipient countries, which see themselves as being at once excluded and appeased.

One answer might be a two-tier Europe in which new countries would be invited to join the Union, but only on the basis that they would be denied Schengen membership, free movement of labour, farm subsidies, and the right to vote on constitutional issues for a long transitional period or even permanently. This would answer the main public worries in western Europe. It would anger the countries waiting to join, just as the piecemeal postponement of some rights and privileges has angered the countries which joined last year. Even so, would-be members may have to swallow some such deal, if the alternative is no more enlargement.

