
The May 2004 Enlargement of the European Union: View from Two Years Out

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Abstract: A prominent American geographer and observer of political currents shaping modern Europe provides an introduction and background for three following papers on the nature and impacts of European Union's 2004 enlargement in different macroregions along the EU's eastern frontier. He outlines three major dimensions (economic, social-political, and institutional) that may be used to evaluate claims supporting and opposing enlargement, surveying the evidence to date for each. Concluding sections highlight the importance of scale in assessing the impacts of enlargement, the persistence of state nationalism as a curb to EU "deepening," and changes in the nature of the EU itself over time. *Journal of Economic Literature*, Classification Numbers: F02, F20, F40, O19. 2 figures, 20 references. Key words: European integration, European Union, EU enlargement, EU Constitution, labor migration, unemployment, nationalism, Treaty of Nice.

Just over two years ago, the European Union (EU) added 10 new member states, 77 million people, and over 700,000 square kilometers. The addition of eight central and eastern European countries (Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, and Slovenia) and two Mediterranean islands (Cyprus and Malta) was one of the most ambitious initiatives in the five-plus-decade history of European integration. Never before had the EU (or its predecessor entities) taken on so much new territory at one time or added economies that were so dissimilar from those of existing members.

It is clearly too soon to make any definitive judgments about the success of the May 2004 enlargement. Nonetheless, a vigorous debate has emerged in Europe over the impacts of enlargement. The debate is symbolized by the headlines of two stories that appeared during the same week in February 2006 in London's *Financial Times*. One was titled "Bigger Not Really Better as the EU Heads for a Log Jam" (Parker, 2006a); the other trumpeted the idea that "Enlargement is a Great Unsung Success Story" (Peel, 2006). The EU itself is of course not on the sidelines. During 2006 the European Commission issued a series of press releases and reports highlighting the benefits of enlargement (e.g., *EU News*, 2006).

The stakes are high in this debate because how Europeans view the 2004 enlargement will have an impact on their support for policies that shape the direction of the EU in the years to come—including the potential addition of even more member states. With less than two full years of economic and demographic data available, it is difficult to assess the contentions made by either side. Nonetheless, some of the broad impacts of the 2004

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enlargement are beginning to come into focus—and the effort to analyze the claims from both sides of the debate can benefit from careful consideration of what those impacts are. Toward that end, this paper offers an overview of the major economic, socio-political, and institutional changes accompanying the EU's expansion from 15 to 25 member states. The paper is then followed by three studies that explore the nature and impacts of enlargement at three points along the EU's expanding eastern frontier: the north (Melanie Feakins and Luiza Bialasiewicz), the center (Peter Jordan), and the south (Carl Dahlman). Harm de Blij closes the set of papers on the May 2004 enlargement with a general framing commentary.

THE ECONOMIC PICTURE

By most reckonings the European economy has benefited from the May 2004 enlargement. This is clearly the conclusion of a major EU study released to mark the second anniversary of the new EU (Bureau of European Policy Advisors, 2006). The report draws on a range of data to show that integration has produced stronger economic growth in the new member states (EU-10) without inflicting economic harm on the older member states (EU-15).

Because the new member states represent less than five percent of the EU's total gross domestic product, the impacts of enlargement are necessarily greater for the EU-10 than for the EU-15. Looking at developments since the early-to-mid 1990s, when the new member states began adopting rules and regulations that would make them eligible for EU membership, the report highlights a series of ways in which the EU-10 have benefited from European integration. In qualitative terms, the reforms adopted in the wake of the accession process have helped to modernize the economies of the EU-10, bringing about greater macroeconomic stability and opening up opportunities for businesses. In quantitative terms, the economies of the EU's newest members grew at an average annual rate of 3.75 percent during the period 1997–2005 (as opposed to an average 2.5 percent annual growth rate for the EU-15). There is also evidence of expanding trade between the EU-10 and the EU-15, growing foreign direct investment flows into the EU-10, and both a gradually strengthening employment picture and declining trade deficits in the new member states (Bureau of European Policy Advisors, 2006, pp. 2–7).

As for the longer-standing members of the EU, the report shows that their share of trade with the EU-10 increased from 56 percent in 1993 to 62 percent in 2005 (Bureau, 2006, p. 60). More importantly, the report marshals considerable evidence to refute the idea that enlargement is leading to an economically detrimental eastward migration of jobs and westward migration of people. On the jobs front, the EU Commission cites only a few instances in which major west European employers have moved their operations to the east,² although other commentaries suggest the Commission may have underplayed the extent of this phenomenon (see, e.g., Barysch, 2006). As for human migration, available data indicates that the flow of labor from the EU-10 to the EU-15 has been relatively modest.

This last issue is particularly sensitive, as fears about a flood of workers migrating west from the new central and eastern European EU member states to take jobs from west Europeans was a matter of considerable concern before the May 2004 enlargement. The concern was so great that only three of the older EU member states—the United Kingdom, Ireland, and Sweden—lifted labor restrictions on incoming workers from the new EU states.

²E.g., Peugeot's decision to relocate car production from the United Kingdom to Slovakia.

Yet much of the evidence to date suggests that the number of labor migrants has been modest, and that their economic impact on the receiving countries has been positive.

The most comprehensive assessment of these matters comes from a European Commission study released in early 2006 (Commission, 2006). The report shows a modest increase in the number of EU-10 workers in EU-15 countries since enlargement, but no EU-15 country with a percentage of EU-10 workers exceeding two percent of the total workforce, and only two countries with a figure of more than one percent (1.4 percent in Austria and 2.0 percent in Ireland; Commission, 2006, p. 17). The more spotty data on absolute numbers of labor migrants is consistent with this picture. Poland is the largest labor exporter in the EU-10, yet a recent report to that country's Ministry of Foreign Affairs shows that during the first two years of enlargement, only some 200,000 Poles took jobs in the United Kingdom, 76,000 in Ireland, and 8,000 in Sweden (Iglicka, 2006). These numbers suggest that the friction of distance, the difficulty of moving to a different linguistic and cultural context, and improving conditions in central and eastern Europe have worked against the flood of east-to-west migrants that some feared.

Beyond the issue of migrant numbers, the European Commission reports discussed above find strong evidence that workers moving west from the EU-10 have both helped to alleviate labor shortages in the EU-15 and contributed to economic growth. The reports found particularly strong benefits in the United Kingdom, Ireland, and Sweden (i.e., the countries with open labor markets). These findings are consistent with the conclusions of a number of Irish economic analysts, who suggest that as much as one quarter of the current growth in Ireland's economy can be attributed to migrant labor coming from the new EU states (Peel, 2006). The leaders of some other EU-15 countries are apparently convinced; Spain, Portugal, Greece, and Finland recently decided to open their labor markets. Nonetheless, eight EU-15 countries have extended their labor restrictions for at least two more years.³

For all the economic positives, some words of caution are in order. First, the track record since the May 2004 enlargement is short. It will be several more years before the longer-term impacts of enlargement can be assessed. Second, it is virtually impossible to filter out exactly what can be attributed to enlargement, and what would have happened under any circumstances. It is easy to point to significant increases in trade and financial flows between longstanding and new EU member states, but some of those increases would likely have occurred even if the May 2004 enlargement had not taken place. Finally, despite the encouraging performance of the EU-10 economies in recent years, the gap between those economies and their counterparts in the EU-15 remains substantial. Average incomes in the EU-10 have risen since 1997, when incomes were 44 percent of the average for EU-15 countries. But the gap only closed by six percentage points between 1997 and 2005 (Parker, 2006b). At that rate, it will be decades before something close to parity is achieved.

Whatever the complications, the early signs point to a positive macroeconomic impact of enlargement. This does not mean that everyone views the enlargement as a success or that key institutional challenges have been met. Nor does it mean that there are not winners and losers in the enlargement process—both individually and regionally. It is to these matters that I now turn.

³France, Belgium, and Italy are among the countries that have extended their labor restrictions, but they have loosened their quotas on how many work permits will be issued to workers from EU-10 countries.

THE SOCIAL AND POLITICAL ENVIRONMENT

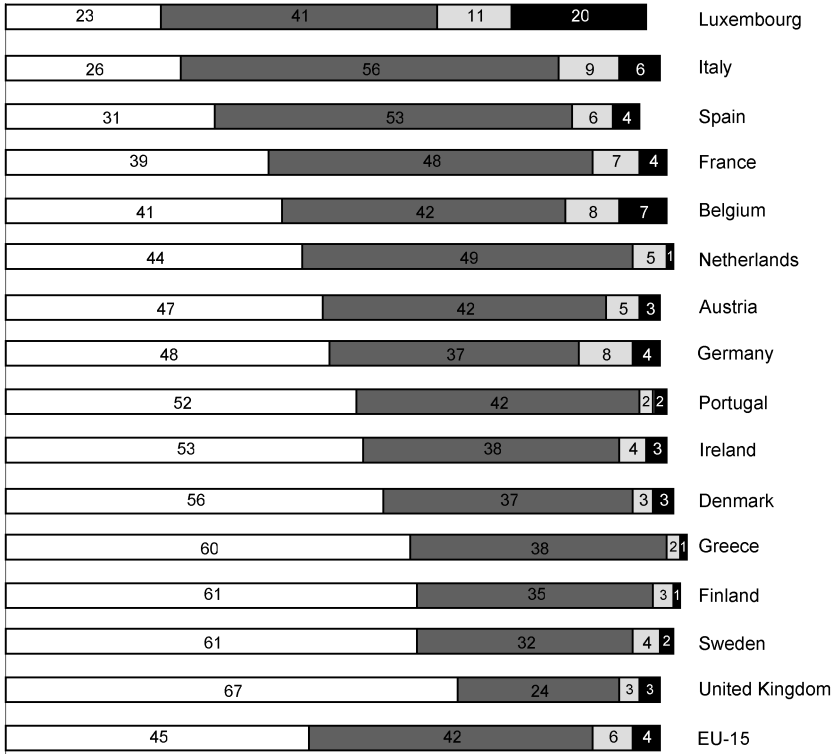
To date the social and political successes of the May 2004 enlargement of the EU do not match the economic successes. Recent Eurobarometer surveys⁴ show that a significant majority of Europeans see the EU as an engine of peace and stability and feel that west European countries have some obligation to help their counterparts to the east (European Commission, 2006, pp. 20–25). Nonetheless, even supporters of European integration worry that enlargement has made the EU increasingly unwieldy and bureaucratic (see, e.g., Rhein, 2006). They are concerned that it will contribute to the much-discussed “democratic deficit” in Europe, and that it will dilute the influence of the states in which they live. They also worry about opening the floodgates to additional entrants. And European Commission reports notwithstanding, they worry about job losses, the integration of peoples from distant countries, and economic destabilization.

The single greatest political impact of the May 2004 enlargement was arguably the defeat of the proposed EU Constitution in 2005. There is certainly not universal agreement that enlargement was responsible for the Constitution’s defeat. Some saw the French and Dutch “no” votes as a rejection of creeping neo-liberal economic reforms or as a repudiation of those in power. Yet there is much to suggest that the May 2004 enlargement was of central importance to the vote’s outcome. Among the most frequently cited reasons for voting down the Constitution were the bureaucratization of the EU and concerns over the loss of local autonomy and influence (see generally Kramer, 2006). These are both directly tied to the addition of 10 new countries to the EU, because the 2004 enlargement necessarily made the EU more cumbersome and weakened the influence of each individual part on the whole.

Of course, the Constitution might well have had difficulties even if enlargement had not been a factor. At more than 300 pages of dense text, it certainly did not dispel any concerns about bureaucratization. Moreover, its call for a single EU foreign minister and a full-time president of the European Council were not universally popular. But coming at a time when voters were already worried about the impacts of enlargement, concerns over bureaucratization and centralization were heightened. Even more importantly, one of the most significant changes embedded in the Constitution was the elimination of single-country vetoes on basic legislation (although not on major foreign policy matters). This provision, coming at a time of growing uncertainty about the erosion of local and national autonomy in the wake of the 2004 enlargement, arguably encouraged many to view the Constitution as another step toward surrendering national identity.

The importance of this last point is often underplayed in studies of European integration, but it is of critical importance. The European integration project is extraordinary in many ways, most strikingly because of its role in transforming a region riven by centuries of conflict into a zone of comparative peace and prosperity. In the process, nationalism has softened and feelings of “Europeaness” have grown. This is clearly revealed in a 1999 Eurobarometer survey exploring feelings of attachment to individual states and the European Union (European Commission, 2000; see Fig. 1). When asked to choose between identification with the nation (i.e., state) only, with Europe and the nation, or with Europe only, on average more than 50 percent of respondents throughout the EU-15 answered in a manner that included Europe in the mix (i.e., they felt attachment to both their nation and Europe, or to Europe

⁴Eurobarometer surveys, performed by the Public Opinion Analysis sector of the European Commission, are cross-national longitudinal surveys (standard sample size = 1,000 per country) designed to provide information on attitudes and views relating to matters of importance to the EU.



■ Pct. European only □ Pct. European and nationality ■ Pct. nationality and European □ Pct. nationality only

Fig. 1. Selected results of 1999 Eurobarometer survey (Eurobarometer, 2000) of feelings of identification with one's home country or EU-15 ("Nationality") and the EU-25 ("Europe").

only). In many respects, this is remarkable. There is surely no other suprastate region in the world where a sense of identity with the region is as strong as it is in Europe.

Having made this point, both academics and certain political elites have, in the words of William Pfaff (2005), "consistently underestimated forces of national identity and ambition." To read the Eurobarometer survey another way, in seven of the EU-15 countries, a majority of the population identifies with the nation only. Even more strikingly, in all EU-15 countries except Luxembourg, no more than 15 percent of the population see their identity primarily in European terms (i.e., as European only or as Europe before nation). This means that even as the successes of European integration are celebrated, any realistic assessment of what is happening in Europe today must continue to take nationalism into account.

Certainly nationalism would have figured in a vote on an EU Constitution even if enlargement had never occurred. But looking at the May 2004 EU enlargement from a geographical perspective highlights the links between the two. In an EU of 15, France and the Low Countries are at the physical and demographic heart of the EU. They are in a position to exert strong influence on the direction the EU takes and play a central role in the movement of capital, goods, and people. In an expanded EU, not only is the power of individual units weakened; the center of gravity of the union moves. The "no" voters in France and the Netherlands were in part responding to this circumstance. Moreover, their concerns about

national marginalization were exacerbated by another geographic phenomenon: the migration to France and the Netherlands of substantial numbers of peoples from North Africa and Southwest Asia over the past several decades. The challenge of integrating these peoples has fostered growing concern over what it means to be French or Dutch. When an enlargement that potentially challenges national autonomy comes on top of this, it is not surprising to find many people turning away from a Constitution that is seen as promoting a shift in power away from individual states.

None of this means that most Europeans believe that EU enlargement is necessarily a mistake. A summer 2006 Eurobarometer poll shows that, across Europe as a whole, 45 percent of the population are generally supportive of enlargement, as opposed to 42 percent that are opposed⁵ (European Commission, 2006, p. 3). Support is particularly strong in the new member states. Among the EU-15, an absolute majority favors enlargement in Greece, Spain, and Denmark, and a relative majority (i.e., more than half of those who have an opinion) expresses support in Sweden, Italy, Portugal, Ireland, and the United Kingdom. This still leaves five EU-15 countries with majorities opposing enlargement: Germany, Luxembourg, France, Austria, and Finland. The sentiment in these countries is fairly strongly negative; opposition to enlargement exceeds 60 percent in all those countries except Finland.

The strength of anti-enlargement feeling in several of the EU-15's core states signals a clear challenge for European integration in the years ahead. Whatever European Commission reports may say, there is clearly a sizeable group that is skeptical of the benefits of enlargement. Skepticism even extends to the economic arena. One of the most telling segments of the recently released Eurobarometer report shows that only 43 percent of Europeans across all 25 EU countries agree with the statement "in economic terms, the enlargement of the European Union increases prosperity for all Europeans" (European Commission, 2006, p. 46). Germans, French, and Luxembourgers express the lowest levels of agreement with this statement (30 percent agree in Germany and Luxembourg, and 34 percent in France). Moreover, agreement with the statement exceeds 50 percent in only five EU-15 countries: Greece (52 percent), Belgium (51), Sweden (51), Spain (51), and Ireland (61 percent).

The breadth of negative attitudes toward enlargement not only signifies concerns about the EU in its current configuration; it suggests that adding new member states to the EU may become increasingly problematic. Accession negotiations for Bulgaria and Romania are almost complete, and those two countries are likely to join the union within the next two years. But at least for now, support for further enlargement appears to be shaky at best. Europe is suffering from what some have called "enlargement fatigue" (see, e.g., Timmins and Jović, 2006). Concern about potential Turkish membership in the EU is particularly strong. Across the 25 EU member states, only 39 percent of the population favors Turkey joining the union after meeting the conditions set forth by the EU, as compared to 48 percent that oppose Turkish membership (European Commission, 2006, pp. 70–71).⁶

Whatever the future may hold, it is clear that the 2004 enlargement of the EU has not been an unmitigated social and political success. Enlargement certainly had many positive dimensions, but those must be viewed alongside what Quentin Peel (2006, p. 15) describes as an "underlying concern that the EU has become too big, too distant and, for a growing number, too threatening to their livelihoods." Such concerns are part of the debate over the direction the institutional structure of the EU should take.

⁵The remainder are undecided.

⁶For background on Turkey's possible accession, see *inter alia* Dahlman (2004).

THE INSTITUTIONAL PICTURE

For decades discussions about the future of European integration have been framed in terms of the twin challenges of widening (i.e., expanding the EU territorially) and deepening (expanding the EU's legal competence and scope of action). In a summer 2006 piece in the *Washington Quarterly*, Gideon Rachman (2006) persuasively argued that even though widening and deepening often were seen as mutually exclusive processes, before 2004 EU territorial expansion did not come at the expense of deepening. Instead, widening and deepening often aided and abetted one another.

The calculus fundamentally changed with the 2004 enlargement. The heart of the problem is that rules and procedures designed for a Europe of 6, 12, or even 15 member states, most of which had relatively strong economies, are not easily transferable to a much more economically diverse Europe of 25 members. The sheer scale of the 2004 enlargement, together with the economic disparities it introduced into the union, necessarily worked against deepening. Indeed, the decision to bring in 10 new member states from central and eastern Europe and from the Mediterranean arguably meant abandoning the goal of creating a single, large-scale, closely integrated political-territorial unit in Europe—at least for the foreseeable future.

Prior to the 2004 enlargement, recognition of the need for institutional reform led to negotiations that culminated in the Treaty of Nice (European Commission, 2001). This highly controversial treaty introduced a new “qualified majority” voting system, increased the size of the European Parliament, and established relative voting weights for post-enlargement member states in the Council of the EU (favoring Spain and Poland, and working to the disadvantage of Germany). Agreement could not be reached on a number of critical institutional issues facing the EU—contributions to the EU budget, the size and role of the European Commission, the long-term structure of the EU's agricultural and regional development programs—so decisions on these matters were deferred. The Treaty of Nice was adopted with little enthusiasm, partly because there was no alternative and partly because many pinned their hopes on a Constitution that would make the treaty moot.

The 2004 enlargement took place against the backdrop of a controversial treaty covering some issues and postponing others. With the subsequent defeat of the draft Constitution, the EU continues to be governed by a number of treaties, including the Treaty of Nice. Moreover, decision making about many of the postponed issues continues to be deferred. Under the circumstances, the present period is one of unusual institutional uncertainty for the EU. The way forward is murky, and it will almost certainly be rocky.

New negotiations over matters such as the allocation of voting rights in the European Council are likely to produce adjustments to the Treaty of Nice in the near future. But a host of fiscal and power-sharing issues loom, including such volatile matters as the scope of single-country vetoes and the degree to which some areas in the EU are willing to subsidize the economic development of other areas. Moreover, agreement on such matters now has to be achieved across 25 member states, with well-documented differences not just in economic standing, but in political-economic orientation (see generally Stephanou, 2006). It can be said with reasonable confidence, then, that the 2004 enlargement has made common action more difficult and has raised fundamental questions about just how “deep” the new EU can be. As French Prime Minister Dominique de Villepin noted (quoted in Parker, 2006a), it has contributed to a sense of “disarray” in Europe.

None of this means that Europeans are ready to abandon the experiment with integration. Those who voted against the draft EU Constitution were not voting against the idea of

integration; they were simply expressing dissatisfaction with the seemingly unwieldy form it was taking. Nonetheless, the defeat of the Constitution likely means that, at least in the near term, integration will take on a more variegated institutional form—with different combinations of states participating in different types of integration initiatives. There is already precedent for this. The Schengen agreement on open borders between countries, the European monetary zone, and the European security organization involve different geographical configurations of member states. It seems likely that the 2004 enlargement will make such arrangements increasingly common (see Pfaff, 2005).

REGIONAL DIFFERENCES

Important local and regional issues exist that are not revealed in a generalized overview of the sort presented above. The papers following this overview provide insight into some of those issues. To put those papers into context, however, it is useful to consider some of the major regional differences that have emerged in the wake of the 2004 enlargement.

At a broad spatial scale, there is an unsurprising general difference between the way enlargement is viewed in the longer-standing and newer EU member states. The recently released Eurobarometer on enlargement is revealing on this point. A majority of respondents in all EU countries agreed that enlargement is “a good way to unite the European continent” and “strengthens the European Union” (European Commission, 2006, pp. 22-23). But all the states with below-EU average levels of agreement on these two statements were EU-15 countries except Estonia and Latvia—countries where support for even joining the EU was somewhat tepid due in part to concerns among their substantial Russian-speaking minority populations.⁷ A similar divide between EU-15 and EU-10 countries emerges over the perceived economic impacts of enlargement. When the citizens of EU countries were asked whether they agreed with the idea that enlargement of the EU “increases prosperity for all Europeans,” every country with responses below the EU average level of agreement (which was 43 percent) was part of the EU-15 (European Commission, 2006, p. 46).

There is, of course, variation within the older and newer parts of the EU on each of these matters. Figure 2 provides some sense of those variations at the state scale. The starting point for Figure 2 is the three questions set forth in the previous paragraph.⁸ For each of those questions, responses by country were grouped into three categories: those with levels of agreement at least 10 percentage points above the EU average (suggesting a view of enlargement that is significantly more positive than the EU norm); those with levels of agreement within 10 percentage points of the EU average (suggesting a view of enlargement consistent with the EU norm); and those with levels of agreement 10 percentage points or more below the EU average (suggesting a view of enlargement that is significantly less positive than the EU norm). A score of three was assigned to responses in the well above-average range, two to responses in the medium range, and one to responses in the well below-average range. The scores for all three questions were then totaled. If responses were in the below-average

⁷More than 75 percent of the voters favored joining the EU in all central and eastern European countries except Estonia and Latvia, where the “yes” vote was 67 percent (in each country).

⁸Those questions were selected because they were framed to solicit general reactions to enlargement and were not tied to politically contentious issues. By contrast, responses to a question such as whether enlargement facilitates progress toward political union (European Commission, 2006, p. 39) are likely to be skewed by the respondents’ view as to whether political union is a good idea.



Fig. 2. Levels of support for EU enlargement (aggregate score on three Eurobarometer, 2006 survey questions designed to gauge general reactions to enlargement; see text for details).

category, the total would be three. If they were in the above-average category for each of the three questions, the total would be nine.

The scores ranged from a low of four (for Austria, France, Germany, and the United Kingdom) to a perfect nine (for, Belgium, Cyprus, Ireland, Malta, Poland, Slovakia, and Slovenia). Figure 2 comprises a map based on grouping the EU countries into the following three categories depending on their scores: 4-5, 6-7, and 8-9. The map clearly shows a group of low-support states at the core of the EU-15. The presence of the two major engines of European unification movement in this group—France and Germany—highlights the significance of the challenge the EU faces in the wake of the 2004 enlargement. Interestingly, though, several EU-15 countries lie in the high-support category, namely Belgium, Ireland, Denmark, Sweden, and Greece. Belgium is hardly a surprise given its role as *de facto* capital of the EU, and Ireland's forward economic surge of recent years might well explain a generally positive attitude in that country toward building an ever larger, more integrated Europe. Reasons for the generally positive view of enlargement in the other three countries are less

readily apparent. In the cases of Denmark and Sweden, high support may be tied to the prospect of trans-Baltic economic ties. Greece's positive view may reflect its long-standing support of Cyprus' EU candidacy and the fact that enlargement makes Greece less geographically isolated.

On the flip side of things, many EU-10 countries are in the high-support group—a likely reflection of the desire on the part of many to distance themselves from their Soviet-dominated pasts. This clearly seems to be a dynamic at work in countries such as Poland, where many citizens have long sought to promote the country's "Western" status in opposition to its larger neighbor to the east. Yet not all EU-10 countries are in the high-support group. Support for enlargement is notably weaker in Estonia, Latvia, and the Czech Republic. As already noted, the presence of a significant Russian-speaking minority in the first two may help explain this result. As for the Czech Republic, the Czechs were one of the least enthusiastic joiners of the EU due to concerns about the impacts of EU trading practices on the agricultural sector and conflicts with the European Commission during negotiations. Euro-skepticism was certainly in evidence among key political leaders, including former Prime Minister Vaclav Klaus.

Of course, general public attitudes are not necessarily determinative of a state's posture on particular issues, nor are those attitudes static. A governing coalition noted for its euro-skepticism has come to power in Slovakia, and the Poles have also elected a government that is committed to a more "patriotic foreign policy than its leftwing predecessor" (Wagstyl, 2006). These developments may signal a backlash against further integration in both of those countries. In the short run Poland is less likely to move away from the high-support group because, as responses to the Eurobarometer survey questions confirm, many Poles welcome the decline in unemployment, the flow of agricultural subsidies, and the increase in foreign direct investment that have accompanied their country's EU initiation (see generally Iglicka, 2006). Nonetheless, the new government's reserved approach to the EU has translated into a number of clashes with other EU countries over fiscal and regulatory issues, and it could well herald additional difficulties as the EU wrestles with the institutional reform challenges outlined above.

At the sub-state scale, the functional and perceptual impacts of the 2004 enlargement of the EU are even more complicated. Assessing these in any detail is well beyond the scope of this overview, but a few general points are worth noting. First, the political and economic elites are, for the most part, the strongest proponents of enlargement, meaning that attitudes toward enlargement within countries loosely follow urban-rural and core-periphery lines. Less well-off areas within EU-15 countries are often zones of particular concern over enlargement. There are three reasons for this. First, enlargement will inevitably shift an increasingly large percentage of the EU's regional development funds to the east—meaning that poor regions in the west will receive less aid. Second, one of the greatest concerns about EU expansion in the west is that migrants coming from cheap-labor countries will take jobs from the locals. This is a particular concern in France, Germany, and Austria (Peel 2006), where poorer regions are already struggling with high unemployment rates. Third, there is already some evidence that, in the wake of the 2004 enlargement, investment capital from well-off regions in western Europe is bypassing less prosperous nearby regions and instead flowing to central and eastern Europe. This can work to the disadvantage of places such as the former East Germany, which now must struggle to compete for west German investment capital with Poland, the Czech Republic, Slovakia, and the Baltics (e.g., see Johnson, 2006).

As for substate differences within the EU-10, the adjustments that towns and cities are making in the wake of accession to the EU will likely produce complex patterns of support

for European integration. Some rural farming areas of Poland are experiencing in-flows of agricultural aid that have undoubtedly boosted support for the EU in its current form. At the same time, the out-migration of semi-skilled labor from more industrialized areas, while reducing unemployment somewhat, can also “break families and rob exodus states of valuable skills” (Wagstyl, 2006). Communities that are particularly hard hit are less likely to see themselves as beneficiaries of European integration.

CONCLUSION

The structure and purpose of European integration was fundamentally altered by the collapse of the post–World War II order in 1989. For moral and practical reasons, the core countries of the EU saw no alternative but to bring their central and eastern European neighbors into the framework of European integration. In the process, the very nature of the EU had to change. From the perspective of just over two years out, we can only grasp some aspects of that change. It seems increasingly clear, however, that the change is not a minor one.

The addition of 10 new countries with substantially different economic profiles from most long-standing member states has altered patterns of interaction and investment. It has facilitated migration flows and generated new regional cooperation initiatives. It has changed the position of individual states with respect to the whole, while shifting the perceptual borders of what is thought to be Europe’s core to the east. It has galvanized some, while discouraging others.

Whatever may be said about each of these developments—and this paper has only skimmed the surface of some of them—they collectively have produced an unprecedented challenge to the European integration experiment. This is not a challenge that will likely lead to the collapse of the EU, but it is one that undermines some long-held assumptions. Chief among these are the idea that state nationalism will increasingly recede in the face of an ever-expanding union, the idea that success for the EU necessarily equates with “deepening,” and the idea that being within the EU is an all-or-nothing proposition. The 2004 enlargement has not only put the question of the future of Europe squarely on the agenda; it has fundamentally shaped the way the question is viewed. As the EU struggles with a post–Nice Treaty architecture and the addition of yet more countries, the functional and perceptual impacts of the 2004 enlargement inevitably will loom large.

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