

In the nick of time

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If the recent entry of 12 new EU members had been delayed much longer, it might never have happened, argues David Rennie (interviewed [here](#)). That would have been an historic error

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IN ITALY'S recent general election, voters in the north of the country were greeted by posters showing a Native American chief in feathered headdress (pictured above). The caption read: "They suffered immigration, now they live on reservations." The posters were the work of the Northern League, a regionalist grouping that blames immigrants and globalisation for many of Italy's ills. The party struck a chord: it almost doubled its share of the vote. Silvio Berlusconi, the overall winner, chimed in, declaring that Italy should close its borders and open camps so police could track down jobless foreigners.

Italians knew whom he was talking about: an estimated half a million Romanians living in Italy, many of them gypsies (Roma), who are blamed for a spate of violent crimes. Romania, along with Bulgaria, joined the European Union at the beginning of last year, giving its citizens the right to travel freely all over their new club. Many duly went west. Mr Berlusconi's oddly precise promise to round up jobless foreigners was no accident. One of the few legal grounds for expelling foreigners from another EU nation is to show they have no means of support. To show that they have a criminal record is not enough: EU citizens may be deported only if they gravely threaten public order.

The arrival of Bulgaria and Romania completed what Eurocrats call the "fifth enlargement" of the union, begun in May 2004 with the admission of ten new members, from Estonia in the north to Cyprus in the south. In under three years the EU grew from 380m people in 15 countries to half a billion in 27.

This report will argue that enlargement has been a force for good. Freedom of movement is a founding principle of the European Union and one of its greatest strengths. Successive waves of enlargement have injected new life into societies and labour markets across old Europe that were in danger of sinking into elegant, arthritic decline.

Freedom to trade has also brought huge benefits. The most recent enlargement added a dozen mostly fast-growing, unusually open economies to the single market, providing a big boost to anaemic EU growth rates. Dan Hamilton, an American academic, calls Europe's eastern fringes "the China next

door”.

The accession process that began more than a decade ago provided an historic incentive for reforms. Yet the expansion of the club has been jarring for citizens of older member countries (for example, Italy) who have discovered that their national governments are no longer in full control of their borders.

Many people in older EU member countries believe that enlargement has triggered a wholesale exodus of jobs from west to lower-paid east. According to a 2006 Eurobarometer poll, three-quarters of EU citizens think that enlargement speeds the transfer of jobs to countries with cheaper labour. Yet according to the European Restructuring Monitor, an official survey, only 8% of EU jobs lost to restructuring between 2003 and 2006 involved offshoring.

Globalisation started long before enlargement, but enlargement has crystallised public fears about it, often setting one corner of Europe against another. Nokia bosses were heavily criticised earlier this year when they announced the closure of a mobile-telephone factory in the German city of Bochum and the transfer of the work to Cluj in Romania. A German minister demanded assurances that EU funds would not be used to subsidise the move.

In truth, EU firms have been investing heavily in central and eastern Europe since soon after the Berlin Wall came down, and Italy was home to about 350,000 Romanian migrants before Romania joined the union. Yet public fears about Polish plumbers and other bogeymen are real enough. Even though German exporters have flourished by selling to the new member states, 63% of Germans, according to Eurobarometer, think that enlargement is making Europe as a whole less prosperous.

Some of the newcomers have not helped their cause since joining. Nasty populists have done well in elections in several countries, and Romania, Bulgaria, Slovakia and the Czech Republic have shown prejudice against the Roma too. But then prejudice, bad government, corruption and organised crime are not the exclusive preserve of the new members. Some existing members have been setting a bad example for them.

Nor was the fifth enlargement a simple matter of countries governed by former dissidents accepting the democratic embrace of the West. Plenty of ex-communists smoothly relabelled themselves and hung on to power across the block. Brussels is full of talk about “backsliding” to describe the way that politicians in the new member countries forgot, or actively undermined, reforms that the EU demanded during accession negotiations. Corruption and organised crime blight many of the newcomers. Parliaments and ministerial suites shelter too many bad men.

All this has led some to suggest that enlargement happened too soon, and that many of these problems could have been avoided by waiting until the accession countries were better prepared. This report will argue the opposite: that enlargement came in the nick of time. Inside the candidate countries the first victims of further delay would have been reformers who for years had been pushing painful changes as vital for achieving EU membership. Had the public started to doubt that entry was fairly imminent, the drive for reforms would have been undermined.

For the existing member countries, three big reasons would have made enlargement far more difficult if it had come any later than it did. These can be summarised as migration, money and Moscow.

The m-words

First, migration. Immigration from the east to the EU accelerated with the 2004 enlargement, though it had been going on for years before that. As the Italian example shows, if any one of the 12 new members, especially Romania and Bulgaria, were still queuing to enter the EU, there would now be a heated debate about immigration, and the EU keystones of free movement of people, capital, goods and services might soon be under attack.

Second, money. During the long years of entry negotiations, many European economies were doing pretty well. Now, with the world looking bleaker, the older members might be feeling a lot less generous. Back in 2002, 66% of the French supported the coming EU enlargement. By early 2006, France’s then prime minister, Dominique de Villepin, was blaming enlargement for the French rejection

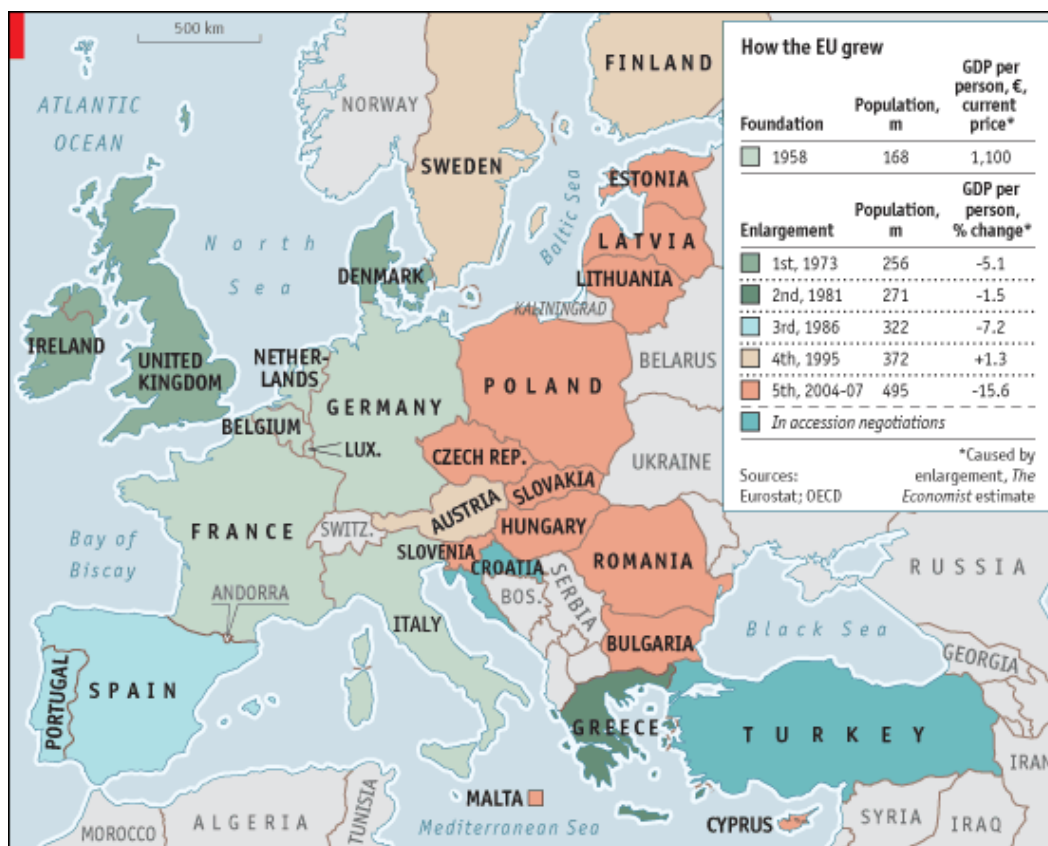
of the EU constitution in a referendum the previous summer. "France did not say no to Europe," Mr de Villepin told an EU meeting in Salzburg; rather, Europe did not adequately prepare the ground for the enlargement of 2004.

The European Commission ordered an opinion poll in France immediately after the "no" vote in 2005 which identified three main reasons why French voters rejected the constitution: it would shift jobs out of France; the document was overly liberal and pro-market; and the economy was ailing. (A similar poll carried out after Dutch voters said no in their own referendum, days later, found that only 7% of respondents were worried mainly about the loss of jobs overseas. The most common explanations were "a lack of information" and concerns about national sovereignty.)

Money worries would play a bigger part if the latest round of EU enlargement were still being debated now. Poorer countries have been admitted before. When Greece joined in 1981, its GDP per person stood at 58% of the then European Community average (at purchasing-power parity). When Spain and Portugal came in five years later, their income was around 70% and 56% of the EU average respectively. But the newcomers are in a different class of poverty. For Poland, the figure at entry in 2004 was about half the EU average. When Bulgaria and Romania joined last year, theirs were 38% and 40% respectively.

The newcomers are different in other ways too. Romania, which added 4.5m farm holdings when it joined, now accounts for a third of all the farms in the union. (It also brought several thousand wild bears, more than doubling the EU's bear population overnight.) The newcomers have changed established views of EU history, which had long concentrated on the West and Franco-German reconciliation. As one official puts it, they are full of people for whom 1945 was not a "magic year" but the start of a new occupation.

That occupation was ordered from Moscow, and Russia's increasing assertiveness is the final reason to believe that enlargement happened just in time. EU enlargement brought dramatic changes in Russia's backyard and reduced the country's sphere of influence. Yet Russia did not block the eastern expansion of the EU.



In reality, Russia's then president, Vladimir Putin, raised only two big concerns ahead of the event, recalls Günter Verheugen, a former EU enlargement chief. One was to protect the status of the Russian language and the rights of non-citizens in Estonia and Latvia. The second, and trickier, one involved Kaliningrad, a chunk of Russian territory sandwiched between Poland and Lithuania (see map). To the horror of eastern European governments, Mr Putin proposed linking Kaliningrad with the rest of Russia by a railway corridor drawn across Lithuanian territory. At a summit in 2003, Italy (then, as now, led by Mr Berlusconi) backed Russia's plan, with encouragement from France. Britain, Sweden and Germany opposed it. Residents of Kaliningrad now travel through Lithuania on a simplified visa. It is not hard to imagine Russia playing even tougher today than it did five years ago.

Earlier this year Mr de Villepin, now safely out of office, told a Belgian newspaper that enlargement was proof of Europe's "genius" for getting along with others. Had it, he mused, been in Europe's interest to open its doors to the nations of the east? "No. But Europe had no other choice but to hold out its hand."

This report would not dispute that Europe had no choice, but it will also contend that enlargement was very much in the union's interests. It will describe an enlarged Europe that is changing fast, in terms of globalisation, infrastructure or efforts to resolve the remaining legacies of communism. It will ask why EU membership has so far failed to end the frozen conflict in Cyprus, and whether that is about to change. On all these fronts, it will argue, it is a good thing that half a billion Europeans are now in this together.

Corrections: our map showed Slovakia and Slovenia the wrong way round and gave the Åland Islands to Sweden rather than Finland. These mistakes were corrected on May 30th 2008. Also, the legend for Turkey and Croatia was "Applications submitted", but should have been "In accession negotiations". This mistake was corrected on June 2nd 2008.

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