Policy Analysis: The European Union's decision to undertake the 2004 enlargement, encompassing ten new member states

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ABSTRACT

In 2004, the EU undertook its fifth enlargement, encompassing ten new member states. The ‘big bang’ enlargement was the largest in the EU’s history, incorporating more countries and languages than any previous enlargement, as well as the biggest expansion of the EU’s population and territory. Despite the considerable political and economic incentives associated with unifying Western and Eastern Europe, many of the EU’s pre-existing members were reluctant to support the policy, fearing that it would result in a flood of Eastern European workers into Western Europe and place excessive strain on the EU’s institutional framework. This paper analyses how EU policymakers presented the decision to undertake and implement the fifth enlargement of the EU, the issues that were perceived to be the policy’s greatest benefits and risks, as well as alternate strategies that were considered in place of a ‘big bang’ approach. In assessing the main successes and failures of the policy, this paper argues that despite the considerable wealth, education and employment gap that still divides Western and Eastern Europe, the fifth enlargement has created a more stable Europe, presenting economic opportunities for both new and old EU members and encouraging overdue reforms to the EU’s institutional framework.
Introduction
On May 1 2004, an historic 75 million new citizens were welcomed into the EU with ceremonies, fireworks and concerts across the continent. This ‘big-bang’ enlargement, which saw ten new member states (NMS)\(^1\) enter the EU, was the largest expansion in the EU’s history, adding more new countries and languages than any previous enlargement\(^2\), as well as being the biggest increase in size of both the EU’s territory and population\(^3\). The event was celebrated as the dawning of a new era: the Iron Curtain had fallen, peace and democracy had triumphed over oppression and totalitarianism, East and West were united as ‘One Europe’ and were ready to move forward together.

Crucially, however, as Neuder noted "enlargement is a process not an event".\(^4\) The process to achieve it began more than ten years before accession was granted to candidates. Following the collapse of East European communist regimes between 1989 and 1991, the EU showed interest in extending EU membership to the CEECs, and the 1991 bilateral 'European Agreements' signed by Hungary and Poland were considered the first step in that process.\(^5\) However, the prospect of granting full EU membership to the CEECs was only formally acknowledged by the EU at the 1993 Copenhagen Summit, when the European Council stated that:

"The European Council today agreed that the associated countries in Central and Eastern Europe that so desire shall become members of the European Union. Accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required."\(^6\)

To ensure that the candidates were able to meet membership obligations, policymakers established a series of strict criteria relating to economic reform, the development of

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\(^1\) The ten new member states were: Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia. Bulgaria and Romania were also included in the fifth enlargement process, but did not become EU members until 2007.

\(^2\) The previous four enlargements were 1973: Denmark, Ireland and the United Kingdom, 1981: Greece, 1986: Spain and Portugal, and 1995: Austria, Finland and Sweden.


democratic institutions and the protection of minority and human rights that the applicants would have to meet before they would be granted accession. Due to the extensive nature of the reforms demanded by these criteria, the EU granted candidate nations up to twelve years to implement them. While some candidate countries were eager to join the EU and felt that the proposed enlargement timeframe was excessively protracted, policymakers argued that their priority was to ensure continent-wide stability, regardless of how long it took.

This paper analyses how EU policymakers conceived of the steps to carry out the 2004 enlargement of the EU. It looks at the aspects of the enlargement that policymakers considered most beneficial for, and threatening to, the EU, in particular concerns from several EU-15 members that enlargement would result in a mass migration of Eastern European workers. Additionally, it examines alternatives that EU policymakers could have adopted instead of the 'big-bang' enlargement, and considers whether the enlargement was a necessary process. The paper also outlines the main successes and failures of the enlargement to date and concludes with a summary of this analysis.

**How institutional policymakers presented the 2004 enlargement**

At the centre of the policymakers' narrative and justification for the 2004 enlargement was the theme of Europe's unification and the opportunity to amend one of history's wrongs. Having been divided by the Iron Curtain and the Cold War for almost half a century, policymakers argued that accepting the Central and Eastern European countries (CEECs) into the European Union would once more make Europe "whole and free". As the then Danish Prime Minister Anders Fogh Rasmussen explained following the completion of the enlargement negotiations in December 2002:

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9 The EU-15 refers to the fifteen members of the European Union before the 2004 enlargement: France, Germany, Italy, The Netherlands, Luxembourg, Belgium, the United Kingdom, Denmark, Ireland, Greece, Spain, Portugal, Austria, Sweden and Finland.
"Today we have succeeded in fulfilling the aim, which generations of Europeans have fought for. In 1989 brave and visionary people tore down the Berlin Wall. They would no longer tolerate the forced division of Europe. Today we have delivered on their hopes. We have decided to heal our continent. We have decided to create One Europe."\textsuperscript{11}

The fifth enlargement was therefore presented as the opportunity to overcome the continent’s past division and the next step in forming the "ever-closer union among the peoples of Europe"\textsuperscript{12} outlined in the preamble of the European Economic Community's founding document, the Treaty of Rome. By forging 'One Europe' and adding "three former Soviet republics, four Soviet satellites, a former Yugoslav republic and two Mediterranean islands"\textsuperscript{13} to the EU 'club'; policymakers argued that enlargement would increase the EU's diversity, encourage the exchange of ideas between old and new member states and strengthen the EU’s status as a "liberal, tolerant multicultural society".\textsuperscript{14}

Policymakers also presented the enlargement as an opportunity for the EU to shore up peace, prosperity and stability across Europe. "Peace and stability are pre-requisites for a prosperous economy and vice-versa"\textsuperscript{15} explained former Dutch Prime Minister Wim Kok in his 2003 report to the European Commission. By granting EU membership to the CEECs and the two Mediterranean 'orphans', the EU would be in a stronger position to foster peace and democracy within and beyond its borders. Kok continued, "The consolidation of [their] pluralist democracy and a market economy... has been assisted by the EU. The resulting stability and increasing prosperity are of benefit both to them and to the existing members"\textsuperscript{16}. In the wake of the collapse of the former Yugoslavia, during which the EU watched on helplessly as war spread across Bosnia and Croatia and approximately 100,000 people were slaughtered, policymakers argued that enlargement would help prevent future state failures from occurring and spreading conflict throughout Europe.\textsuperscript{17}


\textsuperscript{15} Wim Kok, "Enlarging the European Union": 21.

\textsuperscript{16} Ibid: 9.

Finally, policymakers saw the fifth enlargement as a great opportunity for the NMS, and in particular the CEECs, to 'catch up' in economic terms with the West. They suggested that joining the EU would significantly boost the NMS’ economic growth, with studies conducted prior to the accession predicting that the CEECs could expect additional GDP growth of anywhere between 1.3% to 10% over the short to medium term\textsuperscript{18}. They argued that the NMS would also benefit from access to the EU’s Single Market, and would consequently have greater access to EU capital, technology and markets to improve their economies and reduce the economic gap between East and West.\textsuperscript{19}

The perceived benefits and threats of the 2004 enlargement

The EU’s fifth enlargement was described as an historic milestone and "a major event in the building of Europe".\textsuperscript{20} Although policymakers believed that the enlargement would create significant political and economic opportunities for the EU, they acknowledged that it would also present significant challenges for the Union’s pre-existing order. The perceived threats of enlargement varied from institutional concerns that would affect the expanded EU’s overall functionality, to more member-specific concerns regarding mass migration and potential damage to EU-15 members’ agricultural sectors. This section analyses the main aspects of the enlargement that policymakers considered to be both beneficial for and threatening to their interests, and how they attempted to maximise the gains and minimise the risks associated with the enlargement process.

\textit{Benefits}

Although policymakers focused on the unification of Europe as \textit{the} major political benefit of enlargement, the biggest incentive for the EU-15 members to support the policy was the economic opportunities that would be gained by expanding the EU’s internal market, the European Commission’s 1995 White Paper noting that "significant economic advantages to


business and commerce in the associated countries and in the Union are expected. Granting membership to the ten candidate countries would increase the size of the Single Market from approximately 375 million people to 450 million people. The CEECs were particular hungry to gain access to products and technologies that they had been denied to those on the eastern side of the Iron Curtain. On the other side, as well as horizontal market expansion, EU-15 members also hoped that enlargement would provide them with access to cheaper manufacturing bases and low-cost, high-skilled employment, giving them comparative cost advantages in an increasingly globalised environment.

As the largest economy in the EU, Germany was particularly keen to increase its access to the CEEC markets, and it was suggested at the time that the combination of high wages and costly manufacturing at home effectively forced the Germans to choose between 'near-shoring' certain domestic operations to Eastern Europe, 'off-shoring' them to South East Asia or Latin America, or otherwise closing them down altogether. By the time that the CEECs were preparing themselves to enter the Single Market in the late 1990s, Germany had already dramatically increased its trade with Poland, the Czech Republic and Hungary, increasing its investment in the three Eastern nations from 9.3, 14.6 and 4.9 billion euro respectively in 1993, to 28.7, 29.4 and 22.4 billion euro by 2001.

Additional economic benefits that policymakers believed that the EU-15 would benefit from the reduced transaction costs for industrial goods, improved transport networks, better governance and fairer competition in the new members. These benefits were considered to be especially strong for the CEEC’s neighbours and pre-accession research indicated that both Germany and Austria's GDP's would both gain between 0.5 and 1% as a result of the

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22 During the 1990's consumption growth in the CEECs averaged 10%, see: Roland Freudenstein, "Poland, Germany and the EU", International Affairs, Vol.74, No.1 (January, 1998): 45.
enlargement.\textsuperscript{27} Granting the CEECs membership to the EU would also remove trade barriers on industries that had been protected in their pre-accession bilateral trade agreements with the EU, including agricultural products, steel, chemicals, coal and textiles.\textsuperscript{28}

To encourage foreign direct investment and maintain investor confidence in the expanded Single Market, policymakers had to guarantee the economic stability of the NMS. To achieve this, the European Council made it a condition of accession that the NMS met strict economic requirements and implemented approximately 80,000 pages of \textit{Acquis Communautaire} to ensure that their political, legal and economic systems were in line with those of the EU-15. Amongst the thirty-one chapters of \textit{Acquis} were sets of criteria designed to regulate the NMS' economies with regard to Company Law, Competition Policy, Economic and Monetary Policy, Social Policy and Employment and the Customs Union.\textsuperscript{29} Another strategy aimed at creating market stability in the expanded EU was the insistence that the NMS join the European Exchange Rate Mechanism (ERM-II), which would commit the NMS to harmonise their currencies with the euro, controlling inflation and running their currency within plus or minus 15% of the euro for two years before adopting the euro as their national currency.\textsuperscript{30}

It was also anticipated that the 2004 enlargement would give more weight to the EU's credibility as a political and economic entity and a counterbalance to U.S. hegemony. Policymakers believed that unifying Europe would prove to the world that it could keep its own house in order and would therefore have a stronger voice on issues such as climate change and international human rights. Consisting of some 450 million citizens after the 2004 enlargement, the sheer size of the EU and its share of international trade would – policymakers believed – help to project an image of the EU as it wants to be seen, a post-national entity capable of shaping global affairs on the basis of soft power.\textsuperscript{31}

Policymakers also believed that enlargement would improve security throughout Europe. This would not only include improved political stability amongst the NMS by supporting their liberal democracies, reducing institutional corruption and black economies through the

\textsuperscript{27} Neuder, "Costs and Benefits of Enlargement": 190.
\textsuperscript{29} For an outline and full list of the now 35 Chapters of \textit{Acquis Communautaire}, see: \url{http://ec.europa.eu/enlargement/policy/conditions-membership/chapters-of-the-acquis/index_en.htm}
\textsuperscript{30} As of January 2014, six of the NMS have adopted the euro: Cyprus, Estonia, Latvia, Malta, Slovakia, and Slovenia.
implementation of the Acquis; but would also discourage candidates from resorting to military force in response to domestic or cross-border disputes\textsuperscript{32} or involving themselves in alternative partnerships whose interests might oppose those of the NATO alliance.\textsuperscript{33} By the time the Soviet Union collapsed in 1991, NATO had provided ‘hard’ security for Western Europe for over forty years and policymakers believed that the dual incentive of receiving ‘hard’ protection from NATO and ‘soft’ protection from the EU would greatly reduce the risk of resurgent nationalism or a communist revival in the accession candidates.\textsuperscript{34} Additionally, by granting membership to the CEECs, policymakers felt that the EU would be able to combat human and drug trafficking operations more effectively, collaborating with the NMS to fight illegal immigration, organised crime and international terrorism\textsuperscript{35}.

**Threats**

The biggest concerns regarding the fifth enlargement related to the enormous discrepancies between the economies of the EU-15 and those of the NMS. Although three of the four previous enlargements had resulted in a decrease in the EU's per capita GDP,\textsuperscript{36} the gap between old and new member states had never been greater. Although enlargement would add 20\% to the EU's total population, its overall GDP would only increase by 3\%, with the average GDP per capita amongst the NMS only 46\% of the EU-15's average.\textsuperscript{37} Unemployment was also significantly higher amongst the CEECs than in the EU, with Poland's unemployment levels more than double the EU average in 2002.\textsuperscript{38} Accordingly, there were major concerns amongst the EU-15, especially France and Germany, that

\textsuperscript{35} Sweeney, *Europe, the State and Globalisation*: 217.
\textsuperscript{36} The only time in which the per capita GDP of the accession states was greater than the per capita average of the EU was the fourth enlargement, in which rich nations Austria, Finland and Sweden were granted accession in 1995, see: *Economist,* "The Future of Europe: A Club in need of a New Vision", (April 29, 2004).
\textsuperscript{37} ibid.
\textsuperscript{38} Miroslav N. Jovanovic, *The Economics of European Integration,* (Cheltenham: Edward Elgar, 2005): 825.
enlargement would create a massive influx of unskilled Eastern European migrants looking for work and trying to take advantage of richer nations’ social benefit schemes.39

Despite the EU-15 having signed their accordance with the ‘four freedoms of movement’ in the 1992 Maastricht Treaty,40 certain members, Germany, France and Austria in particular, were reluctant to grant free movement of people to the NMS upon their accession.41 To ensure support for the enlargement, policymakers implemented a seven-year temporary working restriction on CEEC workers42. The ”2 + 3 + 2 year Agreement”43 allowed EU-15 members to prevent CEEC citizens from working in their country unless they were sponsored or self-employed.44 As an additional precaution, EU-15 members also retained the right to reintroduce work permits if they felt unexpected disturbances in the labour market or in particular industries.45

Although the fear of mass migration was one of the biggest concerns regarding the fifth enlargement, it was largely unfounded. The accessions of ‘poorer’ members Spain and Portugal into the European Community in 1986 were treated with equal suspicion by the then EU-10, and yet only a very small number of immigrants from the then new member states migrated to other nations, even after working restrictions were lifted.46 This also proved to be the case following the 2004 enlargement. Research conducted in the first two years post-enlargement suggested that overall migration numbers were smaller than had been anticipated.

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39 A Eurobarometer poll conducted in 2002 found that 48% of EU citizens believed that enlargement would cause a mass migration from Eastern and Central Europe. See: European Commission, “Five years of an enlarged EU: Economic achievements and challenges”, (Brussels, 2009): 19.
40 The four freedoms of movement are: free movement of goods, free movement of services, free movement of people and free movement of capital.
42 Malta and Cyprus were both excluded from these restrictions of movement.
43 EU-15 nations were required to declare in May 2006 and May 2009 whether they would continue to impose working restrictions on CEEC citizens, see: European Commission “Five years of enlargement”: 14.
44 European Commission, "Enlargement, two years after": 80.
in the three countries that didn't place restrictions on new workers, and that in all three cases worker productivity had actually risen.

Another major concern amongst EU-15 members was that accession candidates were too dependent on agriculture. Amongst the EU-15, only 6% of workers had agricultural jobs, compared to 20% of CEEC workers, many of whom were still involved in semi-subsistence farming. The enlargement was also expected to double the EU’s farm labour force and expand its agricultural land by 50%. Policymakers were therefore concerned about how the EU’s established agricultural programs would cope with such a large expansion to its agriculture sector.

Initially developed during the Treaty of Rome in 1957, the EU's Common Agriculture Policy (CAP) provided agricultural subsidies to members of the then European Economic Community (EEC). The guarantee of high prices and the implementation of barriers against agricultural imports greatly supported Europe's agricultural industry, but over time these procedures became extremely expensive. Yet despite ongoing reforms to the policy from the 1980s onwards, the CAP still comprised 51% of the EU’s annual budget in 2004. Policymakers were concerned that if the CAP were not further modified, the Eastern enlargement would push the agricultural program to breaking point. Nations that had previously benefitted from the CAP funding such as France, Spain and Portugal also raised concerns that enlargement would damage their agricultural industry, forcing them to contribute more and receive less to support the NMS' agricultural industry.

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47 Ireland, Sweden and the United Kingdom, although all three nations still imposed social benefit restrictions on CEEC workers.
48 European Commission, "Enlargement, two years after": 6.
49 Cohn, Global Political Economy: 225.
50 Economist, "The Future of Europe".
52 The six members of the original European Economic Community were: Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.
Ultimately, moderate reforms were made to the CAP program, and the European Commission announced that from 2004, farmers in the NMS would receive direct payments at 25% of the level available to EU-15 farmers through the CAP, increasing to the full rate of EU-15 payments in 2013. The funding would be allocated to promote sustainable development in rural areas including agricultural restructuring, improving quality and health standards, maintaining and creating jobs and increasing environmental protection. In so doing, policymakers also encouraged farmers across the expanded EU to work towards more sustainable practices while discouraging farmers from massive overproduction in order to receive additional funds, as had previously occurred. Policymakers also agreed to finance the expanded agricultural sector within the pre-existing limits of the EU’s budget expenditure ceiling, fixed at 1.27% of the EU’s gross national income, so that enlargement would not cause excessive financial strain to the EU-15.

Another major concern about enlargement amongst EU-15 members was that increasing EU membership from fifteen to twenty-five countries would greatly dilute the efficiency of future policymaking procedures. Aside from the logistical complications of introducing nine new official languages into the EU, the probability of reaching consensus amongst EU members in an already convoluted system was greatly reduced. Research indicated that without reform, passage probability, that is the likelihood of new legislation being passed by a qualified majority voting, would decrease from 7.8% to 3.6%. In particular, EU-15 leaders were concerned that the EU's institutional design, originally planned for the six members of the EEC, would be watered down by expansion and mired by policy gridlock unless structural reforms took place.

In order to allay concerns about the EU's future efficiency, the European Council undertook a process of 'deepening' to alter the EU's internal structures. Some institutional reforms were

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56 European Commission, "Five years of an enlarged EU": 198.
58 European Commission, "Enlargement, two years after": 14.
59 This increased the number of possible language combinations in the EU from 110 to 380, see: Nugent, Government and Politics of the EU: 74.
60 A qualified majority requires 71% of European Council votes. However more-populous states receive more votes than less-populous states so winning 71% of the Council vote therefore does not require the approval of 71% of the members states, see: Richard Baldwin, "Managing EU Enlargement" in Berger and Moutos (eds.), Managing EU Enlargement, (Cambridge: MIT Press, 2004): 23-24.
61 Baldwin and Wyplosz, Economics of European Integration: 125.
consequently negotiated in the Amsterdam Treaty in 1997 and the Nice Treaty in 2001, however, there was a general consensus that neither treaty had adequately prepared the EU for its impending enlargement. In response, a Convention was convened in Brussels, at which representatives of the EU-15, the candidate countries, the European Commission and the European Parliament came together to draft a Constitutional Treaty for Europe. Amongst many reforms outlined in the draft Constitutional Treaty were the re-weighting of votes amongst member states, the removal of some national vetoes and a reduction in the number of Commissioners to one per member state in order to improve democracy, transparency and efficiency in the EU. However, the Treaty was rejected at referendums in both France and the Netherlands, so many of the 'deepening' measures to improve the EU's functionality were not ratified until a reworked version of the treaty, known as the Reform Treaty, was ratified in Lisbon in December 2007.

Alternate procedures that policymakers considered and failed to consider prior to the 2004 enlargement

One of the main alternatives considered in place of the 'big-bang' enlargement that took place in 2004 was to stagger the accession process by introducing candidates in several 'waves'. This approach was supported by Germany, which, apart from being more interested in granting membership to the Visegrad nations than the remaining candidates, felt that the EU would be able to better 'digest' the NMS in smaller groups. In 1997, based on the assessment of the candidates' progress with the Acquis, the Commission recommended that the enlargement proceed in two waves, 'fast-tracking' the Czech Republic, Poland, Estonia, Hungary, Cyprus and Slovenia through the accession process and beginning negotiations with the remaining candidates at a later stage.

63 Cohn, Global Political Economy: 226.
64 54.7% of the French electorate voted against the adoption of the Constitutional treaty on May 29 2005, while 61.6% of the participating public in the Netherlands rejected the Constitution in a separate referendum three days later, see: Nick Startin and André Krouwel, “Euro-scepticism re-galvanised: The Consequences of the 2005 French and Dutch Rejections of the EU Constitution”, Journal of Common Market Studies, Vol.51, No.1, (2013).
Despite concerns that the 'two-wave' process would create new divisions through Europe\textsuperscript{67}, the European Council accepted the Commission's recommendations and initiated accession negotiations with those six countries. However, rather than isolating the second-wave candidates, it gave them a greater incentive to reform, and by October 1999 the Commission recommended that accession negotiations also be extended to the remaining candidates.\textsuperscript{68} Ultimately this proved sound judgement as it encouraged the second-wave candidates to continue working hard towards meeting the \textit{Acquis} criteria while discouraging first-wave candidates from becoming complacent about their own progress.

During the accession process, the Commission also left open the possibility for Romania and Bulgaria to become EU members in 2004 alongside the other candidates. However, throughout accession negotiations Bulgaria and Romania constantly lagged behind the other candidates, in particular regarding corruption, judicial processes and lack of economic reform.\textsuperscript{69} By 2002 it was clear that they would not meet the \textit{Acquis} criteria by the proposed 2004 accession date and so, rather than compromising the integrity of the enlargement process, the Commission postponed the two nations' accession until 2007. Yet even this delay was arguably insufficient to ensure that the necessary democratic, judicial and economic reforms were implemented. By 2005, the eight post-communist states that had acceded the EU were, on average, almost indistinguishable from the EU-15 on measures of political rights and civil liberties.\textsuperscript{70} By contrast, Bulgaria and Romania were classified as ‘semi-consolidated’ democracies when they acceded the EU, and while there has been no significant democratic ‘backsliding’ in the two nations since then, they still lag behind the other CEECs in regards to corruption and judicial reform.\textsuperscript{71}

Although never seriously considered by the Commission, the most divisive alternative to enlargement was to indefinitely postpone the process and instead establish an Eastern European Free Trade Agreement. With public opinion about enlargement in Germany

\textsuperscript{67} Denmark, Finland and Sweden in particular were concerned that 'fast-tracking' Estonia while leaving Latvia and Lithuania for the 'second-wave' would create tension between the Baltic states see: Desmond Dinan, “The Road to Enlargement” in Maria Green Cowles and Desmond Dinan (eds.), \textit{Developments in the European Union} 2, (London: Palgrave Macmillan, 2004): 16.

\textsuperscript{68} Dinan, \textit{Ever Closer Union}: 139.

\textsuperscript{69} Summa, "The 5th Enlargement": 19.


generally pessimistic, some argued that the bilateral trade agreements already in place between the EU and the CEECs had provided Germany with all of the financial benefits that they could expect to receive, and that German tax-payers would bear the brunt of enlargement funding without further gain. Although this populist rhetoric resonated in some segments of the German public, it was dismissed out-of-hand by EU policymakers. Refusing accession to the CEECs would have made the EU seem both hypocritical and elitist, going against the essence of its founding charter and recreating Europe's East-West divide. Enlargement was non-negotiable.

A factor that policymakers failed to sufficiently consider during the initial enlargement discussions in the early 1990's was that although granting the CEECs EU membership solved one 'neighbourhood' problem, it instantly created another. A major argument for proceeding with enlargement was that it would improve stability on Europe's fringe, and yet the EU's new neighbours, including Belarus and Ukraine, were arguably less politically stable than the CEECs were pre-accession. Also, by granting membership to ten European countries simultaneously the EU seemed increasingly exclusive to those nations who remained outside the club. This could have caused some problems for the EU post-enlargement, but by the time the candidates were completing the pre-accession negotiations, the Commission had made preparations for the 'European Neighbourhood Policy' (ENP), aiming to provide additional aid to the EU's new neighbours and to create a "ring of friends with whom the EU enjoys close, peaceful and co-operative relations". Through the ENP these 'friends' could receive certain EU membership benefits without accession, with the possibility of becoming EU membership candidates at a future stage.

Policymakers also failed to anticipate the extent to which enlargement fatigue would set in amongst old and new member states in the lead-up to and after enlargement. Despite policymakers making a strong case for enlargement before the accession date, a 2002 Eurobarometer poll found that 70% of EU-15 participants believed that the enlargement

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72 Stephen Wood, "Is Eastern Enlargement of the EU Beneficial?" Political Science Quarterly: 299
73 ibid
would lead to increased crime and unemployment rates and lower standards of living.\textsuperscript{76} Five years after the enlargement Eurobarometer data indicated that 69\% of EU-15 participants believed that enlargement had made the EU “more difficult to manage” while 55\% believed it had contributed to job losses in their country.\textsuperscript{77} Support for enlargement in the NMS also dropped as the general public, particularly in the CEECs, increasingly blamed EU accession for their financial difficulties.\textsuperscript{78} Although enlargement fatigue did not prevent the enlargement from taking place, any EU politician supporting further enlargement will have to work extremely hard to convince citizens that this is a worthwhile objective.

**The main successes and failures of the fifth enlargement**

The accession of the ten NMS undoubtedly strengthened political stability in Europe. As Dinan argued “The EU was hugely influential in strengthening democracy and fundamental rights throughout the region. Without EU conditionality, Central and Eastern Europe would be far less stable today”.\textsuperscript{79} Five years after enlargement, the European Commission reported that it had been a ‘win-win’ for the EU-15 and the NMS, and that European security had been bolstered by a “crucial anchor of stability”.\textsuperscript{80} In addition, the Commission found that enlargement had contributed to economic growth and employment in the NMS and, through the expanded internal market, had also created new opportunities for EU-15 firms, in particular for new export and investment opportunities.\textsuperscript{81}

As a result of the 2004 enlargement and pre-accession preparation, the CEECs successfully transformed from centrally planned to functioning market economies,\textsuperscript{82} just as all ten NMS experienced unprecedented economic growth in the five years following their accession. GDP growth amongst the NMS averaged 3.5\% between 1999 and 2003, and 5.5\% between 2003 and 2008.\textsuperscript{83} Nor did this growth come at the expense of growth amongst the EU-15, whose average GDP increased by 2.75\% during the same period. The volume of trade in the EU-15

\textsuperscript{78} Dinan, *Ever Closer Union*: 142.
\textsuperscript{79} Dinan, *Ever Closer Union*: 141.
\textsuperscript{80} European Commission, “Five years of an enlarged EU”: 6.
\textsuperscript{81} ibid
\textsuperscript{83} European Commission, “Five years of an enlarged EU”: 11.
increased by 5.3% between 1999 and 2009 and 11.3% amongst the NMS\textsuperscript{84}. In addition, the per capita incomes of the NMS also grew from 40% of the EU-15 level in 1999 to 52% by 2008\textsuperscript{85}, while the majority of the NMS also made a significant transition from agriculture to service-based industries.\textsuperscript{86} As previously mentioned, mass East-West migration was never realised, and studies have found that the countries that did not implement worker restrictions have benefitted most from the free movement of people.

Another success of the enlargement has been that the EU’s decision-making efficiency has not been watered-down by the enlargement, or as the \textit{Economist} noted, "the EU has functioned broadly as well, and as badly, with twenty-five members as it did with fifteen".\textsuperscript{87} Although the 'deepening' reforms proved divisive amongst the EU-15, and it has been argued that the Lisbon Treaty did not go far enough in reforming the EU,\textsuperscript{88} the EU institutions have thus far managed to cope with the increased complexity of the expanded EU\textsuperscript{89}. To date, the only instance in which a NMS has gone against the rest of the members was Poland, when it held up a decision on VAT rates,\textsuperscript{90} which is hardly the widespread chaos that some predicted.

Also, despite the relative gains that the CEECs have made in the decade since their accession, the gap between East and West remains substantial. The FDI that poured into the CEECs in the lead-up to and following their accession helped their economies to expand during the ‘boom’ years of 2004 – 2008, yet little of this investment went towards education, training, research or development.\textsuperscript{91} The Global Financial Crisis consequently highlighted the CEECs’ dependence on exports, their lack of financial control due to high levels of foreign bank ownership\textsuperscript{92} and their vulnerability to capital flight.\textsuperscript{93} A clear relationship emerged between the size of the NMS’ pre-crisis booms and the subsequent contractions in their economies.\textsuperscript{94}

\begin{itemize}
\item \textsuperscript{84} \textit{ibid}: 51.
\item \textsuperscript{85} John Sweeney, "The Fifth EU Enlargement": 5.
\item \textsuperscript{86} European Commission, "Five years of an enlarged EU": 51.
\item \textsuperscript{87} \textit{Economist}, "A case of enlargement fatigue", (May 21, 2006).
\item \textsuperscript{88} For example, see: Simon Hix, \textit{What's Wrong with the European Union and How to Fix It}, (Cambridge: Polity, 2008).
\item \textsuperscript{89} \textit{ibid}: 31.
\item \textsuperscript{90} \textit{Economist}, "A case of enlargement fatigue".
\item \textsuperscript{92} Foreign bank ownership is at over 70% in seven of the eight CEECs (excluding Slovenia), see: Epstein, “Overcoming Economic Backwardness”: 26.
\item \textsuperscript{93} \textit{ibid}
\item \textsuperscript{94} Wade Jacoby, “The EU Factor in Fat Times and Lean: Did the EU Amplify the Boom and Soften the Bust?”, \textit{Journal of Common Market Studies}, Vol. 52, No. 1, (2014): 61.
\end{itemize}
and while the NMS have mostly recovered from the worst effects of the crisis, many of the CEECs were hit hard during the crisis, and by 2009 exports throughout the region had dropped between 10 – 20% and unemployment had risen into the high teens in several of the Baltic states. With CEEC nations still suffering a 'brain drain' as their most educated citizens seek opportunities elsewhere in the EU and a pre-Global Financial Crisis study predicting that some of the CEECs would take more than fifty years to 'catch-up' with the west, it is clear that the EU is still a long way off achieving the Union-wide economic and social equality to which it aspires.

Another failure of the enlargement policy was the EU's inability to resolve the territorial dispute between Greek and Turkish Cyprus before granting Greek Cyprus EU membership. Throughout the accession application process, the Commission had hoped that the incentive of membership would resolve the conflict, and stipulated that the unification issue be resolved before Cyprus could be granted EU member. Yet by granting Greek Cyprus EU membership without enforcing a binding unification agreement, the EU lost its leverage to force a resolution of this issue. Despite Turkish Cypriots supporting UN secretary-general Kofi Anan's unification plan two-to-one, Greek Cypriots voted against it three-to-one and the plan was ultimately jettisoned. With less than a week until the arranged accession date, the Commission could do little to resolve the issue and eventually a divided Cyprus entered the EU. The recent collapse of Cyprus' banking system, long a tax haven for money of questionable origin, also indicates that the Commission was too willing to turn a blind-eye to the behaviour of Cypriot banks and should have enforced stricter adherence to the Acquis before granting accession to the Mediterranean nation.

95 ibid: 60
96 John Sweeney, "The Fifth EU Enlargement": 18-19.
97 Neuder, "Costs and Benefits of Enlargement": 192.
98 Beke, "EU enlargement": 5.
100 Remy Davison, "Cyprus avoids a bad haircut, but pays a price for shady financing", Conversation, March 20, 2013.
Conclusion

The enlargement fatigue currently engulfing the EU\(^{101}\) has done little to deter a host of other states from requesting membership. Croatia became the Union's 28\(^{th}\) member in July 2013 while Iceland, Serbia and Turkey are amongst the diverse list of candidates who could potentially push the EU club beyond the thirty-member mark. The EU has also affirmed its intention to continue expanding in order to increase peace, stability, democracy and prosperity throughout Europe\(^{102}\), and while it is unlikely that we will ever see another 'big-bang' enlargement of 2004's magnitude, it remains a possibility that we could see an EU-35 in the next decade.

Despite the gap in wealth, education and employment that still divides Eastern and Western Europe, the 2004 enlargement can be considered a successful policy that helped transform the CEECs from centrally planned to functioning free market economies, creating new economic opportunities for both new and old members, improving geopolitical security and stability and unifying a divided continent. By making overdue reforms to the CAP and the EU's decision-making processes, it has also facilitated further enlargement of the EU in the future. While each enlargement of the EU will present its own challenges and changes, it is important that policymakers continue to learn from the successes and failures of the previous enlargements and balance widening and deepening measures in order to improve the 'ever closer union'.

\(^{101}\) For example see: Anna Szolucha, “Why has the European Union not been able to counter enlargement fatigue?” Journal of Contemporary Research, Vol.6, No.1, (2010).

\(^{102}\) Summa, "The 5th Enlargement": 33.
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