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# EU ENLARGEMENT AS PROCESS OF PERIPHERILISATION

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## ABSTRACT

This text aims to answer the question of why the Western Balkans, despite development of relations with the EU and gradual integration in the common market, fell short from achieving economic success and satisfactory social standards. For this reason, author evaluates the Poland's experience in the EU integration. The Polish model of integration, which is often referred to as a success story and a guidance for the newcomers to the EU, has three disadvantages. Firstly, it hides a number of significant social problems, which resulted in general discontent in the society, reflected, most visibly, during the recent presidential elections. Secondly, economically and internationally Poland and the Western Balkan states represent two very different cases. Finally, it is important to emphasize that the EU integration has been based on the liberal paradigm, which failed in its economic dimension, leading to (re-)peripherilisation of the new member states and their weak economies. Therefore, the Polish "success" cannot be repeated in these circumstances for a number of reasons. Subsequently acceding states need to adopt another strategy for the EU accession.

KEY WORDS: European integration, EU enlargement, transformation, core-peripheries

## 1 INTRODUCTION

Majority of articles related to the EU enlargement process assume positive impact of such process, both for the acceding countries and for the EU member states themselves.<sup>1</sup> It is based on the (neo-)liberal approach

<sup>1</sup> I would like to thank the anonymous reviewers of the earlier version of the article for their comments and suggestions.

to social sciences, according to which international cooperation between democracies or democratising states provides political stability and freedom based on economic welfare and social justice. Therefore majority of modern analysis and scientific articles endeavour to answer two questions: how does the enlargement policy affect decision making process of the candidate states, and how do these states perform with regard to the process and related expectations. Socio-economic statistics and political performance of the voters suggest, however, that the European integration provokes negative consequences, as well, which in turn result in mass disappointment with transition process and new parliamentary democracies.

Enlargement of the EU led only to relative equalisation of the economic development level and social welfare in “old” and in “new” Europe. In reality, the division between the poor and the rich countries, the developed and underdeveloped, did not change much from the one established in the XIX century. Well established, politically stable states, which successfully underwent process of industrialisation, participated in colonisation and creation of the post-World War II order, were only recently joined by such countries as Finland, Sweden, or Poland. Even these changes have had very limited and gradual character. European integration meant in fact, although to a various degree, peripheralisation of the weaker economies, such as those from Central<sup>2</sup> and Eastern Europe, Northern Africa, or the Southeastern Europe<sup>3</sup>.

Failure of the EU enlargement policy in the Western Balkans, in the fields of democratisation, security, welfare and prosperity, economic development and transitional justice and reconciliation, constitute another set of factors determining relatively bad perception of the EU institutions and the enlargement process itself, particularly among conservative voters and political elites. Hence, the authoritarianism of Erdogan’s Turkey or Putin’s Russia for many seems to be viable alternative.

The following article aims to clarify the impact of the enlargement policy on the newcomer countries. The main claim is that the integration with the EU, and on the conditions set by the EU, leads to serious social challenges, and does not necessarily constitute a major step towards economic development. Poland’s experience suggests that acceding coun-

2 Estonia, Lithuania, Latvia, Poland, Czech Republic, Slovakia, Hungary, Cyprus, Malta, Croatia, Bulgaria, Romania and also members of the EU, which remained on economically disadvantaged position towards the core – Spain, Portugal, Greece, and Ireland.

3 For example the Western Balkan states and the non-EU members of the Eastern Partnership, such as Ukraine, Moldova or Georgia, and of the European Neighbourhood Policy in Africa, such as Morocco, Egypt or Algeria.

tries benefit from the enlargement process to a limited degree, while bearing heavy social costs. Subsequently, general social discontent provides fertile ground for migration, authoritarianism and generally low social and political standards to occur.

## 2 ECONOMIC CHARACTER OF THE EU INTEGRATION

The EU construction has been based on the liberal assumption that increasing international political cooperation and economic exchange brings political stabilisation and gradual economic development, and subsequently, social prosperity to all participants. Public debate on democratisation, citizens' rights, international security and stabilisation, remains subject of the EU focus only to a limited degree. As stated by Jean Monnet, international businessman and one of the founding fathers of the European Union "there will be no peace in Europe, if the states are reconstituted on the basis of national sovereignty ... The countries of Europe are too small to guarantee their peoples the necessary prosperity and social development. The European states must constitute themselves into a federation ..." (Monnet 1943). It is, however, the Robert Schuman's declaration, which became the most known of the integrationist documents. It clearly indicates that "... establishment, through the cooperation and integration of the common economic interest, of an organisation will bring to the (participating) European states peace, stability, development and prosperity" (Schuman Declaration 1950)<sup>4</sup>. This vision of the European future was shared by other Western European statesmen, who became known as the EU's founding fathers – Konrad Adenauer, Joseph Bech, Johan Beyen, Alcide de Gasperi, Paul-Henri Spaak, and Altiero Spinelli.

<sup>4</sup> "It proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organisation open to the participation of the other countries of Europe. The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe, (...). The solidarity in production thus established will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible. The setting up of this powerful productive unit, open to all countries willing to take part and bound ultimately to provide all the member countries with the basic elements of industrial production on the same terms, will lay a true foundation for their economic unification. (...) In this way, there will be realised simply and speedily that fusion of interest which is indispensable to the establishment of a common economic system; it may be the leaven from which may grow a wider and deeper community between countries long opposed to one another by sanguinary divisions". (Schuman Declaration, 1950)

The EU, and the European integration in general, have been founded as economic project guaranteeing participation in the market to all members according to their interests. Political, social, cultural and security related issues became, according to the neo-functionalists, subject to the spill-over effect. It assumes ever-enlarging and deepening competences of an international body. Complex economic development requires specific conditions in domestic politics, foreign policy and social construction. Nevertheless, the economic dimension of the EU integration was the main driving factor in the EU integration. From 1950 to 1990s European states cooperated in increasing number of areas – almost exclusively economy-related – with its crowning achievements in 1993, when the Single Market has been completed, with the introduction of the four freedoms of movement (of goods, services, labour and capital) and the introduction of Euro as common currency in 1999.

Gradually, and only after the rearrangement of the international order after the fall of the Soviet Union, dissolution of the Eastern Block and perspective of the further enlargement of the EU towards the East, the Western European states decided to further pursue integration in the area of security, social and political issues. Today the Union has exclusive competences in the area of monetary policy, customs union, competition rules, and commercial policy including international trade (art. 3 TFEU). Moreover, it shares competences with member states, among others, in areas of: internal market; economic, social and territorial cohesion; agriculture and fisheries; transport, and energy (art. 4 TFEU). Besides that, the EU remains responsible to various degrees for social issues, such as employment, consumer protection, public health, etc (art. 3, 4, 6 and others TFEU). In other words, the EU as an organisation regulates and directs widely understood economic policy, leaving its implementation to member states.

The EU integration process and therefore also the EU enlargement, which constitute its geographical dimension, must be looked upon also from the perspective of its economic context. Therefore also the enlargement policy should be assessed through the economic lenses.

### 3 THEORIES OF EUROPEAN INTEGRATION

Surprisingly, in social sciences, the main theories of the European Integration most often ignore the question of economy. Post-communist block of countries stopped asking about socio-economic profitability of the EU project, falsely believing that the history ended<sup>5</sup>. Mostly they are focused on

<sup>5</sup> See: Fukuyama, F. (1992). *The End of History and the Last Man*. New York: Free Press.

the political and institutional arrangements. Federalism for example targets ways and means of integration of sovereign (nation) states into a compact political and territorial entity, without destroying statehood of the participants. It emphasizes need of political integration before the economic one (King 1982; Mendez 2007; Marc 1948, 1965). Neo-functionalists, on the other hand, such as Jean Monnet, develop the theory of the spillover effect of the economic integration, which eventually would embrace also political and social areas. The spillover effect would also have effect on development of competencies of the relevant common institutions (Haas 2004). Influenced by realist school in international relations, intergovernmentalists criticised neo-functionalists for downgrading the role of the states and for “narrow”, regional perception of the integration processes. According to main representatives of this school, Stanley Hoffman and Andrew Moravcsik, it is the states (and the governments) who play the main role during the integration processes. These actors understand economic and national interest as concurrent (Hoffman 1965; Moravcsik 1993, 1998; Moravcsik and Schimmelfennig 2009). New institutionalism has shifted focus of the research towards institutions by employing and referring to tools provided by sociology, economics and politics (Meyer and Rowan 1977; DiMaggio, Powell 1983; Schout 1991; Pollack 2009). Social constructivism emphasizes process of creation of identities by and within the European integration (Onuf, 1989). Marks and Hooghe look at the EU as an entity, a separate multi-level polity with its multi-layer structure of governance (Marks and Hooghe 2004). Majority of think tanks and academic centres also follow this line of reasoning.

#### 4 ENLARGEMENT AS A SUCCESS STORY

As already mentioned the main theory of international relations on which the idea of European integration was based was liberalism. It assumes positive effect of increased economic cooperation, opening of the markets, international trade and political dialogue between participants. Primary hallmark of the enlargement policy is “spreading prosperity and democracy”<sup>6</sup>. A brochure, published in 2014 by the European Commission, indicates the following benefits of the EU integration: safety and prosperity, guaranteed by promotion of democracy and fundamental freedoms, the rule of law and the single market. Moreover, liberal, open single market has many advantages: “economic growth leading to higher living standards, safer consumer goods, lower prices and greater choice in sectors such

6 *Over the past 50 years, widening EU membership has promoted economic growth and strengthened democratic forces in countries emerging from dictatorship.* – available at the enlargement devoted website of the EU – [http://europa.eu/pol/enlarg/index\\_en.htm](http://europa.eu/pol/enlarg/index_en.htm)

as telecommunications, banking and air travel, to name but a few. These benefits have been enjoyed by an increasing number of people as the EU has grown in size. The EU is above all the community of values. We are a family of democratic European countries committed to working together for peace and freedom, prosperity and social justice. And we defend these values.” (EU explained: Enlargement, p. 3). In this sense the EU suffers an axiological schizophrenia. On the one hand it remains a profit oriented economic project, on the other it uses rhetoric referring to human rights and democratic values. Table 1 (from the same paper) shows measurable variables used to show level of integration.

Table 1. Enlargement creates growth

	2004 billion Euro	2013 billion Euro	Change in percentage
GDP of the 12 'new' EU countries that joined in 2004 and 2007	577	1 026	+ 77%
GDP of the 15 'old' EU countries that were members of the EU before 2004	10 047	11 999	+ 19%
Trade between the 'old' and 'new' EU countries	162	300	+ 185%
Direct investments held by the 'old' EU countries in the 'new' EU countries ((*) 2012)	173	564(*)	+ 326%

Source: “EU explained: Enlargement”, 2014, p. 3

The headline over the table states: “Economically, enlargement has benefited all EU Member States as it has broken down trade barriers in Europe and created a bigger and more prosperous internal market”. Next table shows impressive financial assistance of the EU to the Western Balkan states.

Table 2. Pre-accession assistance in 2013

Albania	95.3 million EUR
Bosnia and Herzegovina	108.3 million EUR
Croatia	93.5 million EUR
The former Yugoslav Republic of Macedonia	113.2 million EUR
Kosovo	71.4 million EUR
Montenegro	34.5 million EUR
Serbia	208.3 million EUR
Multi-beneficiary programme	177.2 million EUR

Source: “EU explained: Enlargement”, 2014, p. 10

The EU integration and the EU enlargement is, thus, presented as a process beneficial to all participants. On the other hand, the EU refers very often to terminology related to human rights, democratic values and social development. Therefore it is incoherent and brings about confusion in public opinion and expectations. In the Western Balkans citizens expect, not only the improvement in their standard of living, but also democratisation, reform of the corrupted state structures and state elites. Minorities hope for strengthening their position in society. Civil rights activists want more participation in public life, etc. In short – question of democratic values overshadowed economic issues, although in practical terms the EU has been based on common economic interest.

For the countries aspiring to the EU membership, the accession is possible under clear conditions<sup>7</sup>. In practice this process has “take it or leave it” character, especially with regard to weak and small states. German economy in 1940s and 1950s was protected from domination from outside and was export-oriented. UK accession to the EU was accompanied by a number of serious concessions meeting expectations of the British elites. Some Central European states, like Poland, were able to introduce protectionist periods for land purchasing, although it cost them lower than in the EU 15 agricultural subsidies for farmers, and serious limitations in free movement of workers.

Western Balkan states are in the weaker position, due to the state of their economies and the small size of their divided markets. Gradual integration of the Western Balkan states in the EU is linked with political questions of statehood, minority rights, functioning of democratic institutions, reconciliation and good neighbourly relations. Economic questions are the subject of public concern as far as they refer to EU subsidies and general data on the international trade (see the tables above).

## 5 FAILURES OF THE EU INTEGRATION

Gradual integration of the Western Balkan states within the EU embraces economic, social and political reforms – all in the spirit of liberal idea

<sup>7</sup> Article 49 of the Treaty on European Union states that any European country may apply for membership if it respects the democratic values of the EU and is committed to promoting them. A country can only become a member if it fulfils the criteria and conditions for accession as defined by the EU leaders at their summit in Copenhagen in 1993, and by a number of subsequent EU decisions. The so-called Copenhagen criteria are: 1. political: stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; 2. economic: a functioning market economy and the capacity to cope with competition and market forces in the EU; 3. the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union. “EU explained: Enlargement”, p. 5.



of the state, economy and society. The results are far from the expected. Opening markets, “de-socialising” the state obligations, and denationalisation of industry did not bring prosperity and development as predicted. Relatively high level of corruption, gradual devaluation of the EU integration idea, decrease of economic production and social welfare led to general discontent of the citizens. At first, social and political dissatisfaction has been explained as a result of authoritarian regimes’ rules of the late 1980s and then again of the late 1990s. The war which accompanied the fall of Yugoslavia was to be blamed too. Twenty years after the end of the conflict and fifteen years after the process of integration with the EU began, the EU integration and enlargement policy brought disillusionment which in turn strengthen authoritarian sentiment.

Economic integration, based on neo-liberal fundament of open market and free trade, has had negative consequences, such as unequal international division of labour, oligopolisation and eventually monopolisation of particular markets of goods and services, peripherisation of weaker states and socio-economic polarisation of societies. Subsequently, the main beneficiaries of the EU integration and enlargement project remain major players of the old EU-15, such as Germany, Netherlands, France, Italy and the UK. New member states play role of semi-peripheries between the centres and peripheries in the Western Balkans and Eastern Europe, such as Ukraine or Moldova. Structure of the Polish economy and international trade along with arising social problems (see subsection below), such as unemployment and decreasing quality of life of the majority of population, support this claim.

Analytical framework which provides better understanding of the successes and failures of the EU enlargement policy is the law of combined and uneven development. It is generally based in the historical materialist stream of the science. This law assumes that human development is provoked by interactions between various societies, which use and aim at material superiority, achieved by means of economy, politics and culture. In this sense, EU enlargement leads the aspiring states not only to economic and political integration with the common European structures, but also to their peripherisation in the international division of labour.

## 6 POLAND AS A SUCCESS STORY?

Although liberal parliamentary governments of modern Europe tend to emphasize the advantages of the ongoing integration process, the research clearly shows the existence of negative consequences. These are most visible in the peripheries of the EU – new member states and among the group of states being closely economically interlinked with the Union, while remaining outside of the organisation in political terms – the



Western Balkans. Poland became gradually integrated in the EU and in 2004 became a member state. During the 2008 crisis Poland remained the green island of the GDP growth surrounded by the red sea of recession, as it was presented in public media in Poland and abroad.

In 2014 a group of highly professional analysts working at the Ministry of Polish Affairs prepared a report "Poland's 10 Years in the EU". The findings were overwhelmingly positive and presented a long list of success, which author of this article will quote below for the clarity of readers: "In the course of the last ten years, Poland has become a significant political player in the European Union. (...) (Poland) has been very much engaged in key debates on the European system, convinced that it is our business. (...) Negotiations of the Multiannual Financial Framework for 2014–2020, a key to Poland's long-term development prospects, have been one of Poland's most important and hardest-won political achievements (...) Poland has won a strong political position and a reputation of a country that is predictable and responsible. (...) Poland's EU membership has had a positive impact on our country's economic performance. If our country had not joined the EU, in 2013 our GDP per capita in purchasing power standards would have been at the 2009 level, i.e. it would have been lower by 11% relative to the EU-27 average. In 2013, the value of Polish exports would have been lower by PLN 164 billion (ca. 40 billion EUR) (i.e. by 25%). Our capital expenditures, in turn, would have been lower by PLN 36 billion (ca. 9 billion EUR, i.e. by 12%) in 2013, and throughout the 2004–2013 period – by PLN 200 billion (ca. 40 billion EUR) (i.e. by 7.8%). Last but not least, employment would have been lower by 10%, and unemployment higher by almost 38%. In other words, the number of unemployed would have been higher by over half a million! To recap, if Poland had not entered the European Union, many more people would be out of work, we would be earning less, and the Polish economy would be developing at a much slower pace. (...) Thanks to the free movement of goods, we have seen an unprecedented success of Polish companies, which have exported goods worth almost PLN 3.5 billion to the EU in 10 years. (...) Polish entrepreneurs have turned a 13.5 billion PLN (ca. 3.5 billion EUR) trade deficit with EU member states in 2003 (-2 percent of GDP) into an impressive trade surplus of almost PLN 100 billion in 2013 (6 percent of GDP). Since Poland's EU accession in 2012, Polish firms have made a profit of almost PLN 550 billion (EUR 135 billion) on exports of services to the EU (the positive balance exceeds PLN 37 billion, or over EUR 9 billion). (...) Poland has seen an export boom and an increase in productivity: right after accession, the number of firms exporting their products and services grew twice as fast as the total number of companies. As a result, in 2013, Polish companies earned one fifth of their revenues from exports." (Kałużyńska,

Karbownik, *et al.* 2014). The main findings go for next 10 pages in a bullet point style emphasizing achievements.

On the other hand, we have other data, completing the picture of EU integration. From 2008 to 2014 the number of people living in extreme poverty rose from 2.1 million to 2.8 million, including 700 thousands children, out of 38 million inhabitants (Szarfenberg Interview 2015). This means that over 7% percent of Polish population had serious difficulties in purchasing food and paying for accommodation.

Demographic trends also indicate serious problems faced by Polish society and the state; 2.2 million Poles reside abroad, mostly in the UK, Germany, Netherlands and Ireland. Another 1.2 million planned to leave Poland in 2015, mostly due to economic reasons; 75 percent of them are less than 35 years old.

The “family” related policy, i.e. state encouragement to have children, costs Polish state only 0.9 percent of the GDP, comparing to 3.9 percent of GDP in Denmark, 3.4 percent in France and 3.3 percent in Germany. “In 1950, the median age was 25.8: half of the Polish population was younger, half older. Today it is 38.2. It will be 51 in 2050. As the population is aging, it has also started to decline: from 38.6 million in 1995, to 38 million in 2010, to an expected 32 million in 2050” (Devictor 2012).

Another factor that indicates the negative consequences of integration of Poland with the EU is structure of production in Poland and international trade balance. Poland’s main trade partners are economically developed countries (3/4 of exports and 2/3 of imports). Poland’s main export products are manufactured and semi-manufactured products, transport equipment, and capital goods (GUS report 2015). It is also clear that the Polish food products conquer the markets of smaller partners from Central, Eastern and South-Eastern Europe. This places Poland as semi-peripheral country. It provides cheap labour for the investors from the core countries. On the other hand, Poland pursues an active trade policy in less developed countries in Europe, which usually have much smaller markets than Poland.

This leads us to another issue – Foreign Direct Investments. According to the Polish Information and Foreign Investment Agency (PAIIZ 2014), “(t)he total foreign direct investment stock in Poland amounted to EUR 160.5 billion at the end of 2013. This value includes both the primary capital and reinvested profits (EUR 125.3 billion) and other capital (EUR 35.2 billion). The highest FDI stock was recorded from the following countries: Germany (EUR 27.5 billion), the Netherlands (EUR 25.9 billion), France (EUR 19.1 billion). (...) Sectoral composition of the FDI stock at the end of 2013 (based on the Polish/European Classification of Business Activity) was as follows: manufacturing (EUR 48.5 billion), finance

and insurance activities (EUR 40.6 billion), wholesale and retail trade, including repair of motor vehicles (EUR 23.7 billion), real estate activities (EUR 10.3 billion)” (PAIIZ 2014).

Other data further diminish the positive picture. Last ten years (2002–2013) witnessed an outflow of the capital from Poland of ca. USD 5.3 billion per year (Global Financial Integrity 2014). Salaries of employees in Poland are among the lowest in Europe (EUR 1000). Investing companies are often freed from tax obligations for years and the income is transferred abroad. In other words, benefits flowing from the FDI remain limited.

The negative consequences of the EU integration are reflected on the political scene of Poland and political behaviour of the voters. Polarisation of the society between pro-liberal and pro-conservative, Eurosceptic groups and recent victory of the latter option clearly indicates that for majority of population neo-liberal turn in 1990s and subsequent integration of Poland with the EU was a costly experience. These costs seemed to be ignored by the “victorious” ruling elites for a long time, and that in effect allowed for accumulation of frustration and disappointment. The social and political similarities between Poland and other non-Western European countries such as Hungary, Slovakia, Serbia, Bulgaria, Macedonia or Croatia are clear.

## 7 WHAT HAPPENED TO THE POST-YUGOSLAV ECONOMY?

Why the post-Yugoslav republics did not manage to transform their economies into market ones, if their situation in 1980s was much better, and industry and trade oriented towards international exchange than those of Central European republics?

Yugoslavia was one of the poster children of the Cold War. Its economy was based on balancing between two opposing military and economic alliances. In turn, both of the blocks supported Yugoslav project as long as it was necessary for preservation of strategic balance in Europe, i.e. until the end of 1980s. Despite facing serious difficulties in the area of public finances, or very high unemployment rate, Yugoslav economy enjoyed privileged position in international trade. For example, it penetrated some Middle Eastern, Asian, South American and African markets. Thanks to favourable structure of the trade (exporting manufactured products and importing raw materials and semi-manufactured goods), Yugoslavia could develop sophisticated branches of industry. Yugoslav economy, linking communist political system with relative liberal economic policy and export oriented production constituted object of desire and envy in such countries as Poland or Hungary, while leaving Romania or Bulgaria far behind.

Yugoslavia was also well integrated with the European Communities. It is well known fact that dissolution of Yugoslavia stopped process of political and institutional integration of this country with the EC. The association agreement has been signed already in 1970s and significant part of Yugoslav economy was oriented toward Western European markets. Therefore, according to the general mainstream principles of the EU integration, the post-Yugoslav republics, after democratisation and liberalisation, should establish new path of socio-economic development. Gradual economic re-integration with the European Union should be an important step towards welfare and prosperity. De-communisation, and enabling various interest groups to participate in state governance and in a fair competition over the public assets, should fundamentally lead to stabilisation of political systems. Instead we faced something very different. Democratisation process ended in at least three wars and other serious domestic conflicts. Up till today the level of political life, public discourse and state management remain very low. Ethnicity is still used as a tool in purely political conflicts over power and influence. Level of corruption, nepotism and politicisation of public administration is very high.

Economic consequences of the 1990s, despite the re-development of economic ties with the EU, ongoing since 1999, were also damaging. Publicly founded website devoted to the EU integration of Croatia admit that "in 1990 Croatia was, with Slovenia and the Czech Republic, among the most developed Central European transition countries. However, its economic development was burdened by significant war damage, estimated at \$37.1 billion, which made its transition to a market economy more difficult. The level of pre-war GDP (1990) was only reached again in 2004" (see [croatia.eu](http://croatia.eu)). The same, pre-war levels have been achieved by other YU-republics even later. It means that the relevant economies could not reach the 1989 level (the level of bottom of the economic crisis) for at least next 15 years! If integration with the EU supposed to lead to development of production, increase of employment and improvement of social conditions, the Western Balkan countries should have been able to achieve it much earlier.

The website also points out some other major difficulties: "the transformation process by which the former public (social) ownership became state owned and then privately owned, was undertaken in agreement between the political and business elite, frequently without the actual purchase of enterprises or investment in them. The transition therefore had many negative social and economic effects: the impoverishment of the population, a rise in corruption and economic crime, and the devastation of industry" (see [croatia.eu](http://croatia.eu)). Among the ten largest (by total revenue) companies in Croatia, six produce, import or deliver energy resource, two

are banks, one is a retail shop chain and another is telecommunication provider. Five leading export oriented companies produce food (see croatia.eu). This data show how far away from the developed centres of the West Croatia finds itself.

In Serbia, Macedonia, Bulgaria and other countries of the region, similarly to Croatia, indicators show economic growth. In short, GDP is generally increasing and unemployment, although still very high is decreasing. There are also foreign direct investments which provide additional funding to states' budgets. This however is only one side of the whole picture. Another side shows two significantly negative consequences. Firstly, that the income has not been redistributed in a way reflecting social welfare and prosperity principle. Most of the available work with permanent job contracts, social security and pension schemes, paid holidays, etc. is provided by the state and often almost exclusively by the state. The wages remain on very low levels and the social security almost does not exist. State is not able to provide its basic functions in areas of pensions, health service, and public transport. State abilities in areas of security and education remain limited.

Secondly, the economic growth was only relative. As we have shown already, it has been a positive indicator in relation to the end of 1980s and in the 1990s – the period of deepest economic crisis, recession, inflation and increasing class, ethnic and political conflicts, which soon turned into open war. Comparing economic development to this in 1989 or 1991 in Serbia or Croatia is a political manipulation that will always bring positive results, since it is difficult for economy during the peacetime to get worse. For example, the World Bank Report from 2015 clearly states that: “from 2000 to 2007, growth in the SEE6 moved average income per capita up from 23 percent of the EU average to 31 percent on a purchasing power parity (PPP) basis” (World Bank Report 2015:4). These negative trends are well reflected in two processes: increasing legitimacy and support for anti-establishment and euro-sceptic parties and negative demographic trends. The victories of such parties are visible everywhere in the region except in Bosnia and Herzegovina due to its ethno-political chaos, and Albania, where long rule of conservative Sali Berisha has been terminated by Social Democrats and Edi Rama.

As for the second indicator, World Bank Report from 2015 shows the following trends in the region, where “the average inhabitant is already 13.5 years older than the global average and the United Nations projects that the difference will widen to 21.1 years in the next 50 years. Today, on average in SEE6 there are 2 old-age dependents for every 10 working age people; by 2060, the projection is for 7.6 dependents per 10 working-age people. The UN also projects that the population will shrink by 25 percent.

As productive capacity similarly shrinks, the demographic transformations may hurt growth and are likely to intensify pressure on public finances” (World Bank Report 2015: 5). For example, over the last 10 years Bulgaria’s population shrank by 10 percent. These indicators constitute basis for building critical approach regarding the EU integration and for construction of a new approach to this issue.

### CONCLUSIONS: PERIPHERILISATION INSTEAD OF PROGRESS AND DEVELOPMENT?

Eurosceptic and nationalist revival in Europe does not only constitute a challenge to the European project but also reflects its failure. The Western Balkan states and the non-EU members of the Eastern Partnership face, therefore, a different picture of the European institutions, from those in 1990s, when the Central European states went for full integration. The vacuum between the former USSR and the Western world has been filled by Central European states and the Baltic republics. The new semi-periphery has, thus, been created within the EU and, at the same time, on its outskirts. During the transformation period in 1990s Yugoslav republics lost its international position and have been downgraded to peripheries or even, as observers claim, to peripheries of the peripheries (Bechev 2012; Stojanov 2012).

The wars of the 1990s ruined Yugoslav economies and weakened polities to the degree that local, post-Yugoslav elites face much more challenges than those experienced by Polish or Hungarian leaders in the 1990s. A number of fundamental, vital issues hang over the faith of some of the states, therefore constituting a threat to the stability of the whole region. These are future shape of Bosnia and Herzegovina, Kosovar-Serbian and Croatian-Serbian relations and, generally speaking, the Albanian question. The quality of political life in other countries also remain major problem although it is at least as much a result of the ongoing economic crisis. Attitude of the Western European states towards further enlargement does not have, from the perspective of this text, significance worth of consideration.

Secondly, the whole Western Balkans represent a market twice smaller than the Polish one. For weak economies small size constitutes a significant barrier in development. Production in post-Yugoslav space declined and in some regions almost disappeared. It is often limited to food manufacturing. Developed industry has either disintegrated during the fall of Yugoslavia, or did not withstand the competition of the Western European capital. Meanwhile, the rich Asian and African markets, where Yugoslav entrepreneurs enjoyed well developed contacts have been lost. Domestic capital develops slowly, yet it is often linked to unclear and legally doubtful



sources. Therefore, domestic elites depend on the foreign investments, the benefits of which are overestimated.

Gradual integration of the Western Balkans with the EU is accompanied by economic crisis and social decline. Main reason why this process is presented as the success story is its reference and comparison in public debate to the end of 1980s and 1990s – the peak of economic crisis during the fall of Yugoslavia and the war itself. The European integration, its costs and benefits, have been miscalculated because it has been based on the liberal paradigm. Main problem, which remains unexplained by liberal theories, is the fact that poor countries remain poor vis-a-vis the rich centres. Deterioration of the standard of living and increase of unemployment concerns almost the whole Union, although it is more severe in the states which remain below the EU average level of development anyway. International division of labour, level of education, structure of migration is disadvantageous for the new and “poor” member states of the EU. The example of this is Poland’s process of integration, which has good economic results statistically, yet its citizens are paying a heavy social price for it. The same risks and threats concern the post-Yugoslav economic and social space. Since the beginning of integration with the EU in 2000s, it has not recorded any economic success, which, according to the liberal theory of international relations, could be expected from increasing international trade and political dialogue. Only recently economic development reached pre-war Yugoslav level.

Western Balkan states should not follow the Polish path. Quick integration at any cost, although expected by significant (yet decreasing) part of the society, will not result in political promotion, economic development and gradual improvement of social standards. Changes in international circumstances, as well as the fragmentation of Yugoslav market means that the willingness to access the EU must be preceded by the ability to strengthen domestic economies. Otherwise, the process of European integration of the Western Balkan states will be marked by series of failures.

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## SAŽETAK

## EUROPSKO PROŠIRENJE KAO PROCES PERIFERIZACIJE

Ovaj tekst ima za cilj odgovoriti na pitanje zašto je Zapadni Balkan, unatoč razvoju odnosa s EU i postupnoj integraciji na zajedničko tržište, podbacio u postizanju ekonomskog uspjeha i zadovoljavajućih socijalnih standarda. Iz tog razloga, autor evaluira poljsko iskustvo u integraciji u EU. Poljski model integracije, koji se često naziva pričom o uspjehu i smjernicom za početnike u EU, ima tri mane. Prvo, skriva niz značajnih socijalnih problema, što je rezultiralo općim nezadovoljstvom u društvu, koje se ogledaju, najviše vidljivo, tijekom nedavnih predsjedničkih izbora. Drugo, ekonomski i međunarodno Poljska i države Zapadnog Balkana predstavljaju dva vrlo različita slučaja. Konačno, važno je naglasiti da je integracija u EU temeljena na liberalnoj paradigmi, koja je podbacila u svojoj ekonomskoj dimenziji, što je dovelo do marginaliziranja novih država članica i njihove slabe ekonomije. Dakle, poljski „uspjeh” ne može se ponoviti u ovim okolnostima zbog niza razloga. Posljedično, države pristupnice moraju usvojiti drugačiju strategiju za ulazak u EU.

KLJUČNE RIJEČI: Europska integracija, proširenje EU, transformacija, središte-periferija.