

# Advantages and Disadvantages of Immediate or Postponed Membership into the EU

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*The present article explores the options of future EU member states regarding their accession to the EU. It weighs the benefits of inclusion at the earliest possible convenience on the one side, and their later accession, on the other side. The analysis is conducted in three areas of importance for the timing of EU membership, namely the area of political stability and security, the area of economic development and competitiveness, and the area of maintenance of national sovereignty and cultural identity. The results indicate that benefits of early accession outweigh weaknesses and it is thus imperative for the candidate countries to accede to the EU as soon as possible. This is even more important at these times of financial crisis, since the EU does provide a greater financial and economic stability to its members as opposed to the potential stability they would have were they to remain outside the EU integration.*

**Keywords:** European integration, advantages/disadvantages of the membership, Political and security stability, Welfare creation, Cultural and identity problems.

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## 1. Introduction

The dilemma most candidate countries face when negotiating the EU membership is whether to push for its membership as fast as possible, even if it doesn't feel 100 % ready to assume all membership implications, or, to postpone membership until it is actually prepared to assume all obligations of the *acquis communautaire* (formal part) and the implications of unrestricted competition in its market (actual readiness). Either to postpone membership until all formal and informal preparations are performed gradually, or, to use membership to speed up such reforms. This was the dilemma faced by Slovenia when it was nego-

tiating and it is a dilemma faced by many other candidate countries negotiating membership now.

The debate about the advantages and/or disadvantages of states being members in international (economic or political) integrations is quite provocative and often leads to different (theoretical and/or practical) results. The provocativeness derives from the divergence between gains and losses of a state entering into integration. Discussants (and scientists) disagree whether political or economic integration brings more gains or losses, and which measures should be taken to analyze the overcome of gains over losses and vice versa. Studies (OECD 2009; Ilzkovitz 2007) have shown that integration is nine out of ten times more beneficial for states that are members of

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integration and for other states that are a part of integration from an economic point of view. However, the effects of integration are not the same for small or large states, or rich or poor ones. According to Milanović (2001: 56–57), conglomerates (integrations - B. U. and M. S.) will be particularly attractive for small and poor countries and will have trouble attracting or holding small rich members, while rich middle sized and non-democratic countries will stay out. This may imply that small (middle developed) countries lacking democracy can try to stay out of integration groupings.

Opinions on political integration are not so congruent (Ellingsen 1998; Brou and Ruta 2006). In spite of all theoretical debates, the number of regional economic and political integrations has risen in the past 50 years. Since 1990, the number of economic integrations registered with the WTO increased by more than 800 %. Since 2001, the number of registered economic integrations has almost doubled (WTO 2009). States recognized that in this globalised world integration is no longer a matter of choice, but rather a matter of survival. For this reason, a state that would like to compete in the international economy has to (i) enter into an economic integration, or (ii) expose its economy to the world market by liberalizing its market completely. The first option allows the state to use the advantages and disadvantages of integration for a 'softer transition' from nationally created economic policy to a common economic policy, while the second option forces states to adapt instantaneously to the global market, which can cause serious problems in the performance of the national economy.

Is immediate integration an advantage or can it also be a disadvantage? Which factors determine whether integration is advantageous or disadvantageous? How should states decide when to enter into integration and which variables should be included in the cost-benefit analysis? This is the framework within which we are going to analyze advantages and disadvantages of rapid or delayed membership in integration. The article seeks to provide an answer to the question, which the advantages of immediate and postponed membership of inte-

gration are.<sup>1</sup> And, upon the basis of this response, whether it is better for a state to join the economic (or political) integration sooner or later? We base the analysis on three propositions. Firstly, we assume that globalization forces push states to strengthen cooperation in the field of economic and political affairs. Secondly, we argue that integration among states also has a spill over effect on neighbouring countries, and furthermore, that this leads to the stabilization of a wider area than member countries only. Finally, we assert that if the advantages of joining integration overcome disadvantages, states should join the integration as soon as possible since the trade off between advantages and disadvantages could change in time. Hence, immediate membership in integration (EU) has more advantages than disadvantages, especially for small and/or transition states or states with economic activity closely integrated with the EU. This is especially important for the current candidates like Croatia and Iceland that are part of the negotiation process and have to accelerate their pace to "catch the train leaving from the station". The EU will certainly enlarge its borders in the following years. If Croatia will miss this opportunity, the next chance may be during the next enlargement round with other current candidate and potential candidate states (Turkey and the Western Balkan states).

The article is strongly based on the analysis of Svetličič (2000).<sup>2</sup> The article determined which the internal and external factors making rapid integration attractive were and which those speaking in favour of later integration were. According to Svetličič (2000), rapid integration (of Slovenia) into the EU meant integration in the period of the next four years, i.e. until 2004, and postponed integration meant integration after 2010. Such a time delay was necessary in order to sharpen the differences between rapid and postponed integration. It is also important to indicate from the outset that some negative implications of rapid integration can turn into benefits in the long term, either because of a lack of preparedness in the case of rapid integration or due to changed external environment conditions. Consequently, it would now mean that the rapid integration of present candidates

would take place by 2013, and postponed integration would occur after 2020.

The conclusion of Svetličič's article (2000) was that the advantages of rapid integration were clearly stronger than disadvantages. Now, nine years later, we have the privilege to evaluate what has happened after five years of Slovenia's membership in the EU. Has membership enhanced Slovenia's growth and what have been the implications in other areas? Although a comprehensive evaluation is yet to be prepared, the data has demonstrated that the implications of membership were in general very positive.<sup>3</sup> The current global economic crisis has demonstrated that had Slovenia remained outside the EU (and not being a part of the Eurozone) the Slovenian economy would have suffered far more (see Burger and Svetličič 2009).

This article evaluates the advantages and disadvantages of rapid or delayed integration into the EU as they were relevant at the end of 1990s when Slovenia was negotiating its membership, with the purpose to see to what extent such an evaluation can still be relevant for candidate countries now.

The article is composed of four parts. In the first part we outline the theoretical framework. The second part is devoted to a brief history of Slovenian membership. A short overview of the international environment in which negotiating the membership take place is evaluated in the third part. While the fourth part of the article presents the 'summary' of advantages and disadvantages of immediate membership in an integration (EU) in three different fields: the field of politics and security, economic and monetary affairs and cultural issues. In the conclusion we discuss the obtained results and evaluate the arguments on immediate or postponed membership in integration.

## 2. Theoretical Framework

The two major questions to be addressed from a political/security point of view are whether integration strengthens the democratization of its members or enhances/erodes their sovereignty. (Political) integration theory

(Wiener and Diez 2004) does not provide clear answers on integration issues since it does not constitute a single framework (Schmitter 2004: 69) for discussion. It is rather a mosaic, where each theory is only a fragment of what should be substituted with another one depending on the point of view (Diez and Wiener 2004: 6ff, 19). The debate on integration theory/ies is a debate on competing or complementary approaches (Wiener and Diez 2004: 15). Consequently, pre-integration theories - classical federalism (Burgess 2004: 26 - 29), functionalism (Mitrany 1943) and transactionalism (Deutsch 1970) - 'born' before 1960, and contemporary theoretical paradigms - neofunctionalism (Hass 1958; Schmitter 2004: 46), intergovernmentalism (Hoffman 1995; Moravcsik 1997), law integration theory, discursive integration theory (Waeber 2004, see Brglez and Kajnc 2009: 406) should be understood as approaches and not as eclectic theories, because of the differences in their initial positions (Diez and Wiener 2004: 16).

Federalists argue that integration should preserve the states' sovereignty and national interests, while functionalists advocate that partial national interests should be replaced by common interests. The 'bridging theory' of transactionalism links functionalism and federalism view the key role of the integration in providing a stable community of member-states. The theory of intergovernmentalism derives from the classical prepositions and emphasizes that states remain the basic actors within the integration, but cooperate in the field of common interest. On the other hand, contemporary theoretical approaches to integration (stemming from other social sciences) explain integration as a process based on common 'constitutive and regulative norms' or 'discursive practices of political elites' (Risse 2004: 162-163; Haltern 2004: 178-179; Waeber 2004: 200 - 206).

Milanović (2001) evaluates the relationship between sovereignty, democracy, wealth and international agreements (as a proxy for political openness). He establishes that "the equilibrium sovereignty level of poor, rich and small democratic states wishing to become integration members is bound to be small

whether they are independent countries or members of a conglomerate. The key gain from independence is not sovereignty, but the ability to switch from a poor to a rich conglomerate (like Slovenia did - B. U. and S. M). Greater wealth *per capita* is strongly associated with countries' acceptance of binding international agreements. More democratic countries will, under *ceteris paribus* conditions (i.e. given domestic market endowments), select lower level of sovereignty. Hence conglomerates will be particularly attractive for small and poor members and have troubles attracting or holding small rich members" (2001: 56). Consequently we can conclude that the stronger the ambition to stimulate growth and increase the wealth of the population the stronger the argument for immediate membership irrespective of the issue of sovereignty. The second conclusion from Milovanović's analysis is that the more democratic the country the more it will be pushing for immediate membership. But when it becomes rich it will again evaluate the trade off between benefits and costs, between the rights of 'small members' and net payments to the budget of the community.

The major issue of the traditional theory of economic integration (Beers 1941; Bye 1950; Viner 1950 and Balassa 1962) is why states want to join economic integrations. Theories address the issue by differentiating between static (trade creation and trade diversion) and dynamic effects of integration. If trade creation outpaces trade diversion and if dynamic (expected) effects are greater than costs, countries join the integration grouping (cf. Robson 1998: 26-27). The issue that has to be resolved is not only about net gains, but rather whether such gains are higher in the short-term or whether it is better to postpone membership in order to maximise gains in the future. More simply, the reflection is whether the dynamic effects (by definition achieved in the long run) are more or less important than the static ones, or whether the dynamic effects are so important that immediate membership would present a more attractive solution than postponed membership, implying that we would like to achieve the dynamic effects as soon as possible. What can therefore be expected in this regard (see Table 1)?

**Table 1:** Static and dynamic effects of creating an economic integration

Static effects	Dynamic effects
<ul style="list-style-type: none"> <li>• Trade creation/trade diversion.</li> <li>• Administration savings.</li> <li>• Improvement of collective terms of trade.</li> <li>• Increased bargaining power in the international community.</li> <li>• Stabilization of the economic neighbourhood and main trade partners.</li> <li>• Gaining resource allocation efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased competition enhances productivity, improving allocation of resources and decrease prices.</li> <li>• Economies of scale, scope and specialization enhance competitiveness.</li> <li>• Access to new technology.</li> <li>• Growth in output increases welfare.</li> <li>• Cohesion and convergence (following stabilization) among member-states.</li> </ul>

Source: Salvatore (2007: 345-347); Robson (1998: 37-40, 84-90).

The theory posits that the overall dynamic effects are five to six times more important than static gains (see Salvatore 2001: 335). This is even more relevant for all republics of the former-Yugoslavia, since they have enjoyed the benefits of special agreements with European Union since the early days and Association or Stabilisation agreements afterwards (signed in 2001). They allowed the consumption of a large part of static trade effects.

The decisive factor in this economic sense is therefore whether dynamic effects make rapid membership better than postponed membership. The theory clearly points out that the sooner the country integrates the sooner it is able to reap the dynamic gains. In the case of the Western Balkan countries (Croatia) this factor is even stronger due to the consumption of a large part of static trade effects in its non-membership status.

### 3. Historical Background of Slovenia's Accession to the European Union

During the last several years of the former-Yugoslavia, Slovenia argued that it was necessary for Yugoslavia to join the EU. However, forces in Yugoslavia that had the power to make a decision about potential accession were opposed, and shortly after the dissolution of Yugoslavia, Slovenia proceeded with actions towards entering the EU. Slovenia submitted an entrance request to the EU in 1992 (Government of Slovenia 2009).<sup>4</sup> The request was followed by harsh pre-accession negotiations, especially with Italy which blocked Slovenian accession to the EU owing to the "unresolved" position of the Italian minority in Slovenia (Kosin 2000).<sup>5</sup> After four years of tough negotiations with Italy and the Slovenian acceptance of the "Spanish compromise", Slovenia signed the Association Agreement (hereafter AA) on 10<sup>th</sup> June 1996. In 1997, Slovenia became a part of the Luxembourg group,<sup>6</sup> which got the green light to start negotiations. The AA came into effect in 1999; while the negotiations were concluded in 2002 when it was determined that Slovenia will enter the EU on May the 1<sup>st</sup> 2004 (Government of Slovenia 2009).

During the accession process one of the key questions that determined the discussion of Slovenia's membership in the EU were the advantages of immediate or postponed membership. Even though public opinion was quite favourable towards entering the EU,<sup>7</sup> Euro scepticism was not completely absent (Pinterič 2009).<sup>8</sup> A large part of the Euro scepticism was caused by political and economic issues. The main issue concerning the membership of Slovenia from a political perspective was the issue of the democratic deficit in the EU (Pikalo 2009) and the loss of sovereignty. While in the economic sphere, the loss of control over monetary and exchange rate policy was listed as the largest deficiency of Slovenia's membership in the EU.

The next part of the discussion will present arguments for immediate or postponed membership of a country in the EU and the

role of external factors, the impact of global environment. This analysis is strongly based on the article of Svetličič (2000), but from a 'five-years later' perspective. The analysis which follows will be more generalized<sup>9</sup> and consequently applicable and useful for future member states.

### 4. Global Environment

Assessing the potential implications of rapid or slow integration in the EU depends to a large extent on the international environment and its potential development in, at least, next 10 years. In 2000, Svetličič established that most external factors strongly supported fast integration into the EU. Tectonic changes already forecasted in 2000 and enhancing globalization changed the configuration of factors of competitiveness favouring knowledge, innovation and the speed of adjustments to the external environment (particularly important for small countries). Slower growth rates were predicted, and the pace of globalization would slow only in the case of major war, a great crises like the one in 1929, or in the event that the world would not be able to change the distribution of costs and benefits of globalization more evenly. If globalization is here to stay and regionalization is the most practical realistic manifestation of globalization, then rapid integration in the EU is a normal response, particularly for small countries, Svetličič asserted.

At the same time, Svetličič was strongly advocating "walking on two legs", integration and regional diversification of the economy. He argued that integration in the EU is not the only strategy, but that regional diversification of economic cooperation with the most dynamic parts of the world's emerging economies is a must. Developments in the last nine years have proven this proposal correct and can now have only a stronger role in view of BRICS (S for South Africa) becoming a major source of the dynamics of the global economy.

Almost all arguments described in Svetličič (2000) are still valid today, and even more so during the economic crisis. Although the EU has not avoided the crisis, its social

model has made it more resistant to the crisis through automatic inbuilt social stabilizers. Consequently, less stimulus packages were needed and small and less developed member countries enjoyed the benefits of EU funds to cope with the crises. The adoption of the Euro and the coherence of monetary policy also made countries less vulnerable. Although EU members have not avoided the crises, of course, it would be safe to assume that particularly small and less advanced members would fare much worse outside the EU. The changeability of the external environment therefore makes fast integration into the EU even more important today than it did when Slovenia was negotiating its membership.

However, it was not only economics, but also integration into security and political structures made integration a rather attractive solution. Due to tectonic changes and consequent political instabilities, and last but not least the enlargement fatigue, waiting too long for membership could mean postponing it for a much longer time than was previously established. Currently, with living tectonic changes in motion (e.g. the threat of terrorism after September 2001), the security and political umbrella of membership can play an even more important role. Postponing the membership could mean waiting for other Western Balkan countries or even for Turkey. Or, as predicted in Svetličič (2000), the EU could get tired of enlargement and could start thinking of new forms of association instead of membership owing to the problems that it already has with new members. The EU Enlargement

is therefore a historic opportunity and the doors may not remain open permanently. They can be only partly opened in the future (Svetličič 2000: 48). The ongoing institutional reforms and the global crisis make all these arguments in favour of fast integration today even stronger and the costs of delaying the membership even higher.

## 5. Political and Security Stability

After the disintegration of Yugoslavia and the establishment of new independent states on its territory, security and political stability played a more prominent role than it does today. Slovenia started its accession process at a time when wars were raging in Croatia and Bosnia and Herzegovina. Consequently, the political and security stability of the region was one of the key determinants of Slovenia's accession process. However, in the last 20 years political and security determinants have changed significantly. On one hand, the Western Balkans region has been (more or less) stabilised, while there has been a change in global security, on the other, the war against terrorism started in 2001, there was an attack on Iraq, two large terrorist attacks occurred in the EU (United Kingdom and Spain); Europe replaced the UN forces in Kosovo etc. These changes in the world's political and security system call for the strengthening of political stability in all regions. Table 2 shows the advantages of immediate accession to the EU.

**Table 2:** Advantages of immediate entering in the EU for political and security stability

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| <ol style="list-style-type: none"> <li>1) EU Member states co-create the political and security system in Europe.</li> <li>2) Member-states improve their visibility in the international community.</li> <li>3) Small states have a chance to push forward their own and co-create common Community interests, far beyond what would be possible in the case of non-membership.</li> <li>4) Membership in the EU reinforces the negotiating position of a state towards non-members.</li> <li>5) Membership in the EU promotes the transition and stabilisation of the political system making it more transparent and enhancing democratic dialogue instead of politics of division.</li> <li>6) Membership enhances national security, as states become part of the CFSP.</li> <li>7) Membership stimulates better implementation of the rule of law.</li> </ol> |
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The advantages from Table 2 are fundamental advantages for all new member-states becoming a part of the EU agenda setting and not being the observers of what others decide. One could say that Switzerland or Norway do not have as much to gain, since their cooperation with the EU is already at a very high level. This reasoning is only partially true, because states that are not officially part of the EU do not have the possibility to participate in the creation of EU policies which to a very large extent affects their development due to such strong economic integration with the EU space. They have to follow what 'Brussels' decides without having the opportunity to co-create such policies. Hence, they have fewer possibilities to influence the decision-makers and the decision-making process to reach their goals. On the other hand, integration of small states gives them a comparative advantage, as they have the possibility to put forward new ideas and actions that would not be possible outside the integration. Consequently, such actions warrant small states to have a more stable political and security environment.

Indeed, the accession to the EU does not solely promise advantages. The principal disadvantage of entering the EU is the partial loss of traditional sovereignty.<sup>10</sup> The discussion on the extent of losing state sovereignty is aimed at quantifying acceptable and unacceptable levels of losses, which, in other words, makes

a discussion known as the "half-full or half-empty bottle". The optimist would say that a bottle is "half-full", while the pessimist will remark that it is "half-empty". It is evident from the theories that integration calls for sacrifices. However, if gains outweigh costs or even if costs of integrating are lower than costs of the best alternative, integration is the right decision. In this sense, the debate about losing sovereignty is less important. In this globalising world almost all decisions should be taken in cooperation with other states.<sup>11</sup> Therefore, the present reality confronts us with the fact that state sovereignty cannot be understood as Westphalian sovereignty anymore. Finally, sovereignty is not necessarily endangered in integrations, but rather modified. States are still the primary bearers of power since they are still the only subjects in the international community with policy adoption powers even in the name of the integration. Therefore, the EU is not an alienated formation that took the sovereignty away from member-states; instead it is more a reflection of the sovereignties of all member-states. Nevertheless, it may seem that sovereignty is the only issue discussed as a disadvantage of immediate membership in the EU. In Table 3 we list some possible disadvantages of joining the EU as perceived by the public or stemming from debates.

**Table 3:** Disadvantages of immediately entering the EU; political and security dimension

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| <ol style="list-style-type: none"> <li>1) Loss of state sovereignty.</li> <li>2) Haste can erode own negotiating position making the country vulnerable to political pressures from other members.</li> <li>3) Absence of national political consolidation can damage the reputation of the state in the EU.</li> <li>4) Ignorance or lack of experience about policy and decision-making in the EU (a lack of soft powers) makes potential influence in Brussels less than the one which can possibly be achieved in the case of later membership (longer process of learning by doing).</li> <li>5) The concentration of the membership costs can reduce public support for entering the EU.</li> </ol> |
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The major task of policy makers is firstly to assess whether the erosion of bargaining power of rapid integration outweighs the chances of gaining some benefits in a longer negotiating process by insisting on something considered as a vital national

interest. Secondly, whether such an insistence would postpone the membership beyond the feasible historic opportunity or until the policy of the EU might change making the membership "fee" more expensive and/or harder to achieve. These are hard political choices.

## 6. Economic Stability and Prosperity

Most of the integrations that exist today started out as economic integrations (Kostevc 2009: 170). States decide whether or not they wish to enter the economic integration on the basis of the cost-benefit analysis. Many studies have demonstrated that economic integration enhances welfare.<sup>12</sup> For example, the study of Baier, Bergstrand, Egger and McLaughlin (2008) ascertains that the 'establishment' of the EU

increased members' trade by 127-146 % after 10-15 years, while membership in the European Free Trade Association (EFTA) increased trade for no more than 35 % (Bergstrand 2008).<sup>13</sup> However, the economic effects of integration are not only positive. In states where industry is not consolidated and competitive, entering into the integration can cause serious social difficulties (such as unemployment, an increase in health and social expenses, etc.). Table 4 shows the advantages of immediate membership of a state on its economy and welfare.

**Table 4:** Advantages of immediate membership of a state in the EU from the economic perspective

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| <ol style="list-style-type: none"> <li>1) If the net effect of joining the integration is positive then the welfare of the citizens rises.</li> <li>2) Increased export to the EU, since trade creation would outpace trade diversion.</li> <li>3) Speeding up transition and restructuring.</li> <li>3) Faster creation of a new economic structure of the economy by specialisation.</li> <li>4) Increased competitiveness is a basis for creating a knowledge-based society (see Udovič and Bučar 2008).</li> <li>5) Entering the EU abolishes the weakened local monopolies.</li> <li>6) More inward FDI.</li> <li>7) Faster transformation.</li> <li>8) EU financial assistance when a state encounters some economic or financial problems.</li> <li>9) Access to the EU funds.</li> <li>10) Coordination of monetary and fiscal policies grants a stable framework for the development of the economy.</li> <li>11) Enhancing specialisation and gaining the advantages of a niche economy.</li> <li>12) Enhanced competition in the financial sector can enhance its competitiveness.</li> </ol> |
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All of the above mentioned advantages have one common denominator, which is the increase of competitiveness and, as a result, the lowering of prices. The final result will be the improvement of welfare. However, adaptations and changes in the economy when entering an integration (e.g. the closure of uncompetitive firms) can lead to a decline in welfare as well. This decline should be of a short-term nature, since competitive industries will emerge and welfare will consequently increase. Therefore, it is necessary to assess all

the advantages and disadvantages prior to entering an integration and prepare for it in advance. In doing this we must also be aware of the fact that the disadvantages of immediate accession to the EU, such as closing down enterprises because of their lack of competitiveness, can be an advantage in terms of faster adjustment to global competition by improving the allocation of resources faster than otherwise would be the case. Table 5 lists some disadvantages of immediate membership in an integration.



**Table 5:** Disadvantages of immediate membership in the EU from an economic perspective

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| <ol style="list-style-type: none"> <li>1) Branches/firms of 'special' or 'national' interest can be closed, as they are not competitive and have not had enough time to adjust.</li> <li>2) The technological lags can be perpetuated.</li> <li>3) FDI can drive out domestic firms due to lack of time to adjust.</li> <li>4) Loosing banks in domestic ownership, because they are too small to compete with European giants.</li> <li>5) Underperformance in obtaining the EU funds (lack of knowledge on how to do it).</li> <li>6) Incapacitating the use of exchange rates as development tool.</li> </ol> |
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The list of disadvantages for immediate membership of a country in an integration shows us that too hasty a membership can cause serious problems in the restructuring and adjustment of the economy. It is thus necessary that a state, entering the integration try to restructure its economy before the accession, otherwise serious changes after the entrance could be harsher and unaccepted by the public or even accompanied by revolts and riots. However, the costs of rapid membership should also be evaluated compared to the opportunity costs of non-membership with the "best alternative to a negotiated alternative". Such an evaluation can demonstrate that a fast membership, even implying additional costs, is still less costly than the best available alternative in a globalised economy. States must know the alternatives of not joining an integration. In a world where globalisation is at the centre of whichever economic decision, states, particularly small ones, are not left with many options. If they do not integrate, they nevertheless have to liberalise their own economy if they wish to survive. Compared to the total liberalisation scenario, integration also offers a certain collective 'protection formula', since integrations always protect their members economically and politically (Svetličič 2000). This 'protection' is especially important now in times of financial crisis.

## 7. Cultural and Identity Questions

The debate about cultural diversity and identity problems after joining an integration is always on the top of every discussion table. Although cultural dialogue and cultural diver-

sity are generally well promoted, when it comes to specific issues, many dilemmas/problems appear. The major dilemma concerning cultural and identity issues is whether a) integration implies loosing of own identity and culture, or whether b) integration enhances possibilities for promoting the culture and identity of a small state. Firstly, states, especially small states or states in transition are concerned that integration means loosing their own cultural and identity heritage. This concern derives from the concept of culture and identity as exposed in the "Spring of Nations 1848" that is strictly linked with the Westphalian concept of sovereignty which determined statecraft in the 20<sup>th</sup> century. Secondly, fear of the EU also derives from the EU structure. 27 member-states can sometimes be seen as a melting pot in which small states in particular do not have the possibility to preserve their own cultural uniqueness. The culture and identity question of these states are submerged under the cultural activities and questions of larger states. On the other hand, data show that joining the EU has a great influence on the promotion of culture and identity of member-states. Most EU institutions give a special impact on preserving culture and identity particularities (cf. Trichet 2009). In the past, a lot of programmes were launched to help preserve cultural and identity heritage, focused especially on promoting regional and minority languages (EC 2006). The DG on Education and Culture has an action programme listing all activities of the EU for preserving national and the EU cultural platforms and actions (EC 2009).<sup>14</sup> Table 6 shows some advantages in the field of culture and identity.

**Table 6:** Cultural and identity advantages of becoming a member of a political integration

- 1) Citizens acquire all rights and duties belonging to the citizens of the EU.
- 2) Membership grants better diplomatic and consular protection.
- 4) Promotion of own culture and language, which becomes one of the official languages of the EU.
- 5) Influence in the decision-making process.
- 6) More intensive cooperation with cognate cultures and languages.
- 7) Citizens can travel more freely and study abroad (possibilities to apply for scholarships). They can promote own culture and language abroad.
- 8) The knowledge of a country's culture can increase the influx of tourists and its national income.
- 9) Improvements of the political culture and democratic behaviour in the home country.

As explained above, disadvantages in the field of culture and states' identity are closely linked to states' sovereignty. Table 7

shows some possible negative effects on culture and national identity after becoming a member of the EU.

**Table 7:** Disadvantages of the membership in the EU

- 1) Possible loss of own culture originality, because of the amalgamation among cultures within the EU.
- 2) Foreign cultures can suffocate a national culture – artists go 'with the European flow'.
- 3) Openness of public sector and universities force the use of foreign languages (especially English) that could lead to pauperism of the native/home language.

In the field of cultural and identity issues, advantages surely prevail over disadvantages. The key advantage often indicated as a big disadvantage is the question of language and home sovereignty. The first is related to the use of one's own language in the 'Brussels reality', because as it is known, all languages are equal, but most of the decision-making process is frequently undertaken in English or French. Of course, states can use their own language, but this will include more translations and the decision-making process would be even slower than it currently is. However, the common practice in 'Brussels' is that when a state is presiding over the Council, the presiding officer speaks in their own mother tongue. This is a very effective promotion of a country's own language.<sup>15</sup> The other question of home-

country sovereignty was dealt with in the previous parts of the discussion. We believe that at this point we should draw attention to promotion of national interest within the EU. All political actions should be taken to increase the welfare of the common people of a state, so we argue that sovereignty, as established in the Westphalian system, should be replaced by the new task of promoting national identity and culture. Within the framework of the EU, a member state could do this better and more efficiently. States from the European continent stem from the same Greek-Jewish-Christian tradition. Common roots create a common identity framework. Therefore, national identity within the framework of the EU can be preserved in a much easier way among member states than within the framework of more

than 200 states existing in the world today. Such is also the experience of Slovenian membership. In spite of very strong fears about loosing cultural identity, five years of membership have demonstrated that more doors have opened than closed. Many critics of membership on such grounds have realised that it is up to us to start using additional European channels for the promotion of national culture, channels which have not been available before.

### 8. Conclusions

The scope of this article was to present arguments of immediate or postponed membership (accession) in the EU in the context of global environment. The analysis is focused on three fields (politics and security dis/advantages, economic dis/advantages and cultural and identity dis/advantages) that are, in our opinion, key areas where advantages or disadvantages of immediate integration in the EU should be discussed. 'Field-analysis' shows that the advantages of immediate membership in the EU, especially for small and/or high middle income transition states, overcome the disadvantages.

Although the international context has changed dramatically after Slovenia negotiated its membership, nowadays it works even more strongly in favour of rapid rather than slow integration. The crisis has clearly demonstrated the advantages of being a part of Euro zone, as well as the European social model's amortization policies for external shocks. Although they proved insufficient for imbalances of the size the present crises imposed on them, it is still better than not having them at all. The current crisis has clearly shown that slow restructuring of a state's own economy can prove more costly if done later to when it should have been done. The situation is even worse if the re-

structuring process is determined and forced by external environment (like the present crisis), which can seriously damage the restructuring of sectors and provoke serious economic and social consequences. Since we will not be immune to the crises in the future, rapid membership, speeding up reforms and the restructuring of firms make economies of candidate countries better prepared to cope even with a crises similar to the one we are facing now. In addition, globalization and regionalization like European integration is going to stay with us in spite of the severe backlash to globalization in general in the present crises. It will only have to be modified in such a way as to allow more equitable distribution of its costs and benefits. Higher vulnerabilities and unpredictability also make membership in the EU better than staying outside as a way of collective amortisation of inbuilt shocks and uncertainties in the global capitalist economies.

However, tectonic changes with economic power shifting to Asia make the EU membership insufficient. Countries have to strengthen their cooperation with these countries that will to develop much faster than the "old" industrial countries and thus will become the engine of global growth in the future Asian century. Strengthening cooperation with BRICS is therefore a necessary compliment to European integration if a country wants to keep high growth rates in its efforts to converge with the old members of the EU. Faster growth rates of (emerging) economies strongly correlate with growth rates of the countries trading with them and of richer or developed countries (see Aurora and Vamvakidis 2005). The second argument reinforces integration in the EU (more developed countries), while the first supports the geographical diversification of economic ties with fast growing countries.

**Table 8:** Advantages and disadvantages of immediate and postponed membership in the EU – small country case

	<b>Immediate membership</b>	<b>Postponed membership</b>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Country becomes better known and more transparent.</li> <li>• Diminished role of partitocracy.</li> <li>• Co-creator of European (security) architecture.</li> <li>• Historical opportunity (will the EU doors remain open)?</li> <li>• Enhancing state security position.</li> <li>• Restructuring and enhanced transition process.</li> <li>• Dynamic effects of an integration..</li> </ul>	<ul style="list-style-type: none"> <li>• More time to adapt to the Maastricht criteria.</li> <li>• Possible social costs of states' transition are extended on a long-term basis.</li> <li>• Larger inflow of structural funds.</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Worse negotiating position towards the EU member-states.</li> <li>• Transition could be speeded up, but transition costs can increase.</li> <li>• Uncompetitive branches bankrupt and provoke welfare problems.</li> <li>• Particular advantageous bilateral trade agreements are substituted by EU Agreements, implying loosing of special treatment on such markets.</li> </ul>	<ul style="list-style-type: none"> <li>• Slower reforms and subsidizing the economy support uncompetitive industries and branches.</li> <li>• Technology transition is slower.</li> <li>• Security problems – being part of an unstable region.</li> <li>• More modest FDI inflow.</li> </ul>

Source: Adapted on the basis of Svetličič (2000: 67).

Although the advantages are greater, the disadvantages should by no means be neglected, since potential remission of disadvantages can reduce the influence of advantages or even convert advantages into disadvantages. Furthermore, one can convert disadvantages into advantages if one knows them and is prepared to deal with them in advance. The basic argument frequently stressed as a disadvantage is the argument of 'loosing a nation's own sovereignty'. We argue that this argument is based on weak foundations for two reasons. Firstly, sovereignty in the modern international community, especially after the Second World War, has changed in its essence. States could not and should not act for themselves as they acted in previous centuries, but their politics (policy) should be congruent with the inter-

ests of other nations in the framework of international law and the international community's interests due to a strong interdependence and the "flattening" of the world (Friedman 2005). Secondly, globalization has converted economic independence into economic interdependence (Keohane and Nye 1989), meaning that states no longer have the ability to decide on their own (economy) alone, but instead have to take into consideration 'outside' environmental limitations and actions. Such an altered understanding of sovereignty establishes a new framework for discussing the profitability or uselessness of joining the EU.

This discussion on advantages or disadvantages is especially important for the states emerged from the ex-Yugoslavia,

which must decide whether their future will be with in the EU or not. We argue that there is simply no reasonable alternative to joining the EU (see Svetličič 1996a, 1996b and 1998 for alternatives) as they are a part of European history, while at the same time, the territory of former-Yugoslav states is the only part of Europe that obviates the EU to round off.<sup>16</sup> However, some interest groups in those states strongly oppose membership in the EU, since they believe that the EU will not be advantageous for their country. The key misunderstanding derives from the EU's role in the reform process in these states. Interest groups wrongly suppose that not joining the EU will preserve their own economic capacity and characteristics. But this seems unrealistic. As explained, the alternative to the EU for these states is total liberalization of their home economy. But reservations that one can have regarding the EU membership in terms of yielding part of its sovereignty or negative effects it might have on local firms (closing down due to a lack of competitiveness) could in the case of total liberalization even be much stronger. The EU is less liberalized, it selectively protect its members from the outside world. Total liberalization would absolutely enhance productivity, but the immediate impact on the economy could be much harsher. Perhaps the major economic advantage is that the EU membership in fact speeds up the transformation of candidates' economies which would otherwise occur far slower. The membership can therefore be regarded as an instrument for speeding up the needed market-oriented reforms. The other argument for joining the EU is the capability of the EU to be an important player in the international arena. Being a part of such an integration gives a state more possibilities for the production and promotion of its own interests, because partial (national) interests 'could be sold', leveraged as common (EU) interests. Within this framework, states could even create a more favourable environment for its devel-

opment in the political and economic spheres.

The EU is the right choice for small states that would like to prosper and to develop faster, but still in a sustainable manner. Faster and sustainable development would lead to higher welfare for all citizens. Promoting and achieving higher welfare should be a question of vital importance for all political elites.

From the 'five-years-later' perspective experiences of Slovenia's membership in the EU enhanced its transition and competitiveness in competitive branches, while, on the other hand, uncompetitive branches faced serious problems in their transition process. Nevertheless, the transitions and adjustments needed in order to become a member of the EU are much more transition, welfare enhancing specific, than the EU specific, because it should be done to become a market economy and not because the adherence to *acquis communautaire*. Our analysis clearly demonstrates the advantages of rapid and not postponed membership of the EU although there are costs of rapid integration as well. Fast integration can speed up needed reforms although each country can still follow its own model that will enhance economic prosperity, cultural coherence and political stability because there are no "one fit all models/strategies". Blaming others – a policy frequently applied in many candidate countries by politicians unwilling to take the necessary reforms who consequently blame Brussels or other countries for their own wrong doings – can finally prove to be a very counterproductive policy. Firstly, because it can postpone the needed reforms, and secondly, because it can jeopardise the outcome of a referendum if it is needed for final membership in the EU if the EU or its policies were the scapegoat for own bad policies for too long.

■

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## NOTES

1 We are going to concentrate on the advantages of immediate and postponed membership in integration, because the advantages of immediate membership are basically disadvantages of postponed membership and vice versa.

2 Svetličič (2000: 38–70). The article is divided in three parts. In the first part, Svetličič evaluated the external environment in which Slovenia started to negotiate in the 90s. The second part of the article was a macro analysis of what were the implications of rapid or delayed (postponed) membership of Slovenia in the EU, while the third part of the article analysed the advantages and disadvantages in selected sectors, such as banking, telecommunications, transport, education and science, tourism, employment and social dimensions and the environment.

3 But it is impossible to identify to which extent these results are EU integration specific or transition or external environment specific. GDP growth rates have accelerated from 4.3 % in 2004 to 6.8 % in 2007 what can largely be explained by the EU growth rates fluctuations (see Mencinger 2009). GDP per capita also increased from 13,599 to 18,219 in the same period to reach 90% of EU 27 average. Exports to EU increased from 66% to 70.6 % while imports decreased. However current account deteriorated. Unemployment also decreased but started to increase due to present crises. Competitiveness has also slightly increased. Structural changes have been accelerated but still much too slow. Inward FDI increased but less than expected while outward internationalization substantially accelerated. (see more in Burger and Svetličič, 2009)

4 The Cooperation Agreement and the Protocol on financial cooperation between the European Economic Community and the Republic of Slovenia was signed on 5th April 1993 and entered into force on the 1st September 1993 (AA 1996).

5 Italy argued that Slovenia is not the successor of the Osimo agreement that finally, after 30 years, determined the state line between Italy and Yugoslavia and compensation for the property of Italian citizens, which was left on the territory of ex-Yugoslavia after their option for Italy.

6 Members of the Luxembourg group were Czech Republic, Estonia, Poland, Cyprus, Hungary and Slovenia.

7 Public support to enter the EU never fell below 50 % (Government of Slovenia). 89, 64 % of electors supported Slovenia's membership of the EU in a referendum on the 23rd March 2004 (National Electoral Commission 2009).

8 A noted, Slovenian economist Jože Mencinger led the Euro scepticism campaign in Slovenia with his ideas. On the 1st March 2004 (just 2 months before Slovenia entered into the EU), Mencinger was discussing in a public forum on Slovene competitiveness exposed that "after the 1st May Slovenia will have much less sovereignty that it had had in Yugoslavia". According to Mencinger, the EU was defined as "a self-interested community of states with partial interests of the political elite, far away from the public" (Mencinger 2004). Despite his statements, Mencinger did not perceive himself as a Euro sceptic, because, as he emphasized, "he did not know the alternative to the EU".

9 The original article of Svetličič (2000) evaluated the external environment, then the implications of rapid or delayed membership on a more macro level, and thirdly on the level of selected sectors such as banking, telecommunications, transport, education and science, tourism, employment and social dimensions, environment, culture and sports as well as EMU.

10 Form the 'sovereignty issue' the idea of entering into integration, especially if the integration is annotated as 'political', can issue strong opposition. Firstly, because strengthening political cooperation means cooperating on all political issues that tackle every-day life. Secondly, because political decisions should be coordinated and consensual, which means that 'national interest' could frequently be replaced by 'common interest.' Sometimes this common interest can also be contrary to the national interest. And thirdly, because, political integration implies the transfer of power to the – usually – newly established organ (the EU Commission in the EU) that decides in the name of the people for the people. This 'alienation' of the decision-making process can be perceived as a loss of decision-making power at the symbolic level. This symbolism is much more relevant in the short-term than a long-term basis, because people tend to adapt their expectation and become more broad-minded in the long-run. That is why the support of the public (e. g. referendum) is necessary before entering into a political integration.

11 The rapid regionalisation and globalisation in the 20th century shook the fundamental approach of a nation state, because states voluntarily started to abandon a part of their sovereignty for their accessions to different integrations – from defence alliances to economic integration communities. The key works of the 90's – the "Clash of Civilisations" (Huntington 1992) and the "The End of the Nation State" (Ohmae 1995) – denote that the current system is far from being Westphalian, at least not as it was understood three centuries ago, but is rather becoming ever more merged in (ideological or economic) blocks.

12 One among them is the Cecchini report 1992 on the benefits of a single market.

13 Available at <http://www.voxeu.org/index.php?q=node/1623>. Bergin and Glick (2005) confirmed the classical axiom that integration stimulates trade, but at the same time observed that even though it is expected that within integration prices have to decrease, the situation is not so straight-forward. The level of prices depends on various other variables and not only on trade expansion.

14 Even more a symptomatic action was done in the mandate of the current EC. The DG for education and culture has been directed by the commissioner Šefčovič, who comes from the small transition state of Slovakia.

15 We should not forget that every act should be translated in all languages of the EU.

16 With this we mean that only states from the ex-Yugoslavia (except Slovenia) create a blank zone that is not included in the EU. All neighbouring countries are part of the EU. The admission of the ex-Yugoslav states would therefore establish a geographical whole.