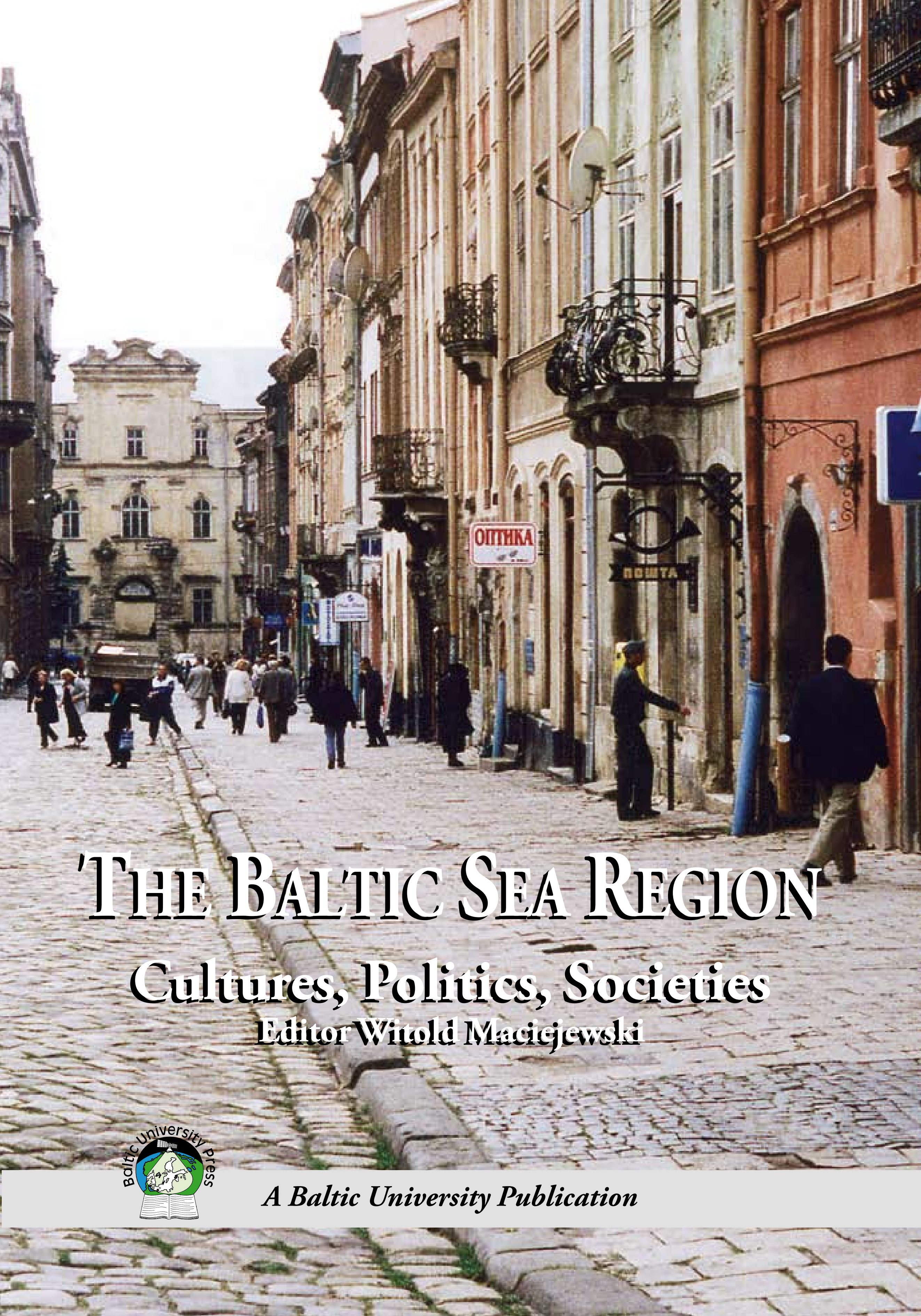

# The Baltic Sea Region

## Cultures, Politics, Societies

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# 50 EU enlargement

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## 1. Enlargement – economic and political interests

The prevailing view in the EU as well as in Central and Eastern European countries (CEECs) is that enlargement not only provides a unique possibility for realizing the long lasting dedication of the peoples towards European unification and for the EU to contribute to economic and democratic development in the CEECs. Enlargement is also expected in due course to bring economic and political benefits to all parties: free trade and integration will create new markets and economic growth for the benefit of consumers; integration will improve the environment, reduce criminality and corruption and stabilize democracy.

However, analysis of the economic and political interests motivating the enlargement process forces one to realize that EU enlargement is more correctly comprehended as economic assistance to new members at the expense of the old members, which in return obtain political advantages.

## 2. The enlargement process

At the EU council of ministers' meeting in Luxembourg on 13 December 1997 five CEECs as well as Cyprus were formally accepted as applicants for EU membership, namely Estonia, Poland, The Czech Republic, Hungary and Slovenia, and negotiations commenced on March 30th 1998.

At the Helsinki meeting on 10 December 1999 six more countries were recognized for membership, namely Latvia, Lithuania, Slovakia, Bulgaria, Romania and Malta, and they began full negotiations on February 15th 2000. Later on the enlargement process is supposed to include Turkey and Croatia. The first new members are expected to join in 2003, in time to take part in the next elections to the European parliament in 2004, but it might prove difficult as no country so far has begun the really tough part of the negotiations, namely those concerning agriculture, structural funds and the free movement of labour and capital, including the purchase of land.

Now bilateral negotiations are going on with 10 Central- and East European countries, that is all the countries except Albania and the former Yugoslav republics apart from Slovenia. Central- and Eastern Europe has a population of 105 million with a GDP per capita about 30% of the EU average (cf. Schreyer, 2001:3). Enlarging the EU with 10 CEECs increases the number of member countries from 15 to 25 or by 66%; total production will increase by 8%, population by 28%, agricultural area by 44% and employment in agriculture by 116%. In the CEECs, agriculture employs about 22% of the population as compared to 5% in the

EU, ranging from 4% in The Czech Republic, to 27% in Poland and 37% in Romania, cf. Table 49.

The five countries first in the line for EU membership are not only the most well-off, but also those that most closely fulfill the Copenhagen criteria, formulated at the EU council of ministers' meeting in Copenhagen in June 1993: institutional stability including democracy, rule of law and respect for human rights; functioning market economy with ability to cope with the pressure of competition in the EU; capacity to take on EU responsibilities including membership of the EMU. A fourth condition for enlargement was that it should not reduce the speed of the deepening of integration among the existing EU members.

Table 50 shows that the CEECs do not yet fully satisfy the EMU convergence criteria, but most accession countries have achieved impressive reductions of inflation rates as well as government deficits since that period, with extreme macroeconomic imbalances in the early 1990s.

Table 49. Economic growth in Eastern Europe and Russia 1989-2000

| | GDP per capita 1989 EU=100 | GDP 1999 1989=100 | EBRD transition index 2000 | Agricultural employment % 1997 | Trade balance 1998 % of GDP |
|---|---|---|---|---|---|
| Slovenia | 70 | 109 | 3.3 | 6 | –4 |
| Czech Republic | 64 | 95 | 3.5 | 4 | –5 |
| Estonia | 54 | 77 | 3.5 | 9 | –21 |
| Hungary | 49 | 99 | 3.7 | 8 | –5 |
| Poland | 42 | 122 | 3.5 | 27 | –9 |
| Latvia | 51 | 60 | 3.1 | 15 | –19 |
| Lithuania | 46 | 62 | 3.2 | 24 | –14 |
| Slovakia | 41 | 100 | 3.4 | 6 | –11 |
| Bulgaria | 36 | 67 | 3.0 | 23 | –3 |
| Romania | 33 | 76 | 2.8 | 37 | –7 |
| Russia | 45 | 57 | 2.5 | 15 | 6 |
| Belarus | 38 | 80 | 1.5 | 19 | –10 |
| Croatia | 43 | 78 | 3.2 | 16 | –19 |
| Albania | 29 | 95 | 2.6 | 70 | –20 |

Notes: GDP (Gross Domestic Product) measures total production. In 1989 GDP per capita in Eastern Europe was 42% of the EU average and 29% of the USA level (as GDP per capita in the USA exceeded the EU average by 45%). In Eastern Europe GDP per capita in 1999 reached 97% of the 1989-level, while in the EU it had increased by 19% from 1989 to 1999. The Eastern European average declined from 42% of the EU average in 1989 to 34% in 1999. In the least well-off EU-members, Greece and Portugal, GDP per capita is about 70% of the EU average. These numbers are all uncertain and very sensitive to choice of prices and exchange rates, but trends are reliable.
The EBRD transition index is a simple average of several subjective estimates of the scope of market reforms on a scale from 1 to 4 in various areas (large and small privatisation, enterprise restructuring, price liberalisation, foreign trade liberalisation, competition policy, banking and financial institutions). Countries are listed according to their GDP per capita in 1989, except Russia, Belarus, Croatia and Albania which are included for comparison.
Sources: EBRD, 2000:14, 21, 65; EIU Country Reports and Country Profiles; UN (ECE): Economic Survey of Europe (various issues); Aage, 1998

Table 50. EMU convergence criteria: performance in Eastern Europe and Russia 1999

| | Infla-tion rate % p.a. | Public budget deficit % of GDP | Public debt % of GDP | Long term interest rate % p.a. | Exchange rate regime |
|---|---|---|---|---|---|
| Slovenia | 6 | 1 | 25 | 15 | flex |
| Czech Republic | 2 | 3 | 15 | 8 | flex |
| Estonia | 3 | 5 | 7 | 9 | CuBo |
| Hungary | 10 | 6 | 61 | 15 | peg |
| Poland | 7 | 3 | 43 | 14 | flex |
| Latvia | 2 | 4 | 14 | 13 | peg |
| Lithuania | 1 | 9 | 28 | 13 | CuBo |
| Slovakia | 11 | 4 | 28 | 14 | flex |
| Bulgaria | 1 | 1 | 97 | 14 | CuBo |
| Romania | 46 | 4 | 35 | 62 | flex |
| Russia | 86 | 1 | 13 | 38 | flex |
| Belarus | 294 | 6 | 5 | 51 | dual |
| Croatia | 4 | 6 | 32 | 14 | flex |
| Albania | 0 | 11 | 62 | 26 | flex |

Notes: Exchange rate regime is designated as peg (fixed rate in relation to a foreign currency, in Hungary Euro, in Latvia SDR), flex (flexible, in most cases a controlled floating rate), CuBo (Currency Board, i.e. issue of money is fully covered by foreign currency reserves, in Estonia and Bulgaria Euro, in Lithuania US dollars), or dual (in Belarus where foreign exchange is still controlled, despite some liberalisation in 1999 with a dual system and an official exchange rate much lower than a market rate).
The EMU convergence requirements in 1999 were: inflation 2.0%, public budget deficit 3.0%, public debt 60%, long interest rate 6.77%, exchange rate regime ERM II. The very high inflation rates in Belarus and Russia has decreased considerably since 1999.
Sources: EBRD, 2000; Nuti, 2000:16; Lavigne, 1998

## 3. Gains from free trade

*Gains from free trade for Eastern Europe.* Admission to EU markets, particularly for agricultural products, will benefit the CEECs, since membership of a customs union provides an advantage at the expense of outsiders. For industrial products free trade has already been largely realized, except for a certain few but important sensitive products like coal and steel, textiles and chemical products.

The advantages may not be totally unambiguous, however, as EU competition could inflict serious problems upon local industries in the domestic market as well. When Germany was reunited, demand for goods produced in the former DDR vanished, at the outset also for goods, like food products, of comparable quality except for packaging etc. The unification was followed by a prolonged depression in the former GDR despite massive assistance from the West German Länder amounting to approximately 5% of West German GDP and almost 40-50% of total resource consumption in the former GDR, and it has proved difficult to initiate sustainable economic recovery.

For agriculture another potential problem is that EU common agricultural policy subsidies could preserve a production structure which is not competitive in world markets, including the structure with many small farms partly created by privatisation during the 1990s. This problem is, however, common to the whole EU area, and there might be many good reasons for preserving traditional agriculture.

The CEECs are more dependent upon trade with the EU than vice versa; exports to the EU typically amount to 50-70% of total exports in the CEECs, but trade with the CEECs is only 11% of the total outside EU trade of EU countries.

Trade between the CEECs and the EU has doubled since 1992, but imports from the EU have increased more that exports. Until now free trade has created large balance of payments deficits in CEECs, typically in the range of 5-10% of GDP, cf. Table 49, not least vis-ʃ-vis the EU and also concerning agricultural products. Free trade has certainly benefited EU enterprises exporting to the CEECs.

*Gains from free trade for existing EU members.* The long term advantages for existing EU member states are more hypothetical. One advantage would be the emergence of new markets and customers for EU products, but the magnitude of the new markets depends critically upon future economic growth and catching up in the CEECs. Another advantage is access to inexpensive factors of production, labour and land, and both are politically very difficult and sensitive. Wages in the CEECs are on average 14% of the average in the EU in nominal terms, 40% if adjusted for purchasing power. Clearly, the political intention is to reduce this huge gap, which also has implications for the migration of labour. The purchase of agricultural lands and other types of fixed capital by foreigners is also politically controversial in the CEECs, particularly concerning the formerly German areas in western Poland. The Polish government wants an 18-year transition period before foreigners can buy land. The Czech and the Hungarian governments are both asking for a 10-year moratorium (*The Economist*, 19 May 2001, survey p 12).

Generally, according to economic theory free trade and liberalisation normally improves total output, at least if potential, negative long–term effects are not considered. Thus, in the early 1990s it was computed (cf. *The Economist*, 1 May 1993 p 34) that doubling agricultural exports from the CEECs to the EU as compared to the 1989 level would entail several gains and losses, assuming that EU production would decline by the same amount and that consumer prices would decrease by 1-8%: losses for EU farmers (3.5 bn EUR), gains for EU consumers and taxpayers (5.5 bn EUR), gains for farmers in the CEECs (1.8 bn EUR). Thus, total net gain is about 4 bn EUR. Gains from free trade for steel, textiles and chemical products would be even smaller.

The order of magnitude is small, and the CEEC's share of EU consumption is very small for most agricultural products, below 1 or 2%, and will remain small even after enlargement, when only a few products like bovine meat products and grains other than wheat are expected to reach market shares exceeding 5%.

Moreover, these sorts of computations would be an argument for accepting any country as an EU member, for there are always benefits from liberalising trade and adjusting production structures. Thus, far larger economic benefits would be obtained for the EU if trade with agricultural products were liberalised globally. Nevertheless, there are still many barriers to trade, and the reasons are obvious, namely that adjustments are costly and furthermore hit selectively in certain geographical areas and certain sectors. Notably, in any situation involving unemployment, adjustments can become so costly that they turn costs and benefits upside down.

Certainly, computations exist demonstrating economic gains under favourable assumptions concerning economic growth. Thus, for Denmark official computations demonstrate that economic integration of the CEECs into the EU after 25 years would increase the annual Danish consumption per capita by 1.25% and the GDP per capita by 0.75%, i.e. figures very close to zero.

## 4. Enlargement and the EU budget

Direct economic gains for the CEECs from EU membership are related to agricultural subsidies from the common agricultural policy and to payments from EU structural funds, although there are also costs associated with EU membership; one example is the investments required if the CEECs are going to fulfill the EU environmental policy rules, estimated by the EU Commission to an order of magnitude of 120 bn EUR. Another 90 bn EUR are required for investments in the transport sector. If distributed over 10-20 years, annual investment requirements are equivalent to 4% of current GDP in the CEECs. Adding expenditures in other sectors, annual costs could rise to about 10% of GDP (EBRD, 2000:56).

Whether the gains will meet initial expectations is, however, dubious as it could charge EU budgets considerably. In 1995 it was estimated that with the then current norms for agricultural and structural policy the budgetary charge of full integration of just the four Višegrad countries (Poland, The Czech Republic, Slovakia and Hungary) in the year 2000 would be 58 bn EUR, corresponding to a 60% increase of the expected EU budget for the year 2000 (Baldwin, 1995:477). Later, official Danish estimates stated that the budget effect of enlargement with 10 new members would be considerably less, namely 22-37 bn EUR.

With the EU Commission report Agenda 2000 from July 1997, figures appeared for the political willingness to pay, and the order of magnitude was 16 bn EUR (in 1997 prices) annually in 2006, if five CEECs and Cyprus became members in 2002, that is considerably less than the applicants had hoped for. The total EU budget for 2006 was estimated at 115 bn EUR. The common agricultural policy accounted for 50 bn EUR, of which the new members would receive 3.3 bn EUR. The structural funds accounted for 43 bn EUR, including 12 bn EUR to new members. Recently, the commissar of the budget, Michaele Schreyer (2001) stated that the budgetary effect of enlargement with 10 new members (not 5 as in Agenda 2000) would be between 16 and 25 bn EUR annually. In January 2002 the EU Commission proposed that new members should receive 25% of full agricultural subsidies in 2004, increasing to 100% in 2013. The total annual budget for agricultural and structural policies for new members would be 13 on EUR in 2004-2006. The proposal was received with very little enthusiasm.

The reduction of expected direct payments to future member countries is mainly due to reforms of the common agricultural policy, which in turn are partly motivated by the enlargement. The MacSharry reform, initiated in 1992 and still going on (cf. *The Economist*, 13 March 1999, p 40) decreases agricultural prices and to some extent transforms price subsidies into income support for individual farmers. As agricultural prices in the CEECs were generally 20-60% lower than in the EU, the MacSharry reform implies lower payments to farmers in the CEECs; they would not, contrary to farmers in the old EU countries, be entitled to income compensation for price reductions, because they did not enjoy the high prices in the first place, so for them there would be no price reductions.

Also the structural funds will be rearranged in order not to break the EU budget limit of 1.27% of total EU GDP (Schreyer, 2001:4). But this is a matter of political controversy, as enlargement will cause many regions receiving EU aid, especially in southern Europe, to exceed the limit for qualifying for structural aid, namely a GDP per capita below 75% of the EU average. Thus structural funds will be redirected from regions in southern Europe to regions in the new member states (*The Economist*, 26 May 2001, p 33).

In the period before EU membership, the EU intends to use 3.1 bn EUR as pre-accession assistance to the CEECs, partly through the PHARE-programme (Poland and Hungary Assistance to the Reconstruction of the Economy) initiated in 1991 (1.6 bn EUR), partly through two new programmes, SAPARD (Special Accession Programme for Agriculture and Rural Development, 0.5 bn EUR) and ISPA (Instrument for Structural Policies for Pre-Accession, 1.0 bn EUR). This is about 1% of current GDP in the CEECs, and 0.03% of total EU GDP. In comparison, the USA paid about 1% of its GDP annually during 1948-51 to Europe through the Marshall-programme, and annual transfers from western Germany to the eastern Länder is about 5% of GDP in western Germany.

It is generally assumed that the maximum assistance which new members can absorb is 4% of their GDP. Under EU rules no country can receive more than this amount in EU aid (EU European Commission, 2001:XXXVII; Schreyer, 2001:7). The Marshall-programme amounted to 2.5% of receivers' GDP annually in the years 1948-51, and assistance from western parts of Germany to the eastern Länder is currently about 40% of the GDP of eastern Germany. Another inflow is foreign direct investments, which have increased considerably in the last years, particularly in the Czech Republic and in Poland; the total annual inflow into applicant countries amounted to 6% of their GDP on average and 20-25% of total fixed investment (*The Economist*, 19 May 2001, survey p 13).

## 5. The catching-up process in Eastern Europe

The economic burden upon old EU members from CEEC membership depends crucially on the speed of the economic catching-up process in the CEECs. Transition to the market economy provoked a deep depression in the CEEC, historically unprecedented in peacetime. Production decreased by 17-60% after 1990. Poland hit the bottom in 1991 and other countries in 1993-1994, and in 1996 Poland was the first country to regain the production level of 1989. Currently, GDP per capita is close to the 1989 level in The Czech Republic and Slovakia, as well as in Hungary and Slovenia. In Poland, GDP per capita is 22% higher than in 1989, but in Estonia it is still 23% lower, and in Russia it is 43% lower, cf. Table 49.

Figure 172. Agriculture is probably the most backward sector of the post-communist economies (Zalavas, Lithuania). Photo: Alfred F. Majewicz

Contrary to expectations at the outset of transition, agriculture did not become a driving force for economic recovery in the CEECs, as it did especially in China, and in the most successful CEECs agricultural output decreased as much or more than industrial output. Among the reasons are that agriculture is much more developed and capital-intensive in the CEECs than in China, that investments have disappeared, that prices have changed unfavourably for agriculture, that the number of livestock has been cut by 25-50%, and that privatisation has created a large number of small and unprofitable farms with new owners lacking agricultural education and experience.

As appears from Table 49, developments since 1989 have differed sharply among countries, and there is a rather clear correlation with the distances between the respective capitals and Brussels: the closer to Brussels a country is situated, the more successful it is likely to be concerning economic performance as well as economic reforms. A possible explanation is of course, that fast and deep liberalisation is the reason why the depression reached the bottom in most western CEECs relatively soon (cf. Aage, 1998).

An obvious alternative is, however, that distance from Brussels explains both economic recovery and successful reforms. Most western countries had relatively better initial economic conditions, and this is an important determinant of economic performance. Furthermore, these countries could realistically apply for EU membership, and this could be an independent stabilising factor enabling these countries to conduct responsible economic policies. The accession countries among the CEECs have to a large extent adjusted their legal systems to the EU acquis communautaire in order to fulfill two basic political and economic conditions for admission, namely political democracy and free market economy.

It is, however, certain that economic catching up with the EU will be a prolonged process. According to fairly optimistic, official computations, GDP per capita in the CEEC can be expected to increase from 30% of the EU level in 1997 to 37% in 2017, if annual investments amount to 15% of GDP. If the share of investment becomes higher, e.g. 25%, the GDP per capita level could increase to 45%. Experience from the eastern German Länder is not encouraging; despite massive support from western Germany there are few signs of self-propelling economic growth. Experience from earlier enlargement is mixed. In just 30 years Ireland (population 3.6 m) increased its GDP per capita from 61% of the EU average in the early 1970s to an impressive 115% to day. On the other hand GDP per capita in Greece (population 10.5 m) declined in relative terms from 69% of the EU average in 1981 to 67% now. Spain and Portugal have narrowed the gap, but are still about 20% below the EU average (*The Economist*, 19 May survey p 12; 26 May, 2001, p 34).

The recent strategic report on economic and social cohesion from the EU European Commission (2001) expects increased regional income inequality in the enlarged EU. The 27 countries can be classified into three groups: 12 countries with 71% of the total EU population, i.e. the current member countries except Portugal, Spain and Greece, will have an average GDP per capita at 125% of the EU average; 7 countries with 13% of the population, i.e. Portugal, Spain, Greece, The Czech Republic, Slovenia, Malta and Cyprus, will have an average GDP per capita at 80% of the EU average; and the remaining 8 accession countries with 16% of the population will have a GDP per capita at 40% of the EU average, that is about half the level in the least well-off current EU members.

## 6. EU enlargement: motivating forces

It must be concluded that enlargement of the EU towards the CEEC is a kind of economic assistance, but if political consequences are also considered there are benefits as well as costs for the new and for the old EU members. For the future members there are economic benefits, although they will probably not meet initial expectations; the political costs are that political sovereignty must be surrendered to the EU, but this may indeed be welcomed by some, maybe large, groups in the CEECs as a guarantee for continued stable, capitalist and liberalistic policies, because these groups have more faith in central EU government in Brussels than in their fellow countrymen, as is precisely the case in old EU member countries, for instance for some groups in Denmark.

For existing EU members there are hardly any economic gains from enlargement. On the contrary, there are economic costs, directly through EU budget expenditures and indirectly in the form of adjustment costs in afflicted sectors and areas, especially in agriculture and in Southern Europe. And there are political costs in relation to necessary changes in EU institutions and procedures, as agreed at the European summit in Nice in December 2000 (*The Economist*, 16 December 2000, pp 23-26; van Brabant, 1998).

Free movement of labour between eastern and western Europe could give rise to problems in some areas, especially near the former borders, but the EU Commission estimates in a recent report (Boeri & Brücker, 2001) that total migration will be limited and that the number of immigrants from the CEECs will never exceed 1.1% of the population in the existing 15 EU members.

Furthermore, the EU will acquire direct responsibility for political and economic developments in the CEECs which are in the middle of a risky transition process.

What do the existing EU countries receive in return? There are some benefits concerning the environment and security. It can also be argued, as it often is in Danish debate, that the EU should undertake the costs of enlargement as a reasonable use of the – doubtless limited – financial means which the EU is ready to spend to support less fortunate countries in world, because this would reduce economic inequality in Europe. But the argument is not compelling. There are good, maybe even better, reasons to assist countries in for example North Africa and the Middle East. Also in these regions there are huge tasks ahead concerning environmental improvements and "democracy, the rule of law and protection of minorities" (Schreyer, 2001:2).

Apparently, the EU does not gain much from enlargement, but there is one benefit, and this is enlargement itself. When the number of EU citizens is increased from 373 million to about 480 million due to the entry of 108 million eastern citizens, who on a global scale are well-educated and also well-off, the role of the EU as a superpower will be strengthened, and the power of the central EU leadership will be strengthened in relation to governments in individual member countries. These are the basic motives behind all EU policies. If one wants to comprehend what goes on in the EU, one should make this point perfectly clear.

Centralization and enlargement are strongly supported by the political and economic élites, but the populations are less enthusiastic. However, some opponents of EU federalism support enlargement because of the expectation that an enlarged EU also implies a looser, less coherent EU that will find it difficult to act as a powerful force on the world stage (*The Economist*, 19 May 2001, survey p 18).

Popular support for enlargement is declining, both in western Europe and in eastern Europe. Among EU citizens there are large majorities in favour of EU membership for Norway and Switzerland whose governments do not want admission (70% yes, 13% no); concerning the five CEECs first in line for membership, 35-45% says yes, 30-40% no; concerning the remaining applicants, a small majority says no. In Germany, two thirds of the electorate is opposed to enlargement, while the political and economic leadership is in favour of enlargement, particularly stressing the membership of Poland. Popular support of enlargement is strongest in Denmark, Greece and Sweden.

Among the CEECs the initial enthusiasm has also faded. In Poland the share of the electorate favouring EU membership has declined from 80% to 55% since 1996 (Eurobarometer 2000/52; The Economist, 13 January 2001, p 31), and in Estonia opinion polls have already shown a majority opposed to EU membership (*The Economist*, 26 May 2001, p 12).

The real benefit for the EU of enlargement towards the east is political: it contributes to creating a great EU superpower. The enlargement resembles the other big current EU project, the EMU. None of them have direct economic justifications (for the old EU members), and both are risky undertakings that might jeopardise political and economic stability. But both are instruments for strengthening the EU as a superpower, the enlargement because of increased size and the EMU because of necessary political centralization required by any monetary union.

The EU vs. Austria affair last year, provoked by the participation of Jörg Haider's Freedom party in the Austrian government with 27% of the vote, also fits into this pattern. On January 31, 14 EU leaders preached to Austria concerning its internal policies and declared diplomatic sanctions. This unprecedented move came as a big surprise to the public all over the EU. But the consequences were entirely predictable: no political impact in Austria, EU-wide consternation in the media (a big union telling small countries what to do and what not to do might ring a bell in the CEECs too), as well as worries on the part of the government of Turkey over violations of human rights in Austria. The 14 EU leaders could anticipate this in all areas possible. Which motives did they have? An intelligible purpose would be the media consternation itself. The interference with Austrian politics serves to accustom the EU public to political centralisation, to pave the way so that it is more easily swallowed next time. The problem for EU superpower builders is the sad lack of popular enthusiasm and support and the lack of a common European political debate and identity. Here Jörg Haider is useful for a media-massage, because nobody likes him (except the 27% erring Austrians, but the remaining 73% are still a comfortable pro-EU majority). All opposition against EU centralisation is identified with right-wing populism. If you cannot get a European footballteam, at least you can get a European Prügelknabe.

The sanctions against Austria were lifted on September 12th, following a report from an independent group of experts. The whole operation had no basis in EU legislation. However, the summit in Nice in December 2000, which prepared the entry of new members by revising rules for the number of members of the European parliament and number of votes in the council of ministers, also established a legal basis for EU intervention in internal policies in member states. An amendment to Article 7 of the treaty of Rome allows an 80% majority of the European Council to criticise a member country, if there is a danger of violating the principles of freedom, democracy, human rights and rule of law as described in Article 6. Possible sanctions include that the criticised country may be deprived of its right to vote in EU bodies.

## Concluding remarks

The outcome of tight political integration and centralisation in an enlarged EU could well be political tension, when serious conflicts of interest surface in the future, and the question is whether social and cultural cohesion among the peoples of the EU are strong enough to handle this in a civilised way.

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