

## THE CHANGING SHAPE OF THE EUROPEAN UNION

by Lindsay Frost

‘A day will come when all the nations of this continent, without losing their distinct qualities or their glorious individuality, will fuse together in a higher unity and form the European brotherhood.’

Victor Hugo, 1849

### A brief history

Europe was split apart in the first half of the 20th century by wars, and this split continued with an east–west division by the Cold War. Six countries made a new start in 1951, forming the European Coal and Steel Community, which brought together parts of their economies. The same six countries – France, West Germany, Italy, Belgium, Luxembourg and The Netherlands – agreed to form the European Economic Community (EEC) in 1957 by signing the Treaty of Rome. The name was changed to European Community (EC) in 1967 to reflect the fact that the union involved more than just economic matters. In 1973 three more countries joined – Denmark, Eire, and the United Kingdom. In 1981 Greece joined, and in 1986 Portugal and Spain became members of the new unified Europe. In 1990 East Germany was unified with West Germany, and in 1995 Austria, Sweden and Finland joined to make it 15 countries in the European Union. (See Figures 1 to 5.)

### Some facts and figures

At the beginning of 2004 the 15 EU countries had 375 million people, more than North America (326 million), and

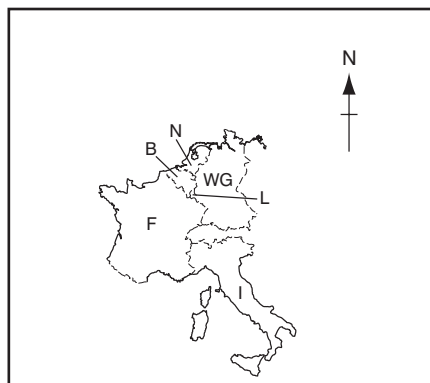


Figure 1: EEC (6) 1957

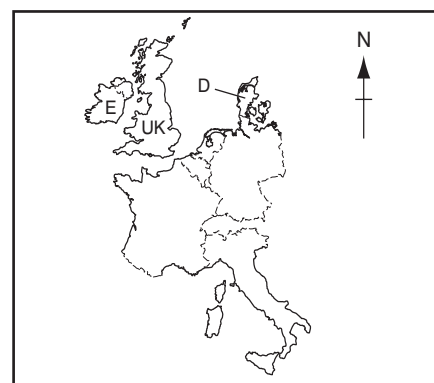


Figure 2: EC (9) 1973



Figure 3: EC (10) 1981

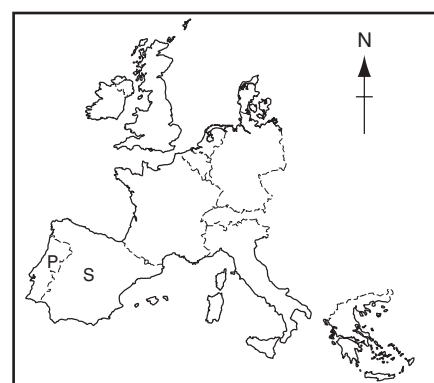


Figure 4: EC (12) 1986



Figure 5: EU (15) 1995

Key (Figures 1 – 5)	
A	= Austria
B	= Belgium
D	= Denmark
E	= Eire
F	= France
Fi	= Finland
G	= Greece
Ge	= Germany
I	= Italy
L	= Luxembourg
N	= Netherlands
P	= Portugal
S	= Spain
Sw	= Sweden
UK	= United Kingdom
WG	= West Germany

north-east Asia (Japan, South Korea, Taiwan) (199 million). After the 2004 enlargement, the EU has the world's third largest population (450 million), behind India and China. The joining of European countries gives them collective power (economic and political), enabling them to compete with the other trading blocs and with globalisation. For example, the GDP purchasing power of the USA was \$36,100, Japan \$27,400 and South Korea \$17,000, while for the EU (15) it was \$27,100 in 2002 – although the 2004 enlargement reduced the GDP average to \$19,300.

### The benefits of previous enlargement

The benefits of past enlargements have included:

- Free movement of goods in the EU because there are no internal trade barriers.
- Freedom of movement for people, benefiting tourism and workers. The European Commission claims that, between 1993 and 2003, 2.5 million new jobs and €877 billion of extra wealth were created by the EU.
- Poorer countries have become wealthier by receiving EU aid (e.g. Spain GDP \$21,200, and Greece GDP \$19,100).

### The problems of previous enlargement

Problems of the past have included:

- Disagreements over the single currency.
- Conflict over fishing quotas.
- The huge expense of administration, plus the money wasted through corruption and incompetence.
- The uneven distribution of structural funds between member countries (e.g. Common Agricultural Policy [CAP] grants and subsidies).
- Rich countries (e.g. UK) did not always like subsidising the poor countries, and negotiated rebates. (For variation in wealth, see Figure 6.)

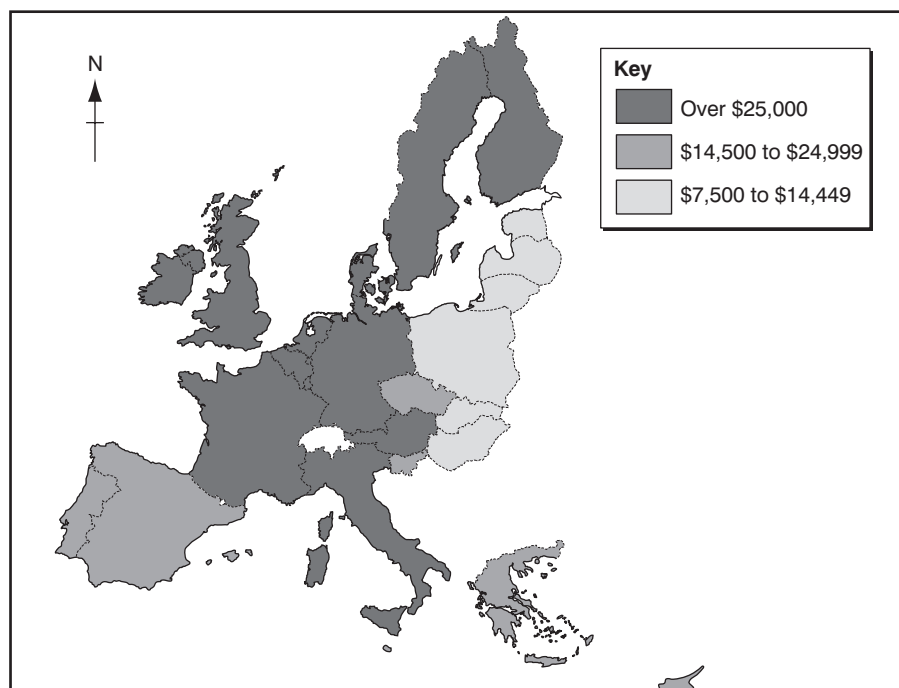


Figure 6: EU (25) GDP (real purchasing power)

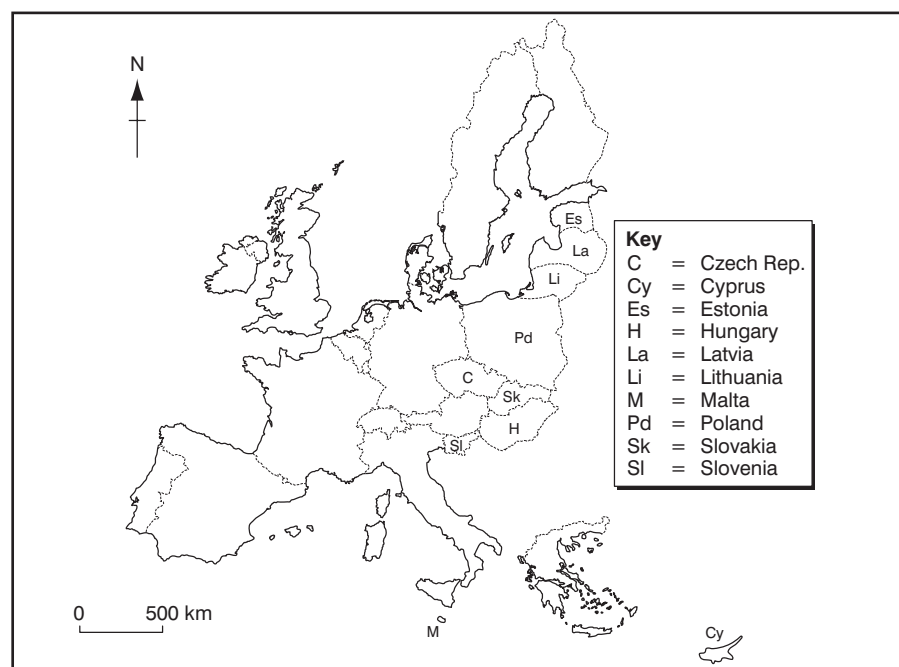


Figure 7: EU (25) 2004

With the fall of communism in Russia and Eastern Europe in the 1980s came the opportunity for further EU enlargement. Countries wishing to join were told to meet criteria based on the following fundamental principles:

- democratic government
- respect for human rights and minority groups
- a free market economy.

In 2004, 10 countries, mostly from Eastern Europe, met the criteria for EU membership – Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Cyprus, and Malta (see Figure 7). This expanded the EU area by 23% and the population by 20%. Other countries may join in the future, including Turkey, Bulgaria, Romania, Switzerland and Norway; with Bulgaria and Romania perhaps joining in 2007.

## Benefits of the 2004 enlargement

- Democracy and European law have extended to Eastern Europe (e.g. Slovakia has politically reformed). Territorial and ethnic disputes in Slovenia and Czech Republic should also be solved because the EU promotes political and social stability.
- A united Europe will be stronger, ensuring peace, security and freedom for the people of the continent.
- There are 75 million more customers for products made in the EU (the single market) and so more wealth for industries.
- Trade barriers have been removed, making trade easier and cheaper over a larger European area. Increased trade should mean more jobs and wealth for businesses.
- Eastern European countries (especially the smaller states) have had difficulty attracting foreign investment; this should change now that EU membership gives access to the whole of Europe.
- EU funds will help the new EU countries modernise their industry and join the EU free market economy.
- Existing EU businesses will have to be innovative in order to compete with the eastern European firms, so stimulating growth across the whole of Europe.
- Labour migration from east to west will help fill the vacancies in western EU countries. These migrants will also pay taxes in the host country as well as sending money back to their home countries, helping to generate and spread wealth.
- Tackling environmental issues will be easier after enlargement, e.g. action on continental problems such as acid rain, and the pollution of European rivers and seas.

## Problems with the 2004 enlargement

However, a number of problems are associated with the 2004 enlargement:

- Eastern EU farmers may find it difficult to compete with the more

efficient commercial farmers of the western EU.

- Some western EU manufacturing industries may be unable to compete with cheaper eastern EU goods.
- €37.5 billion will be given to the ten new countries between 2004 and 2006 to help their economies. Therefore countries that used to receive a large amount of money (i.e. Spain, Eire, Portugal, Greece) will lose financial support (e.g. CAP funds to Poland, and regional projects) (see Figure 6).
- Decision-making in the EU organisations is likely to be slower, and administration more expensive because of the larger membership (e.g. 14 official languages).
- EU politics may get more complicated, making agreements and decision-making more difficult to achieve (e.g. a new constitution).
- Corruption in the political systems of the new countries may still exist. For example, the Lithuanian President was impeached in April 2004, just before the country joined the EU.
- Reforms in the new EU countries, needed to meet the joining criteria, have not been popular. Political instability has resulted from unpopular governments.
- There may be an influx of migrants (cheap workers) to the high GDP/low unemployment western EU countries from eastern EU. This would introduce competition for jobs and welfare benefits. Austria and Germany are concerned as they are closest, but other countries could also receive migrants. This could increase feelings of nationalism (and even racism), and strain the welfare systems of the richer countries. Workers leaving eastern EU countries may deprive their country of an important workforce.
- The longer EU frontier may be more difficult to police (e.g. smuggling, terrorism access), harming the security of the EU. Stricter border controls could strain EU relationships with Russia and Turkey.
- The EU relationship with Turkey is strained because the Greek half of Cyprus has been allowed to join.

## EU geography of the future

In the past there has been a north–south split in the EU according to wealth (poor south, rich north), but enlargement will probably bring a west–east split (Figure 6). There will be an uncomfortable period of adjustment as the industries (including primary, secondary and tertiary) in the enlarged EU adapt to the new trading and competitive conditions. Short-term closures and unemployment may result, but ultimately a stronger EU economy will emerge.

The average age among the new members is younger. In the first fifteen EU countries 16.9% of the population was aged 0 to 14, while Poland has 19.6% and Cyprus 23.2%. There will be a lot of young adults from eastern EU countries seeking work, while there will be a lot of older people retiring in western EU countries, so a labour migration westwards will occur at some point.

Turkey's application has raised many questions. One concern is the political and geographical boundaries of Europe. Is Turkey European or Asian? Where will the enlargement stop? The geographical definition of Europe could be changed (e.g. a Eurasian Union). What size is too big? The collapse of the USSR should be a sober reminder of what can happen.

With each enlargement the geographical centre of Europe has shifted. From 1995 it was at Salzgitter in Germany, but from 2004 Prague in the Czech Republic is at the centre. Where will it be in the future?

# Activities

1 Study Figures 1 to 5, and Figure 7. Describe the growth of the European Union from 1957 to 2004.

2 Study Figure 8. Name the five countries hidden in the puzzle.

3 Using Figure 9, draw an appropriate graph to show how the size of the EU changed between 1957 and 2004.

4 Choose *one* of the ten new EU countries and produce a geographical country profile for display. Then compare (similarities and differences) your country with the other nine.

5 (a) Go to the internet to find the latest Human Development Index (HDI) scores. Use this information to place EU countries

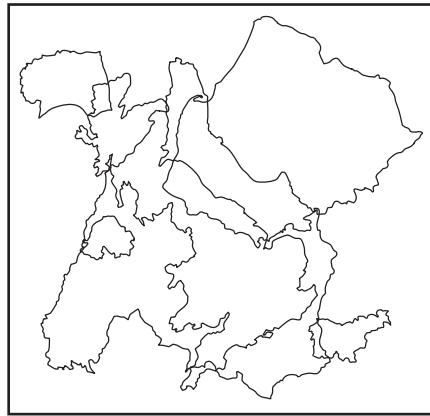


Figure 8: EU puzzle

in categories. Then using a colour or shading key (like Figure 6) and a copy of Figure 7, complete a choropleth map.

(b) Describe and explain the pattern shown by your map.

6 Use Figure 10. Put the labels in the correct boxes to show how investment by Japanese or South Korean companies could stimulate a multiplier effect in the eastern part of the new EU.

Year	Number of countries	Total area (million km <sup>2</sup> )
1957	6	1.17
1973	9	1.53
1981	10	1.66
1986	12	2.26
1995	15	3.23
2004	25	3.97

Figure 9: EU statistics

7 Describe and explain two benefits and two problems for EU industries that may arise from the 2004 enlargement.

8 Describe and explain two benefits and two problems for EU people that may arise from the 2004 enlargement.

9 Describe and explain how the distribution of people in the EU may change over the next 20 years.

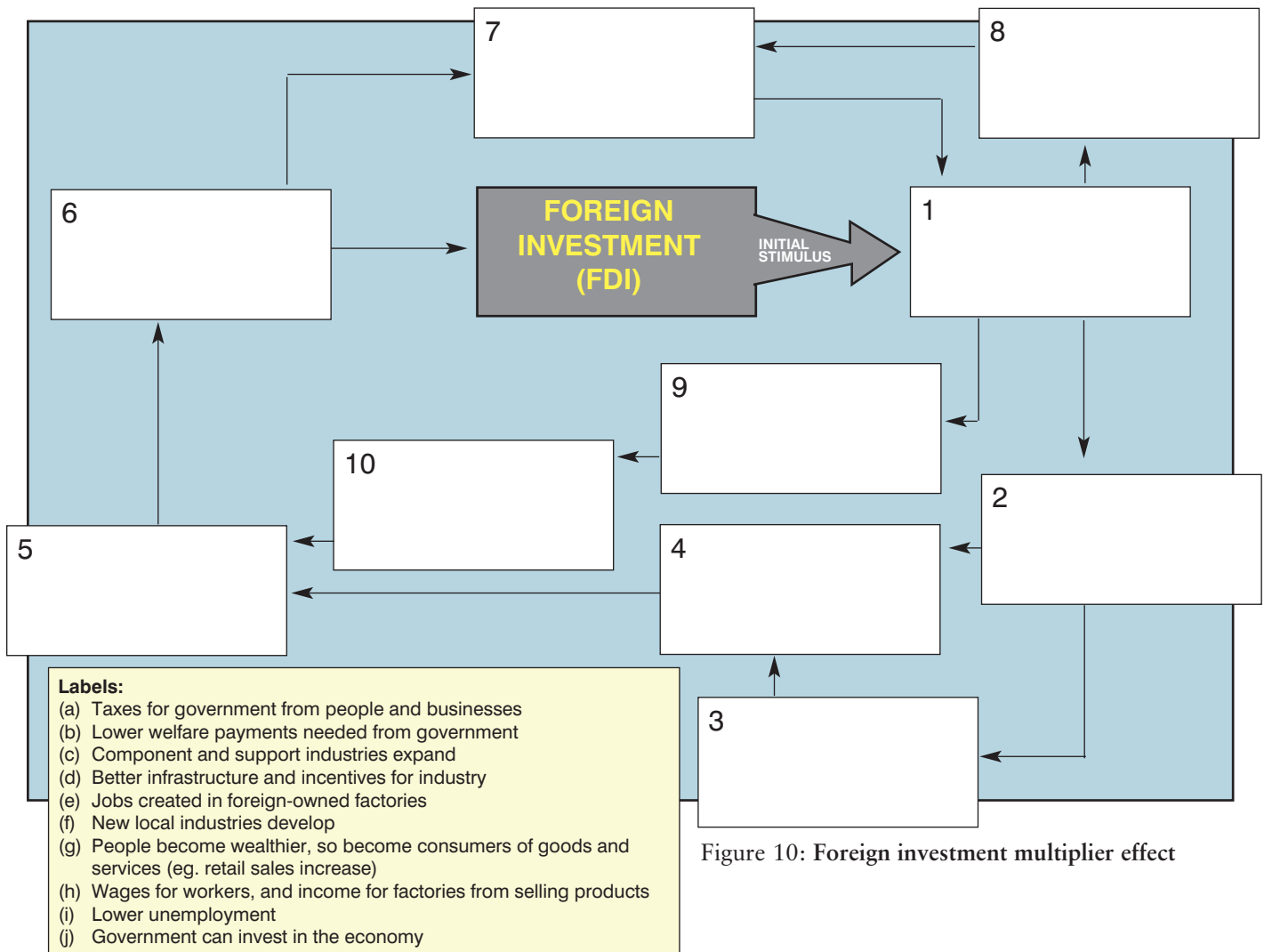


Figure 10: Foreign investment multiplier effect