6. **Thematic scenario ‘Enlargement’**

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‘Whatever its structural and policy consequences, enlargement constitutes the single greatest contribution the EU can make to European, even global stability. As I have said, I see the projection of stability as the EU’s central objective of Common Foreign and Security Policy (CFSP). The enlargement of the EU itself is the greatest example of that policy’ (EU Commissioner Chris Patten, *Financial Times*, 2003).

6.1 **Scenario Baseline**

6.1.1 **Current situation and trends**

Enlargement is a central part of the integration process. The basic arguments for further enlargement each implicitly have at their core an integrative mechanism. The core economic argument relates to the expansion of the single market to include new states, and through both the abolition of tariffs (trade induced impact) and what Pelkmans (2002) terms ‘regime change’ including politico-administrative change and market liberalisation, the economy of the whole enlarged EU benefits. Similarly, the core political argument for enlargement relates to the need to spread peace and political (and thus by implication economic) stability across the continent of Europe in the hope of avoiding the spread of political instability and conflict. The problem is that the benefits of enlargement are not evenly spread in spatial terms, nor do they necessarily outweigh the immediate (perceived at least) costs to any single individual. As such then, enlargement is a fundamentally political issue, where perception often trumps rationality.

Though these ideas have been implicit from the outset they have been impacted over time by the prevailing nature of the global system. During the Cold War, European Integration was necessarily constrained to the ‘small Europe’ model, but with the end of communism in Eastern Europe and the advent of globalisation, the possibilities for, and problems constraining further integration changed dramatically.

Two basic views on European Integration and in particular the drive for political union have existed side by side since its inception (for simplicity’s sake they are usually reduced to the labels, federalist and intergovernmentalist, and represent the original six member ‘core’ of Europe on the one hand and the British and the Scandinavians on the other), though this is of course to massively oversimplify the issue. In the initial ideological struggle in the 1950s the ‘federalist’ core group triumphed, though by the 1980s, with British entry confirmed and after a decade of European economic stagnation, the alternative ‘intergovernmental’ view began to gain in importance.

The global changes of the 1990s however fundamentally challenged each approach (see ESPON 3.4.1). Although the Cold War’s end made the prospect of a Europe ‘whole and free’ more plausible (i.e. the extension of the single market and the zone of stability across the whole of continental Europe), it also (by removing the ‘existential’ threat of nuclear war, which had necessitated US political and military dominance in the US-European strategic
partnership) removed the geo-political barriers to ‘ever closer union.’ At the same time however the impact of increasing globalisation further impacted on the possible roots to implementation for each scheme.

Between 1973 and 1995, enlargement was basically an uncontested issue. As such, bouts of integration and enlargement went ‘hand in hand’ as for instance Mediterranean accession was coupled with the Single European Act and the Internal Market, while ‘EFTA’ entry was coupled with the Maastricht process and the 2004 enlargement with the Amsterdam and Nice Treaties leading up to the European Constitution ‘process’. On each occasion, the Commission in particular sought to ensure that a balance was maintained between ‘deepening and widening’, this issue however became increasingly acute as the Union expanded in size over time but essentially retained a politico-administrative structure designed for six not twenty five plus members.

The current difficulties of the Union, highlighted in particular by the French and Dutch ‘no’ votes over the EU constitution (where a negative reaction to globalisation and opposition to further enlargement were paramount), thus draws together a number of long term themes that have now coalesced into the basis for a new ‘grand debate’ on the future of Europe. These themes can be identified as follows:

- The need to deal with the problem of creating an institutional solution that works in an environment of 25+ members
- The need to agree on a shared goal for what kind of Europe the Member States now want
- The need to implement the ‘Lisbon Agenda’ goals within the context of ongoing globalisation and a wider strategy encouraging European economic growth
- The need to ensure greater cohesion across the European territory and to ensure also that Europe’s new ‘neighbours’ are not left behind thus increasing political tensions through failing to deal with the widening of economic disparity levels between ‘insiders’ and ‘outsiders’
- The need to deal with the Union’s chronic financing issue within the context of a new budgetary deal for the next financial perspective

As noted above, while after UK entry in 1973, enlargement was traditionally ‘uncontested’ it is now again at the centre of this emerging debate over the future content and direction of the Union as a whole, as the issue has been enveloped by broader questions and ‘politicised’ as a socio-cultural ‘issue’ in some Member States (in particular over the issue of Turkish accession).

Concentrating specifically on enlargement, the middle course in this ‘deepening versus widening’ debate – usually represented by the Commission, but also by most Member States – was perhaps best represented by former Commission President Romano Prodi (2004), who stressed the need ‘not to choose but to convince’, while the extremes have been represented (for the purposes of this paper) by drawing out this ‘deepening and widening’ dichotomy, and thus posing possible futures based on a concentration on one at the expense of the other. This is not to say that either of the extremes is particularly likely to occur, but if this approach were not used, any alternative scenario would simply be a minor adjustment from the trend, and thus would lack pedagogic value as the ‘drivers’ of integration are not ‘mechanical’ and are thus heavily mediated by ongoing political events at the global, EU and national levels.
6.1.2 Existing relevant EU policies

As a process, enlargement has changed quite substantially in recent years both in terms of the size of the acquis to be adopted and in respect of the way in which the whole process develops. As such, the 2004 enlargement marked a significant departure from previous experience in this regard, with accession – within the wider context of ‘conditionality’ (i.e. the so-called ‘Copenhagen Criteria’) – now representing a new Member States’ basic achievement of the entry conditions rather than its mere acceptance of such conditions to be met in the future. This change in approach to deal with the influx of new members, predominantly from Eastern Europe, was however buttressed by new mechanisms such as pre-accession aid, based on previous PHARE and EUROPE agreements (Maresceau, 2003).

The raison d'être for enlargement is the need to engender political and economic stability across the whole European space while also boosting European economies. This occurs in two separate but interconnected ‘impulses’. The first takes place in the pre-accession period as potential members go through a process of market liberalisation and politico-administrative reform, with the pre-accession strategy and pre-accession aids smoothing the course (see ESPON 2.2.2). The second phase occurs after accession within the context of what we shall call the ‘catch-up’ strategy, where an attempt is made to deal with the economic disparity between new and established Member States.

‘Catch up’ strategies generally entail new Member State access to the Union’s Structural and Cohesion funds, though policy areas such as transport, agriculture, cross-border cooperation (i.e. within the context of INTERREG) and border control obviously also have a specific territorial impact on the new Member States. Enlargement thus necessarily has a budgetary impact, though the basic outlines to this were covered within the context of the Commission’s Agenda 2000 document (1997), as well as, given the list of policy issues above, a sectoral policy impact also. The issue of the net ‘costs’ of enlargement should not however be overplayed, while issues such as FDI displacement and migration are difficult to quantify ceteris paribus.

For instance, the protectionist principle of host country control, which dictates that immigrant workers from Member State X must be paid and otherwise treated as indigenous workers from the host Member State A at a stroke pre-empts any possibility of genuine cross-border labour mobility where citizens from the new Member States could exercise their market advantage (i.e. the ability to accept lower wages). This does not necessarily however impact on illegal immigration flows. Similarly, the question of potential FDI ‘displacement’ assumes a ‘zero sum’ game in this sector, though FDI inputs are likely to rise for a time after accession in the new Member States and then stabilise as new markets are found elsewhere.

Note should also be made here of the Union’s emerging ‘Neighbourhood Policy’ designed to deal with those states who currently do not have an ‘entry perspective’ in respect of future EU membership. Although there is a desire on the part of some to maintain a strict division between pre-accession policy and the NP, reflecting a wider desire perhaps to limit enlargement, in reality the policy mechanisms (if not the specific goals) are the same, and in the long run if countries such as Moldova and the Ukraine fulfil the Copenhagen criteria in full it will be very difficult to exclude them from membership.

With the emerging new ‘grand debate’ over the future content and direction of the Union now encompassing the reform of the CAP and potentially also the re-nationalisation of Cohesion Policy (though the Commission has now come up with its own proposals to forestall this), as well as an eventual refocusing of the entire EU budget, it is currently rather difficult to predict the political ramifications that will occur in these areas, though the Union’s current inability to agree on the new financial perspective for the 2006-17 period is
causing some new Member States some distress. Moreover, this must also be put in the context of the re-launching of the overarching goals of the Lisbon/Gothenburg programme for increased competitiveness and sustainable development.

In the context of globalisation and the current economic recession in Europe (the Euro-zone currently has 20 million people registered as ‘unemployed’), ‘catch up’ is not just a social necessity to decrease disparities between new and old Member States, but actually vital as a ‘growth mechanism’ for the whole of the enlarged EU. The problem here is however that the decline of west European welfare states and the removal of the ‘safety net’ during the period of market liberalisation and political restructuring in Eastern Europe has seen regional disparities (i.e. disparities within states) across the European space markedly increase, and it will thus be difficult to encourage growth at the European level while also promoting cohesion at the regional level. Moreover, historical analysis suggests (i.e. The Iberian countries in the 1980s-90s and Scandinavia at the turn of the twentieth century, that increasing regional disparities is an inevitable side-effect of economic ‘catch-up’ at the national level). Further discussion of this issue is fruitfully undertaken within the context of notions of polycentricity (see ESPON 1.1.1), and more specifically in a policy context in ESPON 2.2.1.

6.1.3 Most important driving forces

The review of past and current trends identified four basic driving forces for enlargement these can be outlined as follows.

6.1.3.1 Economic Success

It is undeniable that the EC/EU has been a resounding economic success. Whether or not this success can be attributed directly to the Customs Union and the Cohesion policies, or more generally to the simple fact of the ‘stability’ it has brought to Europe after WW2 is however not really the issue, as undoubtedly both played their part. Nevertheless, the economic success factor continues to act as a powerful magnet, ensuring that those on the periphery of the Union are eventually ‘pulled into its orbit’. Below the rarefied level of ‘high politics’ however it is undoubtedly the case that it was the reduction and elimination of tariff and non-tariff barriers to trade (i.e. the envisaged creation of a ‘single market’) that originally, in practice, drove the integration process. This of course had a significant number of ‘knock-on’ spatial effects within the context of enlargement, though the basic motor of ‘trade diffusion’ has now been replaced by broader ‘regime change’ factors in the new Member States.

The pace of this process is of course quickened when the attractiveness of the integration project – or the expected benefits of membership – precipitate indigenous ‘push’ dynamics from within the group of countries currently outside the Union. This was perhaps most evident with the Mediterranean enlargements of the 1980s, though the realities of the ‘classical method’ of enlargement generally ensured that current members’ interests were protected at the expense of those of prospective entrants. As such, entry on the basis of short-term economic gain has rarely been an important driver of enlargement as the costs of ‘adjustment’ usually outweigh initial trade based gains. This is particularly evident in terms of the expected ‘cost’ in GDP terms to the new CEE Member States of implementing the EU’s high environmental standards. Note should however also be made of the fact that the power of this particular driving force – in relation to some of the other driving forces – has to some extent been seen to have declined in recent years for a number of reasons, with the nature of globalisation in particular playing an important role here. As such, where previously the focus of economic integration was ‘regional’ it is now increasingly global. This
significantly impacts on European integration to the extent that the EU itself is no longer viewed as the primary economic generator of integration, but rather as its regionally based political guarantor. Thus the EU’s role in this sense is subtly changing. Moreover, as the major economic ‘players’ in Europe are almost all now already members, the power of the economic driving force to continue (in a political sense at least) to ‘push the borders of the EU outwards’ has waned with the decline in the number of economically attractive prospective applicants, while additionally, full EU membership itself is no longer seen as a necessary prerequisite to participation in either regional or global economic integration, though it continues to afford prospective members with the most effective route to politico-institutional ‘lock-in’.

6.1.3.2 The fear of being ‘left behind’

While the economic success driver historically acted as a powerful force ‘pulling’ the States of Europe into the Union, ‘the fear of being left behind’ predominantly acts as a ‘push’ factor on prospective members. Basically, as the EU became increasingly successful, encompassing ever larger swathes of Europe, the costs of non-membership increased exponentially for most countries, but particularly for those rather more fragile non-members who sought not only economic, but also political and civic benefits from entry (i.e. politico-institutional ‘lock-in’). Moreover, this is, in itself, a rather dynamic process as the actions of ones immediate neighbours can potentially fundamentally affect ones own decision-making processes. We can therefore postulate that this factor perhaps played a role in respect of the various EFTA countries applications to the EU in the early 1990s, where each country undoubtedly sought to avoid being ‘left behind’ and where it was perceived to be important to get ones feet ‘under the table’ before the onrush of new applicants. Similarly, the Central and East European countries that were eventually to accede en masse in 2004 were each very keen to ensure that they were not ‘slow tracked’ – a fate that was eventually to befall Rumania and Bulgaria – with all the consequences that such a decision would have for their economies when they finally got down to the ‘nitty-gritty’ of the accession negotiations, with their neighbours and often direct competitors (in terms of industrial and agricultural production, the need to ‘export’ labour to gain remittances from the stronger economies of the Union, and in respect of attracting either FDI or ‘cohesion’ financing) now on ‘the inside’ and thus able, in part, to ‘dictate’ the conditions of entry for prospective new members. Thus the practical implementation of the 2004 enlargement framework saw the grouping together of a number of hitherto rather distinct groupings of applicants, namely, the Mediterranean island mini-states, the Baltic States, and the so-called Visegrad States, with Slovenia providing a fourth grouping as it managed to politically detach itself from the rest of the Western Balkan grouping – who were deemed unready for membership given the various continuing ‘ethnic’ conflicts across the region. Similarly, for this very reason, Croatia has been assiduous in attempting to de-couple itself from Serbia in particular, and the rest of the Western Balkans in general as regards future EU accession.

6.1.3.3 Institutional/Bureaucratic ‘Dynamics’

Although the EC/EU has never had to advertise for members, one could postulate that in the past a certain amount of institutional or bureaucratic ‘drift’ existed at various times in respect of the issue of enlargement, particularly in terms of the wider implications of the intimate relationship between deepening and widening. As such, one could postulate that, on the one hand, perhaps in order simply to avoid ‘bureaucratic sclerosis’, and on the other, driven by the desire to maintain the holy shibboleths of integration theory, that the EU institutions themselves, and the Commission in particular, have at certain times sought to cajole the Member States towards opening up the Union to continual expansion. The institutions themselves then have thus acted as a subtle factor prompting evolution in this regard. We should of course stress that this has never been a major driving force in EU enlargement, but it is useful to consider this point nonetheless because it functions to
remind us of the important role played initially by the Commission, and now also by the European Parliament, in the enlargement process, and in particular in respect of the accession procedures. In essence however this is a potential driver only in particular circumstances – such as when profound disagreement exists between the current members over the long-term goals of the Union as was the case between 1981-84 – and thus where the need for enlargement can be used to defray or redistribute the costs of such disagreements to prospective new members, or to reaffirm the status of the ‘integration project’ more generally. Similarly such an issue surfaced again as Prodi sought to ensure that the Western Balkans were, as a group, promoted from the antechamber of the Neighbourhood Policy to be given a full ‘entry perspective’ into the EU.

6.1.3.4 Political stability/wider ‘civic’ duty?

Finally, we can see that political factors have also been of fundamental importance in this ongoing enlargement process. Independent of the economic benefits of accession or enlargement (depending on whether one is a candidate or an existing member) there is certainly a strong case to be made for promoting the notion of the political stability that membership invariably brings – although in some cases this may be merely the displacement of a previous area of instability to a position beyond the ‘new border’ – as an increasingly significant driving force in the enlargement process. Not only does this however relate to the desire for what can now be termed ‘soft security insurance’ on the part of prospective members, but also to what we may term, the EU’s ‘wider civic duty’ to admit all those that pass the ‘entrance exam’ essentially laid down by the ‘Copenhagen Criteria’. This point is again often couched within the context of the desire for politico-administrative ‘lock-in’ on the part of the potential new Member States. Moreover, it is also perceived as a dynamic issue, as the failure to ‘project’ stability is seen as merely an invitation to ‘import’ instability. As such, this point relates in particular to the broad acknowledgement of the significant changes that have occurred at the global political level since the end of the Cold War, and in particular to the realisation that the process of European integration has a fundamental impact - with the potential to be either good or bad – upon the EU’s neighbouring states.

6.1.4 Identification of the Scenario Hypotheses

![Diagram showing the thematic scenario 'Enlargement']
From the driving forces outlined above it was possible to draw out two axes in respect of the development of the scenarios. The vertical axis corresponds to the ‘widening’ parameter outlining the binary possibilities of ‘continuing enlargement’ and ‘no further enlargement’, while the horizontal axis corresponds to the ‘deepening’ parameter outlining the potentials of ‘continuing integration’ and some policy ‘re-nationalisation’. These choices are designed to circumscribe the limits of policy choice, and as such the field of realistic outcomes is much more likely to be found as a variation of the trend scenario ‘historic policy continuation’, which for example would include the possibility of some policy re-nationalisation, perhaps in respect of Cohesion Policy, combined with a more nuanced reading of the subsidiarity issue which saw the term defined as action taking place ‘at the most appropriate level’ as opposed to ‘at the lowest level’. This could potentially see further integration in terms of cross-border transport issues (i.e. missing links) (see, Pelkmans 2004, and Sapir 2003).

The two axes define four possible outcomes, with all but scenario three, which postulates an increasing breakdown of the European project (and which is therefore not considered at any length) being a mixture of positive and negative outcomes. As its name suggests, scenario two is in effect the ‘baseline’ scenario, which is basically expounded in the baseline document. The scenario document thus concentrates on scenarios one and four.

In scenario one - ‘Europe as a Marketplace’ - the implications of a rapidly widening but increasingly ‘shallow’ Union are played out, with the impact on growth and convergence, ‘catch-up’ and regional disparities all addressed. Here significant enlargement activity continues though we can surmise that political problems may emerged at the national level in respect of issues such as cohesion, where, given the impact of ongoing globalisation on the nature of regional disparities, it may be increasingly less likely that alliances can be maintained providing for fiscal transfers from poor regions in rich countries to rich regions in poor countries.

Similarly, in scenario four, ‘Europe as a Temple’ the implications of the decision to abruptly end the enlargement process in an attempt to concentrate more fully on deepening, particularly in respect of institutional issues initially, but ultimately also in respect of environmental standards and even tax policy, is drawn out. Here a particular approach to globalisation is adopted that stresses the need for Europe to avoid trying to compete ‘at the lowest level’, postulating instead the need to generate growth through making the internal market function more effectively.

6.1.5 Bibliography

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6.2 Scenarios

6.2.1 Scenario 1: Europe as a ‘marketplace’

6.2.1.1 Scenario Hypothesis

This scenario sees a continuation of national level control of the enlargement agenda with in addition, some measure of policy re-nationalisation in respect of cohesion policy. Questions over Turkish entry would be answered positively though the budgetary issue would remain a thorny one and thus enlargement would be expected to essentially finance itself in the medium term (e.g. the 'win-win' game). In principle, different forms of capitalism could continue to exist under the EU umbrella, though this would necessarily act as a brake on further integration – particularly in areas such as tax policy. It is perhaps more likely in this scenario however that structural economic change – particularly in respect of labour market policy – would spread from East to West, calling into question the European 'social model'. The ultimate role of the Neighbourhood Policy is unlikely to be decided within the timeframe up to 2030. This scenario also postulates that the *marketplace* increasingly becomes more important than the *temple*. The forces of marketisation, individualism, liberalism, and decentralisation (from the EU-level at least) win out as *intergovernmentalism* prevails over *federalism* in the EU, and the choice is thus made for *widening* over *deepening*. The EU contracts in terms of functions to conform to the liberal ethos of the ‘night-watchman’ state, providing only for ‘soft security’ and the overseeing of the proper and unfettered functioning of the market, introducing also, where necessary, a measure of *variable geometry*. The *raison d’être* of the new EU is enshrined as the Lisbon goal of ‘competitiveness.’ The EU Constitution is eventually ratified to consolidate this vision, while the EFTA/EEA states (Norway, Switzerland, Iceland) as well as Turkey and the Western Balkan states all accede to membership of the Union before 2030. The EU however becomes far less cohesive given the difficulties of integrating so many new and, for the most part, relatively poor members in such a short space of time. The main objective of the European Neighbourhood Policy (ENP) is to promote the establishment of Free Trade Areas in the large neighbourhood zones on the EU external border in the Mediterranean region and in the states of the former Soviet Union. EU Cohesion Policy is gradually effectively nationalised, as it is assumed that the member states themselves can better deal with the question of regional disparities. As a result, the EUs Structural and Cohesion Funds are essentially starved of resources, and thus the pressure of enlargement on the EU budget is lightened considerably.

6.2.1.2 Scenario Process

After much debate, the EU - driven by the more sceptical anti-federal members - decided on the need to focus on widening at the expense of deepening. The major reason being that for the EU to effectively compete with the other global trade zones in North America and East Asia, the primary objective remained the need to *quickly* become the most innovative and competitive economy in the world (i.e. the Lisbon strategy). As such, the fundamental improvement of its economic performance required the further, and indeed substantial, widening of the internal market and its socio-economic disciplines to those territories still outside the EU.

As the power of market forces remained a major driver of enlargement, the internal market and the EMU constituted the institutional context in which such forces were given free reign to operate, with the process of policy and market competition determining to what extent differences between Member States could be maintained with respect to welfare state and other arrangements.
The driving force here was the desire by many of the larger contributors to the EU budget (i.e. Germany, the UK, the Netherlands and Sweden) to ensure that the projected shifts in aid flows in the EU25+ would not entail the need for a ‘blank cheque’ to be written to the new members, as the size of the Regional Aid budget was predicted to rise by some 50% merely to cope with the new 2004 entrants (2nd Cohesion Report). In addition, the main recipients of such aid in the former EU15 ‘fell into line’ with the tough stance adopted by the major contributors as they themselves were set to lose most of their aid in any case. Indeed, Ireland and Spain were set, in the medium term, to become ‘net contributors’, with Portugal and Greece retaining only a small amount of aid for their poorest regions. Yet provision was made in the 2007-13 financial perspective for the ‘statistical effect’ of the 75% barrier to be addressed.

With the entry of Croatia, Bulgaria and Romania in 2007, the Member States continued to give priority to widening at the expense of deepening. Though the EU constitution, in its new vastly amended form, was finally ratified in 2008, the aspects of the Constitution relating to subsidiarity and States’ rights were given prominence over grand schemes for further integrationary projects. Moreover, the increasingly decentralisation stance adopted by the EU smoothed the way for the remaining EEA/EFTA countries to quickly accede also after a rapid pre-accession period, in 2013.

The basic choice facing the EU thus concerned the tension between the centralisation and the de-centralisation of powers, which was perhaps exemplified most clearly in the final decision of 2013 taken on the basis of the report by the 2nd High Level Expert Group (i.e. The Tarschys Report II), and designed to coincide with the end of the 2007-13 financial period, to renationalise both the CAP and Regional Policy. Significantly however although the need for ‘growth’ was again stressed as paramount this was however no longer, as was the case in the Report of the 1st High Level Expert Group, couched within the context of the risks of ‘non-growth’ to further integration. Growth was now seen as the end in itself, not merely as the means to support further integration.

The impending entry of Turkey and the remaining countries of the Western Balkans, envisaged sometime after 2015, which would bring the EU up to 35+ in size, however further exacerbated problems over the issue of co-ordination. A point that was duly made in the conclusions to the 5th Cohesion Report published in 2016.

From here onwards the integration process then began to evolve in a much more ‘intergovernmental’ direction. Increasingly then the EU’s responsibilities were confined to those policies that were deemed relevant to the maintenance of the internal market, e.g. commercial, fiscal and transport policies, with the supranational level’s role in welfare, environmental, and other policies being reduced to a minimum, and often – in the context of the pervasive mood in respect of subsidiarity – simply re-delegated to the national level. Moreover, where the EU was able to maintain its position in the policy hierarchy this was generally done within the context of variable geometry.

A significant amount of time and political capital was however devoted to neighbourhood relations, and to what Romano Prodi had termed ‘the completion of Europe,’ namely, the accession of the countries of the Western Balkans. This, together with Turkish accession, was a long and arduous process, which was not finally completed until 2022, thus bringing the membership roster up to 37 with, Turkey, Albania, Serbia, Montenegro, Bosnia-Herzegovina, and the FYR of Macedonia all acceding at this point.

Within the context of the European Neighbourhood Policy (ENP) a number of European Neighbourhood Agreements were also unveiled between 2008 and 2013 with the Maghreb and Mashreq countries. Moreover, with the emergence of the Mediterranean Free Trade
Area on a solid politico-economic footing by 2020, the Southern and Eastern Mediterranean countries were now better placed than ever to contribute to the development of the region as a whole.

Moreover, with ‘political conditionality’ now widely regarded as a necessary motor in this process, the ‘Copenhagen criteria’ were widely credited with helping to define the pathway from traditional ‘Associate Status’ to new so-called ‘EEA-style’ neighbourhood arrangements. These agreements were subsequently of course to be subsumed into the MFTA (Mediterranean Free Trade Area).

The main policy objectives in respect of the states of the former Soviet Union remain assuring political stability and reinforcing democratic institutions and the free market. Ukraine, Moldova, Armenia, Georgia and Azerbaijan all move forwards in the Neighbourhood ‘process’; while countries such as Turkey, Romania, Slovakia and Poland support future entry for their neighbours, though by 2030 these countries still had not been granted an entry ‘perspective’.

As regards the promotion of a Strategic Partnership Agreement with Russia, and notwithstanding the fact that access to Russia’s energy resources remained important for the EU throughout this period, the ‘special status’ (i.e. outside the general set of Neighbourhood Policy arrangements used for all other neighbouring states) of the EU-Russia relationship actually detracted somewhat from its overall utility. This was particularly so in respect of cross-border relations in the context of the uptake of available funds through the post–2006 New Neighbourhood Instrument, as it was often the case that opportunities for co-operation were missed as it proved rather more difficult than expected to find suitable partners on the Russian side of the border.

In conclusion, after 2005 the EU developed into a ‘leaner and meaner’ more economically competitive and dynamic grouping, where the free market rationalises resource allocation improving competitiveness (the main Lisbon goal), though it simply could not afford to attempt to do too many things at the one time. Essentially then the EU economy grows by encouraging technological advances and new forms of production, while also continuing to enlarge the size of the internal market. In this way it sought to remain the central regional player in this part of the global economy. The global economy underwent a number of significant changes in the first quarter of the 21st century, as did its institutions and rules. The enlarged EU played a significant role in this process though this process significantly affected the individual Member States with social tension increasing in less well performing areas. Cohesion policy was effectively re-nationalised, while the goal of polycentricity was easier to achieve at the national rather than the regional level. The 2004 enlargement intensified the need to re-assess the whole raison d’être of the European integration process, and in particular the traditional balance between deepening and widening. With this came also a need to reassess how the EU interacts with its neighbours, particularly in respect of the delicate balance between giving them incentives to reform whilst limiting their appetites for immediate EU entry.

6.2.1.3 Territorial Impacts of the Scenario

According to the Market scenario (‘1½% a year above’: implying growth of 4% a year, if growth is 2½% a year in the EU15), average GDP per capita in the 12 countries would remain below 60% of the enlarged EU27 average until 2017 (Graphs 1 and 2). In this year, it would exceed 75% of the average only in four countries (for more detail see the ESPON 3.2 TIR 2004). If growth were to continue at this rate, Slovakia would reach 75% of the average by 2019, while Bulgaria and Romania would still have a level of GDP per capita below 75% of the average in 2050.
Taking into account the fact that GDP *per capita* in Turkey as well as that in the Western Balkans states is much lower than that of the EU-15, EU-25 and EU-27, the duration of the corresponding catching-up process (to 75% or 100% of the EU-15 GDP average), in terms either of the first or the second scenario, will exceed considerably that of the 10+2 new countries. Moreover, the accession of Turkey and/or the Western Balkans’ states (or other neighbouring states, with the exception of the EEA/EFTA states) will prolong considerably the duration of the catching-up process (to 75% or 100% of the EU-15 GDP average) for the 10+2 new Member States.

![Graph showing GDP per capita (PPS) in the 10+2 states, plus Turkey and Croatia 2005-2030](produced_by_ESPON_3.2)

**Figure 5  ‘Market’ Scenario : Simulation of GDP per capita (PPS) in the 10+2 states, plus Turkey and Croatia 2005-2030**

- Assumptions: EU15 GDP +2.5% per year,
- New Members (2004) +4% per year
- Bulgaria, Romania, Croatia, Turkey + 4% per year

Discussing the implications in regional disparities and EU structural policies

In the context of the *Market scenario*, Turkey, the Western Balkans’ states and the EEA/EFTA states all enter the EU during the period 2005-2030. For the purpose of this analysis, we term them the ‘Potential Accession Countries’ / PAC.

As noted previously in the baseline scenarios, the potential enlargement of the EU to states of low economic potential such as Turkey and those the Western Balkans will have a significant effect on EU regional disparities, which are very closely related to the future of the EU structural policies. Though these effects will not have the determining influence on future political decisions in respect of EU enlargement they remain important none the less. It would however be illuminating to examine these effects, together with the future effects of the ‘10+2’ enlargement.

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25 This is undeniable given that enlargement to include the 10+2 states was taken and indeed implemented *before* either the political structure to cope with so many new entrants, or the economic resources to pay for enlargement had been realised. This is indeed how the enlargement has usually worked, with new entrants predominantly bearing the costs of enlargement in the expectation of future gain. Moreover, although the 2004 enlargement deviated significantly from what Preston termed ‘the Classical Method’, with a generous level of pre-accession assistance being given to the prospective new Members, the basic deal remains in place, as new Members will continue to have to substantially adjust their economies to the EU model, and thus ultimately bear the costs of adjustment.
This discussion will focus on three crucial issues: (a) the effects of the population size and GDP level of the recent and future accession countries (b) the impact of the potential accession countries on the eligibility for assistance criteria (c) the time needed for the GDP of the PACs to catch up with the EU-25 average.

The population size and the GDP level of the recent and future accession countries

As we have already seen, the accession of both the 10+2 states and Turkey will add considerable surface area and population, while offering only a small additional amount of GDP. The changes in these dimensions are presented in Table 1 of the baseline scenarios. We repeat below this table in which we have added data on the % difference of the EU-36 (EU27 +PAC) from the EU27 concerning the surface, the population, the per capita GDP in PPS and the per capita GDP in PPS as a % of the EU25 average (as well as that of the EU27 average).

The resulting data suggests that the accession of the PAC to the EU27 would raise the surface of the EU27 by 35%, its population by 22% and its GDP by only 8%. Inversely, the average per capita GDP would lower by 8% and 11% compared to the EU27 on the basis of EU25=100 and EU15=100 respectively (data for 2004).

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** For 2002
*** Eurostat latest forecasts for 2004 GDP - For the W. Balkans' states estimates taking into account GDP in Euros 2002 (EC / DG Economic and Financial Affairs 2004), recent GDP change rates and ratio GDP Euros / GDP PPS for Turkey for 2004

Table 12 Impacts of previous enlargements of the EU as well as the PAC accession
Impact of the accession of the PAC on the ‘catching up process’ and on the eligibility for assistance

On the basis of the current data and eligibility criteria, the entire territory of Turkey as well as that of the W. Balkans would be eligible for assistance under Objective 1 of the Structural Funds in addition to assistance under the Cohesion Fund.

In the baseline scenario we attempted to evaluate the impact of the accession of the 10+2 states on the eligibility for assistance with the aid of two ‘catch up’ scenarios. The first sees growth being maintained in these countries at 1.5% a year above the EU15 average, while the second sees it sustained at 2.5% above the EU15 average. We have now extended this analysis concerning the 10+2 countries to include coverage of the PAC.

As we noted previously, the continuation of the current approach to structural / cohesion policy in the ‘trend’ scenario, which stands as a middle course between widening and deepening, could lead to ‘catch-up’ rates in the 10+2 countries fluctuating between those of the first catch up scenario and those of the second.

In the framework of the Market Scenario emphasis is given to widening and to market liberalization in the enlarged EU, while structural policies are eventually, in effect, re-nationalised. In order to evaluate the effects on the eligibility for assistance in the framework of the Scenario 1, we have thus created a proper ‘catch up’ scenario. We assume that the ‘above the EU15 average’ growth rate is sustained at 1.5% for the 10+2 countries, as well as for the ‘poor’ future accession countries: Turkey and those of the Western Balkans (i.e. 4% a year if growth is 2½% a year in the EU15). This difference of 1.5% might be even lower. Provided that the estimates we give are indicative, even if the ‘above 1.5%’ is lowered a little (indicatively, by 0.2-0.3%), the substance of the results will not change. In any case, in the framework of this ‘catch up’ simulation, less than 1% (of the total 2.5%) is owed to the Cohesion policy. We have also taken into account the fact that SF / Cohesion Fund aid will be allocated to the three EU15 Cohesion countries (Spain, Greece, Portugal) for some period of time after 2005, with an agreement for the programme period 2007-2013 already existing.

The aid that will be allocated to the “new neighbouring countries’ (remaining outside the EU during this period, such as for Moldova and the Ukraine etc) will be limited, consequently we estimate that the % in growth rates in such cases will equal that of the 10+2 new Member States We also take into account here the fact that high growth rates are justified for new neighbouring countries provided that their initial economic base is very low. Finally, the EEA/EFTA countries growth rates are expected to equal those of countries of EU15.

In the Graph 2 we present the time moments in which the GDP of the EU15, the three EU15 Cohesion countries, Turkey and each of the Western Balkans states will reach 60%, 75% and 90% of the EU25 per capita GDP.

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26 Including Croatia
27 This analysis assumes that Serbia and Montenegro do not in fact separate and that Kosovo remains part of Serbia.
For the data sources see Table 12 notes.

**Figure 6 Market Scenario: Simulation of GDP per head (PPS) in the EU27 + PAC countries 2005-2030**

(See text for the inherent assumptions)

**Impacts on territorial cohesion**
From the data produced we conclude the following. The average *per capita* GDP of the 10 new Member States (of 2004) will reach 75% of the EE25 average by about 2030. More specifically, the average GDP of half of these countries will not reach 75% of the EE25 average before 2030, while in the middle of the 2005-2030 period the GDP of three of them will not have reached even 60% of EU25s GDP average, while the *per capita* GDP of Bulgaria, Romania and the Western Balkans states (excepting Slovenia and Croatia) will still not have reached 60% of the EU25 GDP average by 2030. Therefore, on the basis of the Market Scenario, disparities across national GDPs in the EU36 would be much larger than that either for the EU25 or the EU27.

The same applies in respect of regional disparities. Turkey’s eastern regions together with some regions of the Western Balkans will have the lowest *per capita* GDP in the EU36. We will specify the effects on disparities among regions using the above simulation in the next phase of the project. We forecast then that the difference between the neighbouring...
(outside EU36) states’ per capita GDP and the EU27 average will not dramatically decrease in the period 2005-2030.

The final image of the disparities in per capita GDP for the EU36 and the neighbouring countries is shown in Fig. 7. The corresponding values have been calculated on the basis of the above simulation. We have tried to illustrate in this Map the two main aspects of the Market Scenario, namely, the lowering of the ‘barrier’ between EU and the neighbouring countries and the lack of cohesion between national territories in the EU.

![Enlargement Scenario 1: "Widening: / "Europe as a marketplace"](image)

**Figure 7** Europe as a ‘Marketplace’ – The Impact of Widening
6.2.1.4 **Final Image of Territory**

The Union’s territory is rather more loosely integrated than before given the policy re-nationalisation that has taken place in certain areas, while adherence to a view of regional policy that stresses ‘endogenous potentials’ sees regional disparities continue to widen still further, both within states and between them as polycentricity is pursued at the global level given the stress on maintaining global competitiveness through the cultivation of traditional MEGAs. Notwithstanding the continuing threat of terrorism and other ‘soft security’ questions, Europe’s border regime remains relatively open.

6.2.2 **Scenario 2: Europe as a ‘Temple’**

6.2.2.1 **Scenario Hypothesis**

This scenario also sees national control maintained in respect of the enlargement policy process, though Union competences are maintained in respect of cohesion policy, while territorial cohesion takes its place alongside economic and social cohesion as a Union objective. Turkish entry is however proscribed as Europe’s Christian heritage is eventually re-affirmed as a French referendum mandates its government to deny Turkey entry. Lip-service is paid to the Lisbon process, and, as such, progress on issues such as labour market liberalisation is slow. Adherence to the European ‘social model’ is reaffirmed at the national level in the EU ‘core’ with more liberalised models of capitalism existing on its Eastern and Western fringes. At the regional level growth is slower but more evenly spread and thus disparities reduce, albeit slowly, as the rate of ‘catch-up’ growth in Eastern Europe is less than expected, given the costs to the CEE countries of implementing the EUs stringent environmental standards regime. Budgetary issues remain a problem however and cause some of the ‘net payers’ significant political problems. Finally, the decision not to continue with enlargement for the foreseeable future causes significant political problems in both the Balkans and in Turkey, while the Neighbourhood Policy remains at best an inferior alternative to accession for most of those seeking entry. This scenario postulates then that the temple remains as a fundamental constraint on the ‘invisible hand’ of the marketplace. The Lisbon goal of ‘competitiveness’ is still highlighted; though its implementation is now handled rather differently as the Gothenburg principles in respect of ‘sustainability’ are given a more prominent role. Here the broad forces of communitarianism, welfarism, sustainability, and integration continue to temper the ‘market-centred’ intergovernmentalist approach, while a choice is made for deepening over widening. As such, only Romania and Bulgaria – to whom promises were already made – gain entry (the EFTA/EEA members declined to apply), while Turkey is finally denied entry once and for all, and the countries of the Western Balkans are left, uncomfortably, in the anteroom of enlargement for the duration of this period. Europe then concentrates on implementing its sustainability agenda, which attempts to integrate environmental, welfare and territorial cohesion concerns in an attempt to develop a ‘Euro-centric’ approach to the demands of globalisation, this can however only be done through further integration, which in itself is only practical if it is undertaken on the basis of the ‘variable geometry’ approach. Increasing tension however arises between the ‘inner’ and ‘outer’ cores over the ad hoc nature of the variable geometry approach, and in particular over the costs involved, causing some in the ‘outer’ core to

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28 The notion of ‘variable geometry’ was coined originally in relation to the emerging European security debate of the 1980s, where different bodies carried out different tasks in the security field. It has since come to encapsulate a much wider vision of the EU experience where rather than one uniform approach being taken, issues are addressed in different ways by varying groups of states, and/or at different speeds. EMU is a good example of this process in action.
contemplate leaving the Union altogether. Meanwhile, the potential for the Union’s ‘neighbours’ – now certain of their ‘marginalised’ status to become increasingly troublesome increases.

6.2.2.2 Scenario Process

The ‘historic mission’ of Europe has always been about more than simply economics and the provision of welfare, in a material sense. The essence of the ‘experiment’ has always been about undertaking an innovative approach to international affairs, and to the problems of the modern world. It is in this light then that this scenario’s developments take place.

Sustainable development and ‘renewability’ (the Gothenburg ‘goals’) become the driving forces of the post-industrial economies of Europe. Competition could not realistically take place with the newly industrialising and emerging market countries on the basis of reduction to the cost base. Rather, the need to add ‘value’ was seen as the correct approach. Europe’s competitive advantage lay in doing things cleaner, more quietly and at less cost to the environment. As such, though the Lisbon ‘goals’ of greater competitiveness remained important, this was so only to the extent that they were buttressed by the wider ‘Gothenburg agenda’.

The impetus to move in this direction was given by the ratification of the EU constitution in 2008. Although, initial misgivings existed among some sections of the populace, it was finally acknowledged that the measures contained within the Constitution, particularly in respect of its approach to institutional and voting arrangements, were vital if the EU was to maintain any semblance of coherence, politically. Moreover, the internal market reforms needed necessarily entailed that further economic integration be undertaken.

Although the Constitution – within the context of subsidiarity - set out the limits of rights and responsibilities between the Union’s constituent parts, its effect was actually rather more profound. In effect, rather than simply drawing a legal border between what was, and was not, a power reserved to the Union, in typical ‘neo-functionalist’ style it generated the potential for many new forms of political spillover to occur, as effective functional cooperation in one field suggested the need for further beneficial cooperation in another contiguous area.

Perhaps the first concrete indication of this emerged in the context of the debate over the remodelling of the Union’s Cohesion and Regional policies that took place in the aftermath of the 2004 enlargement in 2006. At this point, a significant body of opinion existed arguing that we should, in effect ‘re-nationalise’ these policies. The impact that the Structural Policies in particular had on cohesion, it was argued, was minimal, and the costs of enlargement were set to grow exponentially some claimed, particularly in the period after 2013 when the next financial perspective would need to be put in place, at the same time as the ‘GDP subsidies,’ in the form of fiscal transfers from the core members to the 2004 entrants, reached their peak.

Such concerns generally reflected the view that enlargement had been taken as far as was feasibly possible. Indeed, the accession of Bulgaria and Romania scheduled for 2007 was drawn out for over two difficult years of final negotiations, and it was not until the beginning of 2009 that they were allowed to accede. The entry of Bulgaria and Romania rekindled old arguments over ‘who pays’ for enlargement, effectively poisoning the debate over the Structural and Cohesion funds for some time to come. Moreover, the bureaucratic driver which saw the process of enlargement being tied to that of integration more generally, with the Commission as the main ‘cheerleader’ for this approach was decisively checked when, in 2009, a number of Commissioners – echoing the earlier stance taken by Frits Bolkestein, a
previous Commissioner for the Internal Market – made it clear that, for the foreseeable future at least, ‘enlargement could go no further.’

In this light, the need to straighten out ‘once and for all’ the issue of how the goal of cohesion was to be paid for, and at what level it was to be implemented at, effectively concentrated minds on the need for deepening at the expense of widening. Debate over this issue was further focussed by the impending entry of Turkey, though its continuing refusal to recognise the legitimate Government of Cyprus provided an effective block on accession as the need to deal with this issue had been explicitly raised at the outset of the Turkish negotiation process in 2004.

The years after 2010 were however to prove some of the most difficult and indeed darkest in the history of European Integration, as concerns over budgetary issues and redistribution/cohesion became interlaced with what can only be described as an anti-globalisation ‘backlash’ across large parts of the Union, specifically in respect of both ‘economic’ and ‘identity’ issues.

There were essentially three elements to this. In terms of ‘identity issues’ two separate groupings of disgruntled Member States could be identified. Firstly, the then still ‘new’ Member States of ‘Catholic Central Europe’, such as Austria, Poland and Lithuania – with no small measure of support from France – argued vocally against the widening of the Union to include non-Christian countries. Basically they argued that the social consequences of such a significant ‘cultural’ widening of the EU would be disastrous. A second group of countries also sought to prevent further widening, again citing its potentially disastrous social consequences, in particular with respect to the tensions raised by the fear of further immigration, particularly from Turkey. Paradoxically, included in this group were some of the countries with, historically speaking, the most ‘liberal’ immigration policies in Europe, i.e. countries such as Denmark and the Netherlands, backed by Germany.

In more purely economic terms, Sweden, Spain and Ireland became increasingly hostile to further enlargement because of what they saw as the unenviable economic and fiscal consequences it had for them. Not only were they expected, in effect, to ‘export’ medium-level skilled jobs to the new member countries (a process that began after the 2004 enlargement, and continued with the accession of Romania and Bulgaria in 2009), but they were now also expected to increase their contribution to the EUs cohesion goals through continuing fiscal transfers. Such a situation was of course nothing new for long-term integration sceptics such as Sweden, but to those, like Spain and Ireland, that had benefited themselves for so long from such transfers it came as a rather rude awakening to, after 2013 at least, join the ranks of the EUs ‘net contributors’.

Problems in respect of Turkish membership basically mirrored the wider issue of the EUs relations with the Islamic world, which were further exacerbated by what can only now be seen as the EUs ill-advised attempt to bind the countries of North Africa in particular too closely to the European Integration project. Increasingly across the region manifest tension arose between some sectors of the governmental elites of these countries who hoped that the economic benefits of Mediterranean free trade would help stabilise their uncertain political legitimacy, and the vast majorities of their populaces enraged by other elite factions who either saw the agreements as economically inadequate, or who took a wholly different view of the acceptable level of interaction across the Mediterranean.

As such, the Mediterranean Free Trade Area never materialised, while the ENP in the Southern and Eastern Mediterranean proved to be either ‘too little’ or ‘too much’ depending

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29 See ‘Bolkenstein warns EU growth will create chaos’ The Financial Times 23/11/04 for the original article, and ‘Rebellious Commissioners: Thus far and no further’ The Economist, 7/709.
on the view of the recipient. This inevitably however had a significant effect on the whole process of integration as EU ‘influence’ across its southern border declined dramatically. In addition, the failure to beneficially ‘engage’ the countries of the EU’s southern ‘border’ had not only the inevitable security implications in a conventional sense, but the significant differences that were subsequently to emerge in terms of environmental standards threatened to dwarf even the most pessimistic security projections in terms of the potential scale of its implications.

By 2015 then the EU was in significant difficulty and in retreat across many fronts. Indeed, the inevitable squabbles that resulted from the ill thought out move towards variable geometry combined with the problems over the immigration and enlargement issues, and the wider problems of a fiscal and/or economic nature saw the inherent tensions between the Member States, the Commission and the EU’s neighbours stretched almost to breaking point, with a number of Member States (i.e. the UK, Denmark, and Sweden) contemplating, for various reasons, withdrawal from the Union as they individually perceived the general ‘bargain of membership’ to be becoming increasingly unpalatable.

In conclusion, though the internal ‘storm’ of the years between 2010 and 2020 was eventually ridden out, as threats of secession did not come to pass, significant problems remained, in particular the need to effectively re-model relations with those beyond the Union’s now permanent external border. Though the gains made across the EU after 2020 in terms of cohesion, economic vitality and sustainability would be difficult to maintain if the issue of political stability beyond the external border continued to be ignored. As such, for many of the EU’s neighbours, accession will – EU declaratory policy notwithstanding – remain their ultimate goal, while others want relations to be kept at ‘arms length’. Ultimately however the EU cannot exist in isolation of its neighbours.

6.2.2.3 Territorial Impacts of the Scenario

According to the Temple scenario (‘2½% a year above’: implying growth of just over 5% a year if growth in the EU15 is 2½%), then convergence would, of course, happen within a shorter period of time. Nevertheless, the number of years involved remains considerable for many of the countries. For Poland, for example, even at this rate, it would still take 20 years or more for GDP per capita to reach 75% of the EU average and many more years to converge to the EU average or close to it. For Bulgaria and Romania, it would take much longer than this. Nevertheless, at this rate of growth, the number of regions in the accession states that require structural support because their GDP per capita is below 75% of the EU average is reduced much more quickly than if growth were to be slower.
Assumptions: EU15 GDP +2.5% per year; New Members (2004) +5.2% per year; Bulgaria, Romania, Croatia, Turkey +2.5% per year

Figure 8 'Temple Scenario': Simulation of GDP per capita (PPS) in the 10+2 countries plus Turkey and Croatia 2005-2030

Discussing the implications in regional disparities and EU structural policies
In the framework of this scenario, only Bulgaria, Romania and Croatia accede to the EU25 during the period 2005-2030. Turkey, the rest of the Western Balkans and the EEA/EFTA states are thus considered here as 'neighbouring countries'.

The population size and the GDP level of the recent and future accession countries
The corresponding changes in EU area, population and GDP are also described both in the baseline scenarios and the Market Scenario. (See Table 1 of the Market Scenario). Impact on the 'catch up process' and on the eligibility for assistance
On the basis of the current data and eligibility criteria, the entire territory of Bulgaria, Romania and Croatia will be eligible for assistance under Objective 1 of the Structural Funds, as well as for assistance under the Cohesion Fund. In the framework of the Temple Scenario, emphasis is put on deepening (integration) through the intensification of the EUs structural policies. The EUs borders are seen as a strong barrier separating the EU from its neighbouring countries. We will show however that this barrier also entails increasing differences in incomes between those 'inside' and those 'outside'.

In order to better evaluate the effects on the eligibility of assistance in the framework of the Temple Scenario, we have created a proper 'catch up' scenario (See Graph 4). We have assumed here that the 'above the EU15 average' growth rate is sustained at 2.5% for the 10+2 countries, as well as for Croatia (i.e. 5% a year if growth is 2.5% a year in the EU15). This 'above' 2.5% might be even little higher, although this would not change the substance of the results. In any case, in the framework of this 'catch up' simulation, at least 1% (of the total 2.5%) is due to the Cohesion policy. We have also taken into account the fact that SF/ Cohesion Fund aid will be allocated to the three EU15 Cohesion countries (Spain, Greece, Portugal) for some time after 2005.

The aid that will be allocated to the neighbouring states (i.e. those remaining outside the EU during this period, such as Turkey, the remaining Western Balkans’ states, the EEA/EFTA
states, Moldova and the Ukraine etc) will be lower than that allocated to the 10+2 new Member States, i.e. ‘above 1.5 %’ of the EU15 average (compared to the ‘above 2.5 %’ for the 10+2 Member States). The EEA/EFTA states growth rates are assumed to equal those of the EU15 countries.

In the Figure below we present the time moments in which the GDP of the EU15, the three EU15 Cohesion countries, Turkey and each of the Western Balkans’ states\textsuperscript{30} will reach 60%, 75% and 90% of the EU25 per capita GDP.

For the sources of data see in Table 1 notes.

\textbf{Figure 9} ‘Temple’ Scenario : Simulation of GDP per head (PPS) in the EU27 + PAC countries 2005-2030

(See for the assumptions in the text)

\textsuperscript{30} Again assuming here that Serbia and Montenegro stay together, and that Kosovo remains part of Serbia.
6.2.2.4 Impacts on territorial cohesion

On the basis of the data we conclude the following. That the average per capita GDP of the 10 new (2004) Member States will reach 60% of the EU25 average in 2008, 75% of the same average in 2019 and 90% in 2028. Although, in the middle of the period 2005-2030 the GDP of half of the 10 new countries will have exceeded 60% but not 75% of the EU25 average. The per capita GDP of Bulgaria and Romania will not have reached the EU25 average by 2030, while the GDP of Croatia will reach this level by 2014. Moreover, in spite of the fact that the ‘catch up’ rates are quicker in comparison with the Market Scenario, the GDP of an important part of the EU population will remain under 75% of the EU25 average in 2030. As such, the pressure for change (i.e. the further strengthening or weakening of EU structural policies) will be considerable.

Finally, the per capita GDP of both Turkey and the Western Balkans’, as well as that of the other neighbouring countries will be very low. Moreover this difference between all of these states and the EU27 average will further increase over the period 2005-2030.

GDP inequalities among the regions of the EU27 (+1) will be rather less than in the case of the Market Scenario, although they will remain significant even during the period 2015-2030. Turkey’s eastern regions together with some regions of the Western Balkans will have the lowest per capita GDP in the EU36. We will further specify the effects on disparities among the regions using the above simulation in next phase of the project.

The final image of the disparities in terms of per capita GDP for the EU and the neighbouring countries in this Scenario is shown in Fig.10. The corresponding values have been calculated on the basis of the above simulation. We have attempted in this Map to illustrate the two main aspects of the Temple Scenario, namely, the strengthening of the ‘barrier’ between the EU and the neighbouring countries and the increase in the level of cohesion across national territories in the EU.
Enlargement Scenario 2: "Deepening: / "Europe as a temple"

Figure 10 Europe as a ‘Temple’ – The Impact of Deepening
6.2.2.5 Final Image of Territory

The Union’s territory remains integrated and solidaristic, with regional policy continuing to be based on these principles in addition to the increasing role given to sustainability and cultural heritage issues. Polycentricity is stressed at the regional level with development outside the pentagon preferred over the continuing overdevelopment of the pentagon MEGAs. Given the pressure created by the decision to discontinue the enlargement process the pressure on Europe’s border regime increases significantly. This has a significant impact on the economic development of some of the newer Member States who still maintain a wide range of linkages (usually at the local level) with their neighbours, who have now been denied entry.

6.2.2.6 Conclusions: Basic differences between the two ‘final images’

As noted at the beginning of this document, scenarios were used here in a sense to present ‘artificially’ generated potential alternative futures in the context of EU enlargement. This was particularly difficult here because of the necessarily long term and often scripted nature of EU policy commitments in this field. Moreover, as we are dealing with a discrete number of policy variables it is quite easy to project back and forward in time to discern ‘patterns of behaviour’ etc., which then become the accepted norm. Basically, when the future is already ‘made’, it is rather difficult to think ‘outside the box’ while at the same time remaining ‘realistic’.

The two alternative scenarios sketched out here must therefore be seen in this overall context, as being artificially constructed to be something like polar opposites in order that a clear differentiation from the baseline scenario and its likely forward projection (in terms of policies and agreements already entered into) can be made. The apparent differences between the two scenarios have thus been stretched to the limit, though in reality what we are seeing is perhaps a continuation of the ‘different forms of capitalism’ debate. In the market scenario, economic growth is privileged over more solidaristic concerns, but this is not to imply that in the temple scenario the need for economic growth is eschewed, rather, it reflects the differences between ‘bottom up’ and ‘top down’ approaches in terms of economic development.

In practice, and taking all of the above caveats into consideration, the differences between the two final territorial images highlight the practical implications of the scenario choices made. In a policy-sense the market scenario is ‘bottom up’, while the temple scenario is ‘top down’, specifically in relation to the question of subsidiarity and the re-nationalisation of certain policy areas. In terms of polycentricity, the market scenario focuses on the global context, while the temple scenario looks to the regional level, particularly in relation to the fostering of ‘alternative economic poles’ to the traditional European pentagon. Socially, Europe may be richer but looks like being much less cohesive – socially and territorially – under the market scenario, while in terms of external relations, the decision to ‘end’ enlargement, taken under the temple scenario would probably have profound and potentially extremely negative implications not seen in the market scenario. Both scenarios have the same basic goal, but rather different ways of achieving it. The test case here is undoubtedly what ‘model’ works best in terms of East European ‘catch-up’, which would (if successful) in itself be the best way to guarantee future European economic health. The question as ever in politics remains one of balance, which model would do the most good, while at the same time doing the least damage?