Notes about the enlargements of the European Union in the New Millennium

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- **1 May 2004 – 10 countries became EU members: most of them were until 1991 under the Sovietic economic and political system (Poland, Chech Republic, Slovakia, Hungary and the three Baltic Republics) while Slovenia were a part of the former Yougoslavia. Only Malta and the Cyprus (the Greek side) belonged to the western economic model.**
- **1 January 2007 – Romania and Bulgaria (they were under the Sovietic economic and political system until 1991)**
- **1 July 2013 - Croatia (it was a part of the former Yougoslavia): it had more time to prepare its entry in the EU**
- **For most of the new EU member countries it had been necessary a long transition to change the economic system: they had to «learn to operate» in the EU free market. During the period of transition (from the 1992 to 2003) European institutions helped these countries to establish the economic reforms (strong renovation of public institutions and of national labour and good markets) and to pay subsides for people who lost their jobs (because the renovation of farms and factories where workers were in excess, the jobless peolpe were 10-15% (instead of 0% in the Sovietic system) and to face the high inflation (20-30%, so customers had new products in the new free market but they had no money to purchase them). If European institution did not help, there existed a great risk that people asked for coming back to the old system or voted for populist parties.**

- **For many countries the entry was evidently premature but it depended on political reasons, that is to get these countries independent by the Russian Federation (they also entry in the NATO) which progressively recovered its political and military power under Putin.**
- **These enlargements also created some problems concerning the necessary reorganization of European institution: for example to establish the number of members in the European Parliament for every country or to choose the representative of the new EU commission, or to regulate the subsides and the intervention price granted by the Common Agrarian Policy to the rural families (which were more than in Western Europe, 20-25% vs 8%).**
- **There were relevant problems in particular for the new EU labour market**
- **Workers from Eastern Europe accepted lower wages and this reduced the real average wages in the Western Europe, in particular for the unskilled and less paid jobs. A lot of them arrived before 2004 or 2007, but if they had no job they had to come back home. When they became EU citizens they were able to remain everywhere in EU and so they influenced more the level of wages**
- **Besides, Western European enterprises increased the transfer of their low and medium quality manufacturing plants in the Eastern Europe where the labour factor was less expensive. This increased in Western Europe the number of jobless particularly among the unskilled specialized workers: paradoxally the taxes paid by these latter were used to finance the fiscal facilities for enterprises which invested in Eastern Europe.**

- Many problems were in particular related to the “Bolkenstein law” which established that people could work and/or create enterprises everywhere in Europe. When people made services they were subject to the labour laws of their country even if they worked in another one (obviously in EU)
- This evidently created an unfair competition when services were made by people coming from the Eastern Europe where the limited contractual power of the trade unions favoured the enterprises and reduced wages and in the same time allowed the promulgation of laws giving less attention to the rights of the workers.
- New EU countries needed relevant financial aid to renovate their infrastructure and modify their polluting system of production of energy. In the previous years they had received money to modify their farms, manufactures and banks and empowered them because they had to learn to survive on a free and most competitive market, now they received money to be competitive face to “old” EU member countries. Really a lot of local enterprises were bought by great Western company and so money of EU citizens went to these companies
- Citizens of the old EU member countries were not happy for this and also because they had to help new countries to become more competitive without creating, in the brief term, a new relevant market for their products). The consequent lack of investments in the Western Europe increased the number of jobless people, in particular among the unskilled workers

- **The existence of economies having a different wealth and productivity (and so a high or low resistance to the financial and economic crises) did not allow to enlarge the adoption of the Euro to all countries included in the EU: Slovakia, Slovenia, Malta and Cyprus were the only countries which were able to entry in the EMU.**
- **Some other countries (e.g. the Baltic republics) maintained their currencies but they had fixed exchange rate with the Euro: for all the remaining countries the adoption of the Euro was not a brief term perspective (and it became unlikely after the great crisis of 2008). Euro is in fact a strong currency and so it is not adapt for countries during their economic development/relaunch**
- **Besides, it is important to note that only small countries were admitted in the EMU: it was in fact relatively easy to help them, while it is very complicated to manage the entry of great countries having a lot of million habitants (as Poland and Romania) during a very negative financial and economic trend.**
- **Other problems arrived because banks offered their customers too many loans and so they had a lot of bad debts. They also financed in Euro and people accepted because using this currency they had to pay low interest rates: however people did not consider the devaluation of the national currencies face to the Euro and so they were not able to repay their debts.**
- **So many people missed the "good old days" under the USSR influence, when there existed no jobless people and no debts and no wonderful goods that it is impossible to buy.**
- **Conclusion: the enlargements in the new Millennium were the first which did not increase the EU public opinion support for the EU integration process**