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Europe

European Union: what kind of new Europe?

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The 'new Europe' which is joining the European Union has been likened recently to a US 'Trojan Horse' inside the European project. And it is true that the new and old elites in power in Eastern Europe since the fall of the Berlin Wall, notably in Poland, have adopted an Atlanticist and ultra-neoliberal orientation.

[https://www.internationalviewpoint.org/IMG/jpg/25_eumap.jpg]

But whether we are talking about the Iraq war or the attitude towards the European Union that the new members will join in May 2004, the gap between popular opinion and governments increasingly resembles a gulf. That is why the eastwards enlargement of the Union carries a contradictory dynamic, with potential conflicts which will last well beyond the compromises which will be sealed at the summit on the 'Constitutional Treaty'. In the coming crisis (so often predicted that it risks being underestimated when it comes), will it be possible to consolidate the nascent hopes of another possible Europe?

The 'new Europe' from below...

More than 75% of the populations of the candidate countries were opposed to military intervention in Iraq this February, and a relative majority (nearly 50%) persisted in opposing it, even in the event of a UN Security Council vote (whereas in this case, the majority in the EU supported intervention). The signature by a series of leaders of the 'new Europe' and letters and declarations of support for the US position (mobilized in response to the anti-war positions of Chirac-Shröder) was heavily criticized inside these countries, since it was not the subject of any parliamentary debate and all the polls indicated the dominant hostility of the people in all the countries of Central and Eastern Europe (CCEE) which were candidates for EU membership - including Poland.

This gap between the people and their 'representatives' relates to the central questions of everyday life and work. During the discussions at the Convention, the 'delegates' from Eastern Europe and particularly Poland supported Great Britain's hostility to EU competence on social questions, the polls went exactly the opposite way. The populations of the future new members of 2004 were asked which decisions should be taken at the European level or at the national level alone - an average of around 70% thought that the EU should take responsibility for fighting unemployment and poverty, protection of the environment and health, social protection and humanitarian aid, indeed foreign policy.

In other words, the people of the 'new Europe' want a European 'social model' that, undoubtedly, Sweden (which has just rejected joining the Euro) incarnates in their imagination. In voting nearly 80% in favour of joining the EU (see tables), some can certainly still believe in the promises of a rosy future inside an EU of whose real functioning they know little. But in the absence of a credible and progressive 'national' alternative a new 'European consciousness' is gaining ground. The idea is that it is easier to resist on this scale than on a national level alone (above all when the anti-Europeans in the Czech Republic, for example, preach an unrestrained Thatcherite capitalism; or when, from Hungary to Poland, they develop a racist and xenophobic nationalism) and that Europe incorporates long traditions of social and democratic struggles which can be built on.

Across Europe people are realizing that it would be possible to have other convergence criteria than those of the European Central Bank and other values than those of the stock market to define the European project; that economic choices are choices of society which should relate to democratic procedures, not commodity competition, with social minima and objectives of development, full employment, social security and decent wages.

These ideas are beginning to ripen and spread in Eastern Europe, stimulated by the establishment of European Social Forums, where the first trans-national links between trades unionists and activists of various associations from the current and possible members of the Union have been made. The forum held in Pomerania in Poland in July 2003 was the third social forum in Poland, after that held in Silesia in Katowice, in October 2002, and that of Warmie-Mazurie in Elk, in February 2004. In a Poland where 20% of the population is unemployed (on average - in some regions it is nearly 30%), it is very significant that the organizers were the Federation of Committees of Defence of the Rights of the Unemployed of Pomerania, and that trades unionists participated from the OPZZ union federation (present at the naval shipyards in Gdynia and other workplaces) and from Solidarnosc, as well as a number of mayors, deputies, and employees of local and regional labour and employment agencies. Invited to the Forum, and expressing new solidarities, were Angela Klein from Germany, coordinator of the European Marches against Unemployment in Germany, Christiane Maigre from Belgium, representing FGTB federation and the Belgian network of Euromarches, and Stefan Beckier, correspondent in France for the monthly Silesian Worker.

In Hungary, as in Poland - and beyond that in Russia - the initial links were made at the first ESF in Florence in November 2002, which stimulated the formation of national social forums. In Hungary, of the dozens of associations involved, many were the same as those active in the Citizens for Peace association, which organized the 50,000 strong anti-war demonstration of February 15, 2003 in Budapest.

European construction, like neoliberal globalization, is beginning to generate the idea that it is necessary to resist and organize at the level where the economic and political choices are made. This does not involve simply a necessary and possible coordination of struggles, but also the emergence of what one might call new 'citizenships', fighting for recognition of legitimate rights, inside and outside the existing institutions, resting on counter powers and counter information, stimulating self-organization. Only another relationship of forces can stop the tightening noose of a socially regressive European construction. The new enlargement will not modify the priority given to commodity competition in the current European construction but it is not enlargement which is the cause of these policies. The countries of Eastern Europe have suffered, like the peoples of the member states, for some years. But this enlargement will aggravate the internal contradictions of the current project and we can take advantage of this fragility.

An enlargement not like the others

Seeking to convince the peoples of eastern Europe that enlargement is a good thing, the European Commission (EC) argues that, like previous enlargements, this one will add strength and cohesion to the EU and the European social model.

Anyone can dream! But we should assess the contradictions reflected by this discourse. Contrary to what the EC says, this enlargement is not like the precedents. But it is still worth comparing it to its precedents, notably the entry into the European Economic Community (EEC - which became the European Union in 1993) of Greece (1981), Spain and Portugal (1986), because the hope of the new members is to have the same rights as the predecessors. Encouraging this hope, the dominant discourse stresses the stabilizing and modernizing influence the enlargement of the 1980s had on countries which, like the current new members, had emerged from dictatorship and were poorer and more agricultural than the EEC average at the time. Their average GDP represented 60% of the average GDP of the Community in 1986, while their combined population of around 60 million inhabitants, was not far off that of the new member states from eastern Europe (around 70 million).

There should be no doubt - contrary to the widespread view - that political motivations were central to the acceleration of the new enlargement at the end of 1999. The use of Eastern Europe as a liberalized market and favoured terrain of relocation, was already a reality well before enlargement. More than 60% of the trade exchanges

of these countries are made with the EU - and to the benefit of the latter. And if the future members have, since 2000, attracted more direct investment abroad - DIA (see box), many of the neoliberal currents in the CCEE fear that effective integration in the EU will involve social and institutional constraints and will lead to companies relocating even further east! Enlargement is a source of difficulties and major conflicts for the EU. This is already obvious at the institutional level, in the negotiations of the current IGC (intergovernmental conference), and will be even more so in the discussions on the 2007-2013 budget with new members who have more and more poor and unemployed people (whom the structural funds of the European budget should theoretically help)!

The summit in December 1999 decided that the integration of the ten CCEE candidates was an 'irreversible decision' and 'global' (even if the dates were not yet fixed), and set up the Stability Pact for south-eastern Europe, the supposed 'antechamber' of the EU for the western Balkans. It did so for geo-strategic and political reasons; the rise in all countries, (even the most 'advanced' or integrated with the EU like Hungary or Poland) of xenophobic currents and electoral abstention. In other words, growing difficulties for the neoliberal and Atlanticist currents. While the EU tarried, it was NATO (and the US) that bought to these elites the expected succour from outside.

However, the choice of previous enlargements had already increased the heterogeneity of the EU both on the socioeconomic and political planes - which is not a small detail in a construction where nation-states do not disappear, but are 'represented' and should be subject to elections. Thus 'structural' and 'cohesion' funds were introduced and became important (they represent the second biggest expenditure of the European budget after the Common Agricultural Policy or CAP). These funds concern regions and countries where the GDP is less than 90% (in some cases less than 2/3) of the EU average and which are experiencing problems of restructuring and unemployment. In 1993, the four countries that benefited from the fund then introduced were Spain, Portugal, Greece and Ireland. The EU's 'cohesion policy' was part of the 'Community patrimony' of which the new members should be beneficiaries, since they have a GDP very much below the EU average (nearly 70% for Slovenia, but less than 60% for the others - see box).

But two sets of (qualitative) data distinguish the new enlargement from all the precedents and notably that of the 1980s (beyond the fact that the disparities are greater and relate to eight different countries, which is more difficult to manage, politically and economically, than three):

1. the EEC and its common market has been transformed into the European Union, with its market and its single currency, on monetarist bases, attenuating considerably the margins of economic policy and the social role of the member states; a European power is being built, with a proto-state, a (weak) budget but a central bank, as well as a parliament whose rights of co-decision have been extended at the same time that the executives (Councils and Commission) are concentrating their essential powers;
2. on the other hand the countries of southern Europe were, with their specificities, capitalist. The membership of the countries of Eastern Europe involves a radical change of political and economic system.

These two transformations are not 'stabilized' - indeed, each destabilizes the other.

Growing contradictions

Enlargement has led to the project of a 'hard core' (around France and Germany) and strengthened cooperation at a variable geometry. But the states of 'old' as of 'new' Europe which feel marginalized by this process will resist.

[<https://www.internationalviewpoint.org/IMG/jpg/27candb.jpg>]

Also, the growth of the heterogeneity of the EU means growing conflicts where the essence of what is at stake will

not be debated by those affected. In order for the new members to benefit from the same rights of access to the structural funds and the CAP as the old members, it would be necessary to at least double the EU budget. If the budget is kept at its current level, it is necessary either to give either less to the new members or to take from the south to give to the east, or to give less to everybody. A combination of all these processes has been chosen; Polish farmers will only receive 25% of the aid which French farmers will get in 2004 with alignment to 100% from here to 2013 - but from here to there the CAP aid will have fallen. This reform of the CAP is being carried through without the implications for farming (national, European and at a world level) being considered. The same is true for the social implications (in terms of jobs and food production, often essential to survival in the countries of eastern Europe without social protection); the environment and health implications (notably GMOs but also the question of pollution); the implications for international north/south relations visible in the WTO negotiations in Cancun (with dimensions also for the relations of western and eastern Europe). But where are the democratic and pluralist debates on these questions?

As for the structural funds and the European budget, it is necessary to debate both their amount, resources and objectives (a budget of less than 1.27% of the GDP of the Union - whereas in the US for example it is around 20% - implies in practice very little means of redistribution from the very rich towards the very poor and very few common projects of infrastructure and development).

These questions have produced the bitterest discussions in the negotiations around enlargement; in the CCEE, people are increasingly aware of the hypocrisy of the fine talk about the "historic turning point of the reunification of the continent". This explains the high rate of abstentions in the referendums on joining the EU. But the leaders of these countries will demand equal rights. Just as Spain has blocked and will block any process of change of the funds allocated which will imply a loss for their country. All this could immediately sharpen conflicts over increasing the EU budget. The costs of German unification weigh in (on average from 1989 to 1999, the new Länder have received around 100 billion dollars per year whereas the budget envisaged for the ten new members between 2004 and 2006, net of the amount these members should pay, will be around 25 billion!). Meanwhile the net contributor countries are dominated by a logic first expressed by Mrs Thatcher: "I want my money back!" It is a completely false logic, of course - the budget funds redistributed towards the poorer countries will often return to the donor countries through trade. But it is primarily a logic of growing egoistic and short-term resistance to redistribution from the richer regions of the Union towards the poorer. At the same time competition in the big unified market increases the disparities; it is the opposite of cohesion which is being built, with the socially explosive development of inequalities.

On the one hand we must demystify the dominant discourse suggesting that integration in the EU will allow these countries to overcome their backwardness through a process of catching up. We must focus on of the causes of the new poverty, of the growth of inequalities and unemployment since the introduction of neoliberal policies in Eastern Europe (as in the rest of the planet). The destruction of the old system has taken the form of a forced and generalized privatization, a challenge to social and national protection, the domination of financial systems by logics of short term profitability based particularly around foreign investment; the result everywhere is increasing social and regional inequality. Overall in the CCEEs growth (measured in terms of GDP) has fallen; only four countries out of the 10 candidates had a higher GDP in 2000 than in 1989/1 (see box, page 28). Even when there was a (fragile) revival of growth, we should point out that it is characterized by inequality, lowered access to education and health and unemployment - notably for women. The rise of prostitution, as well as the trans-European sex trade and the systematization of insecure seasonal work (where workers from eastern Europe are hired instead of North Africans) without social protection; these are some of the effects of this social degradation.

There are two ways of responding: a racist and xenophobic anti-foreigner discourse; or a fierce struggle for new social rights and for economic policies which, at the European level as in each country, create jobs, social protection and decent incomes.

Some figures on the CCEE candidates (2000)

	A	B	C	D	E	F	G	H	I
Bulgaria	8.2	30.6	22	74.1	18.3	70	33	407	545
Hungary	10.2	34.0	51	104.5	7.0	80	2	1935	2406
Poland	38.6	35.2	37	126.8	19.0	65	13	751	1255
Rumania	22.3	42.7	27	77.0	10.0	60	30	303	393
Slovakia	5.4	39.8	49	102.7	18.3	75	1	669	1874
Slovenia	2.0	48.0	71	110.6	11.0	55	1	768	2558
Czech Rep.	10.2	34.1	59	97.7	12.0	80	1	2102	3375
Estonia	1.4	26.2	37	84.1	12.4	75	40	1337	2468
Latvia	2.4	26.3	27	64.1	13.1	65	23	1027	1137
Lithuania	3.5	26.4	29	65.3	16.5	70	46	642	938

A = Population (millions)

B = Rural population % (1998)

C = GDP/per capita (*) % of the average of the EU 15

D = Real GDP in 2000 (1989 = 100)

E = Rate of employment

F = Share of private sector in % of GDP (1999)

G = Population on income below 4\$ per day and by inhabitant in % (1998)

H = DIA accrued (1989- 2000) per inhabitant

I = DIA accrued/ inhab 2002 (*)

Source: Courrier des pays de l'Est number 1016, June-July 2001

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(*) source UNCTAD FDI Database.

NB The same sources give for Russia: 170.3 \$/inhab of DIA accrued in 2002; real GDP in 2001 of 67.4 (1989=100)

Results of referendums in the CCEE*

	J	K	L	M	N
Slovenia	March 23	89.6	60.3	54.0	39.7
Hungary	April 12	83.8	45.6	38.2	54.4
Lithuania	May 10/11	90.8	63.3	57.4	36.7
Slovakia	May 16/17	92.4	52.2	48.2	47.8
Poland	June 7/8	77.5	58.9	45.6	41.1
Czech Rep.	June 16	77.3	55.2	42.5	44.8
Estonia	September 14	66.9	63.0	42.1	37.0
Latvia	September 20	67.0	72.5	48.5	27.5

J = Date

K = % of "yes" (= X)

L = % of participation (= Y)

M = % of "yes' in the electorate (= X x Y/100)

N = % of abstention

*CCEE = Countries of Central and Eastern Europe