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CENTRUM EUROPEJSKICH STUDIÓW REGIONALNYCH I LOKALNYCH
UNIWERSYTET WARSZAWSKI

CENTRAL EUROPE IN THE EU: SUCCESSES AND FAILURES, THREATS AND OPPORTUNITIES

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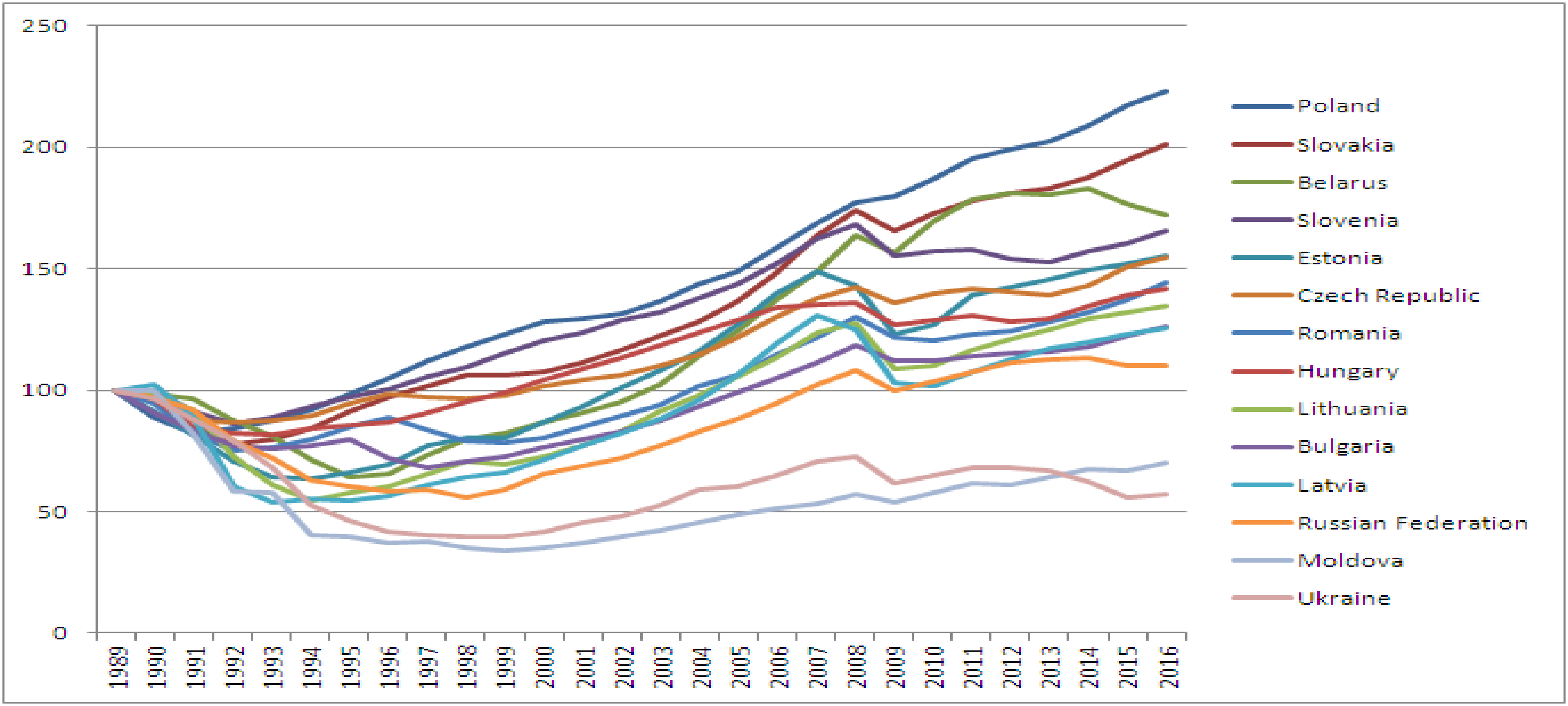
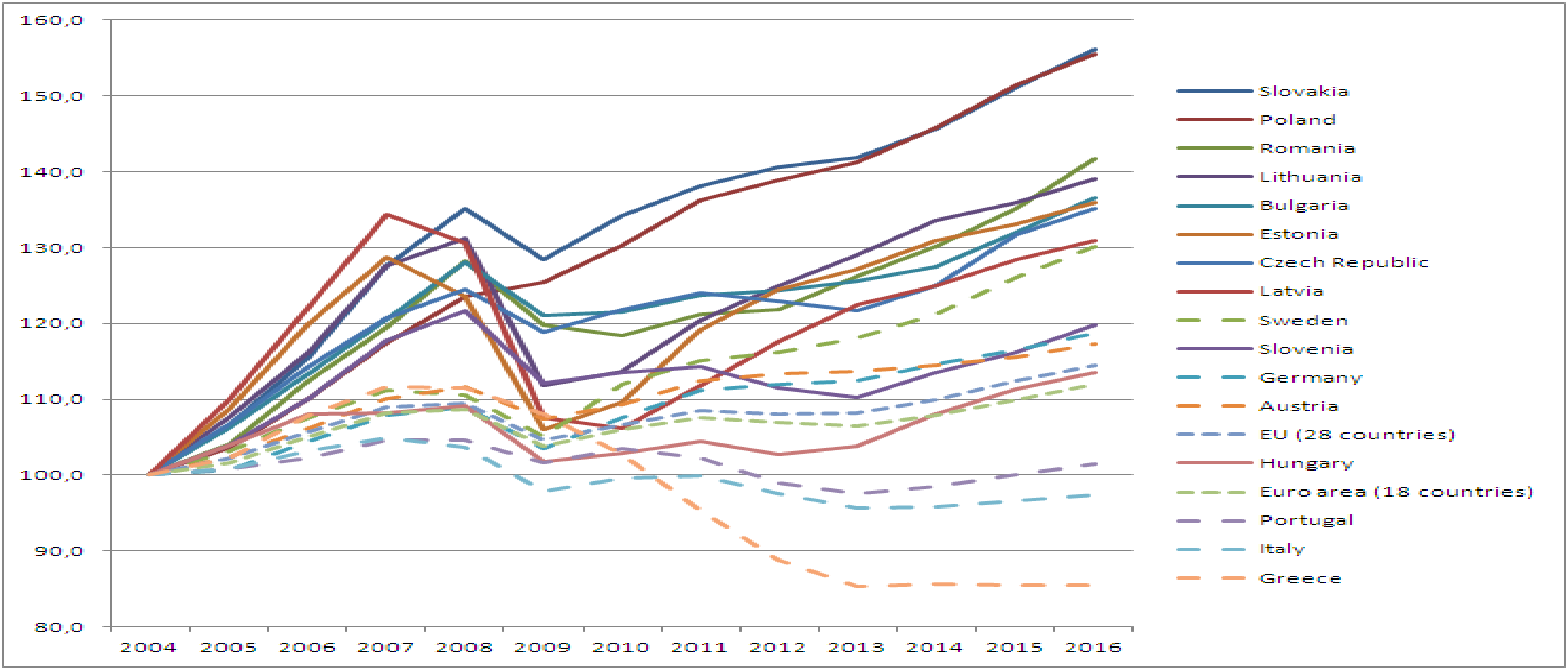
Success of transformation

GDP dynamics, 1989=100



Most countries demonstrated growth, though there were distinct groups.

After accession and crisis: generally better than Western Europe

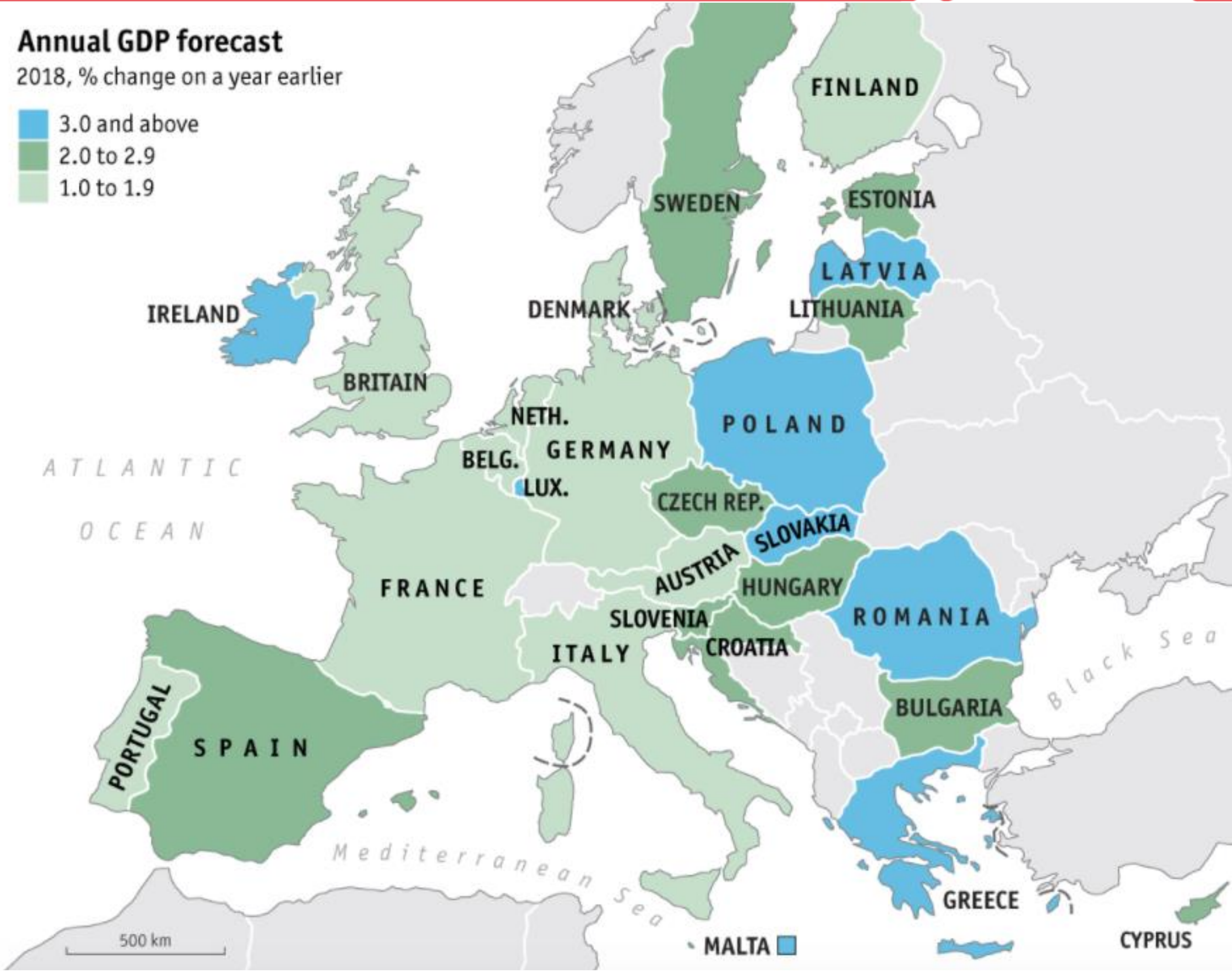


Even the slowest growing CEECs grew faster than most of the fastest EU-17 MS.

None of the CEECs noted a decline as deep as the worst EU-17 MS.

However, convergence to the West slower than before the crisis.

2018 forecast



Map by the Economist, Source: European Commission

Can it last forever? NO!
Major challenges for the new Member States

The catching-up process was mostly based on **external resources.**

Innovativeness of the CEEC economies has not grown sufficiently.

External sources of international **competitiveness** are drying out, and internal potentials are still undeveloped.

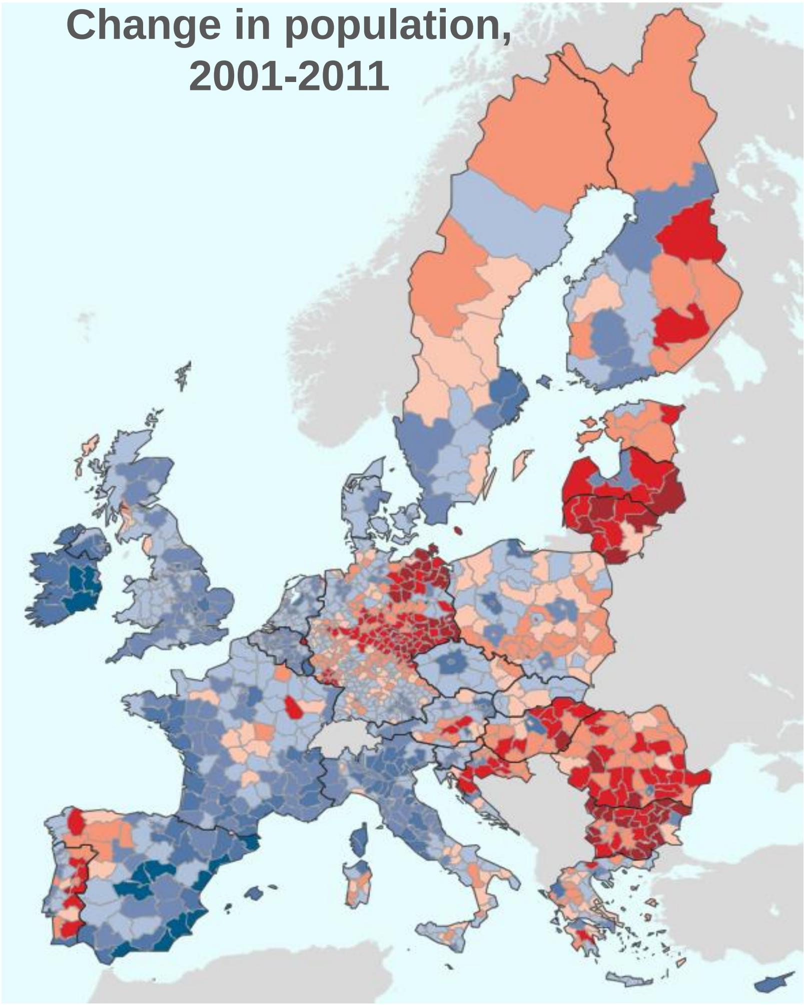
The danger of disappearance of the **low-cost** types of production, weak new sources of competitive advantage.

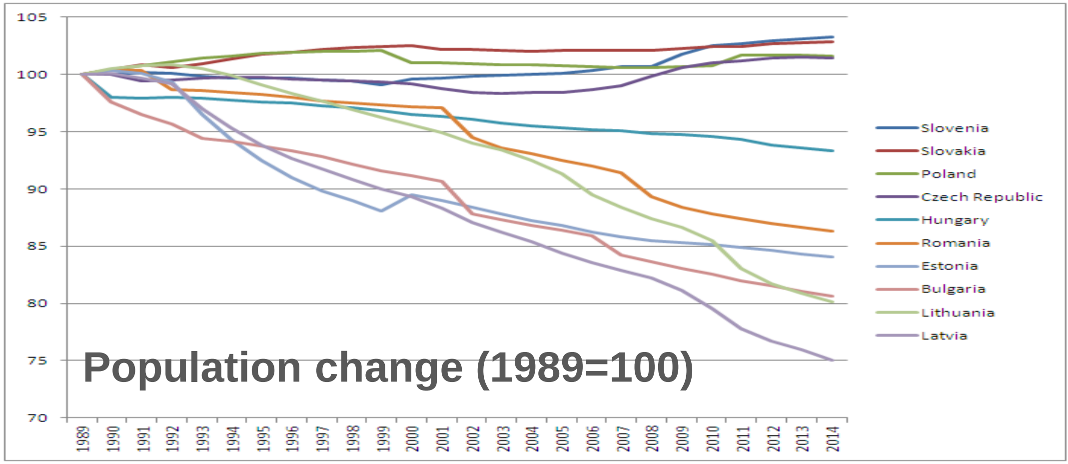
Demographic challenge: low fertility rates, outmigration, aging societies, pressure on pension systems.

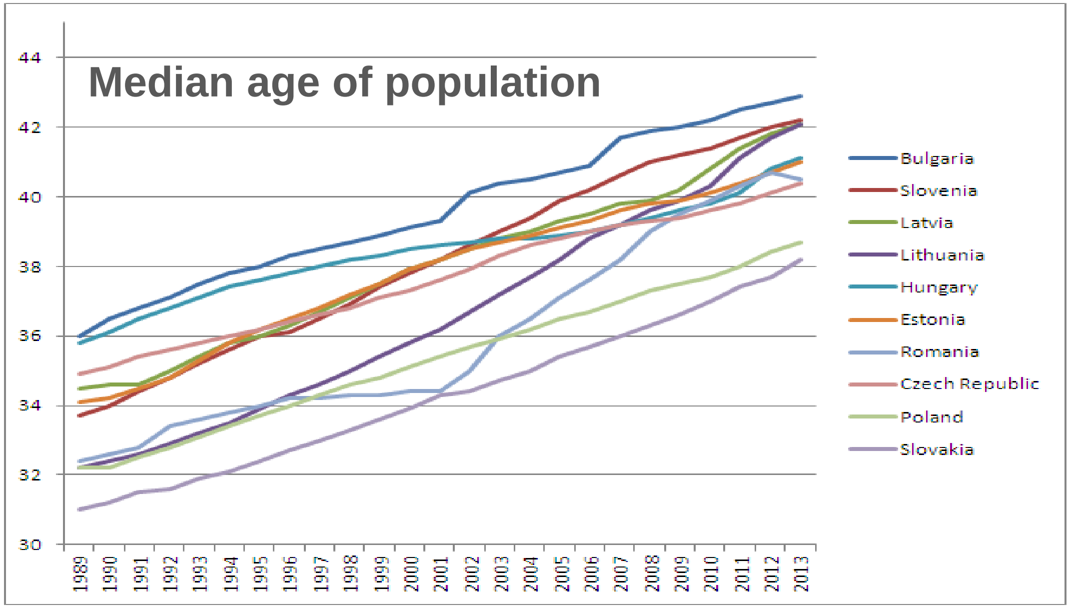
Environmental challenge: dependence on fossil fuels, heavy pollution, underdeveloped environmental infrastructure.

Caught in the „**middle income trap**”. Can the membership and Cohesion Policy help them overcome it?

CEEC weaknesses: demography

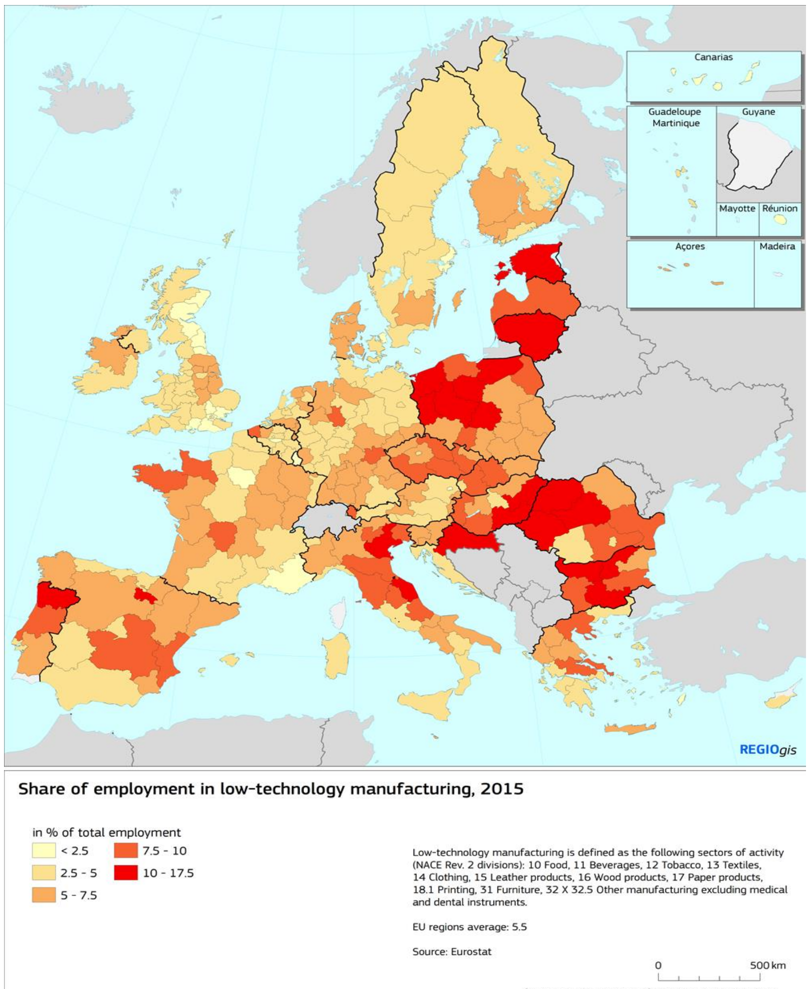


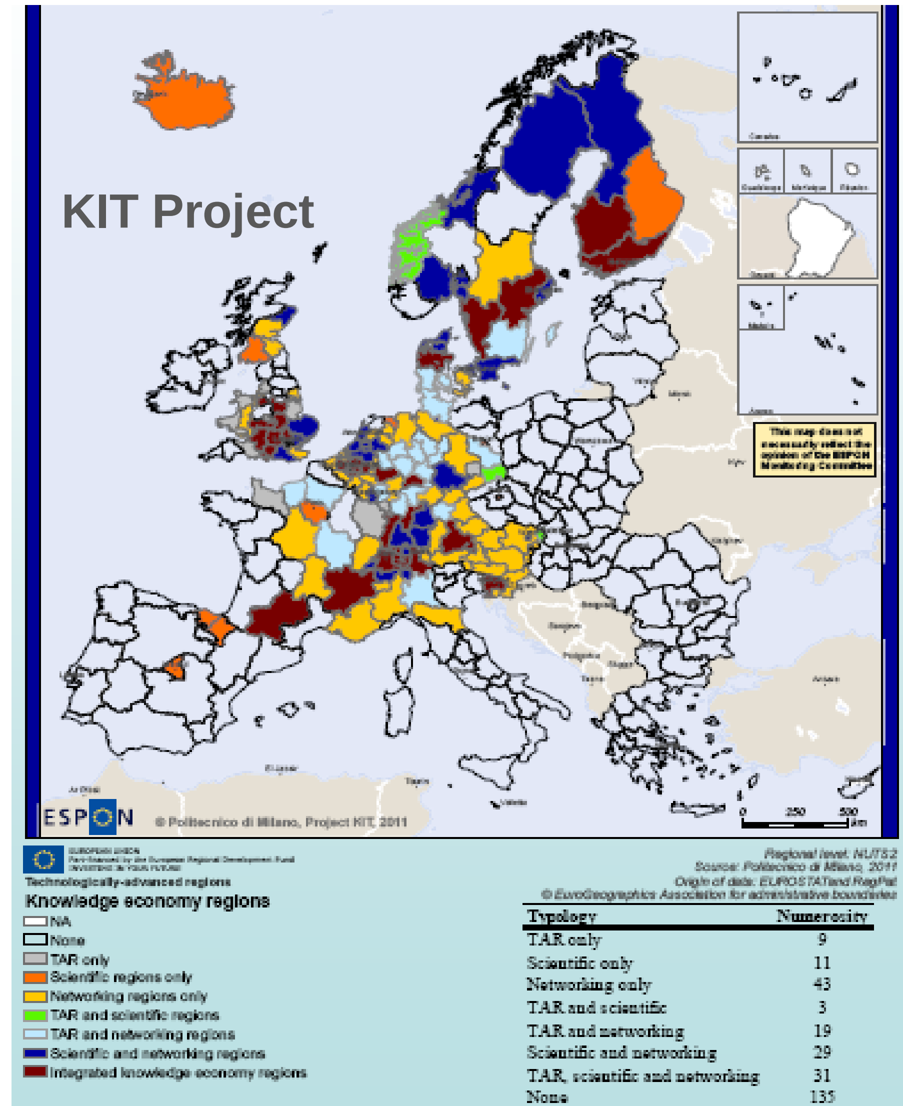




CEEC weaknesses: dependance in technology imports

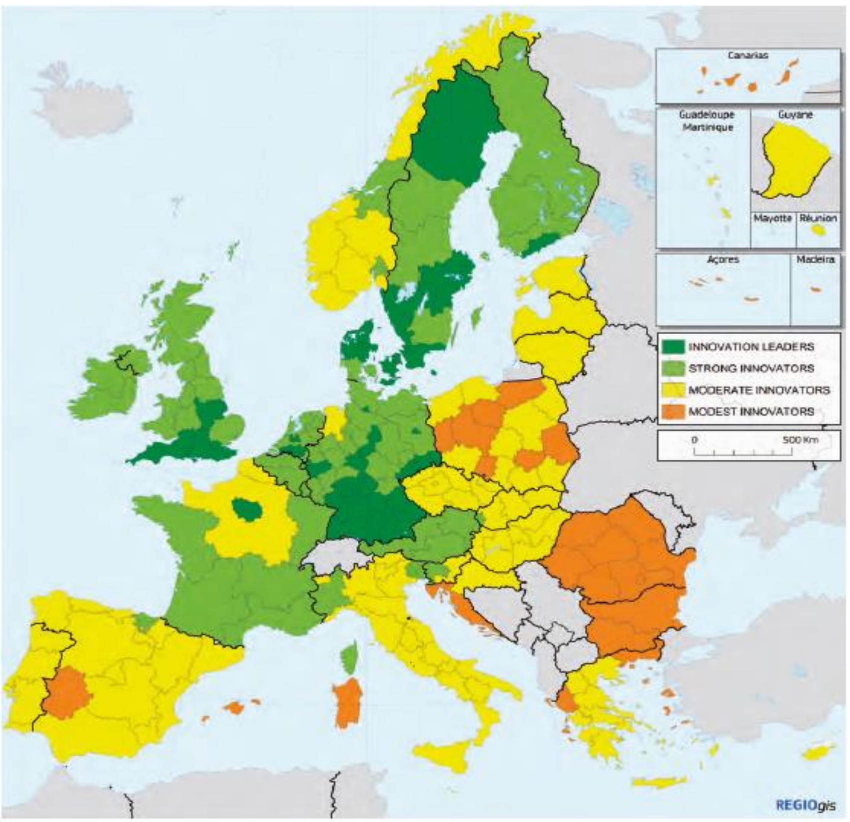
Employent share in low tech manufacturing



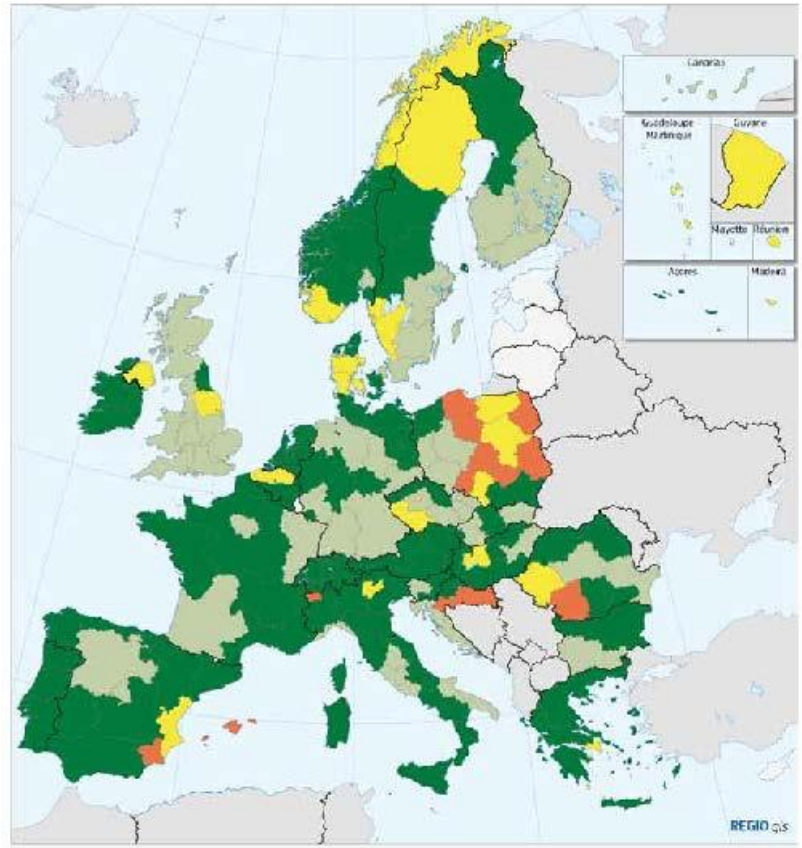


CEEC weaknesses: low innovativeness

European Innovation Scoreboard 2016



For Cyprus, Estonia, Latvia, Lithuania, Luxembourg and Malta, performance group membership is identical to that in the European Innovation Scoreboard 2016 report.



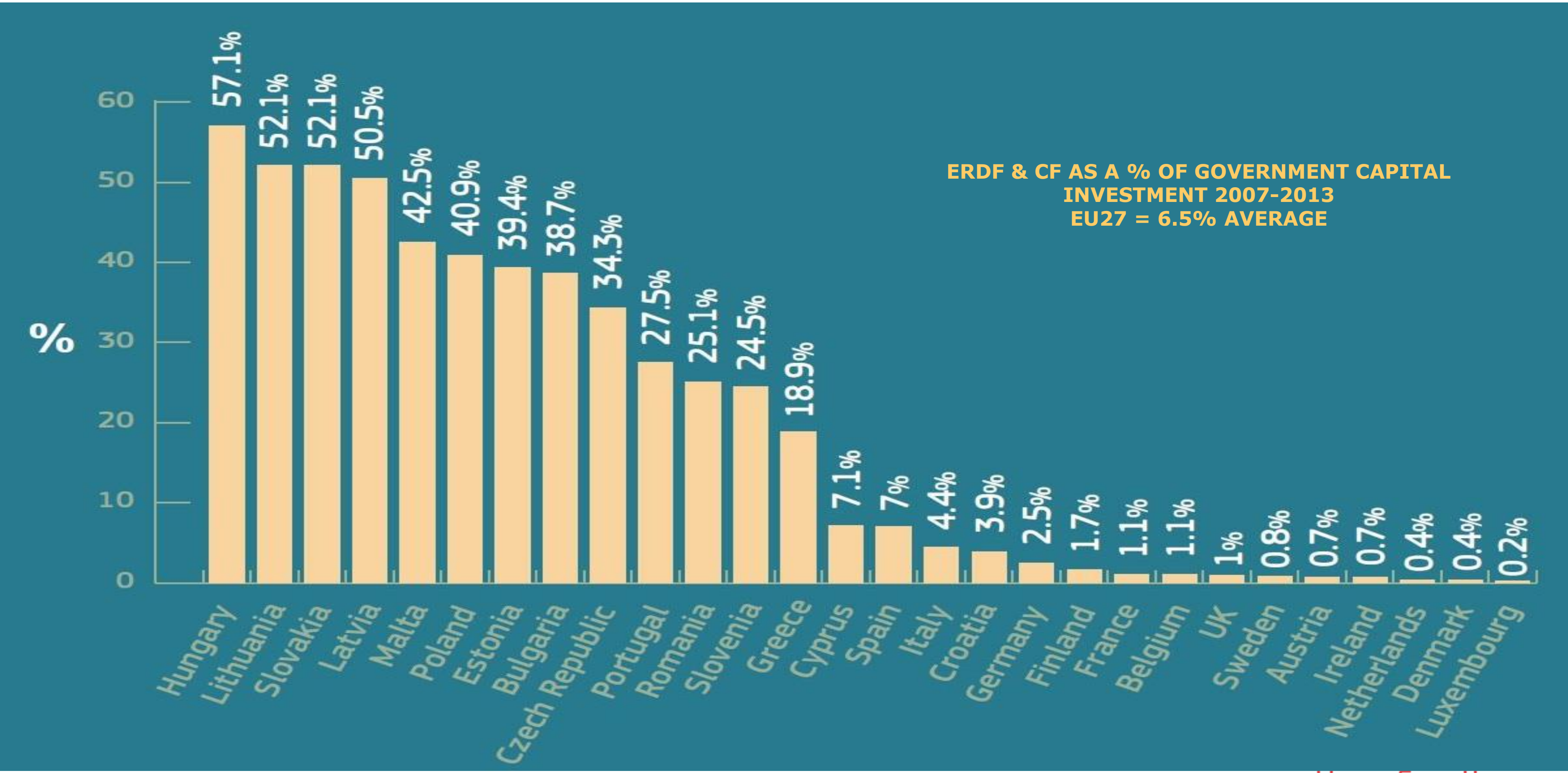
Map 1.14 Regional innovation growth performance, 2008–2014

- < -2.5%
- -2.5% - 0%
- 0% - 2.5%
- 2.5% - 15%

Source: Maastricht Economic and Social Research Institute on Innovation and technology

0 500Km

Dependance on transfers from the EU



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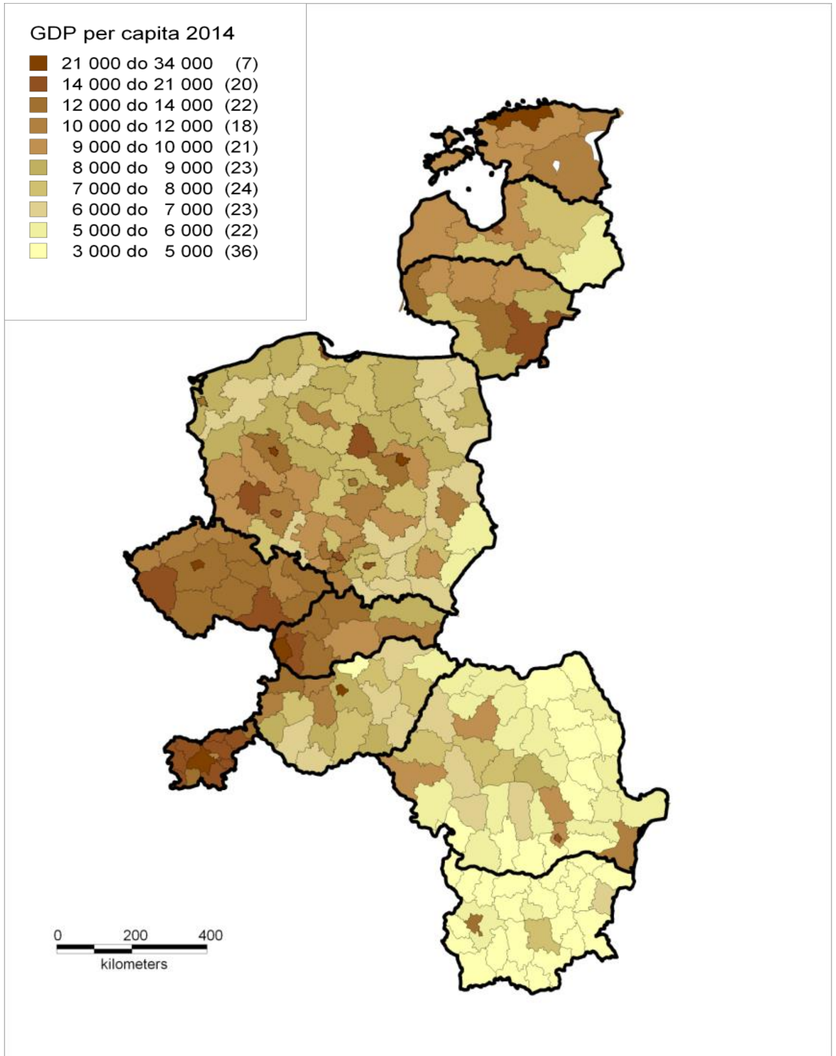
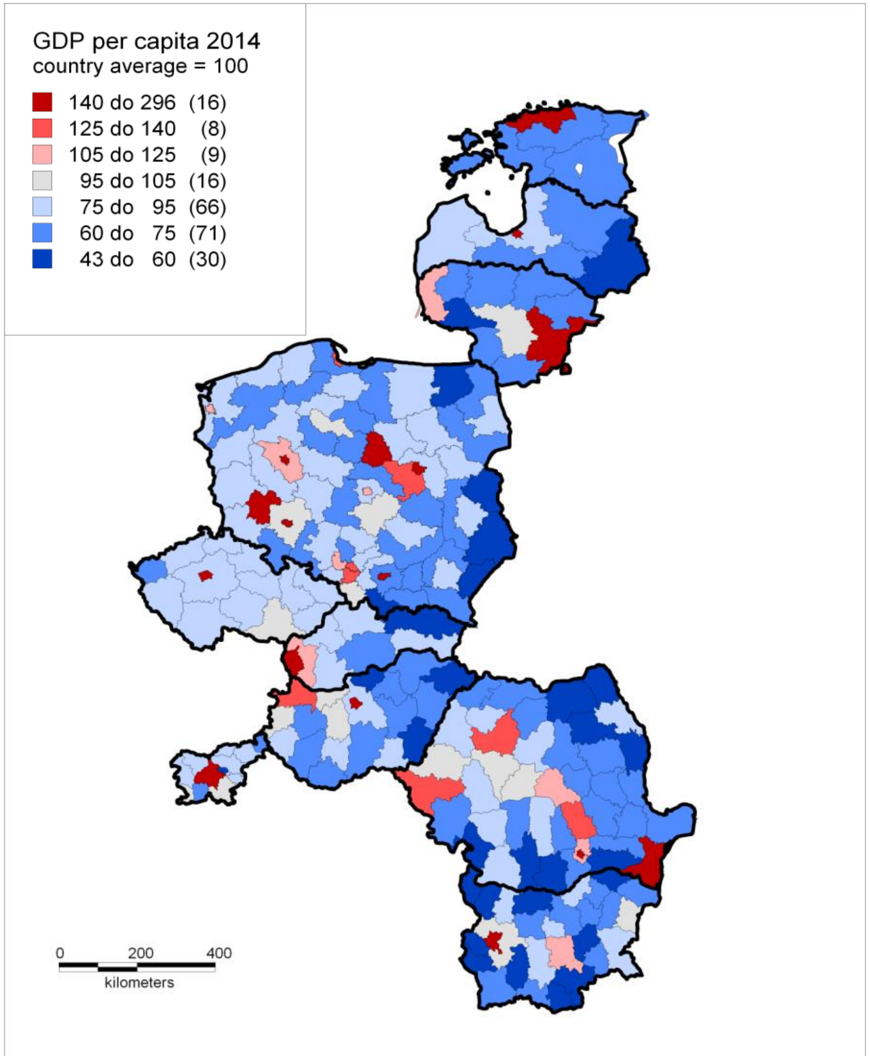
Regional patterns CEE

GDP per capita 2014, euro

Absolute values

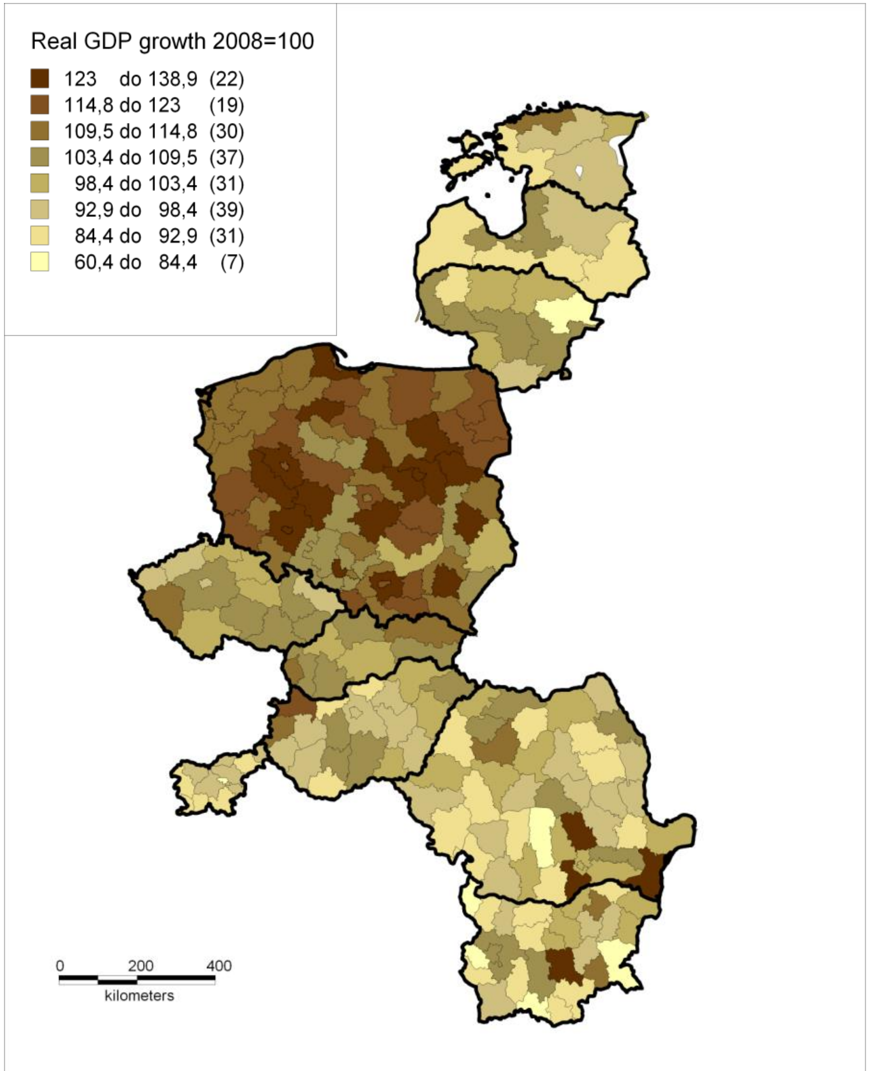


Country=100



Regional growth, 2008-2014

In percent



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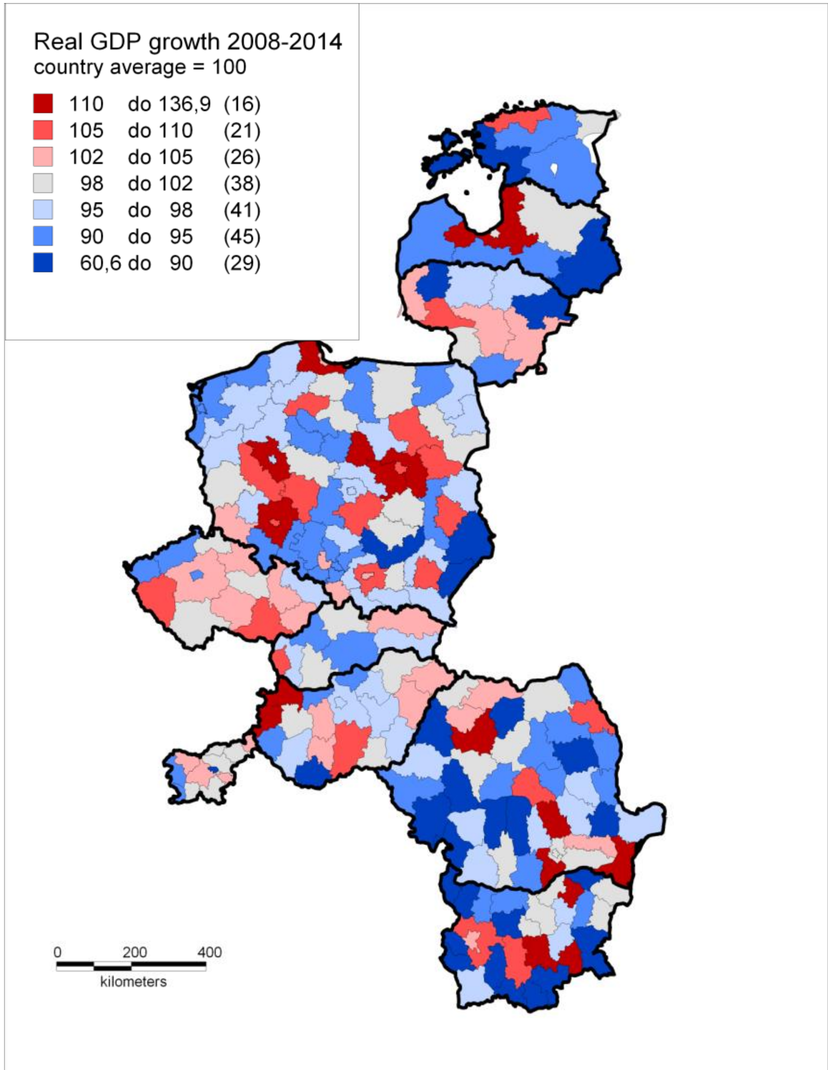
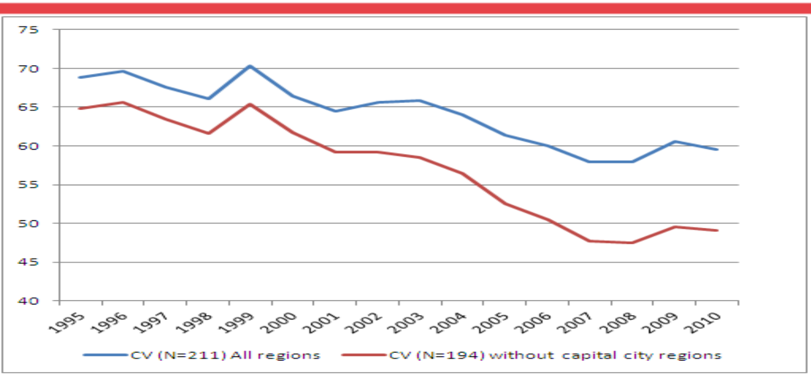
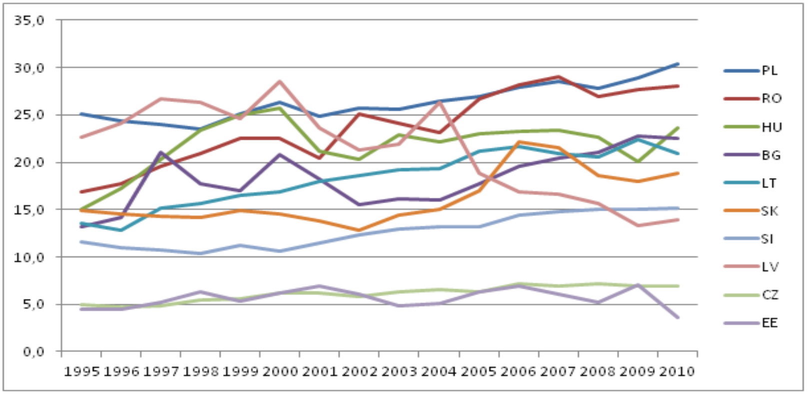


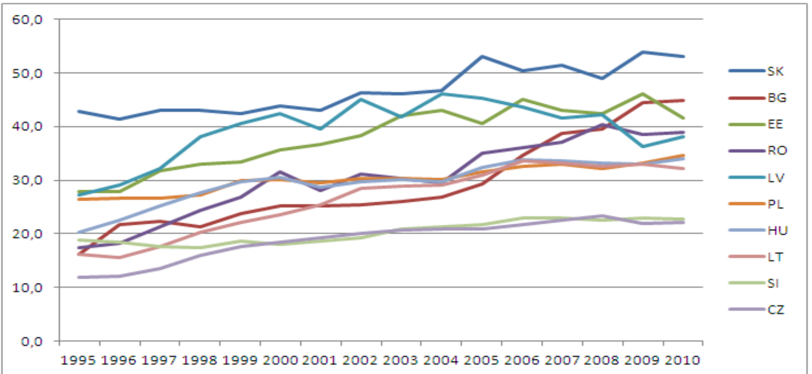
Convergence of countries, divergence within countires



Regional convergence, but….



Metropolisation - the strongest factor of divergence. Weakening?



Without the largest cities in some CEECs - weak convergence

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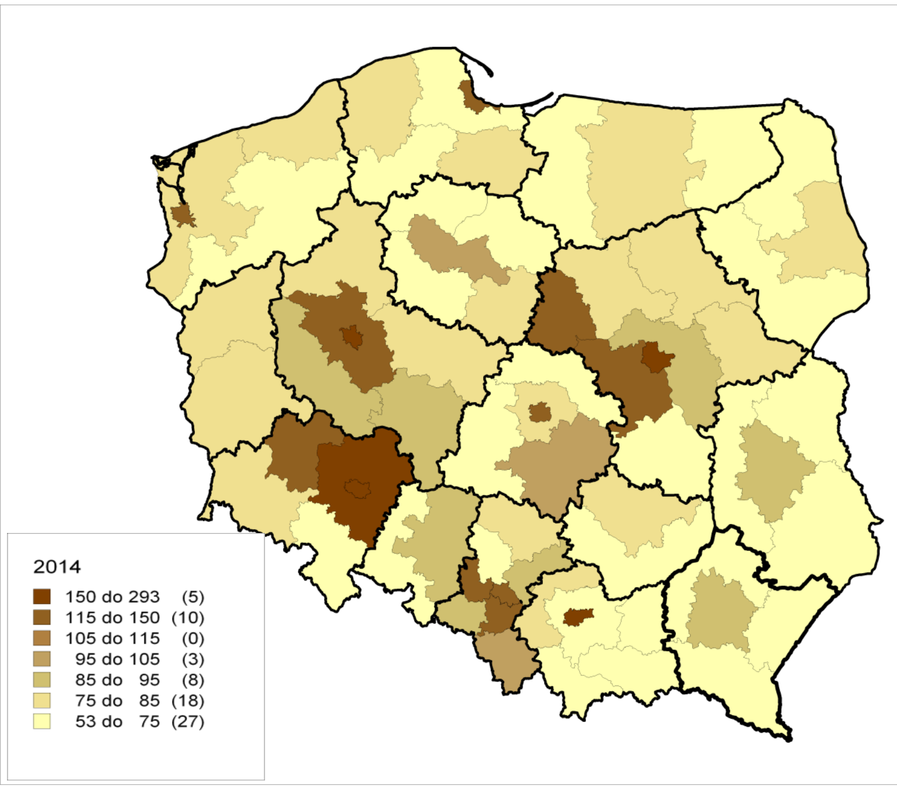
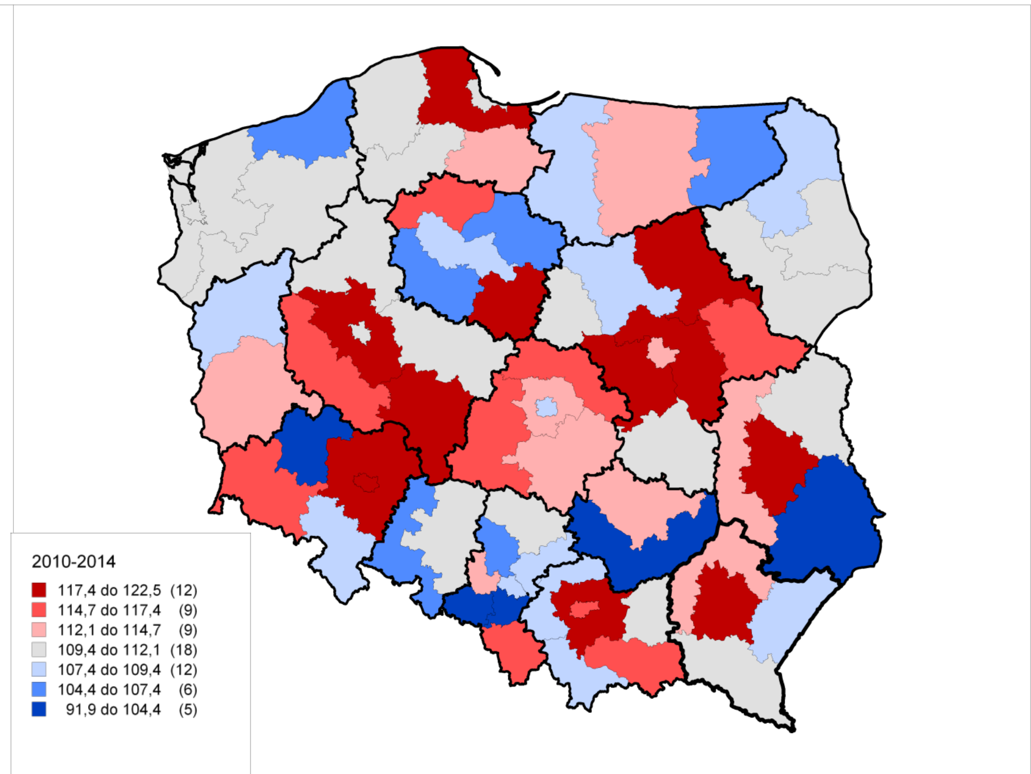
Regional patterns, Poland

GDP per capita, 2014, NUTS3, Poland=100



Real GDP growth, 2010- 2014, NUTS3, Poland=111.7



The future of the CEECs in the EU

White Paper on the Future of Europe, March 2017

https://ec.europa.eu/commission/sites/beta-political/files/white_paper_on_the_future_of_europe_en.pdf

Priorities of the EU for the future:

1. Single market integration and trade (?).
2. Monetary and economic union
   (Czech Rep., Bulgaria, Croatia, Hungary, Poland, Romania out).
3. Migration and security (strong opposition in most).
4. Innovation and technological progress (weak absorption).
5. Environmental protection and decarbonisation
   (Poland & Greece against)
6. Foreign and defense policy (rather positive, Poland sceptic).

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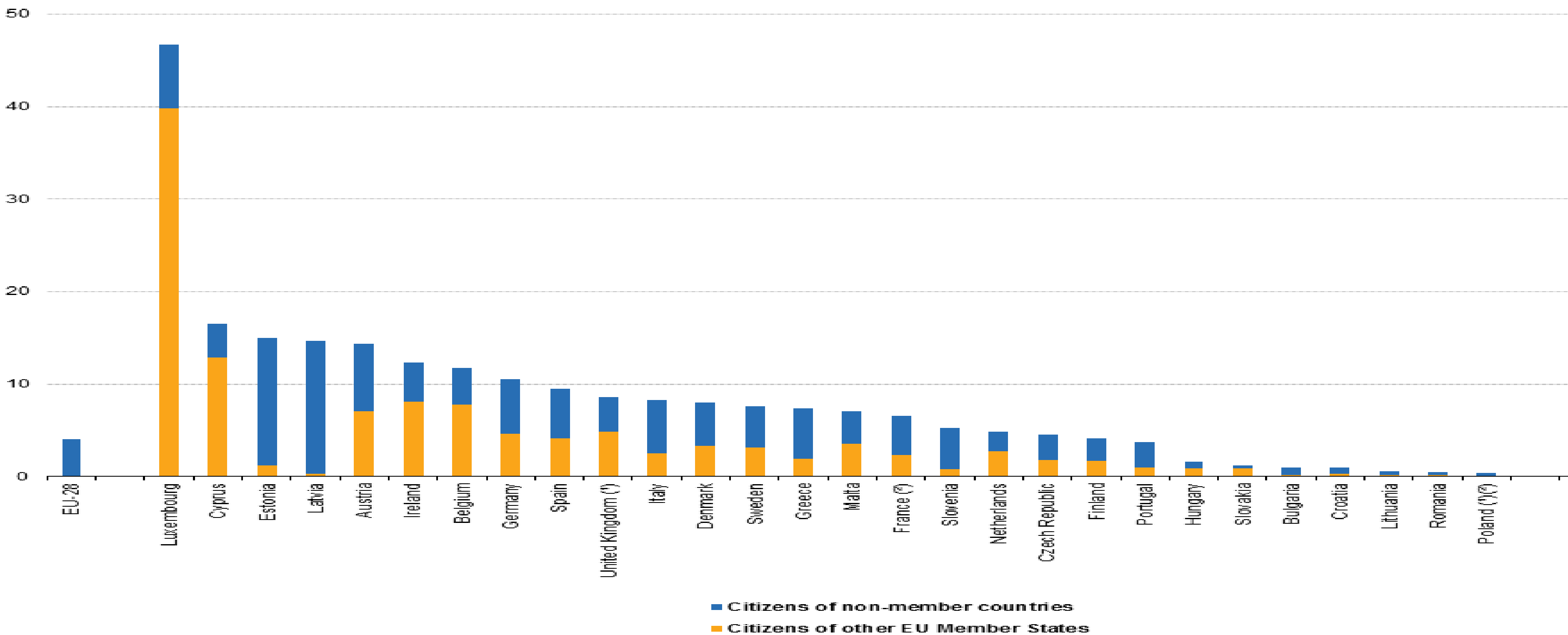
Share of non-nationals in the resident population, 1 January 2016 (%)



(¹) Estimate.
(²) Provisional.
Source: Eurostat (online data code: migr_pop1ctz)

http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Share_of_non-nationals_in_the_resident_population,_1_January_2016_(%25).png

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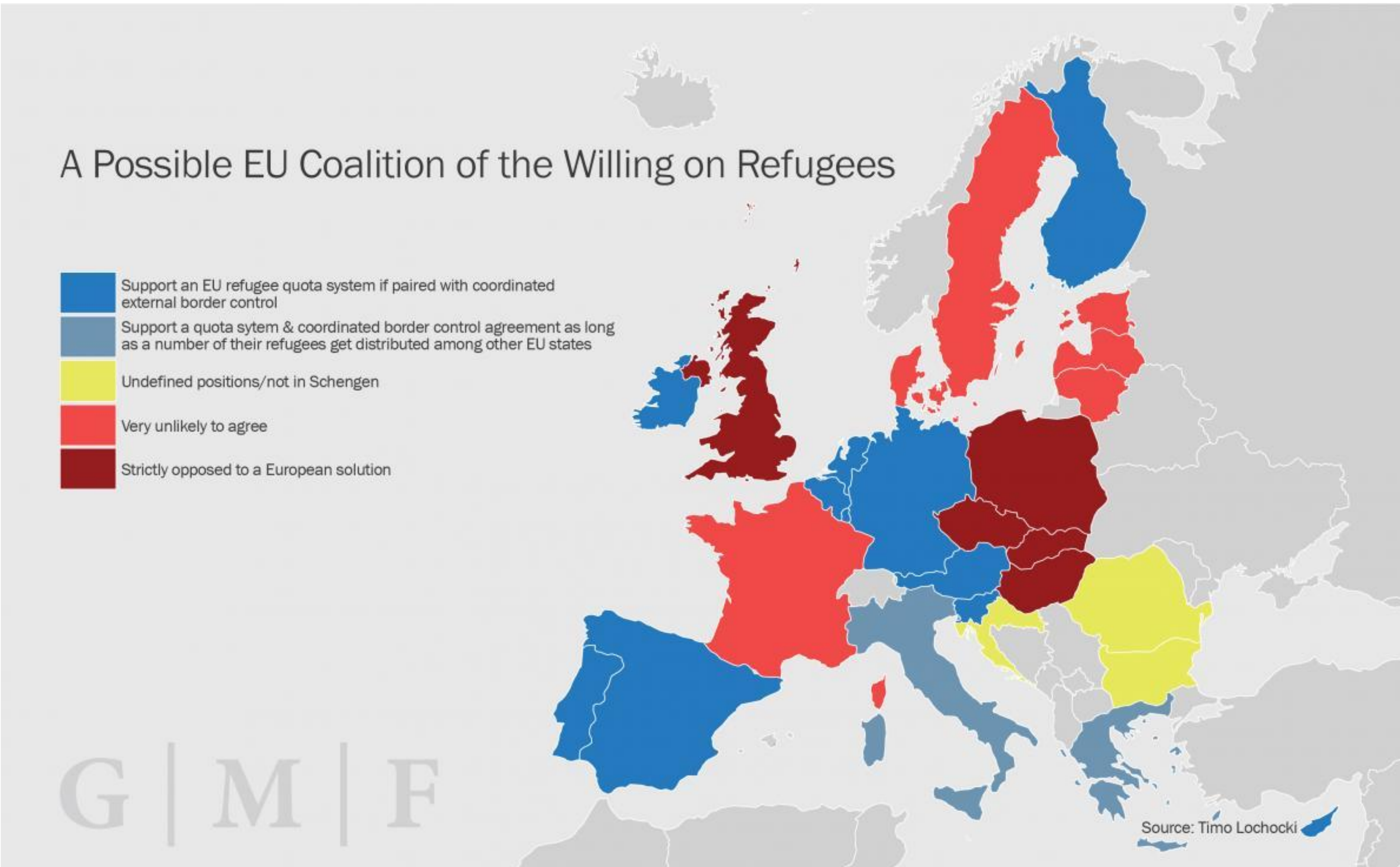
Attitudes towards refugees quota



New targets for (smaller?) financing

- Less for:
  - – regional development;
  - – health care
  - – labour market intervention
- More for:
  - – innovation;
  - – handling immigration;
  - – environment (decarbonisation)
  - – defence and security

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Scenarios for Europe

1. Carrying on
2. Nothing but the single market*)
3. Those who want more do more
4. Doing less more efficiently
5. Doing much more together

***) plus the money**

As a result: Europe of several speeds

Institutional divergence, conservatism and social attitudes

Institutional convergence of the CEECs began after 1989.

It proceeded **until 2003**, mostly due to the phase of accepting the *acquis communautaire* along with the association phase.

Since 2003 the convergence process **slowed down** in all countries. Without external pressure own propensity for institutional improvements was low.

Recently – **a reversal** of institutional change.

One hypothesis**: closed societies** manipulated by „conservative" polititians

„**Social psychology**" of Cohesion Policy and the CAP: perception as „easy money" which we deserve by definition.

Priviliges without obligations.

The role of CEECs in the EU

1. CEE as a laboratory of change
2. In most cases successful economic transformation, though challenges mounting in the future
3. A diverse group – more and less reliable members
4. But „bad boys” challenge EU prinicples and do not agree to join comon policies (Euro perhaps the most important)
5. Unfortunately Poland appears to be the „leader of the gang”
6. Also in some countries corruption is still a problem
7. Dramatic decrease of EU transfers possible and depending on agreements to various common policies
8. Polexit? Hunexit?
9. Hopefully not.

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Institutions, stupid!

Thank you for your attention

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www.grincoh.eu

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