EDITORIAL

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The European Studies and Education Centre of Corvinus University and the Hungarian European Community Studies Association organised a Conference on 5–6 March 2010 on the theme of "Evaluation of EU membership of New Member States". The Conference tried to draw the balance of cost and benefits of EU membership in the framework of analysing integration-maturity.

By Eastern enlargements, integration maturity has become an important issue of the economics of integration. Earlier, in the process of European integration, the question was largely ignored (at the level of customs union or common market) for a number of reasons. Particularly in the first period, the economic development and structure of countries entering the European integration were basically similar, and all were deemed to be mature for integration. The Treaty of Rome only stipulated for participation in the European Communities that the country in question be European and democratic. Although it left some uncertainties in terms of geographical definition (for Turkey, for example), it was general enough to open up a possibility of accession as wide as possible. For the enlargements of the 1980s, political considerations were clearly dominant.

The necessity of defining and formalizing integration maturity criteria in the EC/EU became obvious in the context of the higher stages of integration (the single market and the EMU) and the Eastern enlargements.

As far as the Eastern enlargements are concerned, the question was raised by setting accession criteria for new candidates. The so-called Copenhagen criteria were accepted in June 1993, then further specified and completed.

1. Stability of institutions, guaranteeing democracy (rule of law, human rights, respect for and protection of minorities);
2. A functioning market economy;
3. Capacity to cope with competitive pressure and market forces within the Union;
4. Ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union;
5. The Union's capacity to absorb new members.

In Madrid in 1995 the notion of "functioning institutions" and "stability of economies" were added.

A particularity of the Copenhagen accession criteria is that they equally stipulate political, economic and institutional conditions for new members.

Later, the theoretical analysis was extended to integration maturity. Integration maturity can be defined as a capability to exploit the benefits of the given form of integration to the maximum, while the costs and drawbacks can be minimised. Integration maturity can be measured by comparing costs and benefits. A country is mature for integration if membership on the whole is advantageous for it. Integration maturity, therefore, is a broader concept than meeting accession criteria, but the main points are close to each other. The economic aspects of integration maturity are particularly relevant:

- functioning market economy;
- competitiveness (structural and development requirements);
- macroeconomic stabilisation/stability;
- convergence;
- financing and financiability (capability of being financed).

In Copenhagen, creation of a "functioning market economy" was set as a basic condition for accession. Normal operation of the market economy is a starting condition for all forms of integration. The whole theoretical and analytical system of the economics of integration is based on assuming these. Liberalization eliminates precisely the obstacles to these in terms of trade or economic policy. The advantages of internal free trade can only be utilised alongside properly operating market mechanisms. The issue of a functioning market economy was added to the agenda as an official membership criterion pertaining to the accession of Central and Eastern European countries; however, it does not mean that it had no relevance earlier. It is obvious that this issue is assigned various emphases at the various levels of integration, and cannot be avoided in case of closer forms of integration (EMU), not even for the most developed countries. It is a different question that the requirement of a functioning market economy (flexible factor markets and factor prices) was not set as a membership criterion for the EMU, but was only analysed in informal theoretical debates (for example, related to the theory of the optimal currency area). Central and Eastern European countries in the early 1990s were still in the middle of the transition, and what was formulated in June 1993 in Copenhagen was practically no other than the completion of transition from a centrally planned economy to a market economy.

Competitiveness must be considered an important indicator (probably one of the most important ones) of integration maturity. No doubt, the candidate countries are unable to exploit the benefits of integration unless they have companies and products capable of withstanding market competition. Competitiveness needs to be analysed in a complex way. Micro and macro approaches are both relevant, but it is not simply a case of adding up producers' and companies' competitiveness at a national or international level, they have independent factors and effect mechanisms. Countries do not only compete by their structures of production, technical and economic management (products, technologies, innovations, corporate governance) or the development of their infrastructure, but also by their social, economic and institutional systems. And, in a given situation, the latter may be more important.

Stability of an economy is also an important factor in integration maturity. This is valid for both normal market operation and the utilisation of market integration benefits. Certainly, macroeconomic stability and successful integration are mutually dependent on each other: stability may be a prerequisite to integration, on the one hand, and an indicator of its success, on the other hand.

When the six countries signed the Treaty of Rome, their level of development and economic structures were very similar, with differences limited to certain regions only (southern Italy). Later, with consecutive enlargements – especially with the accession of Mediterranean countries – differences in development grew. The development level of these countries was 40–45 per cent lower than the

Community average. Their accession – although with varying success – accelerated their economic development, and they achieved a remarkable level of convergence with more developed member states in less than two decades.

With Eastern enlargements, a radically new situation evolved. The average difference of development levels has increased to a great extent (from an average of 20–30 per cent to 60–70 per cent), and the order of magnitude of the differences between the two extremes (Latvia or Lithuania and Denmark) reaches three-fold (and four-fold for Bulgaria).

Convergence in terms of the development levels and structures of the economy necessitates serious efforts, which requires significant resources. Similarly, the issue of compensation provided to the weak and the losers is raised, due to an uneven distribution of trade benefits. Tensions and conflicts generated from growing differences are not in the interest of more developed partners either; consequently, some form of solidarity and compensation has been on the agenda right from the beginning, what is more, the majority of integration organisations have assumed political obligations to equalise these.

Main topics of analysis of the conference were: functioning of market economy, competitiveness (adjustment of SMEs to integration, "structural reforms", complex analysis of convergence, and macro-stability), challenges of introduction of the Euro ("Euro-maturity" of Hungary), questions of financing membership (impact of supports on economic development, utilisation of resources) and the consequences of the present financial crisis.

We can state that the ten Central and Eastern country's last five years performance proved that they were mature for integration by the early 2000s when they joined the European Union as full members. They were able to use and exploit the opportunities given by EU integration, both in terms of rapid economic growth and improved competitiveness. Particularly, the growth performance could be considered as robust, and it led to remarkable convergence in a relatively short time. The integration was a positive sum game, gains in growth and employment can be demonstrated for both sides. The latter should be particularly stressed, because it contradicts to the earlier fears about the free movement of labour and to the assumptions of "dislocation". At the same time, there was an agreement that the current global economic crisis created a new situation, and there are many uncertainties about the future of EU integration.

Separate section dealt with comparative regional integration studies. The Economics of Global and Regional Integration was introduced at Corvinus University as a new course, and the aim was to study the international experiences in the field. The Lisbon Civic Forum also met during the Conference.

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