



Janosch Novak: The Economic and Cultural Divide

As we, all know, for a long time there was a big divide going right through the middle of Europe: an economic one, a political one and a cultural one with free market economies and democracies on the one side and communist systems on the other.

In 2004, this divide was overcome from an institutional perspective with the integration of 10 new member states into the EU and another 2 in 2007.

Obviously, despite all the mechanisms to assimilate before the final integration in 2004, there was still a big gap between the “old” western European countries and the “new” eastern European countries.

Now, 10 years after the integration, I would like to take a look and discuss how things actually have developed.

To say it in one sentence: In general, I believe the enlargement was a success for Europe. However, while some gaps and barriers are gone, others have been created and some are just still there. Let me give you some examples for the each of the three:

- **What has improved?**

First, the economic divide has decreased. Integration has created economic growth in new Europe and thus helped to create greater economic equality between old and new Europe. I have to admit, however, that some countries have benefited more than others, and that the effect could have been stronger if there had been a better institutional framework in new Europe to avoid corruption and make efficient use of EU money.

Secondly, security has increased. To my mind, there is no doubt that without the Eastern European countries being part of the EU and NATO, the Ukraine crisis would be a much greater threat for peace in Europe.

Thirdly, integration has led to the disappearance of frontiers with very positive effects. There was a study recently proving that the movement of workforce from new to old Europe has very positive effects for both sides. Especially for us in Germany, it is very important in order to support future economic growth. It was

noted earlier how large the workforce is that we will need by 2020, and not just cheap labour but also a lot of qualified people.

- **This however brings me to a cultural barrier that has unfortunately not gone away:** namely stereotypes.

Stereotypes hinder people in the west from fully embracing the new European members. They are being used by populist politicians to foster nationalist movements. In Germany, for example, we had a discussion in 2004 on whether poverty-related immigration would increase crime. We are now seeing a replay of this debate with regards to the full opening of European labour markets for Romanians and Bulgarians which just came into effect. This is very sad. Not only does immigration have positive – as I noted earlier – but these people also add a lot of value through their different cultural background and because they grew up in an environment with a different level of resources.

It is sad that in old Europe, we seem to be to some extent unable to appreciate the benefits from EU enlargement.

- **Against this background, a new divide seems to be opening up:** While surveys show that the population of new Europe is generally supportive of the European idea, trust is on the decline in some “old” European countries, especially Germany, France and the Netherlands. This is particularly interesting, as people in new Europe generally do not place a lot of trust in their politicians because of the many corruptions scandals and because of anti-democratic tendencies such as in Hungary.

To some extent, it is probably just easier for people in new Europe to see the economic benefits of being part of the EU. After all, they benefit from tangible infrastructure improvements financed out of the EU budget.

In old Europe in contrast, the EU is mainly perceived as a single economic region whose benefits are more difficult to appreciate especially if people lack the necessary political and economic education. The news that German exports to Poland – just as an example – have risen again is simply not exciting for the wider public or at least not as exciting as a new football stadium or motorway financed out of EU money.

To sum it up: While I believe that the economic and cultural divide between old and new Europe has generally decreased, there is still a long way to go and a lot of value to be gained:

- A lot has to be done to overcome stereotypes and benefit from the economic and cultural value of European diversity
- Governmental and non-governmental institutions in new Europe have to be improved to help them make efficient use of EU resources
- Finally, instead of relying on democratic convergence, old Europe has to help new Europe build democratic institutions. It should put in place sanctioning mechanisms to penalize anti-democratic movements. This should increase trust in politics and the EU in new Europe even further.