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“The Regional Dimensions of the European Integration Under the Expected Expansion of the European Union”

by
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Thessaloniki, Greece
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The Regional Dimensions of the European Integration Under the Expected Expansion of the European Union

1. Introduction

In this paper it will be made an attempt for a comparative political and economic evaluation of the European Integration with the criterion of regional inequalities of the European Union.

The problem of the European Integration will be analyzed on the basis of national and regional inequalities of the European Union.

Initially we will examine the regional dimension of the European unification on the basis of the European Union with 15 member-states (EU15). As criteria we select the different levels of economic development of the member-states examining the regional inequalities at national level. On this basis we observe that the member states converge creating the “hard core of Europe” and the member states diverge from the average level of the development of the European Union so that determining the countries of “community cohesion”. Next we apply the previous criteria to the EU27, in other words it is useful to research the inequalities of the levels of economic development, which result in the European Union, if all the others candidate countries would be able to be taken within the EU of 15 as is today. In the EU of 27 with the basis of per capita GNP exist three groups of countries instead of two as exist today.

The first group consists of the present member-states of the EU15, except Spain, Greece and Portugal of which the GNP per capita exceeds by 20% the new weighted average of the EU27.

The second group consists of the present member states of community cohesion, i.e. Spain Greece and Portugal plus Cyprus, Czechia, and Malta with per capita GNP between 68% (Czechia) and 95% (Spain) of the average of the EU27.

The third group consists of the remaining eight (8) candidate countries with GNP per capita below of the 40% of the average of the EU27, with the exemption of Slovakia and Hungary of which the GNP per capita lies between 56%-58% of the average of the EU27.

Therefore, the expected expansion with the complex inequalities, will result a big challenge for the European regional policy, and the policy of the economic and social cohesion.

Firstly, the expansion will make more than double the population of the European Union that lives in regions with GNP per capita below of the 75% of the present average of the EU. This number will raise from 71 million at the present to 174 million of people or differently stated from 19% of the total of EU15 to 36% of the total of EU27.

Secondly, the scale and the size of regional inequalities will be increased. Therefore, in the 1998 for the less developed regions of the EU15 the GNP per capita was the average 65% of the average of the EU15. With the expansion, the GNP per capita of the less developed regions of the candidate countries was on the 37% of the average of EU15.
Therefore, the co-existence of the poor and rich regions within the EU27 will make the regional inequalities more complex in this part of the Union which consists of poor countries. We may possibly find ourselves in a new allocation of poverty.

Finally, we will attempt to achieve the necessary interventions between the EU15 and the EU27, researching the modern problems of the EU under the expected expansion of the European Union.

2. The inequalities between the regions of the European Union. «Central» and «Regional» States.

The regional income inequalities of the GNP per capita, between the member states of the European Union, but mostly between the regions, are still intense\(^1\). The average income per head of the 10% of the population, which lives in the most wealthy regions, is 2.6 times bigger than the one of the 10% of the population living in the most needy regions. The greatest geographic inequality in the European Union is the one between the less developed regions and the rest of them.

In the region of London the GNP per capita arises to 243% of the average communal GNP, in contradiction with the 42% of Greek Ipeiros, which means that we have a difference of 5.8 times between the two remoted regions. This is a fact which is not observed in the federal states. In the USA the income differences barely surpass the double. This unfavourable situation, will worsen even more with the imminent enlargement of the European Union, towards the countries of Central and Eastern Europe.

Moreover, the economic activity of the European Union is concentrated in a core, which extends to the triangle between North Yorkshire in Great Britain, France – Compte in France and Hamburg in Germany. It is about a region which barely corresponds to the 1/7 of the territory of the European Union, where the 1/3 of its population lives. However, in this region the half of the Community income (47%) is produced\(^2\). As a result, the productivity in the wealthy European «banana» is 2.4 times greater than in the remoted regions. While, in other comparable economic status, as for example in the USA, a much better territorial distribution of the economic activities exists. As a result, the EU lacks in a polycentric model of economic activities, which undoubtedly represents a positive factor for the territorial cohesion of the USA, where the territorial imbalance, as income is concerned is obviously smaller.

The inequalities with regard to unemployment still remain quite large in the Union. In 1999, Greece, Spain, France, Italy and Finland had unemployment percentages of up to 10%, which means twice the percentage of Luxemburg, the Netherlands, Austria and Portugal, where the corresponding percentage was below 5%\(^3\). The regional inequalities become more intense. The 10% of the population in the problematic regions in 1999 suffered from 23% of unemployment, which is almost 8 times a bigger unemployment index than the less stricken regions which have 3% of unemployment. Additionally in 1996, the income of 18% of the population of the Union, which means 1 in 6 residents, was below the poverty level, which upon Eurostat, is this part of the

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\(^2\) European Commission, *Second Report* ibid. p.VII.
\(^3\) European Commission, *Second Report* ibid. p. VI.
population with income equal or smaller than 60% of the average income of its country.
In an attempt to lessen this negative situation, the European Commission constituted,
between 1999 – 2000, objective criteria’s for the designation of the selectability for
regional reinforcement. Therefore, the percentage of the population of the European
Union which is entitled to economic support was decreased from 46.7% to 42.7%
whereas the assistance now focuses more on the most problematic regions.

Nevertheless, the inequalities have been decreased. Especially in the countries of
the Communal Cohesion (Greece, Spain, Portugal and till recently Ireland) the average
income per head has been increased from 68% of the average of the European Union in
1988, to 79% in 1999. Which means that we have a reduction of the initial gap by 1/3.
The attenuation of the regional inequalities between the regions is smaller, partly, due to
the span of the gap between the regions into specific member states. On the other hand,
an important improvement in the infrastructures of the poor regions is observed, which is
extremely important for their long – term development perspectives.

Table 1 The more and less prospering regions of the Union, GNP per capita as a
percentage of the Union’s average.

<table>
<thead>
<tr>
<th>Regions</th>
<th>AA15</th>
<th>AA27</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%+</td>
<td>155.3</td>
<td>160.9</td>
</tr>
<tr>
<td>10%-</td>
<td>55.1</td>
<td>61.0</td>
</tr>
<tr>
<td>idex</td>
<td>2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>25%+</td>
<td>134.1</td>
<td>137.1</td>
</tr>
<tr>
<td>25%-</td>
<td>66.6</td>
<td>68.3</td>
</tr>
<tr>
<td>idex</td>
<td>2.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

- 10%+ and 25%+ : the regions with the highest GNP per capita, which correspond to the 10% and 25%
of the total Union’s population.
- 10%- and 25% - : the regions with the lowest GNP per capita, which correspond to the 10% and 25%
of the total Union’s population.

Source: Eurostat, estimates REGIO

The regional inequalities between regions of the European Union are even bigger.
The 10% of the wealthy regions where the GNP per capita is the highest in the EU are
constituted mostly by northern capitals and by the most wealthy regions of southern
Germany and northern Italy. The expansion of the sample in the regions which have GNP
per capita over the 25% of the Union’s average, results to the inclusion of a lot of regions
of the United Kingdom, some of Austria, Belgium, Holland, Madrid and Rome (Lazio).
(Table 1).

On the very opposite site of the wealthy regions lie the poor regions of the EU.
The 10% of poor regions comprises mostly of Greek and the Overseas Departments of
France and includes also some regions of Portugal, Spain and southern Italy. While, if we
expand our sample in 25% of the poorest regions of the EU then we can also include a lot
of other Spanish and Portuguese regions, the biggest part of southern Italy and eastern
Germany, as well as some regions of France and Great Britain.

The differences between the wealthy (10%+) and the poor (10% -) regions are
very intense. The wealthy regions which are on the top of the pyramid, have GNP per
capita 60% over the Union’s average. On the contrary, the poor regions which are at the
bottom of the pyramid have an average level of GNP per capita which is 40% lower than the Union’s average.

In other words, the total wealthy regions, where the 10% of the Union’s population live, have GNP per capita 2.5 times bigger than the income of the poor regions, where another 10% of the Union’s population live. Accordingly, the wealthy regions which stand over the 25% of the scale dispose a double level of income comparing to this of the poor regions which lie under the 25%. Additionally, the 1/3 of the total GNP of the EU corresponds to the wealthy regions, opposite the 1/6 which corresponds to the poor regions.\footnote{European Commission, \textit{Second Report} ibid. p. 6.}

Nevertheless, there has been an important convergence during 1988 – 1998. In the 10% of the poorest regions, the GNP per capita was increased from 55% of the Union average to 60%, even if in the 25% of the poorest regions the corresponding alteration was only from 66% of the Union average to 68%. This fact underlines the long – term nature of the economic convergence, since the gap between the 10% of the poorest regions and the Union average was decreased only per 1% during those 10 years.

Beyond the regional inequalities, which are detected in the totality of the EU, in many cases, huge inequalities exist in the interior of the member states. More specifically the divided economy of Italy and Germany comprises of representative examples. However, in most countries, a region, or few of them, have levels of GNP per capita which exceed by far from the national average.

For example, the capital cities, like London or Paris (île de France), incline to have an income far higher from the average, while in several remoted and rural regions, such as Ipeiros in Greece, Calabria in Italy and Azores in Portugal, the GNP per capita is enough lower from the average.

This uneven situation, which prevails inside the member states, demonstrates that the states of the Community are not able to be considered to constitute homogeneous economies and how important it is to examine the regional particularities by the looming national tensions.

The tendency which was marked out by the First Cohesion Report, that the regional inequalities are still in extension, seems to be valid for a respectable number of member states, but in some other member states the regional inequalities are lightly reduced.

The recent reduction of regional inequalities, which was observed in definite member states it is possible to be just circular, given that the underdeveloped regions incline to converge more in period of economic flourish than in period of economic crisis. Besides, the actual regional inequalities still remain, especially in some of the less prospering member states.

In Greece, for example, while the GNP per capita does not diverge a lot between its 13 regions, however during the recent years an economic gap has been generated between Athens and Thessaloniki on one side, and the rest of the country, on the other side. Especially after the closure of the terrestrial routes to the rest of the states of the EU through the former - united Yogoslavia, the harbour of Pireas and the airport of Athens constitute the basic passes for the distribution of commerce with the rest of the world. The permanent modulate situation on the north borders of Greece results so that the regions of faraway and mountainous inland remain the poorest in the mainland of the EU.
In Spain, the second in size country of the Union, the model of economic development seems to diversify and the concern of the economic policy in this country focuses mostly on the confrontation of intense regional inequalities. So the GNP per capita remains relatively high in Madrid and Catalonia, while during 1988 – 1998 the GNP per capita index set farther increase in these regions. Likewise, southern regions, mostly Navara and the Country of Basques present respectable economic performance. On the contrary, the regions which lie at the north – east end of the country, as well as the regions of under – developed South, exhibit intense regional inequalities. At south – eastern regions the GNP increases in rythmes below the Union’s average, while in the regions of the South which are included in the less developed parts of the EU, the increase of GNP is almost nilpotent. Propotionally, the regional inequalities in Spain were farther widened.

Intense regional inequalities are also observed in Portugal, although they were notably restricted over the last 10 years. The economic development of this country concentrates mostly on the coastal part of Lisabona, Porto and Algvri.

Italy continues to constitute a characteristic example of the difference between South and North. The inequalities here are not only intense but lasting too. Despite the fact that the southern regions achieved a respectable economic development, the GNP per capita in Mejojorno still remains round 60 – 70% of the Union’s average.

The new Germanic Federal States noted an important progress in the GNP per capita, where the development rate was particularly rapid during the first years of the unification. Nevertheless, the GNP per capita in 1998 in the regions of Germany amounts to the 68 – 70% of the Union’s average.

Provided, the tensions of the past continue, several decades will be necessary for the elimination of the regional inequalities in the recent EU. More specifically, though it is possible for the regional economies to converge annals on their balance level of GNP, there is, however, no necessary reason for which this process must lead to convergence with the level of the European Union’s GNP per capita.

With the enlargement of the EU the economic scene will alter totally. Based on the analysis of the subordinated situation it occurs that the income differences between the states and the regions will double; which means that in a Union of 27 member – states we will have as a result in national level that up to 1/3 of the population will live in countries with income per head lower than 90% of the Union’s average, in comparison with the 1/6 in the today’s Union of 15.

In national level, in the Union of 27, the states will be separated into three big categories. The group of the wealthiest member states which will have an income beyond the average and where the 12 member states of today’s Union will be included, all except from Greece, Spain, Portugal. An intermediate group will follow, with Greece, Spain, Porugal, Cyprus, Malta, Slovenia and Czechia; their income will arise at 80% approximately, of the average and we will have a population of 13% of the total population of EU27.

The real change in comparison with the today’s Union is created from the existence of a third big group, in which the remaining candidate countries will be included, and where the income per head will arise only to 40% of the Union’s of 27 average. It concerns a big group, with population which corresponds to 16% of the total population of EU27. That means that the enlargement will notably increase the income
inequalities. This inbalance and the need for their confrontation acquires an additional dimension with the enlargement, since the territory of the Union will be doubled, in regard with the beginning of the decade of 90’s with the accession of new countries.

3. The accession of new member – states (EU27) and the doubling of the regional inequalities.

It would be extremely useful to examine the inequalities at the levels of economic development, which will occur to the Community, if all the candidate countries could be count with the member – states of EU15.

In the EU of 27 member – states, three groups of countries distinguish by GNP per capita, instead of two which stood out till nowadays 5.

The first group of the today’s member – states of EU15, except from Spain, Greece and Portugal, of which the GNP per capita exceeds by 20% the new calculated average of EU27.

The actual states of the communal cohesion constitute the second group, which means Spain, Greece and Portugal plus Cyprus, Czechia and Malta, with GNP per capita between 68% (Czechia) and 95% (Spain) of the EU’s 27 average.

The remaining 8 candidate countries constitute the third group with GNP per capita below the 40% of the average of the EU27, with the only exception of Slovakia and Hungary of which the GNP per capita lies between 56 – 58% of the EU27 average.

Consequently, the imminent enlargement with the complex regional inequalities, will comprise a big challenge for the European Regional Policy and the policy of economic and social cohesion.

Firstly, the enlargement will redouble the population of the EU which lives in regions with GNP below the 75% of recent EU average. This number will arise from 71 millions today to 174 millions inhabitants, or else from 19% of the total of the EU15 to 36% of total EU27.

Secondly, it will increase the intensity, or else, the scale and the size of regional inequalities. So, in 1998 for the less developed regions of the EU15 the GNP per capita was by average to 65% of EU15 average. With the enlargement the GNP per capita of the less developed regions of the candidate countries was almost at the 37% of EU15 average.

The interweave of wealthy and poor regions in the EU27 will complicate even more the regional inequalities in that part of the Union which is comprised by the poor countries. Possibly, we are faced with an oxymoron schema of repartition of poverty.

The integration of the 12 candidate countries will have no substantial result as the economic identity of wealthy countries and regions with the highest GNP per capita is concerned. On the other hand, it will alter radically the structure and the comparative income level of the countries and the regions with the lowest GNP per capita.

Having as a criterion the population, the poorest 10% of the regions, in the extended EU27 will be constituted almost wholly by the regions of eastern Poland, Bulgaria and Rumania and also Lithouania and Latvia. The 25% of the regions with the lowest GNP per capita will include almost all the regions of the candidate countries and

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most of the regions of Greece; also Azores, Madeira in Portugal and Andalucia, Extremadura in Spain.

It is equally remarkable, how significantly the GNP per capita for the poorest regions of (10%-) has been decreased. From 61% of European average in the EU15, it reduces to 31% of the extended EU27 average. While, only Ipeiros has a lower income from the half of EU average up to now. In the extended EU27, almost 79 million people will inhabit regions with GNP per capita lower than the one of Ipeiros.

In an extended EU27, the inequalities between member – states, based on the GNP per capita will show dramatic crisis. More specifically the proportion between rich and poor countries in the EU27, will be almost the double than the one of the EU15. In regional scale the wealthy regions (25%+), in an extended EU27, will have a GNP per capita average which will be 3.3 times bigger than this of the poor regions (25%-), in contrast with the actual analogy in EU15, which is 1.9 times bigger. Finally, the wealthiest regions (10%+), will have 5.3 times greater GNP per capita after the enlargement, than the actual proportion which is 2.4 times bigger.

The enlargement of the EU with the countries of Central and Eastern Europe will alter notably the actual picture of the Union, by redoubling its territory comparing to this in the early 90’s, by enforcing the validity of the model center – region which will be reinforced by the accession of the new member – states. This fact raises new challenges for the territorial cohesion, given the continual importance of the restraint of the regional inequalities.

Recent research for the consequences of the integration to the regional balance of the EU, has noted the need for accompanying policies, so as a potential increase of the inequalities between the forceful and the weak regions to be avoided6. This conclusion is based on the acceptance that the economic area is characterized by significant economic scales, which may be positive or negative, and it does not seem that the market power, on its own, is in position to counterbalance the positive and the negative consequences, so as to conclude to a balanced economic growth in the total of EU. Thus, while the concentration of the economic activities at the more powerful regions it is possible medium – termly to lead to greater efficiency of the productivity in the EU, this will turn against the long – term competitiveness of the EU’s economy, at the point where it hurts the workforce of the poorest regions and constrains their ability to utilize their comparative advantages.

Consequently, the economic activity in the EU still remains in a big point concentrated in a relatively small central area; as a result the congestion cost increases vertically, the salaries become higher, economic imbalance and an intense contrast between center and region exists.

In the EU27 three categories of regions can be distinguished:

- Under – developed regions, with high agricultural employment, with a portion of participation in the industrial occupation above the average and low occupation at services. These regions lie mostly at southern member – states and at the countries of Central Europe, except from Czechia, Slovakia and Hungary. Besides, while the agricultural occupation in the EU lies below the 5% of its total, in some regions in Spain and Portugal, it is above 20%.

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6 Integration and the regions of Europe: how the right policies can prevent polarization, Braunerhjelm et al.
Regions with high occupation in industry. Several of these regions concentrated on a central arrow, which extends from West Midlands in England, the eastern France and northern Spain, through southern Germany and northern Italy to the Czech Republic, Slovakia and Slovenia. Though, several of these regions are wealthy, many others are not, reflecting the big fluctuation in the added value from the several manufacturing industries.

Regions with high occupation at services. It is about regions of which the population portion in the tertiary sector of the economy arises at 70% or even more. The most of these regions are wealthy and they include a lot of capitals of North Europe. In this category regions from southern France, Spain and Italy are included, regions which have relatively low GNP per capita levels, but the occupation is concentrated in basic services, several of which supply the tourist development.

4. Conclusion

In our research the European integration is defined by using as criterion the force. The stronger in economics and politics a member – states is, the more important its position will be. What kind of equality is it possible to exist, between Greece and Germany when the second country possesses over the 30% of the percentaging synthesis of euro, and Greece partipates only by 0,5% Germany, the leading economic power of the EU, is high economically developed, a fact which is exhibited in its big commercial surplus balance; by having crashed the European economies, Germany enters the international scene by questing its leadership. This country is very parsimonious to the increase of the Community Budget. It seems to prefer its own growth than Europe’s. It allegrates with the other countries of the industrial North, that it spends huge amounts for the support of the Community’s structural policy. Our research came up with the conclusion that these countries frustrate whatever corresponds to them and afterwards they receive it, mostly through the market, in multiple.

The European construction under Germanic domination, has as a consequence that the «small regional» member – states of the Union lose their national substance gradually. In contrast with «central royal» member – states which are enforced. The economic slippage of the weaker «regional» member – states of the Union seems to constitute the result of unequal development. Besides, in the frame of the EU, there is no communal interest, but only separate national interests. In this sense, some nations are developed and some other are set aside.

The unequal European integration seems to be reinforced also through the decentralizing policy of the Communities Supports Frameworks. These programmes are of a limited character and are still far beyond the postwar Marshall plan. Only the market guides to the unequal European integration and under no circumstances the penniless Communities Supports Frameworks.

Especially in our days, a period of an unrestricted neo – liberalism, what comes first for the powerful communal members and the multinational enterprises, is the secureness of the terms as well of the presuppositions for the creation of a Single Market in Europe, where they will be able to sell their products freely. Moreover, the absence of

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a severe financial policy from the part of the EEC, since its constitution, despite the separately reformations and changes still characterizes it uninterruptedly.

And the question is: How is the communal regional policy going to confront the income differences, which are still a fundamental element of the unequal European Integration, with the limited economic resources which disposes, as an emanation of its small communal budget? Besides, the financial policy of the EU can be better apprehended if we compare it with the corresponding policies of the federal states, as for example, of the USA, Canada and Australia, where the expenses of the confederation cover at least 50% of the total national costs. At the same time, Community Budget arises barely to the 2% of the total public costs in the EU.

The inequality and the asymmetrical development between the member – states of the EU will increase as we will proceed towards its enlargement. Besides, it is sure, that the intercommunal differences and the competition, mostly between the leading states, will be maximized in order to take total control of the Union.
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