

REVIEW

HOW TO TURN CENTRAL EUROPE INTO THE POSTER CHILD OF EU?

Anikó MÉSZÁROS

INTRODUCTION

In January 2014 a report titled “Central Europe fit for the future – Visegrad Group ten years after EU accession” was published by the Central European Policy Institute (CEPI), Bratislava, and demoseUROPA (dE) – Centre for European Strategy, Warsaw. The report was written by the High Level Reflection Group, created by CEPI and dE in February 2013. The group’s participating members, during their four meetings in 2013, “*explored the main political and economic challenges facing Central Europe, the existing potential for enhanced regional cooperation, and possible elements of a common EU agenda in the future*” (p.2). The report was then drafted by Milan Nič, Executive Director at CEPI, and Paweł Świeboda, President of demoseUROPA.

The report summarises Central Europe’s first ten years in the European Union and intends to give an action plan for the next decade. In order to do so, it discusses several timely topics, such as security and defence policy or energy security issues, in each case giving a snapshot of the current state and formulating suggestions for the future, together with a list of general recommendations at the end of the report.

The first decade is characterised as a success story, not only for Central Europe itself but also for the whole EU, due to the unique historical legacy and the so-called “catch-up” dynamic of the region. The main message of the report is that for the next ten years this, albeit required, will not be enough. Rather, new plans and a new approach are needed in order to use the unique regional opportunities in the most efficient way and to switch

from following the European agenda to more actively formulating it. The most important task, according to the report, is to focus on a new growth model, competitiveness and innovation of the region.

“REFLECTING THEIR PROXIMITY...”

The report specifies which countries are understood as Central Europe in this case: the four Visegrád Group members and Austria, “*which form one economic area and a backbone of a wider Central and Eastern Europe*”(p.8). Reading the text, however, it becomes clear that the authors are not completely convinced about the unity of these five states, or at least they are not yet used to the application of this approach. For example, Austria is very often mentioned individually, as a state with immigration (p.34) and competitiveness (p.16) figures significantly different from the V4 countries, or as a state which could contribute to the International Visegrád Fund (p.18) (but indeed it does not do so) or could do more to be involved in energy security talks (p.23). Rather than referring to it as a member of any group (neither Visegrád Four nor NATO, to mention two), Austria is mostly referred to as an important country the V4 should have closer contacts with, just as with the Nordic or Baltic states (see for example pages 17 and 46 of the report discussing competitiveness and innovation). While there are certainly valid arguments to define Central Europe as in this report, mentioning the five countries in one group is today rather a wish than the current state of affairs. Indeed, a hopefully self-fulfilling recommendation.

“CENTRAL EUROPE SHOULD DO ITS OWN
HOMEWORK”

The report discusses the challenges and opportunities ahead, topic by topic, grading the present situation and formulating recommendations in each case.

Starting with growth, competitiveness and innovation, the risk of “half-wayism” or the “middle-income trap” is emphasised (p.16). According to the report, the region has to refashion its growth model, which requires a systemic change. The capital markets of the region are immature and fragmented, although a capital-market hub is much desired. The Visegrád countries are relatively weak in the area of innovation, where more engagement from Austria and the Nordic countries is hoped as well as

better use of the EU's macroregional strategies (for the Danube and for the Baltic Sea region). Cross-border cooperation among research centers is in an initial phase at the moment. At the same time, modernisation of the education system and more engagement of private industry is urgent in order to feed the labour market with a well-trained next generation of workforce.

Regional infrastructure connections are graded as "mission unaccomplished" in the report (p.19). While roads have developed quite much since the EU accession, the rail system is still in a miserable shape. Transport connections still need to improve and integrate to link the key economic centers of the region in order to make regional economic integration possible. EU cohesion and regional funds can be better used in this regard but synchronised national and trans-regional infrastructure projects are also necessary.

The same applies to energy security. While at the political level the signs of cooperation and the results are encouraging, and the European Commission also supports these efforts, there is still a lot to do. Most of all to integrate the region's gas markets, in order to decrease dependency on Russia's Gazprom, first by letting actors from outside enter national gas markets. Electricity markets need integration as well. Moreover, dismantling bureaucratic barriers and even more political will are required.

Surprisingly at first sight, security and defence policy, which is often an area of mistrust, shows an increasing level of cooperation in Central Europe. Although the region has experience in promoting collaboration in the NATO and EU framework, lately Visegrád defence cooperation has also started to take shape. While the V4 countries have different motivations (Poland is willing to spend on modernisation of its military and seeks a leading role in European security policy, while the other three mostly struggle with budget issues and want to save money through cooperation), several factors explain the willingness to an enhanced defence cooperation. These include the need of burden-sharing (with the US decreasing its military presence in Europe), modernisation challenges and a number of possible cooperation areas, such as joint trainings and exercises, mutual defence planning, cyber-defence or military education.

When it comes to governance issues, however, the shortcomings are explained with "*Central Europe's historical legacy*" (p.27) which is indeed a handy argument. At the same time, however, a general reform fatigue and

a larger European crisis of democratic governance are also mentioned as causes. This historical legacy prevented consolidation of democratic norms and institutions but also trained Central European voters to be more patient regarding crises and democracy building. While some good practices in transparency development are mentioned in the report (p.28), more characteristic recommendations are missing. Central Europe has certainly still a lot to do in the field of good governance.

Concerning societies, a number of issues pose great challenges to Central European countries, often with no solution in sight. One of them is demography: decreasing populations and aging with no increase in fertility rates and at most modest immigration will call for increasing retirement ages and (because of the lack of financial resources) cutting public services sooner or later. Regional differences in development and in equality of opportunity, with advanced cities flourishing but regions of the periphery lagging behind are another challenge. Furthermore, urban policies for the region's more important cities are still lacking and are therefore highly desired. Although immigration is not significant in the region, the need for immigration strategies and the reform of asylum policies is also mentioned in the report (p.35). Moreover, the Roma population, with its much brighter demographic data and its huge theoretical potential for the labour market, remains to be a problem until a political will formulates to solve unemployment and discrimination issues, among others. To sum up, there remains a lot to do to build an "*open, inclusive and fair society*" (p.30)—and a sustainable one.

ENDING THE MYTH OF POLISH PLUMBERS

The report discusses Central Europe's position in the European Union in a separate chapter. It starts with emphasising that the original East-West divide has now become a North-South one and that Central European countries are not newcomers in the EU any more. Instead, today "New Europe" describes the countries which "*regardless of their history, show the capacity for social and political innovation*" (p.11). The region's main task is said to take a switch from adjusting to existing rules towards agenda-setting in a post-crisis European Union, considering Central European interests.

The relations to Germany, the most important partner of Central Europe, are discussed separately. Thanks to socio-economic connections (such as

seasonal workers), in the course of time political relations became close as well. On the one hand, these should be qualitatively deepened, on the other hand, the good relationship with Germany should be seen as a starting point and should lead to other prosperous contacts as well, according to the report.

Regarding the approach to the euro, the report formulates three possible scenarios for Central Europe to follow. One is completing the region's accession to the euro zone, another is putting the question on hold until the Economic and Monetary Union (EMU) is reconstructed. The third scenario would also be not-joining, with two possible focuses instead: either concentrating on partnership opportunities outside the EU, or becoming very ambitious and starting to speak about something else. That is supposed to be such an aggressive and ambitious EU agenda that "*our assertive efforts help to blunt political controversy over euro zone accession*" (p.40).

Other issues with the European Union are restoring growth and revitalisation of the EU's economic model, re-launching the Common Foreign and Security Policy, and the future model of integration. Regarding the latter, Central European countries should take steps against strengthening of the intergovernmental method of nowadays, which favours big EU states. To sum up the EU-related recommendations: the self-confidence Central Europe has accumulated in the last 10 years should now start delivering results in several different fields, mostly in "*more active EU policy-making and stronger shaping of the EU's future agenda*" (p.47).

CONCLUSIONS

The most important recommendations of how to increase the political and economic strength of Central Europe are once more listed at the end of the report. They summarise the report's main message: after ten years spent as "new" members of the European Union, while following the rules of the "old" members, now is the time for Central European countries to redefine themselves and their goals, to start a more active and more cooperative approach, and to reach a higher level of influence in EU decision-making.

This main idea sounds very encouraging and indeed logical. Following such an ambitious, fresh approach, given the economic and political potential lying in these countries, such a goal could be achievable—at least in theory.

In practice, however, the probability of success is unfortunately quite low. Central European countries tend to cooperate not when there is a window of opportunity but when there is no other way forward. Still, such recommendations have to be spelled out and repeated often, even if the chance of realisation is low, because this is the way to reach the highest possible success.

Under the umbrella of this approach, then, the report discusses several issues. These issues give the impression that they are the result of a brainstorming session: they form a mosaic, sometimes closely, sometimes loosely related to each other. The good news is that following these mosaic recommendations, partial achievements are possible: in some areas cooperation and development can flourish while others continue to be ignored. The bad news is, however, that partial achievements will not be enough to formulate that whole new approach the report calls for. For example, economic and financial measures must be closely synchronised in order to have an influence on the respective policy areas in the European Union.

In order to reformulate Central Europe, its countries, first of all at the highest political level, will have to turn towards cooperation—sometimes at the cost of abandoning their own national interests. The question is whether these countries are ready to do so.

Some of the policy recommendations formulated in the report might seem obvious and must be implemented sooner or later. Others are already on their way. Some of them, however, as motivating as they sound, will require such an incredible amount of courage (and leading political personalities with a clear vision and determination) from Central European countries that we can only hope for.

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