

PRESENTATION

Almost two years ago, ten countries joined the European Union, eight of which were former socialist countries of Central and Eastern Europe. All of them not only wanted to become members of the European integration, a decades-long effort that was realized in May 2004, but they also wanted to join a future-oriented, competitive and solidaric community. Moreover, it was expected that the new members may become a new driving force of the process of integration and domestic as well as community-level reforms and actively which contribute to the renewal of the continent in the global context.

This volume contains five studies addressing selected key and topical issues of European integration from the point of view of Hungarian experts, all members of the Institute for World Economics of the Hungarian Academy of Sciences, the major Hungarian and one of the most important Central and Eastern European think tanks on integration issues.

In the introductory paper, András INOTAI deals with the global, European and national challenges the enlarged EU is facing. He points out that despite the relatively smooth incorporation of the new members, the so-called „Eastern” enlargement was considered in some countries and social strata not as a new opportunity but a threat and, even more, a pretext to blame enlargement in general, and the future expansion of the EU, in particular, for the evident internal problems of the Union. Successful membership, the major aim of the new members, does not mean, however, that these countries are not facing relevant dilemmas. They include the choice of political and economic instruments in order to keep the high level of growth leading to a sustainable catching up process, the issue of trade orientation in a world in which the largest markets with high growth rates are outside Europe and the future of their net capital importing position in a period where some countries will not only become important beneficiaries of EU funds, but also capital exporters mainly to the neighbouring countries. In this context, the relocation of selected industrial and service activities, a two-way street in the new members and their labour market situation is dealt with. The last part of the paper stresses that the construction of Europe needs a new vision, clear leadership and a new mentality. The position and role of the new members is illustrated by the debate on the social models, the role of the State in national development strategies and the right sequencing in the convergence process towards the monetary union.

Fundamental topics touched upon in the introductory paper are elaborated on in more detail in the other contributions. Klára FÓTI focuses on the employment policy of the EU and addresses challenges and opportunities for Hungary. After describing the main features and past and current tendencies of the labour market situation, labour policy measures are presented in the light of the National Action Plan for Employment. Special attention will be given to the correlation between employment policies and the implementation of the main objectives of the revised Lisbon agenda, as well as to the incorporation of labour issues into the national development plans and EU co-financing.

Margit RÁCZ deals with lessons of the Economic and Monetary Union. The paper emphasizes that the generally slow growth and disappointing economic performance of the Euro-zone can partly be attributed to the criteria of the Stability

and Growth Pact, as well as to the missing reforms in the key member countries of the EMU. A comparison based on several factors is offered with the United States. The last part addresses the future of the Stability and Growth Pact and formulates some relevant suggestions how to make it more flexible and more efficient without undermining the key role of the European Central Bank and overall credibility in the Euro.

Tamás SZEMPLÉR overviews the history of the EU budget „from fundamental systemic reforms to organized chaos”. After describing the two Delors packages, a critical analysis is offered on the financial perspective between 2000 and 2006 and the budgetary consequences of the eastward enlargement of the Union. The most substantive part of the study deals with the recently negotiated new financial perspective covering the period between 2007 and 2013, characterized as „organized chaos”. The author blames the current agreement, still to be ratified by the European Parliament, as short-sighted, missing the strategic goals of the integration and, consequently, based on ad hoc compromises. Obviously, the new budget was necessary in order to keep the momentum of integration and show that , after the failed referenda on the constitution, the EU is alive and operating. However, it does not answer key questions of the future of the integration. Strategic approaches are immediately required, and the new member countries have to actively participate in this work.

Finally, Krisztina VIDA analyses the situation that emerged after the negative referendum on the Constitutional Treaty in France and the Netherlands. The first part of the paper focuses on the legitimacy of the EU, the basic values and objectives of the Union and EU citizenship. Special attention is given to the decision-making mechanisms and the competences of the Union. Moreover, the chances of revising the Constitutional Treaty are shortly addressed.

ANDRÁS INOTAI
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