CENTRAL AND SOUTHEAST EUROPEAN POST-COMMUNIST EU MEMBERS: HOW USEFUL WAS IT TO BECOME A MEMBER OF THE EUROPEAN UNION

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ABSTRACT

After the breakup of communism and multinational communist federations, the countries of Central and Southeastern Europe have taken somewhat different paths in their socio-economic development. All of the countries opted for the market economy and reforms, and most of them decided to join the process of European integration. However, some were more and some were less successful. Since 2004, the European Union has expanded three times, accepting 13 more countries into its membership. Out of these, 11 were post-communist countries from Central and Southeastern Europe, which had to overcome the difficulties of political and economic transition, fulfilling many demands put before them by the European Commission. The aim of this paper is to study the 11 post-communist EU members by examining their basic economic data, and to see if European integration (prior and after the accession) has benefited their economies. The second group of countries examined here are the non-EU members that presently form the Western Balkans, in order to compare their economic performance with the post-communist EU members. The differences between the 11 post-communist EU members were also studied in order to determine whether the geographic position and the year of the EU accession (2004, 2007 or 2013) were the factors that influenced their economic performance. The results have shown that despite significant differences among the post-communist members of the EU, they have all benefited from the process of the EU integration.

Keywords: Central and Southeastern Europe, the Western Balkans, the European Union, economic growth, gross-domestic product (GDP), economic crisis.

1. INTRODUCTION

Since 2004, the European Union has expanded three times, accepting 13 countries into its membership\(^1\). Out of these, 11 were post-communist countries, from Central and Southeastern

\(^1\) On 31 March 1998, accession negotiations were started with six applicant countries - Hungary, Poland, Estonia, the Czech Republic, Slovenia and Cyprus. On 13 October 1999, the Commission recommended Member States to open negotiations with Romania, the Slovak Republic, Latvia, Lithuania, Bulgaria and Malta. Negotiations were concluded with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia in December 2002. According to: http://ec.europa.eu/enlargement/archives/enlargement_process/future_prospects/negotiations/eu10_bulgaria_romania/index_en.htm. Negotiations with Bulgaria and Romania lasted longer and these countries became members at the beginning of 2007. Croatia had to undergo the most demanding negotiations and to solve the issues with the Hague Tribunal as well as with Slovenia, which blocked the negotiations of Croatia with the EU because of bilateral issues.
Europe, which had to overcome the difficulties of political and economic transition, fulfilling many demands put before them by the European Commission. The process of accession was shorter for some countries, and for some others it lasted longer. In general, if we consider only the new (since 2004) members of the European Union (henceforth referred to as the EU) from Central and Southeastern Europe and the duration of their accession negotiations, we can see that the negotiations were the longest for Croatia, which joined in 2013. For Bulgaria and Romania, which joined in 2007, the negotiations were longer than for the countries that joined in 2004. Two factors caused the protracted length of these negotiations: first, the demands from the EU and second, the preparedness of the candidate countries to fulfill these demands. The countries that benefited the most from the EU accession are the Visegrad group comprising Poland, the Czech Republic, Slovakia, and Hungary (henceforth referred to as V4). During 10 years of EU membership, the V4 have experienced strong income convergence. The GDP per capita of the V4 measured in purchasing power standards has increased from 49% of that of the EU15 in 2003 to 65% in 2013. Three out of four Visegrad group countries (Slovakia, Poland, and the Czech Republic) improved their rankings in terms of quality of life, with the Czech Republic actually surpassing Italy and the UK. The economic strength of the V4 relative to the EU28 as measured by GDP has increased by one-half over the last decade to 5.4% of that of the EU28. The economic relevance of the V4 has become most visible in foreign trade. The share of V4 exports relative to those of the EU28 has increased to 9.1%, from 5.8% a decade ago. Old EU member countries also benefited from the EU enlargement. With a population of 64 million, the V4 offers a similar size consumer market in terms of the number of consumers to France or Italy and, in terms of the value of consumer spending, to the Benelux countries (EUR 230 billion). Exports from old EU members to the V4 have skyrocketed, growing twice as fast as their total exports (Jedlička, Kotian, Műnz, 2014: 1-2).

The second group of new EU member states that benefited the most from the accession to the EU were the Baltic states. Grigas et al. (2013) have shown the sources of the remarkable economic growth and the economic recovery of the Baltic states. After gaining independence, the Baltic states chose to distance themselves from Russian influence and direct their policies westwards, largely following the liberal prescriptions of the Washington consensus to become open market economies. During the first half of 2000s, the Baltic states lived through their golden age of GDP growth, which was nevertheless coupled with a build-up of significant macroeconomic imbalances. The economies were growing at the spectacular pace of 8-9% per year on average in real terms, and the levels of national real wealth more than doubled in the period of 2000-2008. Consequently, in 2008-2009, the three Baltic states experienced double-digit recessions, which in terms of output loss could have only been compared to the downturn caused by the collapse of the Soviet Union. There were two ways out of the crisis: external (currency) or internal devaluation (and thus harsh austerity), out of which the second policy option was chosen in all three Baltic states. The way the Baltic states dealt with the crisis and the near-miraculous current economic recovery invites the austerity-supporters to proclaim the countries as an example, in particular for the Southern EMU member states caught in protracted recessions (Grigas et al., 2013: 11, 35).

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2 The causes of rising imbalances were several. Firstly, the financial sector was completely liberalized and almost entirely overtaken by the Nordic banks in all three countries, which fuelled capital inflows and credit expansion. In Latvia, more than 60% and in Lithuania and Estonia more than 90% of the financial sector became foreign-owned. Private sector debt more than tripled in all three countries in the period 2000-2008. The great majority of loans were invested in real estate, which subsequently led to a housing bubble.

The aim of this paper is to consider the basic economic data (GDP, GDP per capita, GDP annual growth rate, unemployment) for two studied groups of European countries. The first one consists of the 11 post-communist members of the EU (Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia) and the second one comprises six Western Balkans states (Albania, Bosnia-Herzegovina, Kosovo, Macedonia, Montenegro, Serbia). The Western Balkans states, all post-communist as well, were not the primary object of research. However, all of the data shown for the 11 post-communist members of the EU are presented for them as well, to see the differences between the post-communist EU members and the post-communist non-EU members that have some prospect of becoming members of the EU in the future.

2. METHODOLOGY

The data about the population (2012), and basic economic data selected for the purpose of this paper:\footnote{The economic data were taken from the web pages of the World Bank. Although the data about the population was available for all countries for 2013, and the basic economic data was available for some countries for 2013, the year 2012 was taken as the last reference year, since the economic parameters shown (except exports of goods and services) for that year were available for all the countries studied. We also wanted to avoid using other sources, because we wanted to compare the data for each year from a single source, calculated by the same methodology.} GDP (current US$, 2012), and GDP per capita (current US$, 2000, 2004-2012), GDP growth rate (annual %, 2000, 2004-2012), unemployment (% of total labor force, modeled ILO estimate, 2000, 2004-2012), and the exports of goods and services as % of GDP (2000, 2004-2012) were taken from the web pages of the World Bank and shown through graphs for the 11 post-communist members of the EU. These data were used to study the current situation and the economic performance of the two groups of countries under consideration. By comparing the basic economic data of the 11 post-communist members of the EU and the Western Balkan states, we have analyzed the basic economic characteristics as well as economic performance of these two different groups of countries.

By studying the economic data, we tried to respond to the main research question:

\textit{Is it useful for a post-communist country from Central and Southeastern Europe to become a member of the EU, when it comes to economic performance?}

We have also tried to respond to the additional research questions:

- If the post-communist EU member states have profited from the accession to the EU, have the countries that joined in 2004 profited more from the accession than the countries that joined in 2007, and especially more than Croatia, that joined only in 2013?
- Are there significant differences in the economic performance over a certain period (2000-2013), between the 11 post-communist members of the EU and the Western Balkan states?

The main hypothesis (H1) of the research was as follows: \textit{when it comes to economic performance, it is useful for a post-communist state from Central and Southeastern Europe to become a member of the EU.}
The additional hypotheses (H2 and H3) of the research were the following:

- The post-communist countries (now 10 post-communist EU members) that applied for EU membership in the 1994-1996 period (and opened accession negotiations in 1998 and 1999) performed better economically in the period from 2000 to 2013 than Croatia, which applied in February 2003 and opened the negotiations in October 2005.
- There are significant differences in the level of ability to benefit from the membership in the EU among the post-communist EU members.

3. RESULTS AND DISCUSSION

The 11 post-communist members of the European Union in 2012 had a population of about 105.1 million. More than 55% percent of the people in these 11 countries lived in only two countries: Poland and Romania.

Table 1. The basic economic data for the 11 post-communist EU member states and the Western Balkan states (2012)

<table>
<thead>
<tr>
<th>State</th>
<th>GDP in billions (current US$)</th>
<th>GDP per capita (current US$)</th>
<th>GDP growth rate in %</th>
<th>Unemployment in %</th>
<th>Exports of goods and services as % of GDP (2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>51.3</td>
<td>7 022</td>
<td>0.6</td>
<td>12.3</td>
<td>66</td>
</tr>
<tr>
<td>Croatia</td>
<td>56.2</td>
<td>13 159</td>
<td>-1.9</td>
<td>15.8</td>
<td>42</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>196.4</td>
<td>18 690</td>
<td>-1.0</td>
<td>7.0</td>
<td>73</td>
</tr>
<tr>
<td>Estonia</td>
<td>22.4</td>
<td>16 887</td>
<td>3.9</td>
<td>10.1</td>
<td>91</td>
</tr>
<tr>
<td>Hungary</td>
<td>124.6</td>
<td>12 560</td>
<td>-1.7</td>
<td>10.9</td>
<td>94</td>
</tr>
<tr>
<td>Latvia</td>
<td>28.4</td>
<td>13 947</td>
<td>5.0</td>
<td>14.9</td>
<td>59</td>
</tr>
<tr>
<td>Lithuania</td>
<td>42.3</td>
<td>14 172</td>
<td>3.7</td>
<td>13.2</td>
<td>78</td>
</tr>
<tr>
<td>Poland</td>
<td>490.2</td>
<td>12 721</td>
<td>1.9</td>
<td>10.1</td>
<td>45</td>
</tr>
<tr>
<td>Romania</td>
<td>169.4</td>
<td>8 437</td>
<td>0.4</td>
<td>7.0</td>
<td>40</td>
</tr>
<tr>
<td>Slovakia</td>
<td>91.3</td>
<td>16 893</td>
<td>1.8</td>
<td>13.9</td>
<td>89</td>
</tr>
<tr>
<td>Slovenia</td>
<td>45.4</td>
<td>22 059</td>
<td>-2.5</td>
<td>8.8</td>
<td>71</td>
</tr>
<tr>
<td>EU members</td>
<td>1 317.9</td>
<td>12 539</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|                    | Albania                       | 12.3                          | 4 406                     | 1.3                  | 14.7              | 34                                            |
|                    | Bosnia-Herzegovina           | 16.9                          | 4 396                     | -0.7                 | 28.2              | 31                                            |
|                    | Kosovo                        | 6.4                          | 3 567                     | 2.7                  | n/a               | n/a                                           |
|                    | Macedonia                     | 9.6                          | 4 548                     | -0.4                 | 31.0              | 55                                            |
|                    | Montenegro                    | 4.0                          | 6 514                     | -2.5                 | 19.6              | 43                                            |
|                    | Serbia                        | 38.1                          | 5 294                     | -1.5                 | 19.6              | 37                                            |
The Western Balkan states

| The Western Balkan states | 87.3 | 4 770 |

Figure 1. GDP of the 11 post-communist EU members in billions of current US$ (2012)

Figure 2. GDP of the Western Balkan countries in billions of current US$ (2012)
Table 2. GDP of the post-communist EU members and the Western Balkan countries, indexes (2000=100)

<table>
<thead>
<tr>
<th>State</th>
<th>2004</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>196.1</td>
<td>326.4</td>
<td>401.6</td>
<td>376.7</td>
<td>397.7</td>
</tr>
<tr>
<td>Croatia</td>
<td>190.7</td>
<td>275.8</td>
<td>323.7</td>
<td>289.3</td>
<td>261.4</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>193.9</td>
<td>307.0</td>
<td>383.3</td>
<td>335.4</td>
<td>334.0</td>
</tr>
<tr>
<td>Estonia</td>
<td>210.5</td>
<td>386.0</td>
<td>417.5</td>
<td>340.4</td>
<td>393.0</td>
</tr>
<tr>
<td>Hungary</td>
<td>219.6</td>
<td>293.3</td>
<td>332.3</td>
<td>272.8</td>
<td>268.5</td>
</tr>
<tr>
<td>Latvia</td>
<td>176.9</td>
<td>369.2</td>
<td>432.1</td>
<td>332.1</td>
<td>364.1</td>
</tr>
<tr>
<td>Lithuania</td>
<td>198.2</td>
<td>343</td>
<td>414.9</td>
<td>322.8</td>
<td>371.1</td>
</tr>
<tr>
<td>Poland</td>
<td>147.6</td>
<td>248.3</td>
<td>309</td>
<td>251.5</td>
<td>286.2</td>
</tr>
<tr>
<td>Romania</td>
<td>203.2</td>
<td>457.4</td>
<td>547.7</td>
<td>440.5</td>
<td>454.2</td>
</tr>
<tr>
<td>Slovakia</td>
<td>195.5</td>
<td>293</td>
<td>341.1</td>
<td>303.8</td>
<td>318.1</td>
</tr>
<tr>
<td>Slovenia</td>
<td>169</td>
<td>236.5</td>
<td>273</td>
<td>245.5</td>
<td>227</td>
</tr>
<tr>
<td>Albania</td>
<td>202.7</td>
<td>289.2</td>
<td>348.6</td>
<td>324.3</td>
<td>332.4</td>
</tr>
<tr>
<td>Bosnia-Herzegovina</td>
<td>181.8</td>
<td>278.2</td>
<td>336.4</td>
<td>310.9</td>
<td>307.3</td>
</tr>
<tr>
<td>Kosovo</td>
<td>200</td>
<td>261.1</td>
<td>322.2</td>
<td>311.1</td>
<td>355.6</td>
</tr>
<tr>
<td>Macedonia</td>
<td>152.8</td>
<td>227.8</td>
<td>272.2</td>
<td>258.3</td>
<td>266.7</td>
</tr>
<tr>
<td>Montenegro</td>
<td>200</td>
<td>370</td>
<td>450</td>
<td>420</td>
<td>400</td>
</tr>
<tr>
<td>Serbia(^\d)</td>
<td>207.0</td>
<td>342.1</td>
<td>419.3</td>
<td>352.6</td>
<td>334.2</td>
</tr>
</tbody>
</table>

\(^\d\)The baseline year for Serbia was 2001, since in 2000, the Serbian economy was almost ruined due to the NATO attacks and sanctions. In 1999, the GDP of Serbia was 17.6 billion, in 2000 it was only 6.1 billion, and in 2001 it was 11.4 billion (current US$).

In Table 2, the GDP of the post-communist EU members and the Western Balkan countries is shown through indexes. The year 2000 was taken as a baseline year, except for Serbia. The years shown are 2004 (the year of accession to the EU for most of the post-communist EU members, eight of them), 2007 (the year of accession for Bulgaria and Romania), 2008 (the year of the highest GDP), 2009 (the year of recession and steep decrease in GDP) and 2012 (the last year for which
data are available for all countries that have been studied). While the differences between the two groups of countries according to the presented indexes are not so significant, the gap in GDP per capita (current US$) between them remains very big, about 263% (12 539 US$ for the post-communist EU members, and 4 770 US$ for the Western Balkan countries, as shown in Table 1). The GDP of the Western Balkan countries also rose remarkably in the studied period (2000-2012), but the data that show GDP per capita of these countries show a very low level of GDP in the baseline year (2000), due to the consequences of the wars in the Balkans and the extreme difficulties in the post-war period. The real economic transition in the Western Balkans started much later than in the Central European countries (including the Baltic states).

Figure 3. GDP per capita (current US$) of the 11 post-communist EU members and the Western Balkan states, 2012

![Figure 3](image)

Figure 3 shows GDP per capita (current US$) of the post-communist EU members and the Western Balkan countries for the years 2000, and 2004-2012. The differences in GDP per capita between the countries from the two groups are very significant. Bulgaria, a state with the lowest GDP per capita (7 022 US$) among the post-communist EU members has a higher GDP per capita than Montenegro (6 514 US$), which has the highest GDP per capita among the Western Balkans countries. None of the Western Balkan countries in 2012 even came close to achieving the GDP per capita of Slovenia in 2000 (10 045 US$, shown in Table 3).


|---------------|-------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
Table 3 shows the difference in GDP per capita for all the studied countries in 1990, 2000, and 2012 through indexes. Although the data for 1990 were not available for all countries, we decided to use the available data to show the difference between the socialist period and the transition period. We also decided to use the data for the year 2000, since it shows a situation approximately a decade after the beginning of transition. The data for the year 2012 were used, as in all other figures and tables in this paper, since it was the last year in which the data for all countries studied were available. When we compared the data for 2000 and 2012, it was clear that all the 17 countries from the major groups of countries under consideration (i.e. the current 11 post-communist EU members and 6 current Western Balkan states) managed to increase their GDP per capita. However, that was the only common feature of all the countries, since the results for countries (for which the data from all years studied were available) showed very large differences in GDP per capita when the results for 1990, 2000, and 2012 were compared.

The only three countries that had smaller GDP per capita in 2000 than in 1990 were Bulgaria, Croatia, and Macedonia. Romania in 2000 barely surpassed the GDP per capita from 1990 (the year that followed the Romanian revolution and the first free elections), although Romania’s GDP per capita in 2000 was still extremely low for a European country.

Figure 6. GDP annual growth rate (in %) of the 11 post-communist members of the EU (2000, 2004-2012)
Figure 7. GDP annual growth rate (in %) of the Western Balkan states (2000, 2004-2012)

Figure 8. Unemployment (in %) of the 11 post-communist members of the EU (2000, 2004-2012)
By taking into account the level of GDP per capita for the years 1990, 2000, and 2012, as well as taking into account other basic economic indicators for the years 2000-2012 (unemployment, GDP annual growth rate), we have classified the 17 countries into subgroups. These subgroups provide a better understanding of the specific characteristics of the countries studied, concerning the path of the social and economic development through which they have passed.

The subgroups of the post-communist EU member states are the following:

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4 The data for Kosovo were not available.
• Central European countries of the Visegrad group and the Baltic states. These seven countries (Estonia, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Slovakia) have managed, after the initial difficulties at the beginning of the 1990s, to achieve a decade and a half of continuous growth (until 2009 and the recession). In this period of economic growth, the GDP per capita of Visegrad group countries and the Baltic states multiplied between approximately 4.8 (Hungary) and 8.2 times (Slovakia and Poland), which is clearly visible from the data about their GDP per capita for 2008 and 1990. However, until 2000, among these countries, only Poland and Slovakia managed to double their GDP per capita (their starting point in 1990 was also the lowest among these countries). The Baltic states managed to accelerate their growth only after 2000, when it was already likely that they would join the EU (and NATO, which, in the case of the Baltic countries, might have been even more important, as NATO was perceived as the only reliable and relevant guarantor of their security because of their past and complicated relations with Russia). From 2000 to 2008, in a period of continuous growth, the Baltic states succeeded in rising their GDP per capita between four and five times, and the countries of the Visegrad group between three and four times.

The economic impact of the EU accession on post-communist countries that accessed the EU in 2004 (Visegrad Four, the Baltic states, and Slovenia) was studied after five years of their EU membershipby the IMF (Čihak, Fonteyne, 2009). The results of this study showed that most new member states (NMS, name given here only to the post-communist countries that joined the EU in 2004) were benefiting from a structural transformation. A comparison of the GDP growth rates in individual NMS countries (text chart) shows relatively high growth rates in the NMS, both in the run-up to accession and in the years since (with only Estonia and Hungary showing a slowdown in 2004–08 relative to 2000–03) (Čihak, Fonteyne, 2009: 8). Growth in the NMS (and elsewhere in the emerging Europe) was driven primarily by total factor productivity (TFP). Moreover, countries with higher TFP growth were growing faster and the list of EU countries with the highest technological growth coincides perfectly with the NMS list. Capital accumulation was also important in most countries. Labor, in contrast, added less and even registered a negative contribution in some countries, with emigration being a key factor. The analysis also indicates that there were substantial differences among individual NMS countries, with average annual TFP growth rates in a wide range, from 2 percent to 6 percent. Such variation goes beyond the differences among previous EU entrants (where the variation of average TFP growth rate was roughly from 0.6 percent to 2.9 percent) (Čihak, Fonteyne, 2009: 16).

• Bulgaria and Romania in 2000 had a GDP per capita that was a little higher than the average for today’s Western Balkans states. Compared to 1990, until 2000 Bulgaria suffered a decrease in GDP per capita, which is a clear indicator that it was struggling with the difficulties connected with economic transition. Until late 2000, Bulgarian GDP per capita plundered to only two thirds of the 1990 level. Romania had the same level of GDP per capita in 2000 as in 1990. Clearly, Romania was economically more successful in the 1990s than Bulgaria, but the real economic growth was still beyond reach. Only after the start of negotiations with the EU, Bulgaria and Romania showed a more significant economic growth. However, their negotiations were more difficult and unlike other ten candidate countries, they did not manage to finish them by the end of 2002. Therefore, Bulgaria and Romania joined the EU at the beginning of 2007, and not in 2004. Until 2008, they managed to increase their GDP per capita 4.4 times (Bulgaria) and six times (Romania) respectively. Due to the very low GDP per capita in 1990, these countries were still the least developed.

3 Nevertheless, this time frame of five years covers two very distinct sub-periods: one of historically strong global growth (2004–07) and the onset of an at least equally historic financial crisis (2007–09) that undoubtedly represents the greatest economic test the region has faced since EU accession (Čihak, Fonteyne: 3).
countries of the whole EU27, and they are still the least developed EU members after Croatia joined in 2013. One of the reasons that supports the current situation is the fact that Bulgarian economy produces goods with low added value. Similarly, the Romanian economy mainly produces goods with low added value. The price of labor in Romania and Bulgaria is the lowest in the EU. Therefore, many production plants from labor intensive, low value added industries have migrated there.

- The Western Balkan states – these countries (except Albania) were a part of former Yugoslavia. Since the GDP per capita data for 1990 were not available from the same source for all these countries, in explaining similarities and differences between all of them we have focused on the period from 2000 to 2012. Albania had an extremely low GDP per capita in 1990, but then it was still a communist state, and completely isolated from the world. In 2000, the GDP of the Western Balkan states was very low, compared to most of the other European countries. Croatia, which was then also a part of the Western Balkans, was officially put there (the Western Balkans was a designation given by the EU to the countries of former Yugoslavia minus Slovenia plus Albania) for political rather than economic reasons.

6 The research of Bulgaria’s export competitiveness in the framework of EU accession for the period 2002–2009 shows evidence of low export performance in terms of diversification, factor intensity and technological sophistication and significant lagging behind countries like Hungary, Slovakia, and, in certain fields, Romania. It is mostly attributed to low-grade sector specialization. The integration within the EU so far has not accelerated technological catch-up. For instance, recent evidence indicates unexpected export growth in traditional industries as Bulgaria overwhelmingly remains steadily anchored in the low value-added competition on international markets. Apparently, Bulgaria has not managed to get full advantage of its EU integration to promote its export competitiveness. Its trade has been strongly misbalanced for a long period. Despite the steady increase in the value of exports before the global economic crisis occurred, the imports were exceeding, thus leading to a chronic trade deficit, a meaningful sign of inadequate export competitiveness. Bulgaria’s exports are highly concentrated to few countries, which makes the economy more vulnerable to negative developments on those markets. The factors of competitiveness such as highly educated human capital, new technologies, innovations that are becoming increasingly important in the face of structural changes engendered by globalization are not manifested yet in Bulgaria’s trade performance.


7 Lungu (2011) states that the EU accession of Romania has had positive effects on the economy overall. However, he finds that Romania’s economy will need to enhance its competitiveness and pursue a growth model, which would make it less dependent on external shocks. Economic strategies leading to both physical and human capital accumulation would need to be clearly defined and supported by all political parties. With monetary policy aimed at maintaining price stability, fiscal policy would have a defining role in preserving and enhancing competitiveness. The pursuance of sound fiscal and monetary policies would be paramount in achieving sustained growth in the years to come. The increase in domestic consumption was the main engine of growth up until 2008. Household investments in both durable goods and housing rose fast after 2003, as the share of these in households’ total wealth was low. The increase in demand for durable goods and housing was facilitated by increased credit availability and rising purchasing power. The boom continued until the autumn of 2008, when the effects of the global economic downturn, triggered by the 2007 US subprime crisis, impacted negatively on Romania’s economic growth. Large existing macroeconomic imbalances were penalized by investors as global liquidity dried up and uncertainty rose sharply in the world financial markets. GDP growth was much faster in the four years leading to accession, averaging 6.4% annually, than during the membership period, when it rose by a yearly average of just 1.2%. While the latest result is clearly influenced by the effects of the crisis, it also highlights the diminished capacity of the Romanian economy to absorb external shocks.


9 Croatia had a 2.5 times much higher GDP per capita in 2000 than any other Western Balkan state.
Slovenia and Croatia, because of their specific development, could not be classified in any of the groups. In 1990, before the breakup of Yugoslavia, Slovenian economy was much more developed than in any of the other countries studied. If Slovenia had been an independent state then, it would have had a GDP per capita higher than Portugal\textsuperscript{10}, which was already an EU member state. Due to the partial or complete loss of important traditional markets (the countries of former Yugoslavia, and the former U.S.S.R.), Slovenia did not manage to achieve such a large growth of GDP per capita as countries of the Visegrad group until 2000. However, its growth of GDP per capita from 1990 to 2000 was approximately the same as that of Latvia and Lithuania. What was not the same was the level of GDP per capita since Slovenia’s was over three times higher. From 2000 to 2008, Slovenia has managed to increase its GDP per capita almost 2.7 times, which is a remarkable achievement for a state that was by far the most developed of all the countries in transition.

In 1990, Croatia was, according to the data available, the second most developed state of all the countries studied. The Homeland War and the difficulties in its aftermath, the loss of traditional markets, and a very badly managed transition (especially privatization of state-owned property) caused the Croatian GDP per capita to decrease significantly in the 1990s. In 1999, Croatia suffered a recession, as the only European state that was affected by this economic phenomenon, so common in Europe after 2008. In 2000, GDP per capita still did not reach its 1990 level. Nevertheless, from 2000 to 2008, Croatia succeeded in raising its GDP per capita 3.2 times. Since 2009, Croatia has suffered the longest period of recession of all EU member states (except Greece), and its GDP has fallen over 13 percent. It is still struggling with negative GDP growth, which has turned into an economic depression.

4. CONCLUSION

The member states of the EU that joined the EU in 2004 and 2007 have profited economically from the accession. They have better economic data than the post-communist European countries that stayed out of the EU, such as Western Balkan states. This fact is not surprising considering their different social and economic development in almost two and a half decades, and a different starting position that each state had in 1990. Although each state had its own distinctive recent history, as well as social and economic features, it is also possible to identify certain common features for some of the countries studied and therefore classify them in certain subgroups. Based on our research, we have recognized that among the countries studied, the shifts occurred, considering their belonging to a certain group, because of the different paths of economic development since the beginning of the economic transition, which actually did not start in all the countries at the same time, due to different historical circumstances.

The results of our research support the thesis of Jedlička, Kotian and Münz (2014). The Visegrad group states indeed are the great benefactors of the EU enlargement. These countries are economically stronger and more relevant 10 years after EU accession. Their annual average GDP growth has increased by approximately 1% due to EU membership. Visegrad group exports have

\textsuperscript{10} In 1990, Slovenian GDP per capita was 8699 US$ (measured in current US$), while Portugal’s was 7779 current US$. \url{http://data.worldbank.org/indicator/NY.GDP.PCAP.CD/countries?page=4}.
grown three times faster than EU15 exports; the Visegrad group is now the fourth largest exporter in the EU28. However, from the results of our research, we can conclude that the Baltic states have also benefited significantly from EU membership. Nevertheless, their significant economic growth started later than in the Visegrad group countries. Their economic downfall of 2009 was also much sharper and more intensive than in the Visegrad group countries\textsuperscript{11}. However, the economic recovery of the Baltic states has since then been very successful and fast. For example, in 2011 and 2012, the Baltic states had the highest GDP annual growth rate among all post-communist members of the EU\textsuperscript{12}.

The four EU post-communist members that were also studied (Bulgaria, Romania, Croatia, Slovenia) benefited less from their accession to the EU. They did not manage to use all the possibilities offered as much as the countries of the Visegrad group and the Baltic states. However, it is very difficult to judge precisely which state benefited more, and which state benefited less only from the basic economic data, without econometric research. Our intention was primarily to study the hypotheses that were set at the beginning of this paper. From the study done for the Bertelsmann Stiftung\textsuperscript{13}, it is clear that the countries of the Visegrad group, the Baltic states, and Slovenia have benefited notably from globalization from 1990 to 2011. By average and cumulative income gained due to the increased globalization, Slovenia is in the 11\textsuperscript{th} place in the world. If we look at other post-communist EU members, Estonia is in 23\textsuperscript{rd} place, Hungary is 25\textsuperscript{th}, Latvia 26\textsuperscript{th}, Lithuania 27\textsuperscript{th}, the Czech Republic is 30\textsuperscript{th}, Slovakia 31\textsuperscript{st}, Poland 32\textsuperscript{nd}, Romania 35\textsuperscript{th} and Bulgaria 37\textsuperscript{th}. None of the former or current Western Balkan countries (including Croatia) is placed above any of the countries mentioned. The main reason is the earlier start of EU negotiations, and the earlier EU accession by the countries of the Visegrad group, the Baltic states, Romania and Bulgaria. This fact is logical, since Croatia joined the EU six and a half years after Romania and Bulgaria, and nine years after the other post-communist EU members.

From the results of our research, we have concluded that the main hypothesis of the research was verified, and that the post-communist EU members have had significant economic benefits from their accession to the EU. The second hypothesis was also verified, since Croatia, as the last country that has joined the EU, has not performed as well economically as the other post-communist EU members that joined the EU earlier. The third hypothesis was also verified, since there are visible differences between the post-communist members regarding their economic performance in the period from 1990 to 2012.

References and sources:

\textsuperscript{11} GDP annual growth of Estonia was -14.1%. Latvia had annual GDP growth rate of -18% in 2009, and Lithuania -4.7%. However, the recession in Estonia and Latvia began earlier, in 2008. Of the three Baltic states, Latvia suffered the longest period of recession, while Estonia and Lithuania managed to have a positive economic growth in 2010. The cumulative output losses were even more dramatic – 21% for Latvia (2007-2010) and 18% for Estonia (2007-2009).

\textsuperscript{12} Estonia managed to achieve a remarkable annual GDP growth rate, 9.6% in 2011, while in that same year Lithuania achieved 6%, and Latvia 5.3%.

\textsuperscript{13} http://www.bertelsmann-stiftung.de/cps/rde/xchg/bst_engl hs.xsl/nachrichten_120603.htm


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