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ON REGIONAL DEVELOPMENT IN POLAND AND ROMANIA

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Abstract

Despite the perceived role of the EU as being a motor of democracy in Europe and an international force recognized for its transparency and integrity, this complex social, political and economic entity still faces the dilemma of an asymmetrical manner of implementation of the common economic policies, mainly the regional policy. Our article focuses on regional disparities, that seem to define the Union, by comparing the experiences of two former communist countries, Poland and Romania. We start from presenting the economic advantages and disadvantages of EU membership from the perspective of a new member state, we continue with some insights on the regional economic disparities within the EU, and we sketch two country profiles, based on the amount of and the manner in which European funds have been absorbed and have impacted them.

Keywords: regional development, regional policy, regional disparities, EU funding.
JEL Classification: R11, R56

1. On the costs and benefits of EU membership – the perspective of a NM[1]

Despite all of the existing problems that have been slowly reducing people's trust in the Union and which gave the Euro-sceptics a platform to showcase their ideas and plans, a country's possible inclusion in the Union is still perceived by both the new members and the old ones as a great opportunity, for which all of the actors involved must cooperate closely towards a number of objectives whose completion would be beneficial for everyone. As Campos et al. (2014) revealed, EU membership and integration process contributed significantly to the NMs economic development, despite the heterogeneity across countries.

For CEE countries the strong centralisation process during the communist regime represented a serious burden for the regionalisation process. The fall of the Iron Curtain and the European integration process contributed decisively to this challenging process. On one side, there is a common belief among the citizens from the countries that try to gain accession to EU, especially among those from former communist countries, that their membership represents the ultimate step in the transition from communism or illiberalism to democracy and from a centralized or an unproductive economy to a market one (Doyle & Fidrmuc, 2006, p.524). The new member has a lot to gain from the new resources, both the economic (the European funds and the new markets that would open up to them) and the socio-political ones (knowledge transfer, technical assistance). As with EU membership, apart from the financial and political responsibilities that it bears, there comes a large number of advantages, as well as a variety of norms and regulations in matters such as environmental protection, quality standards and safety norms, if respected and implemented properly, might raise the quality of life. Among the economic advantages that draw in new candidate countries and that stand as incentives for the old ones, is the existence of the internal market. Such a market goes beyond a free trade area and a customs union, aiming to remove all obstacles that obstruct the free movement and create a market that functions as if all participants are one country. Since its creation it has helped the member states (MS) boost their economies, as it has provided them with access to the world's largest trading bloc. Thus,

"*the Single Market, though incomplete, has boosted trade flows within the EU through the elimination of trade tariffs and reduction in non-tariff barriers, and so raised output and domestic demand. The opening-up of domestic economies has also increased competition, reduced mark-ups and lowered prices. The combined impact of these two channels is found to have raised EU GDP by 8-9% on average in the long run*" (Veld, 2019, p.19).

[1] NM- new member state.

On the other side, the existing members benefit mainly from having a new market to work with and access to labour force. Moreover, in some cases, the strategic geographic position of the new country, as well as its political affiliations on the international stage are also two other factors that must be taken into consideration, as they can provide the Union with the opportunity and the context to expand its power and to tackle new and old issues from a different stand (an example would be the membership of the 10 post-communist satellites in 2004 which allowed the Union to expand its structural and economic views onto a territory which used to be a propellant of opposite ideas; another example would be the EU accession of Romania and Bulgaria in 2007 which gave the Union access, among other things, to the Black Sea and to their strategic take on the issues in the area).

The problem is that, before becoming a full member, the candidate countries face a dilemma when negotiating their EU membership, as they, very often, are torn between 2 options of action: one, to push for membership as fast as possible without taking into consideration the fact that they might not be 100% prepared to take on all of its implications, hoping that once they gain the membership they will be able to speed up the needed reforms, and two, to postpone membership until they are actually ready to assume all of the obligations of the *acquis communautaire* and the complex responsibilities related to the European Single Market. (Svetlcic & Udovic, 2009, p.7).

No matter the choice, as regions differ in their underlying economic structure, since some are predominantly oriented towards primary and others towards secondary or tertiary sector, it might be expected that the regional repercussions of accession will be uneven and that economic division will appear. The reduction of this economic disparities is a target that has been made explicit in a number of the treaties that lay out the European legal framework, especially in the latest one, in the Treaty on the European Union (the Treaty of Lisbon, 2007) and an increasing part of the EU budget has been directed towards this objective (as 2021-2027 budget formula shows, the cohesion policy aims to support less developed regions to access financial support in a more flexible, simplified manner). A relevant review on the positive, negative as well as neutral impact of structural funds on regional convergence have been carried out by Kyriacou &Sagales (2012). The two choices mentioned above influence the level to which these repercussions and this division will affect the balance needed for the Union to function properly and the members' opportunity to develop equally. If a candidate country pushes for membership even though structurally it is not ready yet, this economic division will also lead to the creation of a socio-political one. The Euroscepticism that has gained a lot of momentum in the past few years, but which has been around ever since the Union was first created, has roots in this division because the economic disparities that seem to have been wrongfully tackled over the years by the European leaders have led to the creation of different societies in which the citizens that are supposed to be equal have access to different technologies, opportunities, and living standards.

From the economic perspective, the main costs of the membership include, among others, expenses related to the adoption of all EU norms and standards by enterprises, that might threaten the domestic producers' market position, the reduced autonomy in countries' decision making process, the potential loss of highly skilled labour force (impact on the quality of medical services, educational services or R&D output), the total cost of industrial re-structuring towards innovation, the high cost for *hard* and *soft* infrastructure. At the same time, the benefits for entering the European Monetary Union (EMU) are mainly connected with the five Maastricht criteria (low interest rates, low inflation, stable monetary policy, stable exchange rate policy when we utilize one common monetary policy and one currency, strict budgetary policy – limited debt/GDP and deficit/ GDP ratios), while EMU participation is related with costs for improvement of legislature, costs of compliance with European principles, and costs for total modernization of the industrial potential (Bitzenis , 2006, p.21).

Nevertheless, we cannot ignore that the 2018 Spring Eurobarometer focused on Europeans' support for EU membership revealed that "two thirds of Europeans believe their country has benefited from being a member of the EU, the highest percentage since 1983 and an increase of three percentage points since the autumn (2018). In addition, 60% of Europeans consider EU membership a good thing"[2]. If we refer to Poland and Romania, these countries could be considered *European enthusiasts:* Eurobarometer surveys from 1995, 1997 and 2002 revealed that the support for EU was high in Romania, 85% and Poland, 76.2%. Still, in 2019, the support for EU decreased to 54% in Poland and 52% in Romania, according to the last Eurobarometer on this matter[3].

2. Regional disparities in the EU

The issue of regional disparities is of high importance on the EU's political agenda and the public debate, and it benefited from the researchers' interest in the last decades.[4] The overall convergence, on the one hand, and persistent or even increasing spatial concentration/agglomeration, on the other hand, have been investigated as the most relevant processes meant to tackle the regional inequalities in Europe. In order to address these inequalities and to strengthen the social, economic and territorial

[2] More details on the Eurobarometer results are available here: https://www.europarl.europa.eu/news/en/headlines/eu-affairs/20180522STO04020/eurobarometer-survey-highest-support-for-the-eu-in-35-years
[3] More on Eurobarometer, 2019, available at: https://www.euroskop.cz/gallery/106/31937-first_results_overall.pdf
[4] See the extended literature review carried out by Andreas et al. - *Regional Disparities in the European Union: Convergence and Agglomeration*, 2005.

development, the EU launched the cohesion policy, that targets, with no exception, all regions and cities in the European Union and it’s an expression of solidarity between Member States.

While analysing the performance of EU states, it has been noticed that the disparities in per-capita income between the regions are decreasing. It seems that

“*the reduction of income disparities is a phenomenon between nations not between regions within the EU countries. National events, networks, institutions, infrastructures, policies and macro-economic conditions determine the growth path of countries and their regions, even if there is considerable regional variation on this path. A major cause for that variation is the fact that urban areas keep, and in many cases even improve, their position at the top of the regional income hierarchy*”. (Andreas et al., 2005, p.21).

Still, Böröcz (2012, p.119) argued that the economic success that the Union has managed to achieve in the past few decades and the economic growth that it has attained in its poorer countries will never be able to fully eliminate these economic disparities. For this, he invoked complex reasons such as the historical background, the neighbouring influences, the poor management of the policies or the natural evolution of the economy. Aggravated by various political contexts and alleviated by a series of good and innovative economic and political measures, these differences still persist and represent an incentive for Euroscepticism, deepening the division both between the East and the West and that between the regions of one country, and fracturing the consolidation of the ‘European Identity’. In their analysis, Amandola et al. (2016) consider that the main reason for the persistence of regional disparities in Europe seems to be the structure and composition of labour markets, as well as localisation factors. The latter are also investigated by Török (2019), arguing that regions with urban centres benefiting from a better connectivity perform better in terms of catching up processes.

In order to better understand the persistence of the lagging behind phenomena in former communist countries’, we consider the following question: Is the difficulty in addressing the economic disparities given mainly by already existing economic differences between the European states before accession?

Despite the economic and strategic potential that the Eastern Bloc countries had, there were several obstacles regarding their possible integration in the Western establishment. While the countries of the West continued to flourish economically, the Eastern states remained underdeveloped industrial nations that required serious investments and societal reforms in order to meet the Western standards and the EU accession criteria.

“*The EU did not initially seek to play a large and direct role in reshaping the region’s post-communist economies, and yet its commercial attractions were so large that it was very soon an active* *participant in discussions about a wide range of CEE countries reforms. This reshaping process was to come gradually, following the chapters of the acquis communautaire. Almost all of them included, at that time, and still do, provisions that touch on the economy as a whole, and around 2 thirds are directly concerned with economic particularities, such as trade policy, single market rules, agriculture, structural funds, competition policy, enterprise and industrial policy*. (Epsteing & Jacoby, 2015, pp.6-7)

Regardless the remarkable progress, some economists argue that although the EU membership enhanced the wealth of the Eastern states, it has not yet been proven wealth equalizing effect, as, while it has erased some power asymmetries and differences between the historically divided East and West, it has institutionalized others, including the economic sector, creating, once again, "a high degree of Eastern dependence on Western fortunes" (Epstein & Jacoby, 2015, p.2).

3. EU financial support for reducing regional inequalities

The Structural and Investment Funds are the main financial instrument used in the implementation of EU's cohesion policy. They are meant to reduce the economic and social disparities between the regions of EU by promoting and financing projects and initiatives that support job creation, economic growth, an improved quality of life and sustainable development.

Funded directly from the EU budget, to which all member states contribute to, their aim is not to replace the regional and local investment policies adopted at the national level, but rather to supplement the funding schemes intended to enable the beneficiaries to set more ambitious, yet achievable, objectives for their reform programmes. They work on the basis of reimbursement of project cost, not by pre – financing project initiatives, and a project's eligibility depends on whether it first managed to secure matching funds from other sources, that can be either private or public and that come from the national, regional or local level.

Moreover, the eligibility for regional aid is also directly related to the countries' and regions' level of economic development. Transfers from the Structural Funds are handed out at the regional level and are mainly directed towards projects that build up the productive capacity of regions (SMEs development and infrastructure improvements). Eligibility for transfers from the Cohesion Fund in particular is also determined in accordance with the per capita income (countries that are below 90% of the EU average GDP qualify), but, in contrast with the rest of the Structural Funds, they are allocated at the national level and are mainly designated for large public investment projects. (Swinnen, 2003, p.3). These funds are jointly managed by the European institutions and the member states, each having a specific responsibility in the allocation and implementation processes.

At the European level, the European Commission is responsible for drafting the budget and for proposing regulations related to the spending of the funds, that are afterwards amended and voted upon by the European Parliament and the European Council. Once the framework is ready and agreed upon by all parties, the European Commission directly negotiates with the governments of the member states on their specific plans to spend the funds. The same institution, alongside the appointed national agencies, is also responsible for monitoring the implementation processes. In addition, the European Court of Auditors has the power to review the use of these funds in the member states and can audit any person or organisation handling these funds.

At the national level, "governments, in partnership with other stakeholders, such as regional and local government, are responsible for preparing the strategy that selects the priorities, instruments and performance indicators for the delivery of the EU Structural and Investment Funding programme in the country" (How to access EU Structural and Investment Funds: an ESN Guideline for public social services for 2014 – 2020, 2004. p.9*)*. This strategy is also negotiated with the European Commission in the form of Partnership Agreements at the start of each programming period. Each Partnership Agreement has an Operational Programme that contains action plans for how its strategic priorities will be implemented within the multi-annual financial period. These Operational Programmes can be regional as well as national, depending on the administrative structure of the country.

At national or regional level, managing authorities are appointed to administer the implementation of EU Structural and Investment Funds. They also publish calls for project proposals on the basis of the Operational Programmes, select the projects that are to receive EU co-funding and monitor their implementation, regularly reporting back to the European Commission. A certifying authority and an auditing one are also appointed by Member States to monitor whether the project applications comply with EU regulations. This lengthy and complex procedure is meant to assure the proper handling of the funds and the avoidance of any fraudulent act.

The main objectives of the 2014-2020 multiannual financial programme were focused on enhanced support for job creation, access to education and training programmes, incentives for R&D activities in SMEs, environment protection initiatives or improved transportation networks. For 2021-2027, the 5 main objectives refer to innovative and smart economic transformation, greener, low-carbon Europe, a more connected Europe, a more social Europe, and a Europe closer to citizens.

In a study conducted in 2010, the authors examined the extent to which political considerations influence the allocation process. It was concluded that this influence does exist and it correlates with the 5 objectives of the cohesion policy. The same authors expressed that "*the left – wing government and the more EU – sceptical countries get more objective 3 and 4 and 5 funds, but* *they get less aid through objective 2… More secure national governments get more objective 1 funding, while more secure regional governments tend to receive less funding through objectives 1, 3 and 4 and 5".* (Bouvet & Dall'erba, 2010, p.523).

4. The road to EU membership. A comparison

a. The Polish experience

The overwhelming level of popular support that the envisioned membership received from the Polish population (more exactly, according to the 1997 Eurobarometer, 8 years since the communist regime collapsed and 3 years since the country formally applied for EU membership, 63% of the population was in favour of the accession) was perceived at that time by academics as contradictory to one of Poland's most relevant traits, its concept of national identity and its citizens understanding of it, which, in comparison with other Eastern European countries, throughout its history and especially at the end of the 20th century was "a source for individual identity" and a "base of social organization" (Bokszanski, 2002, p.242).

Historically speaking, apart from the cultural similarity regarding the shared religious beliefs and practices, throughout the years, Poland perceived the West simply as a distant and cold neighbour, which, although powerful, was unworthy of compliance with aside from an economical point of view, as its internal societal and political organization seemed too idealistic and its foreign policy too self-centred and ambitious. Although it was subjected to western influences, as the Occidental countries sought out themselves to spread, by force or by will, their ideas and understanding of the society and of the state, these influences were balanced out, and sometimes even toppled, by their Eastern, and more specifically Russian, counterpart.

A little, yet quite muffled criticism initially came from the people that considered the West in general as over – regulated and the Union in particular as over – socialized and over – bureaucratic. Their political representatives, who argued that the most urging problems that the Union faced at that time, such as its unemployment rate or the common market inconsistences, were the result of too much regulation, were soon voted out by the enthusiastic, pro – EU population (an example would be one of the candidates in the 2000 presidential elections, Jan Lopuszanski, who received less than one percent of the votes mainly because the central element of his presidential campaign was the opposition of Poland's accession to the EU (Kochanowicz, 2001)- his slogan was *Europe – Yes, European Union – No* (Szczerbiak , 2012, p. 164)

As the country preceded with the accession negotiations, and as its economic and social restructuring as a condition for membership became a reality (as Poland's most important short – term tasks defined by the Council of the EU in 1998 were the development of the financial sector, the acceleration of the privatization of state enterprises, the development and the implementation of a restructuring programme for the heavy industries, the increase and strengthening of the standardization and certification processes, the protection of intellectual property, the strengthening of the state assistance and of the public procurement, the creation of an effective system of border control and the implementation of programmes intended to develop the rural areas and to protect the environment a number of projects and programmes were launched in order to ensure the needed and requested progress in these areas – 'The National Programme for the Accession to the European Union', 'The National Strategy for Integration', 'The European Strategy of the Government of the Republic of Poland"(Tomaszewski, 2015, p.75) - and various institutions responsible with the implementation of the requirements of the acquis communautaire were also set up – the Committee of European Integration, also known as KIE in Poland, and its executive body, the Office of the Committee of European Integration, created in August 1996, was in charge of the coordination and the administration of the processes of acquisition and usage of the pre – accession funds; the Commission of the European Law and the European Legislation Committee, created in 2000, were responsible with the harmonization of the EU and the Polish legislation – ; overall, by the date of the accession, Poland adopted 322 adjustment bills and 802 executive acts (Tomaszewski , 2015) the public support incrementally decreased. Moreover, the fear that Poland would not be able to successfully cope with the accession process and that it would have to pay huge social costs, all while important sectors of its economy, such as the agriculture, the banking – sector, the state – owned heavy industry or the SMEs would be under the threat of the EU requirements has begun to enter the public debate. In April 1998, in a poll conducted by the Centre for Public Opinion Research, 30% of those interviewed cited the potential negative impact that the EU membership would have on the Polish economy as the most important reason why they were against Poland's accession to the EU (Wike et al, 2019), allowed the Eurosceptic discourse to gain momentum and to take the lead in the process of shaping Poland's EU membership.

Despite the 'tough' negotiations that followed this change in perception and in strategy, they seemed to have only created, both on the European level and on the national one, an impression that "Poland is negotiating with an enemy and that the EU membership is a regrettable necessity rather than something to be sought out positively"(Szczerbiak , 2001, p.113) and which were a prequel to the European integration model that Poland took on in the following years, and also despite the lack of trust that the West itself had in the true democratization of Poland ("from time to time it irritated foreign observers, who noticed a growing importance of populist and conservative Right, anti – Semitic incidents, a backward agriculture, the Church presence in politics, or the troubles caused by Polish criminal elements in Western countries" (Szczerbiak , 2001, p.114)- and in its capacity to be fully integrated in the Union's core systems, in 2004, 10 years after it submitted its membership application and 6 years since the accession process started, Poland, alongside 9 other former Eastern satellites, officially joined the Union, having absorbed up until that point, from the pre – accession funds, firstly 1.75 billion euro between 1989 and 2000 (only 70% out of the total 2.5 billion euro that Poland received from the Union; 30% of the sum was withdraw by the EU due to the fact that they were used in ill – conceived and poorly executed Polish projects – OCHA Services) and secondly, 467 million euro between 2001 and 2004, money that financed projects related to the development of cross – border cooperation, the stimulation of SMEs the fight against structural unemployment, the preservation of the environment, the modernization of the farming sector and that of the justice and administrative ones. Thus, it transformed Poland's backward economy, sprouting an impressing economic growth, job creation, increased wages and a decline in the poverty rate, playing a decisive role in gaining 'the European Tiger' (*Poland: Europe's Economic Tiger', V4Report, 20 December, 2018*).

b. The Romanian experience

In the case of Romania, its historical ties with the Western countries have been critical in the creation and the consolidation of the current state, while the West played a decisive role as a 'protector', a 'safe net' or even as an 'insurer of fairness' (the union of the Romanian territories, the recognition of the national independence, the two WWs and their aftermath, etc.). This type of interaction led to a different dynamic than that between Poland and the West, one in which the inferior – superior narrative was preserved and even encouraged by both sides, not just by the West, as one (Romania), from a historical perspective, was not able to properly develop without the indirect help or the direct participation of the other (the West), and not necessarily because it was not politically allowed to do so.

Therefore, when the opportunity of a revitalized and renewed connection with the West, one different than the one experienced during Ceausescu's administration, came along after the fall of the communist regime in 1989, Romania, despite the internal turmoil caused by the sudden change in the political and economic systems, expressed a clear commitment to join international bodies (the Council of Europe, NATO and the European Union) and to emulate policies (Łapaj-Kucharska, 2019, p.65), officially applying for membership to EU only a few years later, in 1995, when a common position between all the major political forces was reached – the so-called Snagov Declaration- Aron, 2009, pp.43-54). In accordance with the monitoring reports of the European Commission, released before the start of the pre – accession period, the candidate countries were subjected to a compared analysis that measured their readiness to join the Union by 2004, an analysis based on the so called

Copenhagen criteria (stability of democratic institutions, functioning market economy and ability to take on the obligations of membership). The analysis was focused - a. on the basis of a problems that had to be solved before accession and b. aspects that might freeze the accession if left unsolved despite the preliminary positive decisions, summarized in a hierarchy of the candidates' scores presented in 1997 in the Luxembourg meeting of the Council of Europe, Romania ranked second to last due to its slow progress and transition to a democratic country and to a market economy (Cace et al.,2010, p.81), scoring 13 points out of 40 (the countries were evaluated not by their capacity at that specific time to be ready for integration, but in terms of their capacity to be ready in the beginning of 2004).

Table 1. Country scores in relation to the Copenhagen criteria

Hungary	33
Poland	32
The Czech Republic	29
Slovenia	25
Estonia	24
Slovakia	23
Lithuania	19
Latvia	18
Romania	13
Bulgaria	10

Source: The Council of Europe, 1997

One of the most concerning aspects that consolidated the idea that Romania will not be able to join the Union as fast as the rest of the former communist countries was the fact that, in spite of the financial aid that it had received from the Union in the form of pre-accession funds, by the spring of 1999, the country was facing its deepest economic crisis since the collapse of the communist regime. The effects of the crisis were vividly reflected in macroeconomic terms in the two consecutive years of falling gross domestic product (according to https://countryeconomy.com, the GDP reached a figure of 42,543 million dollars in 1998, increasing with only 6,899 million dollars in comparison to the previous year), industrial output and investments, as well as in the 'abnormally high' current account deficit of 1998 that reached an amount of 3 billion US dollars and which ultimately contributed to the run – down of the reserves of the National Bank of Romania (Light & Phinnemore, 2001, p.127). These factors, combined with various debt repayments in the first half of 1999, numerous problems in securing credits from the International Monetary Fund and the possibility of a default in the payment of foreign debt, cast light on some deep systemic problems that the Romanian economy had, emphasising its lack of ability and therefore, slow progress in adopting and implementing structural reforms. This issue was also both showcased and aggravated by the country's slow rate of privatization of the large and medium scale industrial enterprises and of restructuring of public utilities, in particular that of the energy sector.

Moreover, at the macroeconomic level, and not only, Romania was also facing one of the highest levels of poverty in Europe (for example, in comparison to Denmark, an European country whose share of population at risk of poverty reached only 5% between 1994 and 1997(EC, 2002, p.135), during the same period, 42% of the Romanian rural population were under the relative poverty threshold, their whole percentage in itself representing 67% of the poor share of general population (Stănescu & Dumitru, 2017, p.6) caused, among other reasons, by the subsidization of inefficient and unprofitable industries out of the state budget which contributed to the inability of the state to finance a properly – working welfare system, and by the high level of non – performing loans which complicated the control over the money supply and over the foreign exchange market.

In the following years, as the economy recovered a bit with the assistance of the Union (during the first part of the 2000s, the economy experienced a 50% growth in real GDP while the employment only increased by 10% - by 2003, the year in which the GDP returned to the level it had before the country started to transition from an authoritarian political regime and a controlled economy to a democratic state with a market led economy, millions of jobs were lost), the situation did not automatically improved dramatically. With less than 40% of the staff working with European pre – accession funds having practical experience in this domain (in accordance to a study made by the European Commission in 2002, only 30% of the Romanian staff responsible with the absorption of funds and holding a Master degree in the field had the required work experience in covering analysis, drafting strategies and quantifying objectives; such low numbers were reflected in the low absorption rate of pre – accession funds and, consequently, in the slow development of the country and of its economy(Stanescu&Dumitru,2017, p.4), the slow development, doubled by the loss of millions of jobs (by 2006, when the transitioning period was supposed to be officially over, there were 4.5 million people fewer in active employment than in 1990 when 8.1 million people were working; in terms of the qualitative side, in the early 2000s, 2/3 of the manufacturing jobs disappeared while the migration of young, working age people became the norm (Sandu, 2018), came as no surprise.

Despite all of these issues, in 2007, 14 years since it firstly openly expressed its wish to become a fully – fledged Eastern partner of the Western bodies and institutions, 12 years since it formally applied for accession and 3 years since it gained the NATO membership, Romania officially became a member of the European Union, joining, alongside Bulgaria, the other 10 former Eastern European communist countries.

5. Membership and regional development. Poland vs Romania

After the completion of the accession process, in which the two countries made great use of the EU's financial instruments in order to boost their transition to functioning market economies, and in which they benefited from both knowledge transfer and technical assistance, Poland and Romania, now fully fledged members, were faced with a new challenge, that of the fostering of the socio-economic cohesion between them and their Western European counterparts through the planning and implementation of new national and regional strategies and contexts that would ensure favourable conditions for the absorption of new European funds and for their proper management.

In comparison to the past enlargement waves that were not perceived as so complex and risky, the ones in 2004 and 2007, offered the new comers a great opportunity to overcome the challenge mentioned above once the Union adopted a new financial programme for the period between 2007 and 2013, through which the whole Central and Eastern European region was allocated 50.6% of the total European budget for Structural and Cohesion funding, accounting for 174.6 billion euro (Țigănașu et al, 2018, p.2).

At the EU level, the aim of this particular financial framework was to meet three goals: (European Commission, 2007) *convergence* (81.8% of the budget), *employment and regional competitiveness* (15.8% of the budget), and *European territorial cooperation* (2.3% of the budget) – and, in order to provide as much help and assistance to the new member states and to make their process of accessing the money as efficient and fast as possible, 2007 was also the year when a complex system of very specific measures was adopted at all stages of the implementation of the cohesion policy (preparation, programming, implementation, monitoring and evaluation) specially for them, a system meant to fight against the various concerns that had arisen in relation to their absorption capacity considered to have been burdened by the major transformations that they had gone through (Țigănașu et al, 2014, p.164). In the end, despite these measures and despite the process of administrative reform that they have completed during the adoption of the acquis communautaire, the new members, with the exception of a few countries (Estonia, Latvia, Lithuania, Slovenia and Poland), registered a slow rate of absorption, lagging behind the older EU 15 member states, with an average rate of absorption of 33.1% in 2011(Țigănașu et al, 2018, p.2).

In terms of Romania's and Poland's performances during the 2007-2013 this financial framework, the difference was striking, showcasing the intricacies and the consequences of the two patterns observed and detailed in the previous pages. The former had the slowest rate of absorption among all the member states, new and old, both in 2011, when it managed to use only 16.9% of the funds, and in 2013, after two additional years of implementation by the n + 2 rule (if the funding in question has not been spent by that date, the Commission can withdraw future budget allocations; automatic withdrawals are made if funding is not spent, or requests for payments are not made, by the end of the second year), when it registered a 70.9% rate (Țigănașu et al, 2018, p.2). while the latter was the best performing out of the Eastern and Central European countries, even getting closer to the EU 15, with an absorption rate of around 95% (Țigănașu et al, 2018, p.2)..

Poland's success was calculated in the 76.4 billion euro from the Cohesion Policy, 39 billion from the Agricultural Policy and 4.4 billion from under transfers that it has received between 2004 and 2014[5], money that were used in the construction of "hundreds of kilometres of highways and express roads as well as youth sports facilities, modern sewerage systems, kindergartens and pre – schools"(Adekoya, 2014), while Romania's failure was showcased in the only 19.668 billion euro (12.661 billion euro as part of the Convergence objective, 6.552 billion through the Cohesion Fund and 0.4555 billion for the European Territorial Cooperation objective) that it has managed to attract (Mosteanu &Ibraim, 2007, p.3).

Therefore, there must be several of lessons that Romania, and not only, could take from Poland's interaction with the EU. Aside from this positive outcome in relation to the country's ability to access EU funds, its economic development was also due to both the success of its external economic policy, measured in the massive growth of its export sector (while the pre-accession Association Agreement established a free trade area between Poland and the Community, it excluded agricultural products and food, two categories of goods which export increased significantly once the membership was officially gained; between 2004 and 2014, the Polish exports to the EU almost tripled, increasing from 48.4 billion euro to 125. 2 billion euro, amounting to 4.3% of the total intra – EU exports and making Poland the 8th leading exporters in intra – EU trade (Eurostat); moreover, five years after its accession Poland recorded, for the first time, a surplus in trade exchange with other EU countries (Kolodziejczyk , 2016,p.13) and, in 2014, one in three – 32% - of Polish SMEs engaged in some sort of export activity (Ministry of Foreign Affairs 2014, pp.99-100) and in its substantial inflow of foreign direct investments (as a country's appeal increases with the EU membership, Poland accession to the EU, alongside its more than satisfactory economic results, has attracted foreign capital in substantial quantities, higher than the ones in other CEE countries during the period of the 2007 – 2014 European financial programme, top FDI inflows were recorded in 2007 and 2011, when

[5]Statistical data based on the Financial Transfers between the EU Budget and Poland available online at www.mf.gov.pl.

the amount of foreign investments reached 17.2 billion and 14.8 billion euro respectively[6]), as well as to the increase of the domestic demand and productivity levels[7].

Table 2. Net FDI Inflow to Poland between 2003 and 2013

Year	Value (EUR billion)	Year	Value (EUR billion)
2003	4.08	2009	9.34
2004	10.23	2010	10.50
2005	8.33	2011	14/89
2006	15.74	2012	4.76
2007	17.24	2013	2.20
2008	10.12	2014	no data

Source: Response of the Undersecretary of State in the Ministry of Economy to interpellation no. 21594 on FDI inflow to Poland, available at www.orka2.sejm.gov.pl

Table 3. Funds received by Poland from the European Union (in EUR) in the first 10 years of membership (May 1, 2004 –December 31, 2014)

Category	Amount
Funds from the EU budget	109.6 billion
Polish contribution to the EU budget	35 billion
Funds returned to the EU	143 million
Balance	73.3 billion

Source : own compilation based on the data published by the Polish Ministry of Finance for 2004 – 2014; available at : https://www.gov.pl/web/finanse

In comparison, at the time of the accession and in the year that followed, the Romanian economy was somewhat on "a strong, but unsustainable growth path" (Goschin, 2014, p.169), as the crisis that hit at the end of 2008 was aggravated and prolonged by the country's economic imbalances and weaknesses (Goschin&Constantin, 2010, p.164).

Therefore, as its first years as a EU member were marked by the long-lasting effects of the economic crisis, the expected economic advantages and developments were not necessarily met. An

[6] Kolodziejczyk, Katarzyna, 'Poland in the European Union: Ten Years of Membership', *UNISCI Journal,* Number 40, Warsaw : University of Warsaw, 2016, page 14

[7] Ibidem

example is represented by the FDI, which, in the case of Poland, played, as mentioned above, an important role in the balancing and consolidation of its economy. More exactly, in contrast to the expected innovation and growth that these investments usually bring, in Romania, “the industry high – tech FDI accounted for a very low percentage of the total and did not bring the sought – after technological advancement” (Zaman et al, 2011, p.34). Moreover, there was “a negative balance of trade for FDI – based enterprises over 2007 – 2010, an average ration of 1: 2 between reinvested and repatriated profits of those enterprises and an unsatisfying structure of FDI” (Goschin, 2014, p.170). Additionally, the regional disparities issue, interestingly enough, was not that much of a problem in Romania as it was in the Western countries, as it has entered the Union with a fairly “low level of regional disparities” (Goschin, 2014, p.170), but, in the years that followed the accession, this matter gained relevance as inequalities in terms of the overall development of a region, capacity to absorb EU funds and infrastructure have increased due to the fast development of the capital and of some major urban areas that benefited from more capital and human inflows. FDI are also considered a factor that deepened the regional inequalities, as were mainly concentrated in the already developed areas, such as the Bucharest – Ilfov region (Zaman et al, 2011, p.36).

In 2015, the absorption rate registered by Poland was impressive, 98.5%, compared with 70.9% in case of Romania. 4 years later, in 2019, Romania is still facing serious problems in terms of absorption of EU funds (only 24.34% for the regional programme in 2019, according to The Ministry of European Funds). For a more successful programming period, recommendations like: improving transparency, establishing performance criteria for consultancy firms, reducing the period of selection, contracting procedures and of evaluation, establishing the rules governing the access to Structural Funds and improving financial and management capacity, might improve the whole process.

6. Concluding remarks

Despite the generosity of the regional policy’s objectives, that were meant for sustainable development in all regions of Europe, the former communist countries that joined the club have approached and used in a different manner all the technical and financial support provided by EU.

Our analysis started from the economic advantages and disadvantages of EU membership from the perspective of a NM, continued with a focus on regional inequalities (the main research question “*Is the difficulty in addressing the economic disparities given mainly by already existing economic differences between the European states before accession?* is confirmed, and deepened in the last part of the article, that sketches two different models of integration, for Poland, respectively Romania. Despite the vast literature on the “Polish Miracle” and on the “lacklustre Romanian EU membership”, we needed to face the limited number of researches on the European regional disparities and patterns, especially those focused on the regional development in NM.

Still, the present article shed some light on these challenging phenomena, specifically on the historical attitudes and partnership with the West, the ups and downs of the use of funds for regional projects, the high performance registered by Poland in the last multi-annual financial programming period and the failure, in many respects, of the Romania’s capacity to absorb funds for regional development in all regions, except for Bucharest-Ilfov area, that are potential beneficiaries of the generous financial allocation of Objective 1- Convergence.

Further research and analysis are needed, and more transparency on the administrative processes might contribute to successful implementation of regional projects in the present programming period.

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