Examine the impact of EU enlargement on one member state.

The largest impact of the EU occurred in 2004 when 10 countries joined from central & eastern Europe. This brought the EU from 15 to 25 countries. By far the biggest of the new countries was Poland (40 million people), though other notable countries that joined then were the Czech Republic, Slovakia and Hungary. This enlargement had a major impact on Ireland - both economically and culturally.

The economic impact of EU enlargement on Ireland

Once Poland and other central European countries joined in 2004 workers from those countries were able to work legally in Ireland. Along with the UK, Ireland was one of the few EU states that completely opened its borders to workers from other EU states. In 2004 there was an economic boom in Ireland, especially the construction industry and there was a big demand for all types of construction staff. Many workers came from Poland, Latvia and Lithuania to work in construction, where they could earn higher wages than in their home countries. At the height of the construction boom in 2007, there were up to 400,000 Polish people living in Ireland. Apart from construction, immigrants from the new EU states also worked in the hotel and restaurant trade, agriculture, fishing and retail (shops). The more highly skilled workers found employment in manufacturing and services that required language skills such as Information Technology and call centres. Access to the highly skilled workers (especially those with language skills) was also important in attracting foreign investment to Ireland, e.g. Google.

The immigrants resulted in an expansion of the Irish workforce and paid income taxes and VAT, which resulted in higher tax income for the government. The increase in the workforce also resulted in more economic activity in shops and service providers. Also, the arrival of these workers helped to keep wages from rising too fast as during the boom wage inflation was becoming a problem in Ireland.

As per capita income (income per person) is much lower in central Europe
(on average 40% of Irish income per capita), many immigrants came here for the higher wages and planned to save money. The saved money was sent back to family in their home countries (remittances), where it was used to buy houses or start businesses. Polish workers sent home over 5 billion euros from 2004 to 2011.

As the Irish economy declined from 2008, many of the immigrants left Ireland to return to their own countries or go elsewhere. Some remained in Ireland as they still had work or could claim social welfare benefits here, which added to the unemployment problem that Ireland had from 2008 onwards.

The expansion of the EU to poorer states in central Europe has also had some negative impacts on multi-national investment. Ireland is now seen as a high cost location and some companies think it is cheaper to move factories to the new EU states where wages are lower. This has mainly happened in low end manufacturing such as computer hardware, Dell closed their plant in Limerick in 2009 and moved it to Poland. This resulted in 3000 job losses in Limerick, which was a major set back for the city.

The expansion of the EU has also meant a bigger overall EU market as there are now 500 million people in the EU. As the EU is a free trade area, Irish companies are free to provide goods and services all across this market. Access to this market is important in attracting multi-national investment to Ireland.

The Cultural Impact of EU enlargement

The influx of immigrants from 2004 onwards was a new experience for Ireland. Traditionally, Ireland had been a place that people left through emigration. From 2004, immigrants came to Ireland with new languages and cultures, which changed Ireland. The largest group of immigrants were Polish people and they had the greatest impact on culture. Many towns in Ireland began to see Polish Shops, where immigrant Polish could buy Polish produced goods and specialities. In many parishes, Mass was provided once a week/month in Polish by Polish priests. Some immigrants brought their families and the children went to school where they had to learn English.
For many immigrant children, learning English was difficult and schools had to come up with new systems for teaching English to non-native speakers. In some schools, special English language teachers were recruited to teach the children of immigrants. Finally, the arrival of the immigrant children in Irish schools resulted in an increase in the number of languages being taken at Leaving Cert as Polish, Latvian and Lithuanian became exam subjects.

Apart from education, the arrival of immigrant from the new EU states has resulted in a greater variety of goods being sold in supermarkets and a greater variety of restaurants. Also, there are newspapers that publish in Polish and Irish people have greater interaction with people from other EU countries. In some cases, there has been inter-marriage between Irish and immigrant people, which may result in bilingual families where one parent is Polish and the other is Irish.

The Political Effect of EU enlargement

The enlargement of the EU to 25 countries in 2004 (and 27 in 2007 when Romania & Bulgaria joined) has resulted in changes in the way the EU operates. Originally, these changes were meant to be in a new “constitution” for the EU, however this was rejected by voters in France. Instead, smaller changes were introduced, the main one being a change to the voting system used when the various heads of government meet in Brussels. Previously, each country had a veto (one country could stop a change or new law), however with 25 countries many felt that the veto system would slow down the EU. So, the veto was taken away in certain areas, e.g. trade agreements with other parts of the world and replaced by qualified majority voting (two thirds of the countries with at least 60% of the population). This change has reduced the influence Ireland has at EU meetings, though the “veto” still applies to changes to taxation laws. This is important in protecting Ireland’s low corporation tax rate.