

# Exploring Liechtenstein's and Poland's Perspectives on European Integration



# Dependent Market Economies in East Central Europe

– Differentiated European Integration Perspective

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# STRUCTURE

INTRO

DIFFERENTIATED INTEGRATION

DEPENDENT MARKET ECONOMY

EMPIRICAL DATA presentation & analysis

CONCLUSIONs

# European Integration DIFFERENTIATION

derogations                      opt-outs

exemptions                      transitional periods

enhanced cooperation

constructive abstention

special clauses

additional protocols

# DIFFERENTIATION

*Europe a la carte*

flexible integration

multi-speed Europe

Europe of variable geometries

concentric circles

hemispheres

# - socio-political -related factors

## ⊗ H1

Differentiation increases in polities with proportional more Euro-skeptic citizenry than Euro-friendly population.

## ⊗ H2

Strong Euro-skeptic political actors (politicians, parties, social movements, organized interests, etc.) affect the level of differentiation.

## ⊗ H3

Greater trans-border agreement (among the citizens and political elites) about the shared values, norms and objectives of the European integration project will decrease differentiation.

# - economic structures and drivers

H 4

More intra-EU trade (of goods and services) as well as capital and migration flows will result in more pro-integrative attitudes and less differentiation, whereas the less intense economic traffic within the block will result in more differentiation.

H 5

Economies with more similar parameters (level of development, social safety net, real convergence, etc.) will create a circle of less differentiation in comparison to the lagging behind economies.

H6

Economic utilitarianism (the positive balance of advantages and disadvantages, exemplified by budgetary transfers, trade balance, etc.) will affect differentiation positively.

# - issue-related factors

## ⊗ H7

Policy areas with higher integration-related costs will represent greater differentiation, whereas less differentiation will occur in sectors where less costs and risks are anticipated.

## ⊗ H8

Policy areas traditionally attributed to the nation states (and so perceived) will represent more differentiation in comparison to other policies.



# - time dynamics and legal-institutional junctures

## ⊗ H9

Periods of time following the critical junctures (as understood by historical institutionalism), like rounds of enlargements, treaty revisions or economic crisis, have resulted in the growth of differentiation.

## ⊗ H10

Institutional and legal innovations (new treaty frameworks, opt-outs, derogations, legal solutions beyond the EU system, etc.) open a window of opportunity for more differentiation

# QUESTIONs:

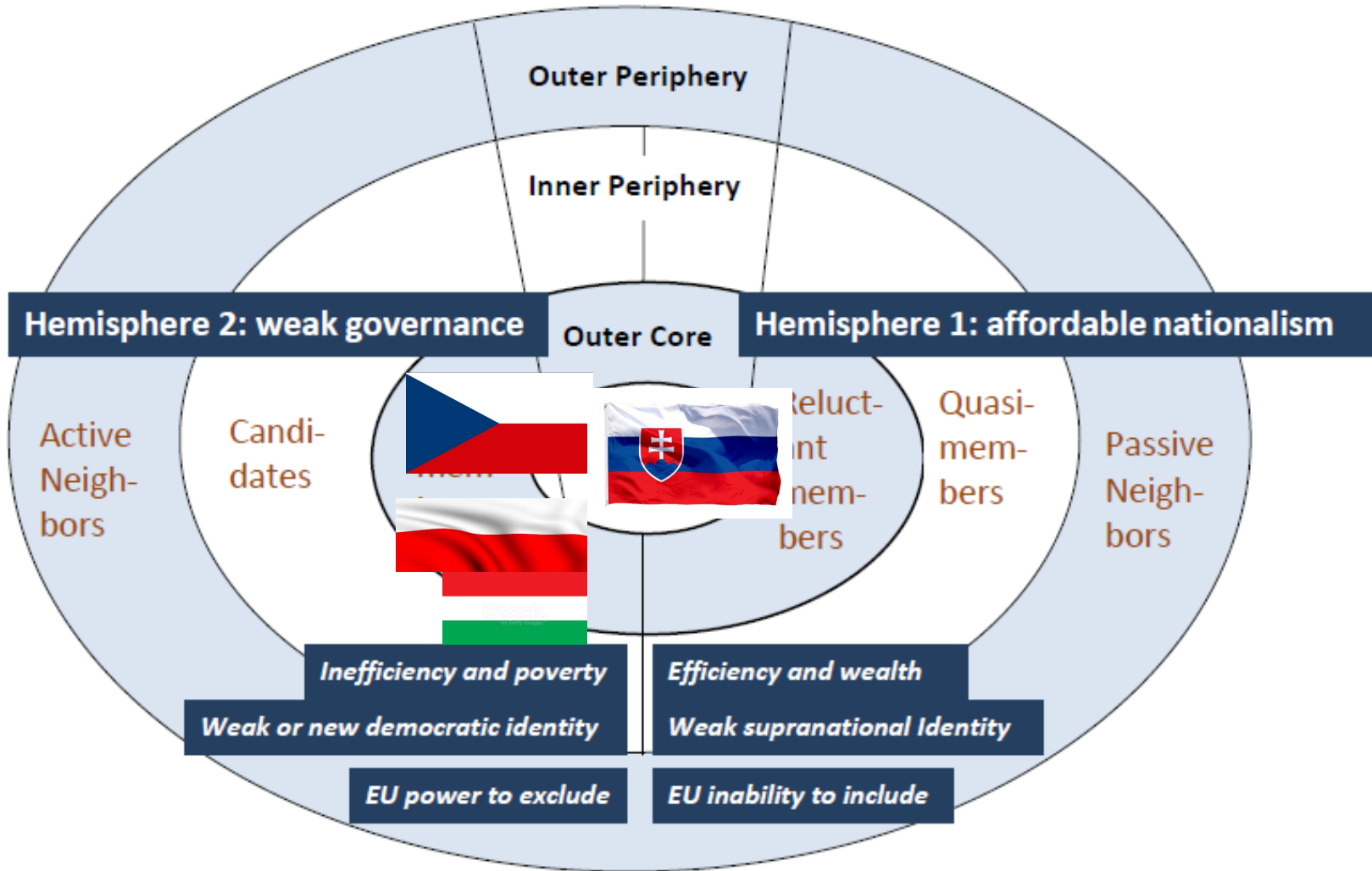
- V4 – as a coherent pole of integration?
- Economic "tectonic plates" determine the V4 position in DI?
- V4 countries following the same evolutionary path?



# SELECTED EMPIRICAL DATA

| country                        | POLAND | HUNGARY | CZECH REP | SLOVAKIA |
|--------------------------------|--------|---------|-----------|----------|
| EUROzone                       | 0      | 0       | 0         | 1        |
| Schengen                       | 1      | 1       | 1         | 1        |
| EPPO                           | 0      | 0       | 1         | 1        |
| Migration allocation mechanism | 0      | 0       | 0         | 0        |
| Pro-Russian Attitude           | 0      | -1      | 0         | 0        |
| Public opinion                 | 1      | 0       | 0         | 0        |
| RRF                            | 0      | 0       | 1         | 1        |
| Governmental Euroscepticism    | -1     | -1      | 1         | 1        |
| SUM                            | 1      | 0       | 4         | 5        |

*Circles and hemispheres of differentiated European integration*



# DEPENDENT CAPITALISM

- ⊗ Comparative Capitalism (CC) is a branch of institutional political economy intensively developed in the last two decades - Varieties of capitalisms (Hall & Soskice, 2001), Diversity of Capitalism (DoC, Amable, 2003).
- ⊗ CME - Coordinated Market Economy (e.g. Germany)
- ⊗ LME – Liberal Market Economy (e.g. UK)



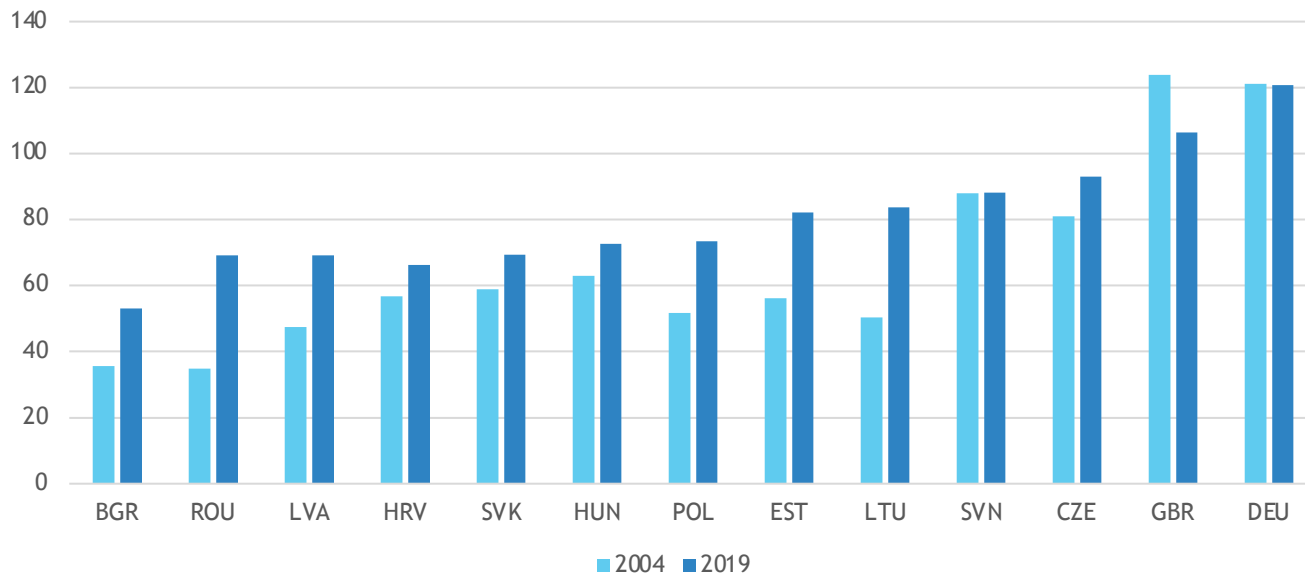
# Type of capitalism in V4 countries now and then

*Nölke and Vliegendaart (2005) proposed the Dependent Market Economy (DME) type for V4 countries in their analysis, which resonated strongly with the research theme of „middle-income trap” known from political economy literature.*

DME – parameters...



## GDP per capita, PPP in Central & Eastern Europe (as % of EU average) → „Club convergence”



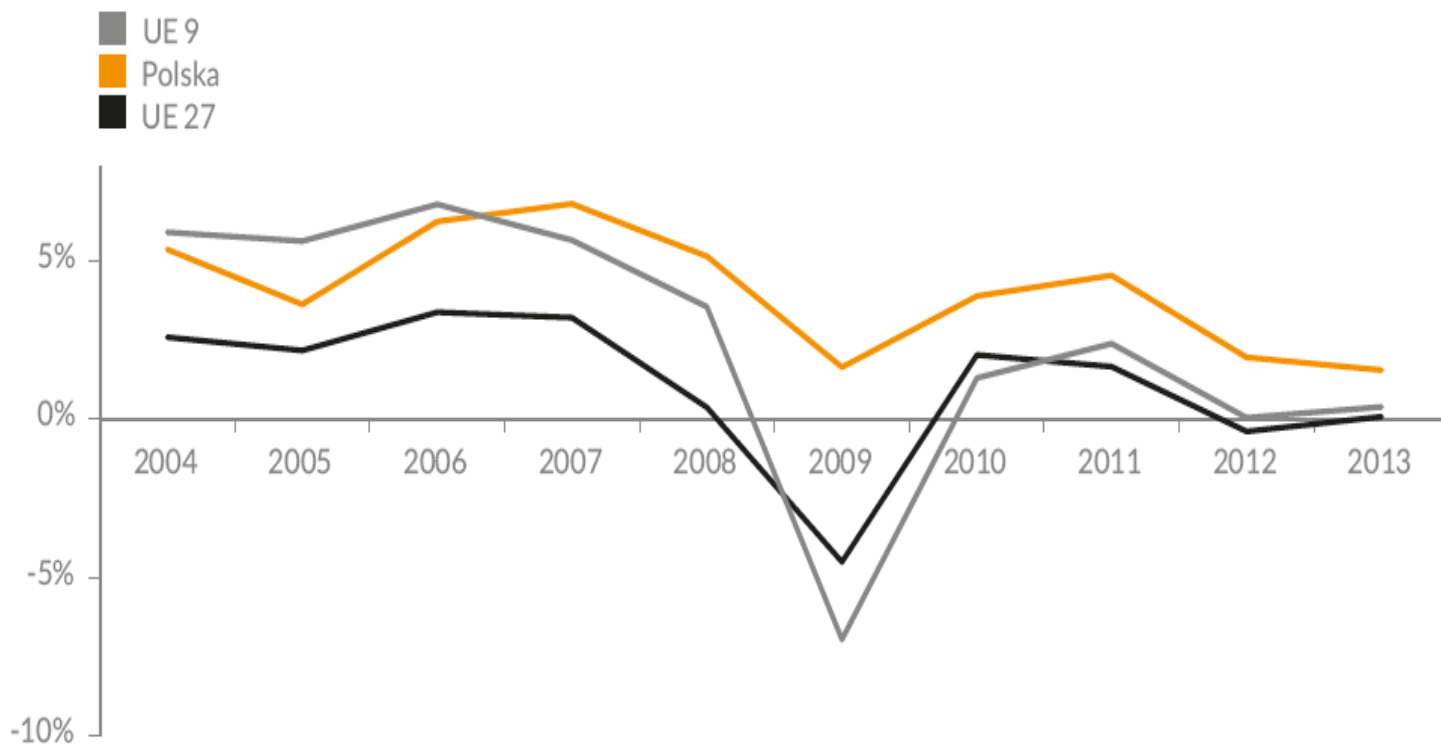
Source: own calculations based on World Bank data

# Business cycle synchronization, GDP annual growth (% change), 1991-2021



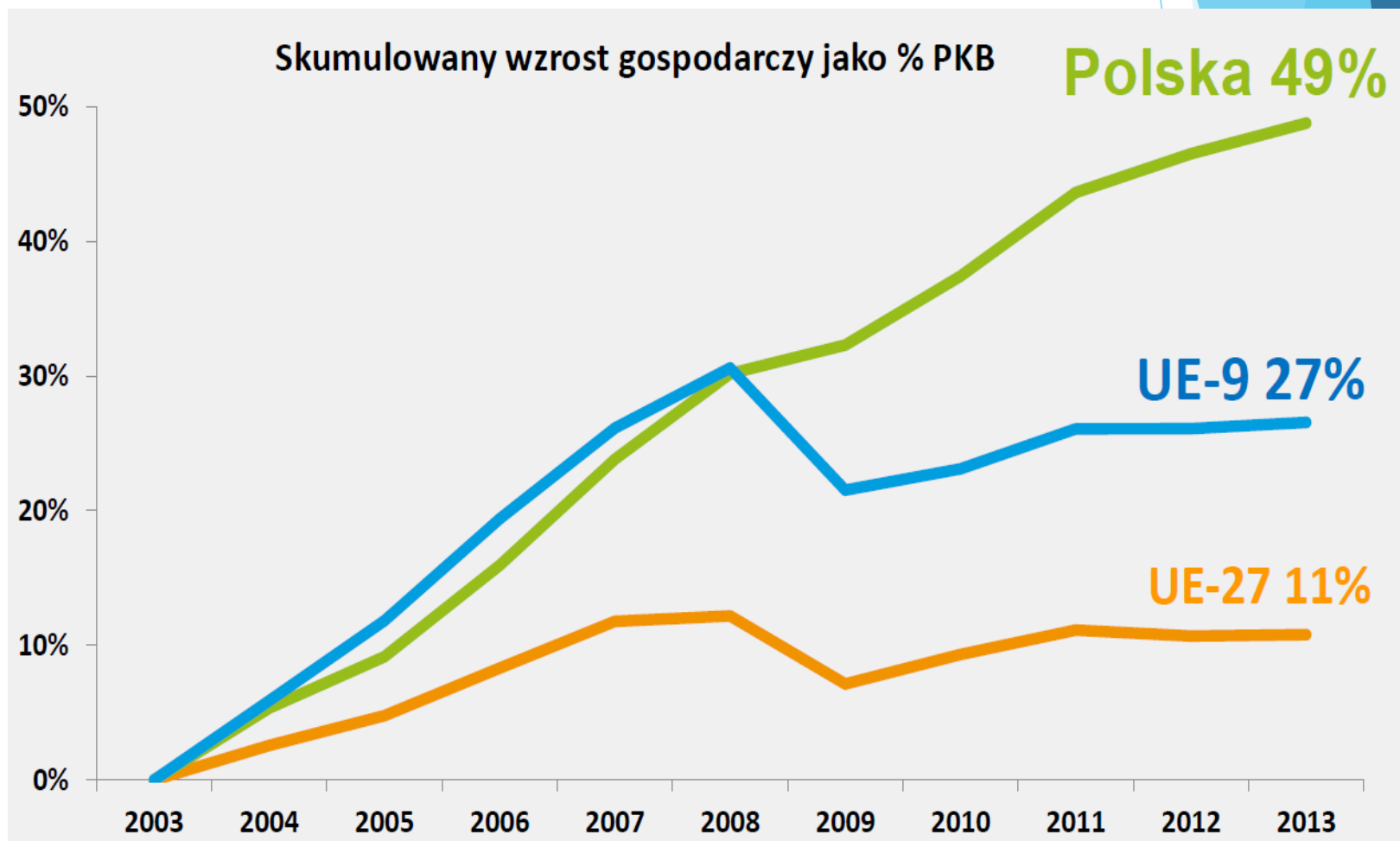
Source: own calculations based on World Bank data

# GDP growth dynamics (previous year = 100)



Źródło: Eurostat, GDP and main components; percentage change on previous period (stan na 24.03.2014).

# Cumulated growth

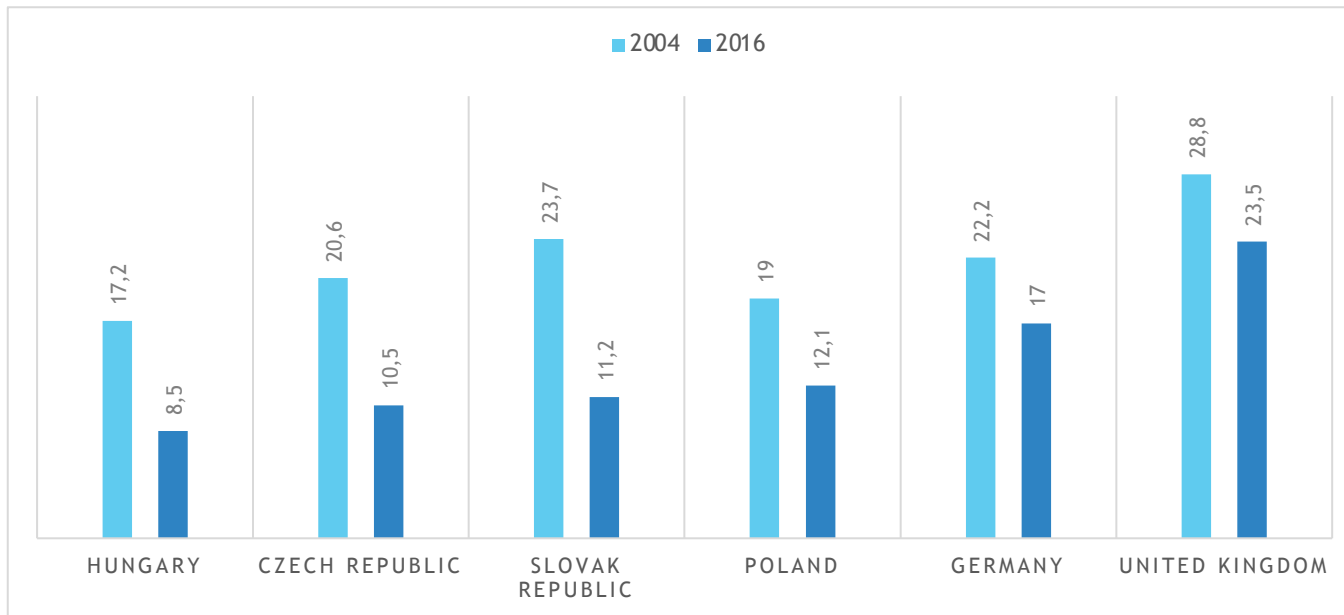


# Cumulated GDP Growth - EU member states from the CEE region



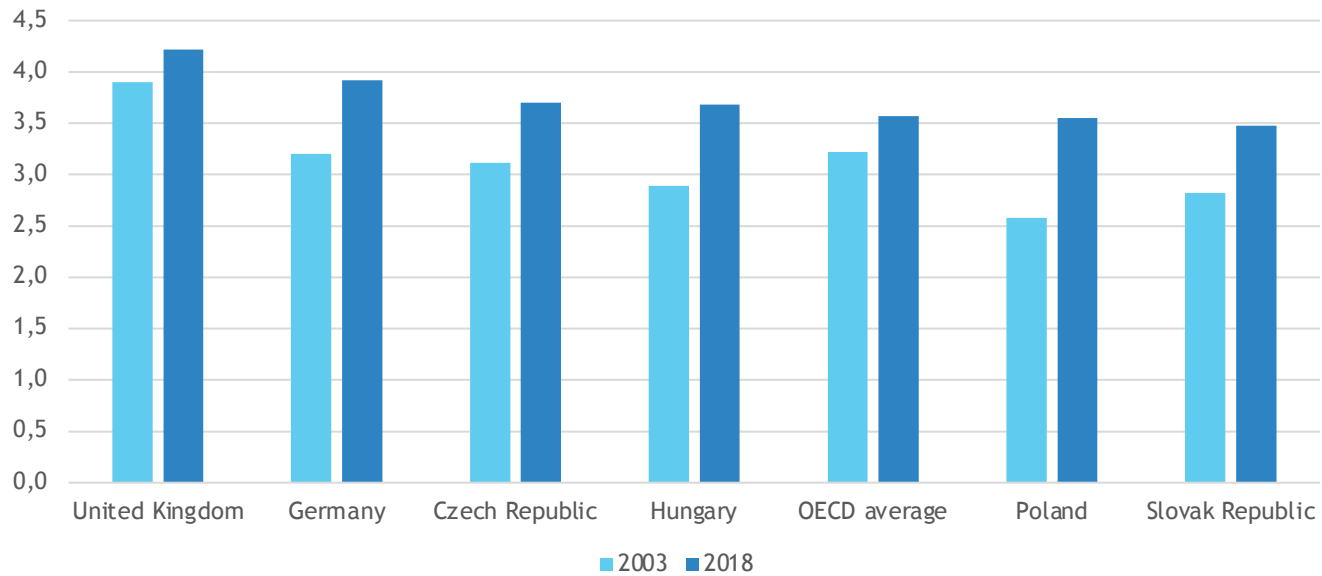
Źródło: Eurostat, GDP and main components (stan na 24.03.2014).

# Union density (% of employees)



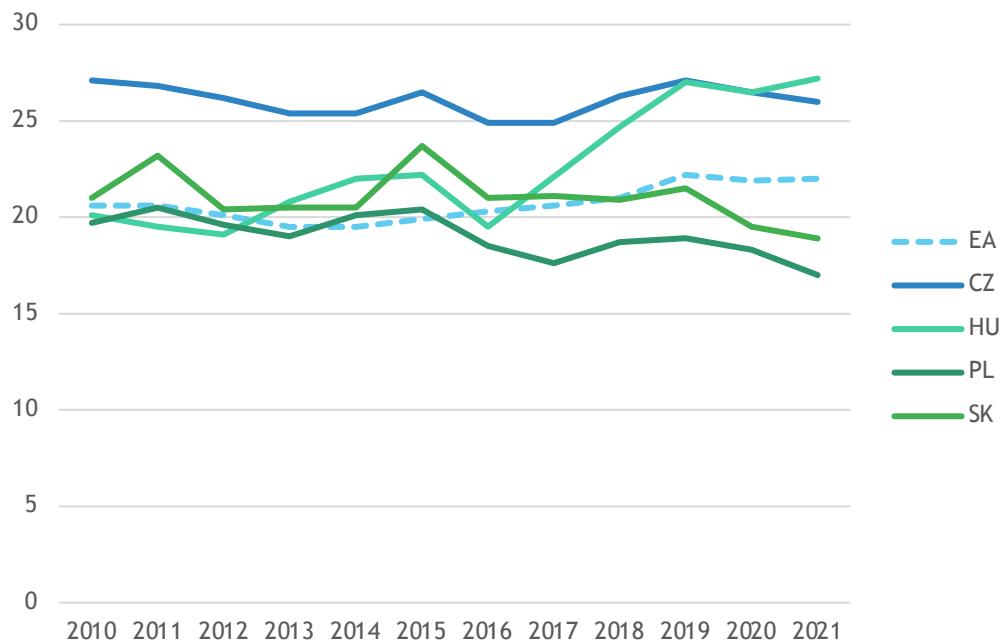
Source: ILO data

# OECD competition indicators (average, standardized)



Source: OECD data

## Gross fixed capital formation (private investments, % GDP)



Source: own calculations based on Eurostat data



# CONCLUSIONS

1. Economic factors correlate with the pro-EU orientation of V4 (?)
2. The three decades long trends accelerated / consolidated after the EU accession (more convergence less unity)
3. The crises as critical junctures (of some parameters)
4. V4 gravitates closer to the "Germanic" CME, but...
5. The end of DME?
6. UK is out – the missing pole or the "end of history" thesis ?



**THANK YOU**  
**for your attention**

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