

# Managing Enlargement

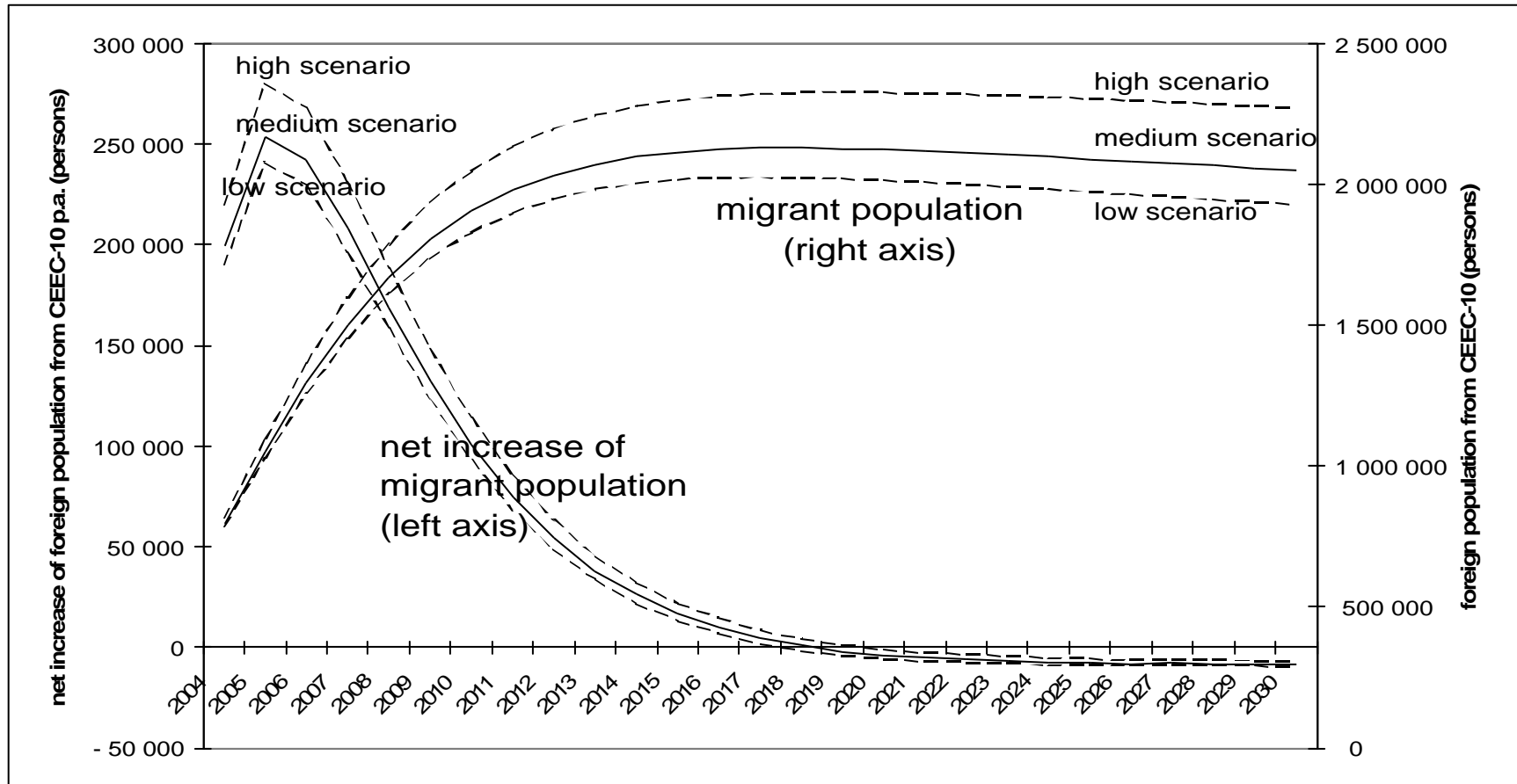
*Tito Boeri, Herbert Bruecker, Fabrizio  
Coricelli and Jacek Rostowski*

# Our proposals

- ***Migration***: EU-wide transitional quota from *any* NMS, at the “historical” levels (about 400,000 work permits per year)
- ***CAP***: Gradual reduction of the budget, de-coupling of direct payments from production
- ***Structural funds***: allocated to countries rather than regions and financed based on income gaps
- ***Euroization***: NMS should *not* be discouraged to participate in the EMU

# Option value of waiting

## Migration scenario for Germany, 2004-2030



# Net transfers in 2013

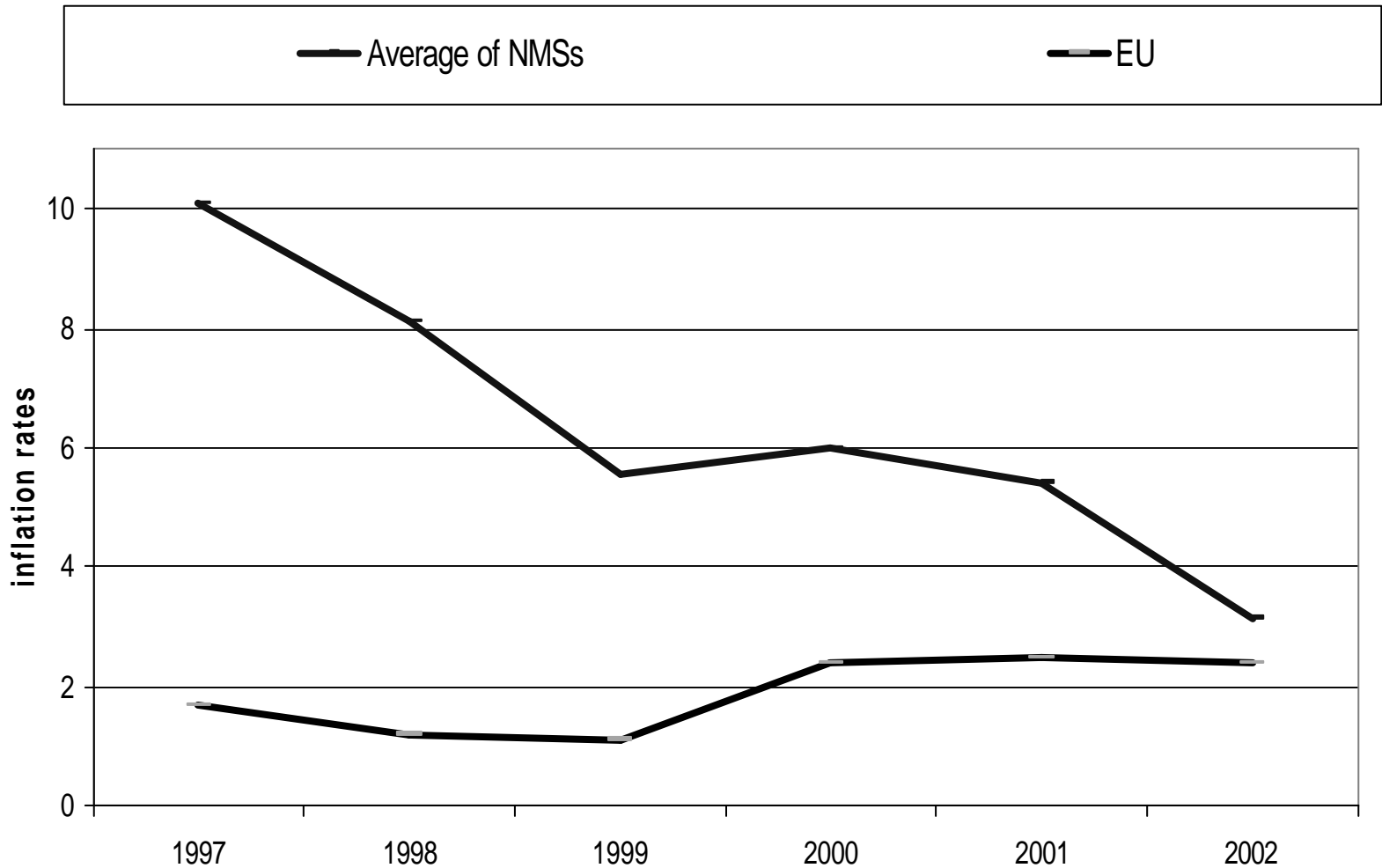
D B

**Table 1. Net transfers in 2013 (millions of Euro, at 1999 prices)**

	No enlargement	Enlargement	Difference
Belgium	-659	-1250	-591
Denmark	16	-425	-441
Germany	-6421	-12828	-6407
Greece	3261	2143	-1118
Spain	6308	1151	-5157
France	444	-3609	-4053
Ireland	1377	1201	-176
Italy	-242	-6121	-5879
Luxembourg	-83	-125	-42
The Netherlands	-908	-1757	-849
Austria	-165	-736	-571
Portugal	2172	353	-1819
Finland	-13	-356	-343
Sweden	-724	-1299	-575
UK	-4366	-8398	-4032

# Inflation Convergence

D B



# Method

- “Incremental-technical” approach to institutional reform may backfire
- Could just make it steeper the tradeoff between size and scope of the EU
- Better to deal immediately with fundamental political choices involved by Enlargement and by the economic integration: long-term design for a Constitution

# Inflation convergence between the CEECs and the EU-15

