

# FOREWORD

The European Union is now composed of 25 countries. This enlargement is the biggest that EU has known since the inception of the European construction. A radical change is thus underway, and it is of the utmost importance to understand its nature, the challenges it poses to both the existing EU countries and the acceding countries, and to devise its possible consequences. This special issue of *la Revue de l'OFCE* is devoted to these questions.

It constitutes an attempt to deal in a coherent way with the dynamic of enlargement but we have no pretence to be exhaustive, or to arrive at definitive conclusions. Our aim is to take a first step in the direction of a better understanding of the issues. To reach this goal, it seemed natural to the team in charge, to first try to describe the initial conditions in which the new EU countries are, in some important areas which are experiencing rapid changes in the existing EU countries: labour markets, the social protection system and in particular pension systems, the exchange rate regime, etc.

But the EU at large would have also to modify some of its institutions to smooth the enlargement process— i.e. the governing body of the ECB— and to reassess its main policies, in particular fiscal policy and structural funds policy. The latter raises the essential question of how much resource the EU is prepared to devote to the financing of the enlargement. Hence the EU has to rethink its way of functioning if it wants that all countries, “olds” and “news”, take the greatest advantage of the enlargement.

The question of modifying institutions and policies to adapt to this radical change is all the more important, that we do not know with confidence in what direction the enlargement will impact the economic geography of Europe. Will it lead to more convergence between Nation States, as the most optimists believe, or will it lead through the industrial specialisation process to a core-periphery division of space, i.e. a very uneven economic development inside the EU? Of course the outcome is not independent of the policies which will be implemented and thus of institutions.

We have decided to publish this issue in English, which is rather unusual for the *Revue de l'OFCE*, for an obvious reason. We are addressing questions which are of concern for 25 countries and we aim, in facilitating the readership of our journal, to improve our contacts and to open the debate with other researchers interested in the same issues.

I would like to thank all the authors of the papers gathered in this journal and in particular Jérôme Creel and Sandrine Levasseur who have taken the initiative and accepted the responsibility of being the editors of this special issue. Their determination and their dedication played an essential role in this venture.

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Special issue

