

## ENLARGEMENT OF THE EUROPEAN UNION: THE LONG TERM TRANSFORMATIONS TOWARDS EUROPE OF KNOWLEDGE

**Borisas Melnikas**

*Vilnius Gediminas Technical University*

### Abstract

This paper analyses the long – term trends of social and economic transition in Central and Eastern Europe under the conditions of EU enlargement and the processes of globalization. The general and specific trends before and after EU enlargement as well as in the future are described and compared. Some new non-traditional ideas and models of possible economic development in the future are discussed. The processes of development of integral European economic, social and cultural space, the processes of the creation of knowledge based society and knowledge economy are analyzed.

The following features of economic transition in Central and Eastern Europe in the period of EU enlargement and further globalization in the future deserve particular attention: intensive diversification of traditional economic structures, profound changes in all sectors of the national economic systems, creation of new forms of interregional cooperation in the new integral economic space; very uneven economic growth in the various countries, regions and sectors, increasing differences and disparities in economic and social development as well as between various groups in the society; intensive innovation processes taking various forms, and the realization of new models of innovation activities; controversial industrial development, very uneven technological progress, multiplication of high–technologies and new forms of industrial activity influencing the new quality life as well as new social and economic difficulties and problems.

### Keywords:

**Transformation, European Union, knowledge, economic development**

### Introduction

The 21<sup>st</sup> century is the age of increasingly developing transformations in the whole world and all spheres of life. Transformations embody the most important attribute of the modern époque; therefore, all relevant political, social, economic, technological, ecological and other issues should be conceived and approached as *issues of transformations*.

Analysing and identifying transformations, as well as subsequently influencing their course may be understood as *a very important area of the modern science*. Within this area of the science a number of *directions* can be identified, each of which may carry *specific orientations towards transformations of certain origin or character*.

A very promising direction for research is one dedicated to the transformations in the Central and Eastern Europe over the last 10-15 years, including the present moment and both near and more distant future. The transformations of this kind reflect on *creation of integral cultural space of a new type in the entire Europe*; where the priority feature for these transformations is development and enlargement of the European Union, determining key quantitative and

qualitative changes in the life of societies of all European countries and regions.

The *goal* of the research, dedicated to the transformations in the Central and Eastern Europe, is to reveal core *typicalities* in the political, social and economic development in these countries and, based on this, create preconditions for further *modernization* and *rapid progress* of the countries of the Central and Eastern Europe, with respect to new challenges, determined by common processes of globalization and development of the European Union. In the course of the research numerous complex tasks are to be completed:

- assess main trends of transformations in the countries of the Central and Eastern Europe prior to their integration to the European Union;
- assess main transformations that now manifest and may do so in the future in the *entire* European Union, with respect to the impact of both common processes of globalization and consequences of the development of the European Union;
- assess the idea of the creation of the integral cultural and economic space in Europe and

distinguish new issues that will inevitably arise and will have to be resolved.

### **Political, social and economic transformations in the Central and Eastern Europe as the object of scientific research**

Modern science understands transformations generally as *changes*, testifying a certain object or system to have acquired a new shape or a new state. This approach is rather *universal* and can find a great deal of evidence in many scientific studies. Incidentally, this concept is akin to the studies examining *economic transformations*, especially those showing transition from the close plan economy towards the open and liberal market economy.

Transformations can be quite *multi-faceted*, and this lets us classify them according various *features*. One of the possible ways to classify transformations is the following:

- a) transformations can be classified based upon their character:
  - *specific* transformations, including political, social, economic ones, etc.,
  - *complex* transformations, embracing various features of transformations;
- b) transformations can be understood as:
  - *quantitative*, where changes do not contain new features and where *previous* features are being added by new quantitative features,
  - *qualitative*, where changes acquire *new* features, and as a consequence of the changes *qualitative features of a new type* arise;
- c) transformations can be classified by their *hierarchy*, understanding their role in the entirety of various transformations:
  - transformations of global or more of general character,
  - transformations of *local* or *specific character* (randomly, the expression of *local* transformation may include transformations of *regional* character, manifesting in the *geographically confined area*, as well as transformations within a certain *time span*).

It would of course be absolutely natural to classify transformations and systems in different ways than this; however, the current approach towards variety of transformations has been implemented by completion of the complex research, dedicated to the transformations in the Central and Eastern Europe.

Transformations in the Central and Eastern Europe, as well as processes of the development of the European Union, have been analysed at a very broad and detailed extent. A very broad panorama of changes in the entire, especially in the Central and Eastern, Europe, has been given in scientific publications, dedicated to the transformations. It is also worthwhile mentioning that within the most

majority of scientific writings on transformations in the Central and Eastern Europe a certain one-sided emphasis can be observed. Unfortunately, *transformations* in the Central and Eastern Europe are frequently perceived as an *exclusive transfer* of the Western expertise (especially, the expertise of the Western Europe) to the Central and Eastern Europe: in these cases transformations are understood as promotion and implementation of the Western lifestyles in the East, and plain *adaptation* of these standards, applying local specificity of the Central and Eastern European countries. Importantly, in many cases the following factor is *ignored* – transformations in Central and Eastern Europe, and the development of the European Union *make great influence on the entire European Union*, and is a *crucial factor for* the changes both in Western Europe and the whole world.

Transformations in the Central and Eastern Europe should be perceived a part of a *complex* process, involving *transformations in the entire Europe and the entire world*.

Main elements of this complex process are the following:

- transformations, marking the “exit” of the Central and Eastern European countries from the close non-democratic system of the plan economy; these transformations that occurred over the last 10-15 years, showed readiness of the Central and Eastern European countries to join the Western world and “take over” the expertise of the Western world,
- transformations, marking the “entrance” of the Central and Eastern European countries to the European Union, their *adaptation* to the further development in the *integral* space of the European Union, as well as adaptation of the entire European Union to the new environment; these currently undergoing transformations, show common changes within the increased space of the European Union.

This approach lets us conclude that development of the integral cultural, as well as political, economic, informational and other space in Europe embraces several key stages, including:

- transformations in the countries of Central and Eastern Europe, prior to the integration of these countries to the European Union,
- transformations in the *entire* European Union, especially in the Central and Eastern European countries that have newly entered the Union (these transformations are intensely happening there).

A more detailed description of these stages enables deeper and broader understanding of the changes occurring in the Central and Eastern European countries in the *context of the development*

of the integral Pan - European cultural and economic space.

### **Transformations in the Central and Eastern Europe prior to the integration into the European Union**

While assessing opportunities and perspectives for further economic and social growth in the countries of Central and Eastern Europe, it is essential to consider a number of factors impelled by political, economic and social transformations, which took place in these countries over the last 15 years and are still on. Taking into account that transitions indicate a major trend of political, social and economic development of these countries, the states of Eastern and Central Europe are referred to as transition countries.

Political, economic and social development in the transition countries is characterized by some features common to all of these countries as well as by specific features characteristic only of some transition states. The ability to determine both *general* and *specific* features of transformations allows us to define the situation in a particular country, the priorities of its development as well as identifying and solving most urgent problems.

In determining *general* features representing major trends of political, social and economic development in a transition period, the following most important issues should be emphasized:

1. *Constant orientation toward the new quality life*, implying that in the period of transition the efforts are made to realize the norms, standards, ideals, and stereotypes of new quality life. The changes associated with the quality of life take place in the period of transition, which are aimed at changing life for the better. Thus, a new society based on such values as democracy, humanism and openness as well as declaring the priority of human rights, freedom and well - being has been formed in the states of Eastern and Central Europe in the time of transition.
2. *A complex character of transitions*, meaning that major changes are complex, embracing major areas of political, social and economic life as well as the development of modern technologies, environment protection, laws and other areas of social importance. A complex character of transitions may be considered one of the major features characteristic to the development of Eastern and Central European countries. In recent 10 - 15 years the qualitative changes have taken place in the political, social and economic structures of the society, while a new scale of values, life styles and priorities has been

introduced and a new social order combining the elements of Western democracy and some Eastern Europe's traditions has been established.

3. Moreover, the complexity of transitions in these countries manifests itself in versatile effects on various sides of life, which may be controversially assessed, because the results of the changes are not definitely outlined. *The uneven character of transitions* implies that social changes often take place as a leap forward from one quality to another. These leaps are also characterized by profound and sudden changes. It is important to note that in the period of transition the society may experience shocks, when the traditional values and priorities are suddenly rejected, being replaced with some new values, of which the people have only superficial knowledge not being ready to adopt them. In the transition period, the formation of some political, social, economic, cultural and ideological vacuum is usually observed in the countries of Eastern and Central Europe due to a sudden character of changes often accompanied by instability.
4. *Simultaneous and controversial character of transitions*, meaning that different transitions may and/or do take place simultaneously, being, however, conflicting and imbalanced. As a result, the situation arises when one kind of transition is contrary to the others, which in turn may cause problems and even stresses in the society. The experience of the states of Eastern and Central Europe provides a lot of examples of controversial transitions; when, say, social and economic changes contradict the political transitions, while the changes taking place in some countries of Eastern and Central Europe do not conform to the transitions occurring in other states or regions of the same territory. Such negative phenomena, hampering the advance of the above states, call for the idea of harmonizing the transitions of controversial character, implying balancing of different changes.
5. *The innovative character of transitions*, meaning that any transition accumulates some novelty. In the transition period, the innovative potential is intensely developed by providing conditions for innovative activities. The novel character of transitions may be expressed in two ways: first, the conditions are created for adapting well - known models and solutions to some situation in a new way. In this case, they are considered to be innovative. Second, completely new, previously unknown models and solutions are

made. In this case, these newly created patterns, having no analogues, are considered to be the innovations. The development of two types of novelties in the transition period emphasizes the importance of innovative activities for the countries of Eastern and Central Europe.

6. *A positive character of transitions*, implying that transitions yield positive results in most cases. In spite of the fact, that both positive and negative results are actually obtained in the conditions of transition, the predominance of positive results is a particular feature of transitions.
7. *The idealistic and disappointing character of transitions*, meaning that this period is characterized by the recurrence of "searching for the ideals - disappointment" cycles. The above cyclic character shows that at the beginning of transition the solution of urgent problems is usually associated with the achievement of certain ideals, while later the period of disappointment both in the very ideals and in the transition itself and its outcome, follows. For example, in the transition period in the countries of Eastern and Central Europe it was much expected from democratization and free market development. However, later, the community was seriously disappointed with the results obtained. At the same time, the cycles of "idealization - disappointment" demonstrate the maturing of the society in the course of transition as well as its adaptability to actual environment.
8. *Openness in the period of transitions*, meaning that the tradition of openness, publicity and "transparency" becomes established, makes it possible to develop democracy and free market economy. However, it is evident that the patterns of "the open society" being formed in the countries of Eastern and Central Europe do not completely conform to the long - standing traditions of openness existing in Western countries, especially in Europe. Nevertheless, the developing tendency of openness in the states of Eastern and Central Europe is generally considered as one of the major development trends in the transition period.
9. *Harmonization of objective and subjective elements*, implying that the character and orientation of transitions largely depend on a number of objective factors characterizing objectively existing background of political, social and economic transformations as well as on subjective elements, reflects on personal

interests, influence and lobbyist activities of various subjects (i.e. individuals, groups of people of various levels, clans, etc.). The above objective and subjective elements are characterized by certain degree of coordination and harmonization, therefore, the harmony of these two factors should be considered as a naturally determined phenomenon of the development of Eastern and Central European countries in the transition period. It should be noted that subjective factors play a particularly important role: the interests of individual persons, groups of people of various levels, clans, etc., have a considerable effect on political, social and economic development of these countries.

10. *Integrity and comparable character of transitions on a world scale*, meaning that local transitions are integrated into the higher – level transition systems. This indicates that the above transitions are of an international character, promoting the process of globalization as well as internationalization of political, social and economic development and demonstrating that they are comparable and can be coordinated at an international level. It may be stated that the transitions taking place in the countries of Eastern and Central Europe are of paramount importance for their integration into the global and international political, social, economic, as well as cultural and information structures, as well as being a factor contributing to the convergence of the mentality and lifestyles of the inhabitants of various countries.
11. *The resonance factor*, conditioning that transitions of various origin and nature could coincide in time. Therefore, the community has to endure a heavy burden of a number of transitions taking place simultaneously. The phenomenon of resonance indicates itself as the timing of political, social and economic changes causing a heavy burden on the community, which in turn may threaten its safety and stability.

The above – listed appropriate phenomena show *general* trends of transitions, which are universal and similar in all the states of Eastern and Central Europe. Along with these major trends some *specific* features may be observed in political, social and economic development of particular countries or groups of countries. The above trends are particularly characteristic of transitions taking place in the Baltic countries, including Lithuania. The Baltic region is specific in many ways, therefore the transitions taking

place in it may be considered a specific case of conformity to natural laws .

The following features of transitions may be specially mentioned as mostly characteristic of the Baltic states, including Lithuania:

1. *Higher resonance of transitions*, implying that in the Baltic states some additional transitions associated with regaining independence and forming new modern states as well as the priority of integration into the Western system took place alongside the political, social and economic transitions characteristic of other countries of Eastern and Central Europe. This means that the transition resonance in the Baltic states was caused not only by the democratisation of market relations common to Eastern and Central European countries, but also by the transitions associated with very rapid development of new national states and their integration into the Western system. Thus, transitions in the Baltic states were more diverse and extensive than those taking place in other countries of Eastern and Central Europe. Therefore, it may be stated that the higher transition resonance is a major characteristic feature of the Baltic region.
2. *The conflicting character of national priorities and regional integration and internationalisation trends*, indicating that two opposite as well as mutually complementary tendencies are developed in the Baltic states. On the one hand, national businesses are seeking autonomy, even closeness and self - isolation, trying to get established on the national market by the exclusive right. On the other hand, the tendency of integration of the whole Baltic region and the cooperation of three Baltic states in political, social and economic areas is constantly growing. Though three Baltic states often compete with each other, more and more possibilities are revealed to pursue the unified policy of cultural, economic and information development.

Needless to say that some more *specific features of transitions* taking place in the Baltic states may be identified. Undoubtedly, they may refer to one of these countries, for example, Lithuania. The transitions taking place only in one of the states may be referred to as individual features characterizing the development of a particular state.

Thus, the analysis of *individual features of transitions* taking place in Lithuania enables us to determine the effect of various geographical characteristics (e.g. configuration of neighboring countries, exceptional geographic position of Kaliningrad region and the like) on their development.

Some other individual and specific factors also influence the transition processes in Lithuania. Among them are cultural and historical features (e.g. the influence of the catholic ethics, the development of Lithuanian state and the formation of Lithuanian nation, urbanization, the location of agricultural zones, etc.).

The specific features of transitions taking place in Lithuania complete a general system of naturally determined trends of development in the periods of transformations. The proper understanding of these phenomena helps to improve the political, cultural, social and economic life.

Further investigation and evaluation of naturally determined transitions and their major features would allow the states of Eastern and Central Europe to pursue more efficient policy of improving the conditions of development as well as promoting the integration of these countries into international cultural, political, social and economic structures and spaces.

#### **Transformations in the “enlarged” European Union and typicalities characteristic to the development of the integral cultural, economic and social space**

Main typicalities have developed over the recent decades in the integral economic and social space of *the entire European Union*. Among those the following could be identified:

- *general* typicalities characteristic to the development of all large economic and social spaces that make known not only in the situation of the development of the European Union, but also appear in the evolution of *all* civilisations and cultures,
- *specific* typicalities characteristic to the development of the European Union in particular, manifesting as *historically unique* phenomena of the development of civilisations and cultures.

There is no strict boundary between *general* and *specific* typicalities characteristic to the development of the integral economic and social space in the European Union.

As *general* typicalities those can considered that, drawing an analogy in one way or another, have already evolved in the history of the development of other civilisations and cultures. As *specific* typicalities we can conceive those of the exceptional origin of the European Union, its economic and social space and transformations of this space. It is important to note that among the *specific* typicalities as most substantial should be respected those that allow to reveal the specificity influenced by various *regional factors*, including the countries of the Eastern and Central Europe.

There can be enumerated a great number of *general* typicalities characteristic to the *integral economic and social space of the entire European Union*. Among those these can be considered as the leading ones:

1. Typicality of the *priorities of the quantitative growth and qualitative advancement* manifests the fact that the development of the economic and social space in the entire European Union is characterised by the two *main priorities*: quantitative growth (territory; population numbers; accumulated capital; trade and consumer growth) and qualitative advancement (formation of new life styles and new multicultural spaces; creation and implementation of modern technologies and organizational patterns in all spheres of life; dissemination of new values and living standards; and rise of new opportunities of further growth). This typicality demonstrates that in the situation of the development of the integral economic and social space of the European Union there forms *an integral European civilisation of a new type*, completely harmonized with the overall system of the Western civilisation, and actively participating in multifaceted co-operation with all modern civilisations and cultures;
2. Typicality of the priorities of democratic attitudes, humanism, human rights and common human values proves that striving to implement the ideals of democracy and humanism is the most intrinsic value towards which the development of the European Union is oriented;
3. Typicality of the *increasing complexity of the structure of multicultural spaces* indicates that in the situation of the development and enlargement of the European Union not only the diversity of the cultures, that appear in the space of the European Union, increases but also *processes of the increasing complexity of those cultural systems and structures* occur: *new characteristics and dimensions* of multicultural spaces develop, that testify the increase of the variety of ethnic, confessional, regional, demographic, social, economic, political, ideological, mental and other factors. This trend allows us to state that in the situation of the development and enlargement of the European Union not only the variety of cultural and multicultural spaces inevitably augments, but also qualitatively new problems influenced by this variety arise;
4. Typicality of *the balance in general and local factors* demonstrates that in the situation of the development and enlargement of the European Union an *integral European civilisation of a new type* is forming that possess *twofold* characteristics: first, *general* characteristics, typical to all spheres of life within the *whole* space of the European Union; and second, *local* characteristics, expressing typicalities of different countries, regions and societal layers. Combinations of general and local characteristics *make possible to define adaptability of any local space in the common space of the European Union*, at the same time indicating the level of the inner harmony within the multicultural spaces;
5. Typicality of *predominant norms and standards* implies that in the situation of the development and enlargement of the European Union the *uniform norms and standards* have been steadily prevailing in the integral economic, social and cultural spaces. This typicality embraces *all* spheres of societal life – the sphere of economics, business and public administration, social behavior, political and societal life, as well as people's everyday life and even their private lives. The uniform norms and standards comprise both formal and informal rules for behavior and acts in various life situations, development and dissemination of values and technologies of interpersonal communication. Origination and increasing dominance of uniform norms and standards is a key precondition for gradual development of the integral and undivided European civilisation and culture, where *general* characteristics have already been prevailing, if compared to national, regional or local characteristics of other kind;
6. Typicality of *non- synchronical development* suggests that in the situation of the development and enlargement of the European Union more and more *uneven changes* emerge. As it is known, societal development and headway, and processes occurring in the society may evolve in the way of various *discrepancies*. These discrepancies can be very diverse, including discrepancies between the pace of the development: they vary from country to country, region to region; they appear to differ in different sectors of economic and social life and different societal layers. Discrepancies in changes can cause conflicts and issues of different kind;
7. Typicality of *cyclical development based on the "wave" principle* refers to the fact that all

processes of the development of the European Union are undergoing cycles: each cycle includes a certain *stage* of development, that can be outlined by both quantitative and qualitative changes. This means that the transition of these stages can be compared to certain “waves”: where each wave witnesses the *stepping stone of the potential* of the European Union, as an integral economic and social space;

8. Typicality of *increasing differentiation and differentiation variety* exhibits that in the situation of the expansion of the European Union, within the integral economic and social space new manifestations of differentiation occur, and the range of differentiation expands. It is especially notable for the reason that in the actual routine of the development and expansion of the European Union rather substantial *contradiction* appears: on one hand, following political declarations, it is sought to align regional structures, which by the level of their development are rather unequal; economic sectors or societal layers; on the other hand, a real “alignment” is of limited scale and applies only to particular spheres of social and economic life. It is quite probable that actual differentiation is generally increasing: various discrepancies between different regions, economic sectors and societal layers deepen, within *actual opportunities for improvement and modernisation*, as well as *actual well being and social security*. This factor is essential, estimating prospectives for *stability and internal security* in the space of the European Union;
9. Typicality of *balance of centripetal and centrifugal forces* in the situation of the development and expansion of the European Union is seen in the simultaneous manifestation of *two opposite tendencies*: on one hand, it is a tendency of *striving to enter the common system*, expressing the priority of obedience to the system; and on the other hand, a tendency of *striving to strengthen the sovereignty and autonomy in the common system*, expressing the priority of *the self-assurance of personal wellbeing at the expense of the system*. Those two tendencies are advantageous for the wellbeing of the European Union, provided they are mutually *well balanced*; such balance in its turn, can have different manifestations, including rational combination of basics of *centralisation, decentralisation and self-government* in the systems of managing and administering processes of expansion and development. (It is noteworthy mentioning that in cases, when the balance among centripetal and centrifugal forces fails, more threats for the performance of the *entire system* emerge: disproportionate *prevalence of the centripetal forces* may lead to inefficient management and determine loss of adaptability skills in the ever-changing environment, whereas disproportionate *prevalence of centrifugal forces* impels fragmentation and self-destruction of the system itself. This means that vulnerability of the balance mentioned above is a very dangerous and undesirable matter.);
10. Typicality of *predominance of traditional leaders* proposes that in the situation of the development and expansion of the European Union the priority interests to be implemented are those developing in greater countries of the western Europe, such as, first Germany and France (these countries have historically formed as traditional leaders of the European Union). Despite the fact that in the situation of the development and enlargement of the European Union one can observe a great variety of concerns of different countries, regions and layers of the society (moreover, this variety causes internal disagreements within the European Union), prevalence of traditional leaders and their concerns is long-lasting and steady. By the way, the concerns of the traditional leaders play as a key factor for the development of norms and standards, typical to the space of all the European Union;
11. Typicality of the *expansion potential* expresses the idea that the European Union as an *integral system* has been increasingly operating within *global* economic, social, cultural, informational and political spaces. With this regard, the increasing expansion of the European Union, as an integral system, towards the spheres of the world economies and the process of the entire political, social and economic development;
12. Typicality of the *adaptability in the consistently changing external and internal environment* suggests that in the situation of the development and enlargement of the European Union *multifaceted processes of adaptation* arise: the new member states of the European Union need to adapt in the new to them space of the European Union, whereas the “old” members of the European Union have to adapt to the “enlarged” European Union and “accept” new members as equal partners; besides, all European Union

as an integral system needs to adapt to the consistently changing external environment. All this allows us to admit that adaptability is a crucial precondition for the further development of the European Union as an integral system.

The typicalities described above, characteristic to the development and enlargement of the European Union as an integral system, within the group of typicalities of this kind could be considered as of the *most importance*. At the same time, among very important and critical several *specific* typicalities exist.

*Specific* typicalities characteristic to the development and enlargement of the European Union as an integral system, are *multifaceted*. Some of these typicalities reflect on the specificity of a particular *époque*, whereas the others express specificity of particular regions, spheres of social and economic development or certain layers of the society.

Among *specific* typicalities expressing *current era* these are the most notable:

1. Typicality of *regulated and controlled liberalisation* that reveals rather contradictory processes typical to the current development of the European Union. A key feature of these processes is the following: on one hand, traditions of *liberal democracy* have been increasingly implemented in the society and there are apparent signs of *economic liberalisation*; on the other hand, both in economic and social life the “masked autocracy” has been observed which is executed by various forms of increased bureaucracy, growing regulation and limitation of the activities in different spheres, along with the increasing austere rule.

In modern world in many spheres of life one can observe a substantial decline of norms and ideals of liberalism, despite the “formal” promotion or declaration of liberalism. We may admit that in the modern European Union the new kind of society has been increasingly developing, with both liberalism and social awareness, where, however, liberalism will be regulated and controlled with the increasing power: every subject of any activity in all spheres of life will have opportunities of liberal choice and self-determination with increasing boundaries and decreasing “degree” of freedom. (It is a paradox that in the modern European Union, in the situation of promotion of liberal values, bureaucratic and clerical arguments of the societal development have been strongly increasing, and new trends of centralised

- management emerge, that manifest in many spheres of political, social and economic life);
2. Typicality of promotion and predominance of the concerns of large economic subjects demonstrates that both in overall situation of globalisation and in the specific economic and social space of the European Union processes of concentration of economic activities have steadily happening. The actual situation in both economic space of the European Union and global markets has been increasingly influenced by activities and opportunities of large economic subjects (here we consider large economic subjects those large enterprises that operated in international markets, networks and organisations of small and medium enterprises, and various international corporations and international economic organisations). In the situation of the development and enlargement of the European Union more and more obvious becomes promotion and predominance of the concerns of large economic subjects: on one hand, this situation reinforces competitive abilities of economic subjects representing economic spaces of the European Union; on the other hand, opportunities to develop free competition and initiative are violated (the violations of this kind have been increasingly growing, although public policy in economies of the European Union proclaims provisions for free competition and initiative support).
  3. Typicality of the *declining role of the state as a structure for the organization of the society* indicates that in the situation of the development and enlargement of the European Union in national countries the state as a key organisational structure for any society of any country has increasingly losing its previous importance and a number of opportunities to immediately influence situation in the country. In the environment of the development and enlargement of the European Union the situation in its member states has been steadily influenced by *overall processes of development and enlargement of the European Union as a system* on one hand; and potential, development and growth of the *non-governmental, non-state and private* sectors. The declining role of states has been determined by such processes as development of common economic and social space in the European Union, where the principles of liberal labour force mobility, capital mobility and product and services mobility are implemented; moreover, the increasing enhancement of globalisation, and

international economic, cultural and informational relations has been also influencing the overall decline of the significance of particular states;

4. Typicality of *manifestation of threats and issues of a new kind* allows us to conceive that each stage of the development and enlargement of the European Union reveals *new threats* and cause *new issues* that are determined by various factors of moral, ideological, cultural, political, social, economic, ecological, military and informational character. Ability to immediately understand these threats and issues, as well as develop and implement effective means for prevention in the modern situation in principle expresses the typicality of the development and enlargement of the European Union.

### Conclusions and recommendations

Research of processes of transformation in the Central and Eastern Europe and development of the European Union demonstrates that *investigation* of the processes and *purposeful influence* on them is a very important sphere of further research. The importance and the role of the research is determined by the fact that these processes demonstrate *emerging political, social, economic and other problems of a new type* and necessity to *adequately conceive* and *consecutively solve these problems*.

Newly emerging problems reflect on the development of the integral cultural space, a society of a new type and its new life styles, along with the economy of a new type in the entire enlarged European Union. These problems can be defined as the problems of the scale of the European transformations, understanding that transformations of the European scale mean complex qualitative and quantitative political, social, economic and technological changes, embracing all European regions and countries, along with all societal layers and all spheres of life.

In the process of resolution of problems of European scale transformations it is necessary to identify the main *typicalities of transformations*. These typicalities are quite *diverse* and can be classified by several features.

Main groups of transformations are the following:

- typicalities defining transformations in the Central and Eastern Europe that evolved prior to the integration of the countries of Central and Eastern Europe to the European Union;
- typicalities defining transformations in the entire European Union, expressing

quantitative and qualitative changes in the situation of its development;

- typicalities defining transformations in the Central and Eastern Europe upon the integration of the countries of Central and Eastern Europe to the European Union, expressing further *adaptation* of these countries to the new conditions of political, social, and economic life that manifest nowadays and will do so in the coming future.

The majority of the transformations that may be attributed to the groups described above demonstrates:

- *singleness* of political, social and economic development, showing new *challenges*, determined by processes of the development of the knowledge and information society, and processes of implementation of new values and interests,
- *discrepancies* of changes and new issues that may be caused by non-synchronical development, differentiation between *countries* and *regions*, between various *societal layers* and *groups* and *unduly uneven acceleration in different sectors of economy and social life*,
- probability of new *contradictions* and *conflicts* in the *integral space of the European Union*, along with the *preventive* means to *hamper* these conflicts.

Typicalities of transformations may bear *general* and *specific* character applicable to certain regions, in certain situations and at certain periods.

Identification of typicalities of transformations allows to consecutively address numerous issues of political, social, and economic development, relevant to the European Union. Among these problems very important are problems of *economy efficiency and compatibility increase within various national and regional systems*.

Further research in the sphere of the issues of transformations and development of the European Union, especially in the field of national and regional economic systems specialization and modernization may be appraised as of great viability

### References

- Calori R., Atamer T., Nunes P. (1999), *The Dynamics of International Competition* – London, Sage Publications, 256 p.
- Currie W. (2000), *The Global Information Society* – Chichester, John Wiley, 288 p.
- Garrett G., Mitchell D. (2001), “Globalization, Government, Spending and Taxation in OECD Countries”, *European Journal of Political Research*, vol.39, N3

- Gerber J. (1999), *International Economics*- Amsterdam, Addison Wesley Longman, 512p.
- Ghose A.K. (2004), "Global inequality and international trade", *Cambridge journal of economics*, vol. 28, issue 2, pp.229-252
- Hayo B., Seifert W. (2003), "Subjective economic well-being in Eastern Europe", *Journal of Economic Psychology*, vol. 24, issue 3, pp. 329-348
- Hofbauer H.(2003), *Osterweiterung. Vom Drang nach Osten zur peripheren EU – Integration – Wien*, Promedia, 240S.
- Hummels D., Ishii J., Kei-Mu Yi. (2001), "The Nature and Growth of Vertical Specialization in World Trade", *Journal of International Economics*, vol.54, pp.75-96
- Hunt S.D. (2000), *A General Theory of Competition: Resources, Competences, Productivity. Economic Growth*–London, Sage Publications, 256 p.
- Huseman R.C., Godman J.P. (1999), *Leading with Knowledge: The Nature of Competition in 21 st. Century* – London, Sage Publications, 272 p.
- Yarbrough B.V., Yarbrough R.M. (1999), *The World Economy; Trade and Finance* – Chicago, The Dryden Press, 758 p.
- Krugman P., Obstfeld M. (1997), *International Economics* – Amsterdam, Addison Wesley Longman, 800 p.
- Lavingne M. (1995), *The Economics of Transition: From Socialist Economy to Market Economy* – London, Macmillan Press, 295 p.
- McNally R. (1999), *The Comprehensive World Atlas* – Stamford, Longmeadow Press, 224 p.
- Melnikas B. (1997), "The Integrations Problems of the Baltic States: Possibilities for the Formation of a Unified Technological, Economic and Social Space" *East West Scientific Cooperation. Science and Technology Policy of the Baltic States and International Cooperation. NATO ASI Series, 4., Science and Technology Policy.* – Dordrecht; Boston: Kluwer Academic Publisher, vol.15. pp.33 – 51.
- Melnikas B. (1999), *Probleme der Integrattion der baltischen Staaten in westliche Strukturen (Berichte des Bundesinstituts fuer ostwissenschaftliche und internationale Studien)*, N 40, Koeln, 1999, 42 S.
- Melnikas B., Jakubavičius A., Strazdas R. (2000), *Inovacijos: verslas, vadyba, konsultavimas – Vilnius*, Lietuvos inovacijų centras, 240 p.
- Melnikas B. (2002), *Transformacijos.* – Vilnius, Vaga, 750 p.
- Melnikas B., Reichelt B. (2004), *Wirtschaft und Mentalitaet : Tendenzen der EU-Osterweiterung – Leipzig, Leifim – Verlag*, 159S.
- Olsen T.E., Osmundsen P. (2003), "Spillovers and International Competition for Investments", *Journal of International Economics*, vol.59, issue 1, pp. 211-238
- Parker B. (1998), *Globalisation and Business Practice: Managing Across Boundaries - London*, Sage Publications, 672 p.
- Perraton J. (2001), "The global economy – myths and realities", *Cambridge journal of economics*, vol. 25, pp. 669-684. *Politische und oekonomische Transformation in Osteuropa / Hrsg. G.Brunner*, (2000), Baden Baden, Nomos, 252 S.
- Porter M. (1980), *Competitive Strategy: Techniques for Analyzing Industries and Competitors* – New York, The Free Press, 396 p.
- Redding S., Venables A.J. (2004), "Economic geography and international inequality", *Journal of Inernational Economics*, vol.62, issue 1, pp.53-82.
- Rosenzweig P. (2001), *Accelerrating International Growth* – Chichester, John Wiley, 275 p.
- Sangmon K. (2002), "a Longitudinal Analysis of Globalization and Regionalization in International Trade: Social Network Approach", *Social Forces*, vol. 81, N2, pp.445-471. *The Sustainability of Long – Term Growth: Socioeconomic and Ecological Perspectives / Ed. M. Munasinghe, O.Sunkel, C de Miguel*, (2001) – Cheltenham, Edward Elgar Publishing, 464 p.