


The Economist Debate Series

# Is it time to strike Iran?

January 11th-18th [JOIN THIS LIVE DEBATE](#)



The Economist

**Economist.com** **WORLD EUROPE**

“Eastern Europe”

## Wrongly labelled

Jan 7th 2010  
From The Economist print edition

The economic downturn has made it harder to speak sensibly of a region called “eastern Europe”

Illustration by Peter Schrank



IT WAS never a very coherent idea and it is becoming a damaging one. “Eastern Europe” is a geographical oddity that includes the Czech Republic (in the middle of the continent) but not Greece or Cyprus (supposedly “western” Europe but in the far south-east). It makes little sense historically either: it includes countries (like Ukraine) that were under the heel of the Soviet empire for decades and those (Albania, say) that only brushed it. Some of those countries had harsh planned economies; others had their own version of “goulash communism” (Hungary) or “self-managed socialism” (Yugoslavia).

Already unreliable in 1989, the label has stretched to meaninglessness as those countries’ fortunes have diverged since the collapse of communism. The nearly 30 states that once, either under their own names or as part of somewhere else, bore the label “communist” now have more differences than similarities. Yet calling them “eastern Europe” suggests not only a common fate under totalitarian rule, but a host of ills that go with it: a troubled history then; bad government and economic misery now.

The economic downturn has shown how misleading this is. Worries about “contagion” from the banking crisis in Latvia raised risk premiums in otherwise solid economies such as Poland and the Czech Republic—a nonsense based on outsiders’ perceptions of other outsiders’ fears. In fact, the continent’s biggest financial upheaval is in Iceland (see [article](#), [article](#)), and the biggest forecast budget deficits in the European Union next year will not be in some basket-cases from the ex-communist “east” but in Britain and in Greece. The new government in Athens is grappling with a budget deficit of at least 12.7% of GDP and possibly as much as 14.5%. European Commission officials are discussing that in Greece this week.

None of the ten “eastern” countries that joined the EU is in so bad a mess. They include hotshots and slowcoaches, places that feel thoroughly modern and those where the air still bears a rancid tang from past misrule. Slovenia and the Czech Republic, for example, have overhauled living standards in Portugal, the poorest country in the “western” camp. Neither was badly hit by the economic downturn. Some of the ex-communist countries now have better credit ratings than old EU members and can borrow more cheaply. Together with Slovakia, Slovenia has joined the euro, which Sweden, Denmark and Britain have not.

Estonia—at least in outsiders' eyes—is one of the least corrupt countries in Europe, easily beating founder members of the EU such as Italy.

**Spot the “easterners”**

Country	Corruption Perceptions Index ranking, 2009 <sup>†</sup>	GDP per person, PPP \$ <sup>*</sup>	Budget balance, % of GDP <sup>*</sup>
Iceland	8	35,150	-8.6
Germany	14	34,190	-6.0
France	24	34,500	-9.2
<b>Estonia</b>	27	17,870	-3.0
Slovenia	27	28,070	-5.3
Portugal	35	22,230	-7.0
<b>Hungary</b>	46	18,940	-3.9
<b>Poland</b>	49	18,680	-3.8
<b>Czech Rep.</b>	52	25,400	-5.3
Slovakia	56	21,420	-5.3
Italy	63	30,510	-5.0
<b>Bulgaria</b>	71	12,340	0.3
Greece	71	30,400	-13.4

Sources: EIU; Transparency International      \*2010 forecast  
<sup>†</sup>Out of 180 countries

Three sub-categories do make sense. One is the five autocratic 'stans of Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan). They scarcely count as “Europe”, though a hefty Britain-sized tenth of Kazakhstani territory (some 200,000 square kilometres) lies unambiguously in Europe. Kazakhstan also this year chairs the Organisation for Security and Co-operation in Europe, a Vienna-based post-cold-war talking shop. But none of the 'stans has become a member of the Council of Europe (another talking shop and human-rights guardian, based in Strasbourg). That shows the problem. The definition of “Europe” is as unreliable as the word “eastern”.

The 'stans vary (Tajikistan is poor, Kazakhstan go-getting). But all have slim prospects of joining the EU in the lifetime of anyone reading this article. That creates a second useful category: potential members of the union. It starts with sure-fire bets such as Croatia, and other small digestible countries in the western Balkans such as Macedonia. It includes big problematic cases such as Turkey and Ukraine and even—in another optimistic couple of decades—four other ex-Soviet republics, Georgia, Moldova, Armenia and Azerbaijan (the last, maybe, one day, on Turkey's coat-tails).

The third and trickiest category is the ten countries that joined in the big enlargement of 2004 and in the later expansion of 2007. They are a mixed bunch, ranging from model EU citizens such as Estonia (recently smitten by a property bust, but all set to gain permission this year to join the euro) to Romania and Bulgaria, which have become bywords in Brussels for corruption and organised crime respectively. Eight of them (Romania and Bulgaria are the exceptions) have already joined Europe's Schengen passportless travel zone. Most (Poland is a big, rankling exception) also have visa-free travel to America. All (unlike EU members Austria, Cyprus, Ireland and Malta) are in NATO.

