### Abstract

The objective of this study is to analyse the applicability of growth predictions in the case of the Eastern enlargement. For this purpose the growth model developed by Uwe Walz (1998) was chosen and compared to empirical data as well as to further studies about the process of Eastern enlargement.

In the first part of the paper Walz’s model is introduced. The production patterns of a trade union consisting of two countries are described before the enlargement. Then, a third technology-deficient country is integrated in two steps: First, barriers to trade are removed, and secondly migration is liberalized. The model shows that free trade between the two trade blocks with specialization patterns of the Heckscher-Ohlin type causes the growth rate to shift. This holds true in the next step, when skilled workers are assumed to immigrate to the countries with the higher level of technology. On the contrary, the growth rate declines when unskilled workers are assumed to migrate to the technologically-advanced countries.

In the second part, the growth predictions of Walz’s model are decomposed in their underlying assumptions, defined and compared to empirical data regarding the process of the Eastern enlargement. The comparison reveals a high degree of congruency between the theoretical assumptions and the corresponding developments in reality. This congruency comes to an end when further studies on the Eastern enlargement are called in.

In the final part of the paper, the results of the comparisons between Walz’s model and the data and studies about the Eastern enlargement are evaluated trying to give an answer to the question as to how applicable the theoretical growth predictions are in the case of the Eastern enlargement.

### Keywords
- endogenous growth
- regional integration
- factor mobility

### Additional Information

- Muita tietoja-Övriga uppgifter: Ready for further reading and analysis.