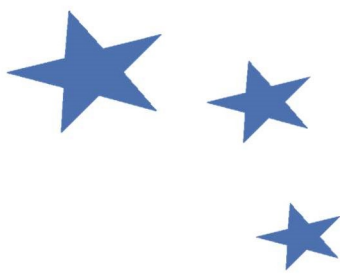


Policy brief 1

THE THREE PILLARS OF EU'S FURTHER INTEGRATION: THE EMU, DEMOCRATIC GOVERNANCE AND FOREIGN POLICY

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POLICY RECOMMENDATION: The EU deepening further integration in order to go back to its starting position of strengthening unity and dividing responsibility for promoting European values, equally for Member States as well as for the candidate countries.

From the early beginnings of the three European Communities, integration among its Member States was conceived as a process, not as a stable construct, yet without clear idea where this process was headed. Only with the vague notion of "...[ever closer union among the peoples of Europe](#)..." A few things become abundantly clear if we follow historical survey of EU reform processes: first, that these reforms are all aimed either at correcting flaws in the Union's design or at finally completing its original, but unrealized promises. When debating contemporary reforms of the EU, there are two primary issues for Member States to solve: the method and the scope of reforms.

At the end, it is easy to conclude that many EU policies are under reform process. But, we should never forget such achievements as are peace among European powers, the development of human rights and democratic values, and forming a Single Market or a Common Currency. If we look at all the crises, but also all the accomplishments that came after them, it seems overly confident to write off the European Union. The future of the European Union will certainly consist of a political compromise, because it was created and developed in exactly this way.



From the early beginnings of the three European Communities, integration among its Member States was conceived as a process, not as a stable construct, yet without clear deal where this process was headed. Even the vague notion of “...[ever closer union among the peoples of Europe](#)...” which had been included in the Treaty of Rome (1957), became contested over the years. With the successive enlargements and new accessions as well as more common policies to be created, resulting in the growing diversity of the EU, those who advocated *United States of Europe* actually lost ground. Therefore, the concepts of European integration and reforms went together as all agree that European institutions and policies will need to be adjusted regularly and developed in light of changing circumstances.

A few things become abundantly clear if we follow historical survey of EU reform processes: first, that these reforms are all aimed either at correcting flaws in the Union's design or at finally completing its original, but unrealized promises. It is also very clear that it is rather easy to start revolutionary ideas, but much more difficult to implement them. And also, it very important that Europeans stays constantly reminded of the unparalleled achievements in peace, human rights, and economic stability afforded them by the EU- as they very often forget that, or take it for granted. Churchill and Spinelli, Monet, Schumann and Delors – none of them insisted that the European Community project would be simple, cheap and easy. But they did claim its additional value was high enough to respond to most problems concerning Europeans (both of security and economic nature), and to correspond to Europe's interests.

When debating contemporary reforms of the EU, there are two primary issues for Member States to solve: the method and the scope of reforms. The notion of EU reform has long been associated with changes of the Founding Treaties, which were extensively negotiated at intergovernmental conferences and ratified in all member states (parliamentary vote or referenda). This method become looser in the past two decades, and it started with the rejection of the Constitutional Treaty in France and Netherlands voters in 2005. Even adopting a less comprehensive Lisbon Treaty (2007), which avoided referenda (except in Ireland) for its ratification, was not so easy exercise and for sure it would be the last treaty reform for a long time. Additionally, public support for the EU weakened with the financial crisis from 2009 to 2012 and the massive inflow of refugees in 2015–2016. Because of that, or on top of that, we are witnessing the rise of populist political parties in almost all EU Member States. Those parties, interestingly enough, use exactly those issues as the demand for new/more referenda on EU matters.

Once sorting out the mechanism for reforms, it is much easier to answer second question of reform's scope. Comprehensive list as well as road map for reforming EU is known as “The [Bratislava agenda](#)”¹ launched in September 2016. Document, endorsed at the European Council meeting, put focus on those issues on which the EU hoped to establish its added value, such as migration, external security, and social and economic

¹ [Bratislava Declaration and Roadmap - Consilium \(europa.eu\) media/21250/160916-bratislava-declaration-and-roadmapen16.pdf](#)

development, essentially amounting to a repackaging of what was already in the EU's pipeline. Of course, developments resulted after the outbreak of Covid 19 pandemics put the emphasis on yet another set of challenges, especially more activities in health issues as well as mainstreaming on emergency situations and climate change.

Consolidating the Eurozone, internal governance methods, containing illegal migration, and strengthening the EU's political and military defenses against external threats have emerged as the core elements of the debate. Whereas in the early years of European integration reforms were about tearing down obstacles and opening up opportunities, they are now about defending the achievements of earlier decades and keeping the populist demons at bay.²

In this paper we engage with the current debates on issues that are decisive for the (future) nature of the EU as a polity. We explore the direction of Eurozone reforms, the discussion on democracy and with that, but not only, the internal EU governance, and, finally, the strategic autonomy for the EU.

The significant steps taken to reinforce the Eurozone were implemented exactly through simple legislation or, in the case of the Fiscal Compact and the European Stability Mechanism, through intergovernmental treaties outside of the EU treaty framework.

The EMU represents one of the most tangible achievements of European integration, where the EMU has served as the framework within which Member States have shared their monetary policy and coordinated their economic policies. The euro-crisis has contributed to the importance of the measures introduced as a response to the crisis and to the debate on how to further deepen the EMU to make it more resilient over the last decade. With the impact of the Covid-19 pandemic, this debate has made only partial progress, leaving a number of issues outstanding.

However, the euro-crisis clearly deepened the North-South divide within the Eurozone. The Northern Member States pushed for greater fiscal discipline and tight surveillance of national budgets, while the Southern Member States mostly argued for greater financial solidarity between EU countries, something that has caused a degree of confrontation between these two regional blocs. In this circumstances, very slow progress has been made in terms of EMU reforms, particularly regarding completion of EMU, and preparation for the next crisis.

In 2018 and 2019 a minimalist consensus agreeing to create a Budgetary Instrument for Competitiveness and Convergence (BICC), but very little progress was made on the establishment of the third pillar of the proposed banking union – the European Deposit Insurance Scheme (EDIS). While the Commission also proposed to transform the European Stability Mechanism (ESM) into a European Monetary Fund, member states argued for a more minimalist reform of the ESM. The introduction of financial mechanisms that would significantly assist countries across the EU in resolving issues during crises should be placed on the agenda of the Conference on the Future of Europe.

It is most likely that a return to the structures that existed before Covid is not to be expected, and thus the question arises of whether the recent developments could

² For instance Stefan Lehne, as presented in his brief: [EU Reform: Does Everything Have to Change for Things to Remain the Same? - Carnegie Europe - Carnegie Endowment for International Peace](#)

facilitate further EMU deepening, where the new EU reforms- constitutional adaptations may well be needed to support the recent unprecedented centralization of fiscal powers by the bloc. This in itself could be a major new step forward in the process of European integration.

The other huge area for reforming EU is governance model, closely connected with internal functioning of the EU. EU is traditionally criticized for being inward looking and process-focused during its (perpetual) reform processes, while also not being efficient and legitimate in its decision-making. In principle, this is inherent to the *sui generis* status of the EU as an entity without an agreed *finalité*, undergoing the most fundamental changes – those of its borders – in a fast changing connected and contested world.

The Conference on the Future of Europe is an opportunity to reboot democracy in Europe. In its context, the questions of EU's efficiency and legitimacy are being discussed under the topic of 'European Democracy' as one of the nine topics under which the discussions are organized on the multilingual digital platform of the Conference. The topic covers democracy at EU level as well as challenges at national level.³ "Raising extremism, disinformation and a perceived distance between people and their elected representatives" are stated among the latter on the digital platform website. The website further directs to the 'New push for European Democracy' as one of the Commission's priorities and to the 'European Democracy action plan' and its three pillars: promoting free and fair elections, strengthening media freedom, and countering disinformation. Further, the website directs to the European Parliament's action on fundamental rights and, finally, to the Commission's support to research and innovation on democracy.

The analysis of ideas, comments and events organized under the respective topics on the digital platform since its launch and until 7 September 2021 shows that the topic of European democracy, and with this the way the EU should be governed is the most debated topic on the platform.

While media freedom and protection and strengthening of European democracy are discussed on the platform, the most discussed subjects under the topic of European democracy are those on the nature of the EU ('federalisation of the EU'), on its institutional set up, and on citizen's representation, participation and consultation. Honing on the technology (social media) available today, proposals include, among others, calls for representation along the generational lines, for obligatory referenda, more participatory policymaking, and longitudinal consultations.⁴

The prominence of discussions on citizens' participation in combination with the discussion on reforms to EU's institutional set up and decision-making naturally stems from the nature of the Conference, being legitimized through the broad citizen's participation. However, it has been recognized by experts and observers to the process,⁵

³ The website of the multilingual digital platform, dedicated to the Strengthening of European Democracy, <https://futureu.europa.eu/processes/Democracy>, accessed: 31 October 2021.

⁴ 'Multilingual Digital Platform of the Conference on Future of Europe: Second Interim report', analysis by KANTAR, September 2021, p.48, <https://futureu.europa.eu/pages/reporting>.

⁵ See for example von Ondarza, N. and Ålander, M.: Conference on the Future of Europe:

that, firstly, greatest care will have to be devoted to ensure that the ideas stemming from the various formats of the conference (the digital platform, citizens panels, national events and, finally, the Plenary) are represented in the full report to the Joint Presidency of the Conference and, secondly, that they are followed up.

The meticulous methodology of the Conference, while being the first of a kind, is designed to address the first line of fears.⁶ The follow up, however, remains a contested political issue. There is flexibility for accommodating some of the ideas discussed in the Conference within the existing Treaties, many of those discussed would require changes to the Treaties.⁷ However, the cautiousness of the Council when it comes to the possibility of Treaty reform as a follow up to the Conference⁸ will play a role in the finalization of the conference report.⁹

While changes to institutional set-up and rules on decision-making require changes to the Treaties or, in specific cases, unanimity in the European Council¹⁰, the strengthening of the citizen's participation in the democratic life of the Union and more broadly in Europe, at least before it is institutionalised, can be pursued without the Treaty change. In fact, as part of President's von der Leyen Commission's priority 'New boost for European Democracy' Commission on 6 October launched the new [Competence Centre on Participatory and Deliberative Democracy](#), which "aims to [support participatory and deliberative projects and policies] by providing concrete support to European institutions' initiatives, as well as to the variety of participatory and deliberative activities and projects across the EU."¹¹

With this initiative the European Commission is most notably contributing to the sustainability of the boost that the European democracy is receiving from the Conference on the Future of Europe. At the same time it is also addressing the question of effectiveness of the Conference's model of broad representation itself and of the future models and mechanisms for more participatory democracy.

Finally, we discuss "more strategic autonomy for EU" – and for many that means more unified security, foreign policy and defense. The European Union has developed and improved the normative and institutional framework of a Common Foreign and Security Policy from Maastricht to Lisbon. It is very important to focus on exploring to

Obstacles and Opportunities to a European Reform Initiative That Goes beyond Crisis Management, SWP Comment, March 2021 and Stratulat, C.: Forging a new democratic frontier in Europe. Input paper 2021 annual conference of EPC, 'Is Europe still in the global race?' , EPC, 28 October 2021.

⁶ See for a good illustration the explanation of the representation and the process from the different streams into the plenary and the full report by Young European Federalists at: <https://jef.eu/cofoe/>.

⁷ The Conference itself falls outside the scope of the Article 48 of the Treaty on European Union, which governs Treaty change.

⁸ Council Conclusions, 24 June 2020, <https://www.consilium.europa.eu/media/44679/st09102-en20.pdf>.

⁹ Sánchez Margalef, H.: The Conference on the Future of Europe has its wings clipped, CIDOB Notes international 248, April 2021.

¹⁰ The so called 'pasarelle clauses' (Art 48, paragraph 7 TEU) allow in specific cases for the European Council acting unanimously to change the voting rules in the Council from unanimity to qualified majority vote and to change the applicable legislative procedure from special legislative procedure to ordinary legislative procedure.

¹¹ Launch of the [Competence Centre on Participatory and Deliberative Democracy on 6 October 2021](#), <https://ec.europa.eu/jrc/en/event/other-event/launch-competence-centre-participatory-and-deliberative-democracy>.

what extent have formalization, institutionalization and the mere implementation of foreign and security policy influenced the strengthening of the EU position on the international scene and the profiling of its foreign policy identity. Taking into account the possibility of further and deeper integration of the EU members, there are numerous challenges and obstacles to the development of the CFSP, both those that originate from the normative and institutional framework, as well as those that arise from the actions of the member states themselves, which prevent the Union from achieving significant successes in creating a common foreign policy.

Institutional and normative constraints, the absence of political will of member states to waive sovereignty and communitarization of the area, the evident influence of national foreign policies, national interests and national strategic traditions of member states on designing European foreign policy, the "strategic heterogeneity" of the EU and disparity of different national interests and strategic policies, disagreement of member states regarding NATO alliance relations are just some of the challenges and limitations that make any major success in the EU foreign policy development impossible. In this regard, it is important to research how do these constraints reflect on implementing a common foreign and security policy in practice, and whether and to what extent forms of flexible cooperation are the key to further development of the CFSP or "differential integration" makes the overall development of European integration in creating "Europe with more speeds" more difficult.

Although the Union has made significant progress in the last two decades in institutionalizing of foreign and security policy and developing concrete instruments for its implementation, this has not led to the creation of a *common* foreign policy of the Member States, but has only resulted in appropriate forms of *cooperation* and *coordination*, which consider convergence of national foreign policies of the member states, as well as looking for the common elements. Also, the development of foreign and security policy, as well as security and defense policy has not had a major impact on strengthening the role of the EU as a significant international actor. Even today, on the international scene, the European Union is more positioned as a significant trade power, than as an actor that has a significant role in the field of foreign policy.

On the other hand, the question is whether the Lisbon Treaty really enabled the progress of the CFSP. The common foreign and security policy of the EU is the highest level of development, both in the normative and institutional sense, reached by the Lisbon Treaty, since, in relation to previous achievements, the Lisbon Treaty significantly brought the CFSP powers closer to the EU institutions. However, even these institutional improvements did not enable the improvement of the Union's foreign policy activities. Even today, the Union's foreign action implies the inefficiency of its foreign policy, the ineffectiveness of foreign policy mechanisms, the incoherence of national policies, the existence of further shortcomings of the institutional framework and foreign policy instruments, as well as the lack of clearly defined strategic goals and strategic culture of the Union. At the same time, without the EU's foreign and security policy and the unified action of the Union in the field of foreign and security policy, the European political and foreign policy identity is not possible. On the other hand, the shaping of the foreign policy

component of the Union in the future will depend on the strengthening of the European identity and the increase of the degree of European unity.

Consideration of necessary reforms in the field of Foreign and Security policy implies identifying possible directions of deeper integration in the domain of foreign policy between the members of the Union and it provides an analysis of the possible outcomes of the development of various forms of intergovernmental cooperation among members in the domain of common foreign policy, but also the opportunities to strengthen the competence of the Union institutions in the field.

But one area already being reformed is negotiation method for accession process of candidate countries, as important part of EU Enlargement Policy. Renewal of negotiation methodology as a criterion for opening negotiations with North Macedonia (and Albania) appears only mid-2019. It was very clearly stated by France that without taking into consideration how to modify the whole process, devising and adopting the new methodology, they cannot give positive opinion on opening negotiations with any candidate country.¹² This document titled "Enhancing the Accession Process" gives feeling of needs for renewing negotiation talks.

Negotiations in future will be organized around policy blocks, so called clusters, in which candidate countries would gradually be included – it did not, however specify how. Did not explain further what means possibilities for candidate country to use EU structural funds, some (limited) participation in decision making or just to have status of observer in Council formation, etc.

New Methodology also calls for stringent conditions, in order to effectively converge towards European norms and standards over the long term, in the field of the rule of law, but also economic and social convergence. Conditions are very well defined in three levels: general (Copenhagen/Madrid criteria), regional (for the Western Balkans – regional cooperation, ICTY cooperation, peace treaties...) and for each and every of Western Balkan countries, depending on their specific development. This is lining to the New Approach with Fundamentals First (introduced in 2012) already calls for Role of Law to be assessed two times a year (Country Report and Non Paper), economic criteria with Economic Reform Programme too, and monitoring with SAA Sub Committee and Committee' meetings.

It envisage concrete benefits during the process (which are currently lacking and prevent migratory movements from being stemmed, posing problems for both parties), particularly through increased financial support. But this again, has not been defined, yet can be assumed that some of the concrete benefits would be participation of candidate country in different Council formations, or at the debate under auspice of the Conference on the future of Europe.

Important element of the New Negotiation Methodology is that accession is becoming reversible process to ensure its credibility and incentive nature. This is not big

¹² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Enhancing the accession process - A credible EU perspective for the Western Balkans - Publications Office of the EU (europa.eu), <https://op.europa.eu/en/publication-detail/-/publication/2bf63874-48d2-11ea-b81b-01aa75ed71a1/language-en>

novelty as it should be noted that New Approach from 2011 introduced imbalance clause for Rule of Law Chapters, as safe-guard measure for the EU.

At the end, it is easy to conclude that many EU policies are under reform process. But, we should never forget such achievements as are peace among European powers, the development of human rights and democratic values, and forming a Single Market or a Common Currency. If we look at all the crises, but also all the accomplishments that came after them, it seems overly confident to write off the European Union. The future of the European Union will certainly consist of a political compromise, because it was created and developed in exactly this way.