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The European Union after the Treaty of Lisbon: recent achievements and challenges ahead

1. Introduction

During the last decade, the European Union has made major leaps forward. Its membership nearly doubled from 15 to 27 states. It adopted a Treaty revision that brings about significant changes in its institutional structure and procedures of decision-making. Yet, the Union is actually in a critical state. The financial crisis aggravates the economic disparities between the member states. The policy of enlargement faces major obstacles both in the Union and the potential accession states.

In face of these challenges, the EU strives to find innovative and effective solutions. However, disunity among the member states about the route to follow hampers smooth action. In sum, the tension between national interests and the common interest in solving problems at European level turns out to form a major obstacle on the road toward unified action.

In the following lecture, I will highlight some aspects of these recent achievements in European integration and the challenges ahead. Furthermore, I will reveal the EU's capacities and shortcomings in becoming a unified actor.

The content of the lecture is as follows:

- Introduction
- Recent achievements
- Challenges ahead
- Conclusions: capacities and shortcomings of the EU

2. Recent achievements

Looking back at the last decade, the EU is marked by two important achievements: Eastern enlargement and a major treaty revision.

There is a saying in EU-talk: enlargement of the Union is the enemy of deepening integration. What is the rationale behind this saying? Enlargement means more members, more diversity, more disunity among the member states in the Council. The result is often non-decision and stalemate, in other words: deepening of integration is hampered or made impossible. The

Union in the 90ies nevertheless decided to quadrate the circle, that is, to combine enlargement of the Union with deepening integration. Why did it make this choice?

Eastern enlargement was not the first choice of the EU after the end of the cold war. Instead, the EU hoped to stabilize the transformation process in Central and Eastern European states by providing assistance through cooperation and association agreements. Yet the transformation states all pressed for full membership and this soon became their most prominent political objective. This meant the Union finally had to embark on a process of enlargement.

Choosing for enlargement meant that **deepening of integration** became also a must. Deepening in this situation was defined as a major treaty revision, making the Union more efficient. Making it more efficient meant in the first place revising the procedures of decision-making, so as to evade stalemate in the Council. This in turn meant facilitating majority voting, but also strengthening the position of the large member states at the expense of the smaller ones. This in fact comes down to strengthening the position of the old member states vis-à-vis that of the new ones, which are mostly small states. In other words: The old member states wished to prevent that the new ones could hamper further integration steps. This could only be achieved by a major treaty revision, changing the rules of the game.

So far the rationale underlying the choice for both widening the Union and deepening integration. Let us now turn to the **implementation** of these ambitious objectives.

With regard to **enlargement**, the corresponding decisions were definitively taken in 1997, when accession negotiations were opened with the Central and Eastern European states. Before however, the Council had defined strict criteria for accession, the so-called Copenhagen-criteria (called after the summit meeting held in Copenhagen in 1993). By offering the membership perspective, the Union was able to influence the process of transformation in the countries concerned to a significant degree. Conversely, the accession states put all their energy and resources into a process of adaptation to the rules and conditions set by the EU. Finally, the accession of 10 new member states – among them also two small states of the Mediterranean – took place in May 2004. By January 2007, two further states – Romania and Bulgaria – joined the Union.

On the whole, this rapidly implemented enlargement of the Union, nearly doubling its membership, can be regarded as a major achievement. That this policy of enlargement had also a high prize turned only out later.

With regard to a **treaty revision**, there were more hurdles to overcome. A first attempt was made with the Treaty of Amsterdam (negotiated in 1996). In spite of major innovations of the Treaty, particularly regarding foreign policy, no revisions of the procedures of decision-making and the representation of the member states in European institutions were made. The Treaty had its so called “left-over’s”, that is, issues which were not resolved. The second attempt was made with the Treaty of Nice. In the wake of Eastern enlargement, it established

rules for weighting the votes of the member states, including the accession states, in the Council. Yet also this revision was not a major success, but had many left-over's. Since the lack of success resulted from deep dissent among the member states, a new procedure was invented for elaborating a treaty revision. A Convention was established to perform this task. The Convention consisted mainly of members of parliament from the member states as well as the European Parliament. It therefore was expected to work according to rational criteria and needs, and not to national interests. Only at the end of the procedure, the heads of state and government had finally to negotiate on and adopt the treaty.

The Convention performed its task excellently by not simply proposing a treaty revision, but a Draft Constitutional Treaty. And in spite of their reluctance, national governments accepted the draft constitution without major amendments. Yet the peoples of Europe did not play the role attributed to them. Two negative referenda in France and the Netherlands brought the whole process to a halt.

In the meantime, accession of 10 new member states was implemented by May 2004. After this enlargement, it seemed more difficult to reach consensus on a major treaty revision. The Union therefore declared to need a reflection phase.

It was only in 2007 that negotiations on the treaty revision were taken up again. Everything giving the impression that the Union could become a super-state was stripped from the treaty. The substance of the Constitutional Treaty however was largely maintained. Thus, after a short negotiation period lead by Germany, the treaty revision was adopted under Portuguese presidency. The treaty therefore is named Lisbon Treaty.

Ratification however again turned out to form a high hurdle. First, a negative referendum in Ireland stalled the process. After giving the country guarantees on certain issues, a second referendum turned out to be positive. Strong resistance came also from the governments of Poland and the Czech Republic. Nevertheless, the Treaty was finally ratified by all member states. Since December 2009, it is in force. In spite of the long process of elaborating and negotiating on, as well as adopting and ratifying the Lisbon Treaty, it represents a major success for the EU.

The most **important innovations** of the Treaty regarding the institutional structure of the EU are the following:

- An enormous improvement of the position of the Councils, by significantly facilitating majority-voting, by strengthening the position of the large member states within the Council, and by establishing permanent presidencies for those Councils where unanimous voting is required (the European Council and the Council for Foreign Affairs).
- A strengthened position for the European Parliament by vesting it with additional rights in legislation, thus transforming it into a true legislature alongside the Council.

- A minor change in the position of the European Commission by a reduction in the numbers of the Commissioners. Whether this will weaken or strengthen its position remains to be seen.

In sum, the most important innovations of the Lisbon Treaty refer to the Councils and their capacity to act. Veto-players are excluded and even larger groups of member states can be bypassed or outvoted.

In conclusion, we can say that although the Union has nearly doubled its membership during the last decade, its capacity to act is significantly improved. In other words: the Union has successfully combined both widening of its membership and deepening of integration.

3. New challenges

Yet in spite of these achievements, many **challenges remain**. Other factors than those mentioned above hamper unified action. New challenges facing the Union bring the diversity among the member states to the fore.

There is, first, **the financial crisis** and the ensuing economic crisis which forms a new challenge for the Union. Although this crisis hits the Union as a whole, it has highly diverging impacts in the member states. The first who were severely hit were – not all, but many – of the new member states in Eastern Europe. Their newly transformed economies rapidly declined and public debt increased to unforeseen heights. The Union was not prepared – and willing – to provide support to its new members. Instead, they had to recur to the IMF which imposes on them a strict austerity regime. This might internally destabilize the political systems of the countries concerned and thus destabilize, in the longer run, also the EU. Particularly further steps of deepening integration might fail to find the consensus of all member states.

The second set of problems resulting from the financial crisis were those that impacted on the members of the Euro-zone, and thus on the heart of the EU. In particular the near bankruptcy of Greece caused a devaluation of the Euro. In this case, solutions could not be delegated to the IMF. Yet, until the present, solidarity among the member states to help Greece in solving its financial problems is not in sight. The Council is well willing to subject Greece to a strict austerity regime, with Brussels controlling compliance. Whether loans or other banking facilities will be provided to the Greek state remains to be seen. The reluctance to help Greece is also due to the fact, that other Mediterranean states - the so-called PIGS – might soon have the same problems with their public finance. The Union then would not be in state to provide support to all of them.

In conclusion, we can state that the financial crisis exacerbated the already existing economic disparities between the member states, first, between the old and the new member states, and, second, between the northern and the southern ones. This in turn exacerbates divergences at the political level, not only those between the groups of states mentioned above, but also

between the core states of the Union, France and Germany. While Germany is highly reluctant to transfer any additional powers to the European level, France revives its old project of establishing an economic government in the EU that brings not only monetary union, but also economic coordination under Union control. In spite of the new rules facilitating majority voting, the issues at stake continue to require unanimity. Unanimity in regard to such fundamental issues however is far of being in sight.

The second major challenge actually facing the EU is how to deal with its immediate **neighborhood**. Many countries at the Eastern and Southeastern flank of the EU aspire to become full members of the Union. Yet the EU is reluctant for several reasons. First, Eastern enlargement has not simply been a success, but put a high burden on the EU. The new members are not yet stable market economies and democratic systems. In addition to the problems resulting from the financial crisis, the new members face also many structural problems. I mention here only de-industrialization, incomplete privatization, high unemployment rates, insufficient welfare state measures, high public debt, increasing social inequality. These problems impact on the political systems of the countries concerned. Thus volatile party systems, increasing support for extreme right wing parties, weak administrative performance, lack of good governance and abundant corruption characterize to varying degrees the accession states. This in turn impacts on the EU, first, on the functioning of its institutions, second, on public attitudes toward integration. The peoples of Europe are increasingly skeptical about the most recent enlargements and, therefore, even more skeptical in face of further enlargements. This situation has resulted in a reluctant attitude of the EU and a stop-and-go policy toward its neighbors.

Accordingly, although many neighboring states press for rapid accession, further enlargements seem not very feasible. Negotiations with candidate countries stagnate. Negotiations with Turkey have started in 2006, yet shortly after been suspended because of conflicts around the Cyprus question. In the meantime, relationships have deteriorated and the Turkish public is increasingly skeptical with regard to EU membership. Croatia, which is already further down on the road toward accession, nevertheless does not fulfill the criteria. In this case however, the Commission is keen to foster rapid accession in order to give hope to other countries of the Western Balkan that membership is a feasible option.

This situation illustrates the dilemma facing the EU: On the one hand, the membership bait is a powerful instrument to influence economic and political developments in the neighboring countries aspiring membership. On the other hand, the bait fulfills only its purpose if it is linked to a credible perspective for membership. However, this credibility is hardly given, first, because of the hesitant position of the Union, even in those cases, where accession negotiations have already been opened. Second, the credibility is undermined because the neighboring states are well aware that it is nearly impossible for them to fulfill the criteria for accession. Their hope is that the Union does not apply strict criteria but will rather take politically motivated decisions. However, such political decisions, taken widely in the past, have later turned out to have a high prize. This does not only apply to the accession of Bulgaria and Romania, which clearly came too early. It also applies to the decision of admitting Greece, but also the PIGS in general, to Monetary Union. Since the prize for these

political decisions is actually becoming apparent, it is not probable that such risky decisions will easily be taken in the near future.

Needless to say, that the dilemmas facing the EU in its neighborhood have repercussions on its internal functioning. They clearly bring to the fore the ever present disunity among the member states. Again, neither recent enlargements nor the achievements of the Lisbon Treaty offer solutions to the challenges ahead.

Against this background, we can **conclude** at this point that the next decade of European integration will be characterized neither by major enlargements nor significant steps toward deepening integration. The Union will need a phase of consolidating the existing achievements and developing new, innovative solutions for the problems ahead.

4. Conclusions

At this point, one might conclude that the problems facing the EU are all due to the disunity among the member states. And the simplest solution would be to transfer additional powers to the European level so that unified action is facilitated. Such a conclusion however would ignore the structure of the EU. The EU is not and cannot be a super-state that might replace in the longer run the nation states. Instead, it is a system based on the balance between the European and the national level. This balance is represented in its institutional structure, with the Council representing the interests of the member states, while the Commission, the Court and, to a certain extent, also the Parliament represent the common interest of the member states, or the interests of the Union as a whole. It is true this balance is not in every historical phase the same. In some phases, the intergovernmental dimension of the system is more dominant, in others, it is the supranational dimension.

In characterizing the most recent phase of integration we can say that we have seen a decade, where national interests were not absent, but could be aggregated to form a European-wide consensus on both further enlargements and deepening of integration through a major treaty reform. If we now witness a phase, where national positions significantly diverge this is not a case for deeper concerns. It is all too natural that after a phase of major achievements, and in face of new challenges, the ever present disunity among the member states comes more explicitly to the fore.

Yet the history of European integration teaches us that it is in these phases of seemingly stagnation that the Union embarks on new paths toward integration. This includes both innovative institutional arrangements and more sophisticated procedures of decision-making which both serve to produce what the union is all about:

Unity in diversity