PULLING THE EU OUT OF ITS EXISTENTIAL CRISIS

The EU, as a promising peace project, is viewed as the cornerstone of European stability and prosperity. However, the reputation of the EU today is not the same as before. Currently, the EU faces a range of challenges resulting from within and outside the continent. Among the most prominent are the economic crisis, irregular migration, the rise in extremist movements, and Brexit. The founding principles of the EU are also being tested in response to these crises. Several critical issues are argued in the article that should be taken into consideration for the sake of the EU project at a time when the Union is going through a self-review process.

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T he historical roots of the European Union lie in the Second World War. The principle objective of the European Economic Community (EEC) upon its establishment was to prevent another bloody war to and eradicate the effects of the Second World War in the region through a common system of ruling.[1] When the EEC became the European Union (EU), officially with the signing of the Maastricht Treaty in February 1992, it actually achieved what the member states could not do on their own. In almost six decades, the Community enlarged from six to 28 members, each with different levels of association. It progressed from a Customs Union to a Single Market, which treated the EU as one territory so that the free movement of people, goods, capital, and services could be achieved. Internal border controls were also lifted with the outlining of the Schengen zone.[2]

Looking at these achievements, the EU is largely viewed as a success story on the path of European integration, and as a cornerstone of European stability and prosperity. Today, however, the reputation of the EU is not as it used to be. The idea of an "EU dream" was gradually replaced with, "the crisis of the EU" in the face of arising challenges – most notably the economic crisis, irregular migration, the rise of extremist movements, and recently Brexit – are testing the EU's resilience. The responses to these challenges will shape the Union's future, which is already under review.

Encountering Current Challenges

The European economy was in the midst of a serious recession when a sovereign debt crisis in Greece began in 2008-09, and market concerns spread to several other Eurozone countries including Ireland, Portugal, Italy, and Spain. The debt problems of these countries, worsened by slowed growth and increasing unemployment rates, posed a risk to the overall European economic and financial systems. The real GDP was projected to shrink to around four percent in 2009, the sharpest contraction in the history of the EU.[3]

The crisis revealed that some countries in the Economic and Monetary Union had severe structural and institutional deficiencies.[4] Failure of some member states to implement or adequately enforce some of the directives, coupled with a lack of

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[1] "The History of the European Union," European Union, https://europa.eu/european-union/about-eu/history_en

[2] Kristin Archick, "The European Union: Questions and Answers," 21 February 2017, pp. 10-11, https://fas.org/sgp/crs/row/RS21372.pdf,

[3] European Commission Directorate General for Economic and Financial Affairs, "The Economic Crisis in Europe: Causes, Consequences and Responses," 2009, http://ec.europa.eu/economy_finance/publications/pages/publication15887_en.pdf

[4] Klaus Masuch, Edmund Moshammer, and Beatrice Pierluigi, "Institutions, public debt and growth in Europe," *European Central Bank*, Working Paper, September 2016, p. 4, https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1963.en.pdf

cooperation between themselves, contributed to the debates about the disintegration of the Eurozone and even a possible "Grexit" (the exit of Greece from the EU). Although the EU recovered after some time with the introduction of certain austerity measures and the creation of new mechanisms, the economic crisis actually turned into an existential crisis for the Union.[5]

"Irregular migration became an unprecedented challenge for the EU when the Syrian crisis forced a large-scale migratory flow towards Europe."

With the consequences of the economic crisis waiting to be addressed by the EU on the one hand, on the other, irregular migration became an unprecedented challenge for the Union when the Syrian crisis forced a large-scale migratory flow towards Europe.[6] At its peak, more than one million asylum seekers arrived in Europe in 2015. However, combined with serious deficiencies in the management of the external border by Greece and deep divisions among the member states, the EU's institutional and legislative arrangements at the time were not sufficient. This created exceptional circumstances for public policy and internal security in Europe, and endangered the overall functioning of the Schengen zone. In the face of a massive influx of refugees, the Dublin Regulation, which assigns the responsibility for registering and processing asylum applications to the first Schengen country in which refugees arrive, also proved to be unfair and ultimately, unsustainable.

Therefore, the uncontrolled arrival of migrants and asylum seekers has put a strain on not only many member states' asylum systems, but also on the Common European Asylum System as a whole and Frontex, the European Border and Coast Guard Agency. The EU worked hard on some proposals, such as the creation of emergency funds, hotspots, and even setting up temporary internal border controls, which challenge the free movement of people in the Schengen zone to ensure the Union's external borders regain control. At such a critical period for the Union, Turkey and the EU reached a pivotal agreement on 18 March 2016 to stem irregular migration in the Aegean Sea. The cooperation between Turkey and the EU enabled a decrease in the daily average of irregular crossings from 7,000 in October 2015 to less than 100 following the 18 March Agreement. Although the agreement alleviated the EU's panic to address the massive influx of refugees, the irregular migration issue – which needs to be better managed in all aspects – is still high on the agenda of the EU. It also triggered a tense debate about the settlement of migrants and

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[5] Archick (2017), p. 4.

[6] "European Union," OECD Economic Surveys, June 2016, http://www.oecd.org/eco/surveys/european-union-2016-overview.pdf

how the Union would address this mounting challenge. Some European countries, such as Hungary and Poland, oppose the European Council's decision to establish the Temporary Emergency Relocation Scheme, which was first adopted in 2015. Despite these countries' insistence on not taking in asylum seekers, the European Commission recently set a deadline for the end of June 2017 to start the relocation of refugees before opening infringement procedures, especially for Poland and Hungary.[7]

> *"The EU is at a crossroads and is undergoing an existential crisis."*

The factors deriving from the economic crisis such as increasing poverty, unemployment, and imposed austerity play a crucial part in the rise of extremism in Europe.[8] Besides this, the migration crisis has also given way to the rise of populist and nationalist movements in Europe by putting the EU's core values under threat. Fueled by the current crises, the support for nationalist, populist, and extremist parties throughout Europe by the dissatisfied and disappointed public grew, mainly in mainstream politics. By exploiting voters' fears about the reflections of current challenges on their nations, the supporters of these extremist views could achieve some electoral successes. For example, the far-right Eurosceptic *Alternative für Deutschland* Party (Alternative for Germany — AfD), which was founded in 2013, gained representation in 10 of the 16 German state parliaments at the September 2016 elections. In France, the anti-immigration rhetoric brought the leader of *Front National* (National Front) Marine Le Pen significant gains in the local elections of 2015 by becoming first in six of France's 13 regions.

In fact, the combination of these challenges facing the EU have partly resulted in British voters' decision to leave the bloc (52 percent) in a referendum held on 23 June 2016. For the Union, which had previously only ever expanded, Brexit – which is likely to have significant political, economic, and institutional implications – has been a unique case in its history. The UK triggered the official process on 29 March 2017 by invoking Article 50 of the Lisbon Treaty, although the EU adopted its guidelines for Brexit negotiations on 29 April 2017. At a worrying time for the Union – with a fragile Eurozone, a vulnerable Schengen system, and rising extremism – Brexit bolstered the concerns regarding the future of the EU. Defining future relations between the EU and the UK will be a challenge for both parties. Furthemore, the economic

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[7] "Relocation and Resettlement: Commission calls on all Member States to deliver and meet obligations," European Commission Press Release, 16 May 2017, http://europa.eu/rapid/press-release_IP-17-1302_en.htm

[8] "The rise of right wing extremism and populism in Europe," Position Paper of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament, 16 April 2014, p. 4, http://www.socialistsanddemocrats.eu/sites/default/files/position_paper/Rise_right_wing_extremism_populism_europe_en_140416.pdf

costs of the exit and compensating the UK's role in the EU's political, economic, security, and defense policies are critical issues to be addressed for the Union.

The outcome of the referendum also increased fears that it could encourage eurosceptic parties in other countries to push for similar referendums. In the Netherlands, Geert Wilders' anti-European *Partij Voor de Vrijheid* (Freedom Party — PVV) gained seats in the elections on 15 March 2017 and in France, Le Pen's *Front National* made it to the second round of the presidential elections on 4 May 2017, although she did not win the presidency.[9] Had they been elected, these two leaders promised to call for a referendum on EU membership in their respective countries, similar to the UK.

The Future of the EU: Elements to Be Considered for a New Design

Nevertheless, the EU should seize these crises and turn them into something positive for the future of the Union. As Guy Verhofstadt, the leader of the Alliance of Liberals and Democrats for Europe Group in the European Parliament stated, "Brexit is not only about Brexit. Brexit is also about our capacity to give rebirth to our European project. Europe is not yet recovered from the crisis. Europe is still in need of change, radical change. Change towards a real Union, an effective Union, a Union based on values."[10] It is obvious that the EU is at a crossroads and is undergoing an existential crisis. If the EU wants to continue to be a relevant and competitive actor, three elements discussed below are important for a future redesign of the Union.

Continuing Enlargement

The Union's enlargement policy has been a key instrument in transforming candidate countries and has been an important leverage to undertake reforms in order to comply with the EU standards and rules and to extend the area of peace and stability across Europe. For example, the accession of Spain, Portugal, and Greece in the 1980s helped strengthen democracy in these countries after their transition from authoritarian regimes.[11] Enlargement towards central and eastern Europe in 2004 encouraged reforms in the economic, political, and social systems of these countries. Candidate countries including Turkey have also benefited from this reform program to align with the EU acquis. However, the economic downturn and skepticism regarding the future of the European project, combined with fears that enlargement has brought financial burden have negatively influenced the enlargement policy. The risk of a weakening monetary union has been voiced especially when the gap between creditor and debtor

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[9] John Peet, "Cracking at 60: The Future of the European Union, *Economist*, 25 March 2017.

[10] Guy Verhofstadt, speech given at the European Parliament, 5 April 2017.

[11] "Growing Together," *European Commission*, https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eu_dg_enlarg_info_2_dc.pdf

states became greater during the economic crisis. New entrants have been seen as a burden on taxpayers, particularly in original member states.[12]

At such a critical point in the enlargement policy, the EU Commissioner for Neighborhood Policy and Enlargement Negotiations Johannes Hahn acknowledged that no new EU member would be accepted during the mandate of the current Commission, which ends in 2019.[13] Furthermore, in a White Paper presented by the European Commission on 1 March 2017, for example, it is striking that no further accession to the EU is expected in the short-term. In this document, which discussed the future possible paths of the EU, enlargement is not considered to be a viable option in the short-run.

It should be borne in mind, however, that enlargement is a mutually beneficial process both for the EU and new member states. Mainly, it creates an environment conducive to economic growth and investment, becomes a drive for compliance with higher living standards, helps to tackle issues such as the fight against organised crime and corruption, strengthens democracy, and extends the single market. For the EU, enlargement makes the Union more prosperous and safe, gives the EU more influence among its global competitors, brings dynamism, projects its founding principles and values beyond new members, and increases faith in European integration.[14]

Nonetheless, in the Rome Declaration – which was issued to mark the 60th anniversary of the EU – there is at least one reference to keeping the door open for those who want to apply for membership later on.[15] By moving away from its traditional enlargement policy, the EU is not only sending a confusing message to the countries aspiring to EU membership, but also undermining the credibility of the accession process in stabilization and political consolidation for its neighbors. Therefore, enlargement should remain on track through its transformation capacity by encouraging reforms and expanding fundamental values.

A Change in Outlook towards Europe and its Wider Region

Throughout its expansion, the EU – as a part of the wider European continent – also provided partnership frameworks to the countries that sought better engagement

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[12] R. Daniel Kelemen, Anand Menon, and Jonathan Slapin (eds.), *The European Union: Integration and Enlargement*, (New York: Routledge, 2015), p. 38.

[13] "2016 Communication on EU Enlargement Policy," *European Commission*, 9 November 2016, https://ec.europa.eu/ neighbourhoodenlargement/sites/near/files/pdf/key_documents/2016/20161109_strategy_paper_en.pdf

[14] "10th anniversary of the 2004 enlargement – strategic benefits, impact and the current enlargement agenda," *European Commission*, 30 April 2014, http://europa.eu/rapid/press-release_MEMO-14-325_en.htm

[15] "Rome Declaration," *European Council*, 25 March 2017, http://www.consilium.europa.eu/en/press/press-releases/2017/03/25-rome-declaration/

with the Union. The European Neighborhood Policy (ENP) has been a key instrument in handling the EU's relations with 16 countries from its eastern and southern region. However, the ENP's policy has been problematic in a number of areas as the partners differ in terms of their economic development, cultural and historical backgrounds, as well as their political systems. This means that there is a vast divergence in these countries' attitudes toward the EU. Some, like Moldova, are heavily dependent on the Union in terms of trade and financial assistance, while others such as Azerbaijan seek less EU-imposed proscriptive duties.[16] Given Russia's influence in the former Soviet republics, some of these countries even opted for the Eurasian Economic Community in 2014.

Considering the dynamic changes and instabilities in the partner countries, the ENP was reviewed in 2011 following the Arab Spring, and later again in 2015. Recognizing the different levels of association sought by the partner countries, the revised ENP aimed to take into consideration the principle of flexibility and the tailor-made approach.[17]

"It should be borne in mind that enlargement is a mutually beneficial process both for the EU and new member states."

Conceptually, this is a well-defined objective. However, the implementation of the policy is much more important for stabilization in the wider region, considering Russia's competing objectives and continuing turmoil in the southern neighbourhood, such as the Syrian conflict.

The EU should properly consider the diversity of the aspirations and challenges for different countries in the region. The EU needs an approach which will bring it closer to its region. Therefore, developing tools better suited for current challenges is more important than ever. Visa liberalization decisions for Georgia and Ukraine are positive steps in this regard. The approval of the EU-Ukraine Association Agreement[18] – which was first rejected with a Dutch referendum on 6 April 2016 – by the Dutch

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[16] Adam Hug (ed.), *The Trouble in the Neighbourhood? The Future of the EU's Eastern Partnership*, (London: The Foreign Policy Center, 2015), pp. 15-16.

[17] "European Neigbourhood Policy," *European Union External Action*, 21 December 2016, https://eeas.europa.eu/headquarters/headquarters-homepage/330/european-neighbourhood-policy-enp_en

[18] "On 27 June 2014, the Association Agreement was signed between European Union and Ukraine. The Netherlands is the only country that has not ratified the deal since Dutch voters rejected it in a referendum held on 6 April 2016. The Dutch government asked the EU for additional guarantees to ensure that ratification of the association agreement does not lead to EU membership for Ukraine." According the EU Council conclusions issued on Ukraine on 15 December 2016, "The Agreement does not confer on Ukraine the status of a candidate country for accession to the Union, nor does it constitute a commitment to confer such status to Ukraine in the future." The statement also says the pact "does not contain an obligation for the union or its member states to provide collective security guarantees or other military aid or assistance to Ukraine."
http://eeas.europa.eu/archives/delegations/ukraine/eu_ukraine/association_agreement/index_en.htm

"EU leaders need to continue engaging in serious soul-searching about a vision for its future."

Senate on 30 May 2017 is also considered an important signal from the EU toward its neighborhood countries.[19] If the aim of association agreements is "to support partner countries on their path to becoming stable and prosperous democracies, and to reflect the strategic and geopolitical importance the European Union attaches to the regional context," then completing the ratification process would be a testament to the relevance of the ENP.[20] Reinforcing its relations with its neighbours and showing awareness of their challenges would strengthen the credibility and attractivity of the Union as a regional actor.

A Change in the Mindset of the Functioning of the Union

Placing the crises into a long-term perspective and taking into account its repercussions on EU soil, a new mindset and new thinking on EU integration is considered unavoidable. As Donald Tusk, President of the European Council stressed, the state of mind of the pro-European elites is a current challenge for the EU, with a visible decline of faith in political integration, submission to populist arguments, as well as decreasing belief in the values of liberal democracy.[21] EU member states and EU institutions should accept the reality of the current challenges facing the Union. However, accepting reality means not giving up on the Union, but on the contrary, believing in a European Union for today and for the future.

Internal tensions regarding the functioning of the Union have always existed within the EU, between those that seek an "ever closer union" through greater integration, and those that prefer to preserve their national sovereignty. Jean-Claude Juncker, President of the European Commission argued in his 2016 State of Union speech, "never before have I seen so much fragmentation, and so little commonality in our Union."[22] In the White Paper issued by the European Commission on 1 March 2017, five possible scenarios entitled "carrying on," "nothing but the single market," "those who want more do more," "doing less more efficiently," and "doing much

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[19] Statement by Jean-Claude Juncker, President of the European Commission, 30 May 2017, https://eeas.europa.eu/delegations/ukraine/27116/statement-jean-claude-juncker-president-european-commission-vote-dutch-senate-ratification_en

[20] European Council Conclusions on Ukraine, 15 December 2016, http://www.consilium.europa.eu/en/press/press-releases/2016/12/15-euco-conclusions-ukraine/

[21] Letter of President Tusk, 31 January 2017, http://www.consilium.europa.eu/en/press/press-releases/2017/01/31-tusk-letter-future-europe/

[22] Speech given by Jean-Claude Juncker, President of the European Commission, 14 September 2016, http://europa.eu/rapid/press-release_SPEECH-16-3043_en.htm

more together" were unveiled for the paths to be followed in the post-Brexit period. There is deliberately no mention of legal or institutional processes for the functioning of these forms, as the paper is actually an attempt by the Commission to guide a major debate regarding the EU's future following Brexit. The document also intends to contribute to the declaration issued by the 27 member states at the Union's 60th anniversary summit in Rome.

In the Rome Declaration, EU integration is stressed with reference to its power as a unity: "We will make the European Union stronger and more resilient, through even greater unity and solidarity. Unity is both a necessity and our free choice. Taken individually, we would be sidelined by global dynamics." How to make the Union relevant in today's world – and stronger – depends on the path it will take, but strengthening the mindset of EU leaders and citizens on EU integration is equally important.

Concluding Comments

The EU has gone through a steady wave of transformations since its creation. In fact, its ability to restructure itself in response to these crises has been a crucial asset for the Union. The positive image of the EU during the enlargement process – the Single Market, the Schengen zone, and the Euro as prime achievements in the path towards further integration – was then shaken in the face of the aforementioned challenges. Although the EU is not responsible for all problems in Europe and beyond, it is also clear that it cannot continue business as usual.

EU leaders need to continue engaging in serious soul-searching about a vision for its future. Whether one of the five scenarios or a mix of them presented in the Commission's White Paper are followed, the important point is that the three abovementioned elements should be implemented in the future design of the EU: enlargement, a change in its outlook towards Europe and the wider region, and a change in the mindset of the functioning of the Union. Otherwise, promises, Summit conclusions, and documents such as the Global Strategy, the White Paper, and the Rome Declaration would not yield the desired results for strengthening the resilience of the Union in the face of current "existential" crises.