

Deepening of the Integration Process

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Since the European Communities were created in the 1950s, European integration has advanced in many ways. One, much-used and very useful, analytical device for capturing the nature of the ways in which integration has advanced is to distinguish between deepening and widening. Deepening refers to the development of vertical integration: that is, to the ever more intense nature of the integration that exists between member states. Widening refers to the development of horizontal integration: that is, to the growing geographical spread of the European Community (EC)/European Union (EU) via the accessions of new member states.

This chapter outlines the most important aspects of the deepening of the integration process. The examination does not take the form of a detailed account of the unfolding of every aspect of EC/EU deepening. For those who want such an account, a useful starting point is Dinan, 2014. Nor does the chapter provide a chronological history – a Chronology of Main Events is included at the end of the book. Rather, the chapter provides an overview of the main features of the deepening process.

Three features are considered: treaty development; the development of policy processes; and the development of policies. Since each of these features is explored at length in other chapters of the book, attention in this chapter is restricted to the identification of key points associated with the features and to showing how they have impacted on one another.

Treaty Development

As was shown in Chapter 3, the Treaty of Paris and the two Treaties of Rome constitute the founding treaties of the European Communities. Over the years, in response to pressures for the EC/EU treaty framework to be extended, strengthened and made more democratic, the founding treaties have been amended and supplemented by subsequent treaties. The EU's treaty framework today is thus radically different from the framework that was laid down in the 1950s. Table 4.1 lists the EC/EU's major treaties.

The first major set of revisions to the founding treaties were incorporated in the 1986 Single European Act (SEA), which was something of a mixed bag, containing tidying-up provisions, provisions designed to give the Community a broader policy remit, and provisions altering aspects of Community decision-making. There were two main aspects to these last provisions. On the

Table 4.1 The EC/EU's major treaties

Name of Treaty	Date signed	Entered into force
Treaty establishing the European Coal and Steel Community	18 April 1951	23 July 1952 (The Treaty was signed for a 50-year duration. When the duration expired in 1952 responsibility for coal and steel was transferred to the European Community.)
Treaties establishing the European Economic Community and the European Atomic Energy Community	25 March 1957	1 January 1958
Single European Act	17 and 28 February 1986	1 July 1987
Treaty of Maastricht	7 February 1992	1 November 1993
Treaty of Amsterdam	2 October 1997	1 May 1999
Treaty of Nice	26 February 2001	1 February 2003
Treaty of Lisbon	13 December 2007	1 December 2009

one hand, the capacity of the Council of Ministers to take decisions by qualified majority vote (QMV) was strengthened, with the purpose of enabling the Community to pass the laws that would be necessary to give effect to the aim that was agreed at the June 1985 Milan European Council meeting of 'completing' the internal market by December 1992. On the other hand, with a view to be seen to be doing something about the so-called 'democratic deficit', the influence of the European Parliament (EP) (the Assembly started calling itself the European Parliament from 1962) was strengthened via the creation of a two-stage legislative procedure – 'the cooperation procedure' – for some legislative proposals. Taken together, the Milan summit and the SEA are often described as heralding the 're-launch' of European integration in that they provided the foundations for a considerable increase in the pace of integration after some years of, if not sclerosis as is sometimes claimed, slow integrationist advance.

The 1992 Maastricht Treaty built on the momentum that the SEA provided for the integration process and advanced it significantly further. It did so in two main ways. First, it created the new organisation of the EU, which was based on three pillars: the European Communities, a Common Foreign and Security Policy (CFSP), and Cooperation in the Fields of Justice and Home Affairs (JHA). Second, like the SEA, it furthered policy and institutional deepening: the former, most notably, by laying down a procedure and a timetable

for moving to Economic and Monetary Union (EMU) with a single currency; the latter, most notably, by further extending provision for QMV in the Council and by creating a new legislative procedure – co-decision – which, for the first time, gave the EP the power of veto over some legislative proposals.

The 1997 Amsterdam Treaty was neither as far-reaching nor as ambitious as either the SEA or the Maastricht Treaty. Indeed, for Euro-enthusiasts it was something of a disappointment in that it did not complete what had been intended to be its main job, namely adjusting the composition of the EU's institutions in preparation for enlargement. Nonetheless, it was significant for the integration process in that, like the SEA and the Maastricht Treaty, it too carried policy and institutional deepening forward, albeit more modestly. In respect of policy deepening, its main contribution was to strengthen the EU's decision-making capacity in certain JHA spheres. In respect of institutional deepening, its most important changes were to extend the co-decision procedure to more policy spheres and to virtually abolish the cooperation procedure.

The 2001 Nice Treaty was always intended to be limited in scope in that its remit was largely restricted to dealing with the 'Amsterdam leftovers'. That is to say, its main task was to make changes in the composition of the EU's institutions and in the voting strengths and voting procedures in the Council in order to enable the EU to absorb applicant states, without at the same time not undermining the capacity of

...reaction in a tolerably efficient manner. This, ... shows, the Treaty did.

The most recent of the EU's major treaties – the Lisbon Treaty – continued the pattern of all the ... the SEA in that it provided for advances ... policy and institutional integration. As is ... Chapter 7, the institutional advances were ... significant, including as they did provision for ... of European Council President and for ... and identifiable position – entitled High ... of the Union for Foreign Affairs and ... Policy – than had hitherto existed in respect ... the EU in external political relations.

The Lisbon Treaty was also in important ... different from earlier treaties in that it was ... a much longer and more tortuous period of ... negotiation, and ratification. The roots ... the Treaty lay in the 2000 Nice summit, where ... of the member states, aware that the Nice ... they had just contracted was much more mod- ... nature than many would have liked, agreed ... another Intergovernmental Conference (IGC) ... be convened in 2004. This Nice agreement was ... overtaken by a momentum that the next IGC ... be much more ambitious than its predeces- ... with the consequence that at their December ... Laeken summit the leaders decided to convene ... Convention on the Future of Europe that would ... prepare the ground for the scheduled 2004 IGC. The ... Convention submitted its recommendations – which ... were for a Constitutional Treaty – and these were ... accepted by the IGC. But the Constitutional ... Treaty ran into major ratification difficulties, largely ... because the use of the word 'constitutional' in its title ... the Treaty was never formally called a 'constitution') ... elevated its perceived importance and encouraged ... some member states to hold referendums on it. There ... had been difficulties in ratifying earlier treaties, but ... these had not been seen at the time as being insur- ... passable, and in the event they proved not to be so. ... But the difficulties with ratifying the Constitutional ... Treaty were of quite a different order, with two found- ... ing member states – the Netherlands and France – ... rejecting the Treaty in referendums held in mid-2005. ... The consequences of these referendums was initially ... disputed, with many 'pro-integrationists' arguing for ... a continuation of the ratification process in the hope ... that somehow the Treaty could be rescued, and with ... many others concluding that the Treaty could never

come into force. Over time, 'realities' increasingly favoured the latter position and the prospects of the whole of the Treaty entering into force were eventually dropped. Another IGC was convened in 2007 and – acting on the basis of tight guidelines issued to it by the European Council – it quickly agreed a new treaty: a treaty that removed the controversial symbolic aspects of the Constitutional Treaty but that left most of its other contents intact. However, the new treaty – the Lisbon Treaty as it became called after being formally signed in the Portuguese capital – also ran into ratification difficulties when the Irish people rejected it in a referendum in June 2008. (Ireland was the only country in which a referendum on the Lisbon Treaty was held.) The entry into force of the Treaty was, in consequence, further delayed: until the Irish people ratified it in a second referendum that was held in October 2009. The Treaty eventually took effect in December 2009.

Development of Policy Processes

The founding treaties indicated a pattern of policy-making and decision-making in which the Commission would propose, the Parliament would advise, the Council would decide – usually by unanimity – and the Court of Justice would interpret when law was made. For many years this is how inter-institutional relationships and processes generally worked in practice, and indeed in a few decision-making areas they still do so. But since the re-launch of the integration process in the mid-1980s there have been many additions and amendments to the pattern. Five of these additions and amendments are particularly worth noting.

First, the relationships between the four institutions themselves have altered in a number of ways. As integration has evolved, all of the institutions have extended their interests and simultaneously become increasingly less compartmentalised and less self-contained within the EU system. This has led not only to a certain blurring of responsibilities as the dividing lines between who does what have become less clear, but also to changes in the powers of, and balance between, institutions as there has emerged a more general sharing of powers. So, for example:

the Council of Ministers has usurped some of the Commission's proposing responsibilities by becoming progressively more involved in helping to initiate and set the policy agenda; the Court has significantly affected the direction and pace of the integration process by issuing many judgements with considerable policy and institutional implications; and the EP, greatly assisted by treaty changes, has steadily extended its influence, especially its legislative influence. Indeed, such has been the increase in the EP's legislative role that the former Commission–Council axis on which EU legislative processes were based has been replaced by a Council–Commission–EP triangle.

Second, an increasing range of participants not associated with the four main institutions have become involved in policy-making and decision-making. The most important of these participants are the Heads of Government who, in regular summits – known as European Council meetings – have come to assume key agenda-setting and decision-taking responsibilities that have had the effect of reducing the power and manoeuvrability of both the Council of Ministers and the Commission. The increasing involvement of the Heads of Government has been no more clearly seen than in the context of the post-2007–08 economic and financial crises, which has resulted in them – sometimes in full summits and sometimes in Euro Summits (meetings of eurozone Heads of Government) – taking key decisions on such matters as bailouts to indebted states and reforms to the EMU system. In this post-2007–08 world, the power of the German Chancellor – and more broadly of Germany in respect of EMU matters – has increasingly been wielded. Prominent amongst other actors who have inserted or attempted to insert themselves into decision-making processes are the many national and transnational sectoral interests and pressures that have come to cluster around the main institutions in order to monitor developments and, when possible, to advise or pressurise decision-makers.

Third, policy processes have become more varied and complex as they have come to function in many different ways at many different levels. In addition to what occurs in the structured settings of Council and Commission meetings, parliamentary plenaries and committees, and Court sittings, there is a mosaic of less formal channels in which representatives of the institutions, the states, and interests meet and interact to discuss and produce policies and decisions. Which

processes and channels operate in particular cases, and what types of interactions occur therein, varies considerably from sector to sector, and can even do so from decision to decision.

Fourth, policy processes have become, in some respects at least, more efficient and democratic. They have become more efficient insofar as treaty reforms have made it possible for an increasing number of Council decisions to be taken by QMV rather than requiring unanimity. Decision-making has thus been less hampered by having to wait for the slowest. Policy processes have become more democratic insofar as the EP – the only EU institution to be directly elected – has become more influential.

Fifth, policy processes have become more supranational in character. Whilst it is the case that many types of decisions can still only be taken if all member states agree, and as such decision-making is intergovernmental, many key and binding decisions can be taken without all member states giving their explicit approval. This is the case where non-governmental EU institutions are assigned independent powers: as, for example, the Commission in respect of competition policy and the European Central Bank (ECB) is in respect of eurozone monetary policy. It is the case also where QMV can be used in the Council: and it is now available for many types of policy decisions.

Development of Policies

The EU's policy portfolio has expanded steadily over the years, stimulated and encouraged by treaty provisions, the increasing internationalisation and competitiveness of economic forces, a growing recognition of the benefits of working together, integrationist pressures emanating from central institutions (notably the Commission and the EP), and the stimulus that policy development in one sphere has given to developments in other spheres.

The internal market

The policies that lie closest to the heart of the EU policy framework are those related to what used to be called 'the Common Market' and is now known

Economic and Monetary Union

Closely associated with the internal market momentum has been the building of EMU. Having long been identified as a Community goal, real progress towards EMU only began to be made in the late 1980s when most of the member states – strongly encouraged by the President of the Commission, Jacques Delors – came to the view that harmonised macroeconomic and financial policies and a single currency were necessary if the internal market was to realise its full potential. Accordingly, a strategy for creating a single currency-based EMU gradually developed. This was put into specific form – with the laying down of procedures and a timetable – in the Maastricht Treaty. Central to the Maastricht provisions on EMU were conditions – called convergence criteria – that countries would have to meet if they were to become members of the single currency system. The qualifying conditions – low rates of inflation, low interest rates, the avoidance of excessive budgetary and national debt deficits, and currency stability – were designed to ensure that the single currency zone would be based on sound foundations. The conditions were subsequently used as a basis for the development of a Stability and Growth Pact (SGP), which was a framework for national economic and monetary policies within the single currency zone designed to ensure that stability would not be threatened by national imbalances or ‘irresponsible’ national policies.

The Maastricht Treaty offered the possibility of the single currency system being launched in 1997, but that proved to be premature. However, the system did come into operation on 1 January 1999, with 11 of the EU’s 15 member states fixing their exchange rates and the common currency – the euro – coming into existence. Of the four non-participating states, Denmark, Sweden, and the UK chose not to join, whilst Greece was unable to meet the convergence criteria. Greece’s position was, however, quickly deemed to be in order and it too became a member of the system on 1 January 2001. National banknotes and coins were phased out in the participating countries in early 2002 and were replaced by euro notes and coins.

The states that became EU members in 2004, 2007, and 2013 were all required to commit to joining the single currency system, but they were not permitted to join immediately. Rather, they were required to wait for at least two years so as to see whether they

‘the internal market’ or ‘the Single European Market’ (SEM). In essence, these policies are designed to promote the free movement of goods, services, capital, and people between the member states, and to enable the EU to act jointly and present a common front in its economic and trading relations with third countries. Since the mid-1980s – when the creation of the SEM was given priority via the ‘1992 programme’ and the SEA – there has been considerable development of these market-based policies. This has resulted in a great increase in the range and extent of the EU’s regulatory presence, which is somewhat ironic given that a key aim of building the internal market has been to liberalise and deregulate the functioning of the market. It has, however, been generally recognised and conceded by EU decision-makers that the market can operate on a reasonably fair and open basis only if its features of it are properly managed and controlled from the centre.

The EU has thus developed many policies with direct implications for the operation of the market. Amongst the regulatory activities in which EU decision-makers have been much concerned are: the establishment of essential conditions for product standards and for their testing and certification (the details are usually worked out by European standards organisations); the liberalisation of national economies, including opening up to competition national monopolies and protected industries in such spheres as energy, transport, and telecommunications; the laying down of criteria that companies must satisfy if they wish to trade in the EU market (this has been very important, for example, in the sphere of financial services); and controlling the circumstances in which governments can and cannot subsidise domestic industries.

In addition to these ‘pure’ market policies, several policy areas in the broader social sphere that have market implications have also become increasingly subject to EU policy interest and, in some cases, regulatory control. This has usually been a consequence of some mix of genuine social concern coupled with a recognition that divergences of national approaches and standards are not compatible with fair competition and are not helpful for economic growth in the EU. Examples of policy areas that have become subject to such policy attention are employment, the environment, consumer protection, and working conditions.

could meet the convergence criteria after assuming EU membership. In the event, several of the new member states have found meeting the convergence criteria a struggle and by the time of writing (autumn 2016) only seven of the twelve 2004/2007/2013 accession states have joined the eurozone. But though the progress of some 2004/2007/2013 accession states towards membership of the single currency system has been relatively slow – and the onset of the economic and financial crises has raised questions for them about the wisdom of joining – the fact is that 19 EU states now have the same currency, and therefore also the same interest rates and external exchange rates.

As was shown in Chapter 1, when the economic and financial crises began to unfold from 2007–08, the single currency's structural foundations proved to be too weak to deal quickly and effectively with the strains that were placed on the eurozone. The 'M' in EMU was strong, but the 'E' was weak. That is to say, EMU was a monetary union but it was not – as many commentators had long argued it needed to be if it was to be secure – also an economic union with centralised fiscal capacities and regulatory powers over key aspects of member states' economic policies and structures. Yet, even though some EMU members had to pay a high price for this weakness – by being made subject to stiff austerity policies (that were driven especially by Germany) – as a condition of being assisted out of the crises that impacted on them, there was little serious questioning at governmental levels of the overall merits of EMU. The focus was on reforming the system, not scrapping it. In consequence, as is shown in Chapters 1 and 20, a strengthened EMU system was duly created.

Other policies

Notwithstanding the impression that is often given of an ever-expanding EU, its budget only accounts for just over 1 per cent of total EU gross domestic product (GDP) and less than 3 per cent of total EU public expenditure. This is both a consequence of and a reason for the nature of the EU's policy portfolio.

There are two main reasons for the proportionately very low level of EU spending. First, many of the policies that the EU has developed are essentially regulatory in character. That is, they involve laying down rules on all sorts of things – from specifying air quality

standards to chemical safety requirements – that do not require much direct EU expenditure, though they do often require considerable expenditure by public and private bodies in the member states. Second, the EU has always had very limited involvement with policy areas that account for the bulk of public expenditure – notably social welfare, education, health, and defence. These policies have been viewed as being essentially national responsibilities.

The main exception to this lack of involvement with heavy expenditure policy areas has been agriculture, where the Common Agricultural Policy (CAP) has imposed heavy burdens on the EU's annual budget. Since the early 1980s a series of measures have been adopted that have had the effect of bringing many aspects of the CAP's problems – including heavy overproduction – under control, but agriculture still accounts for around 40 per cent of EU budgetary expenditure.

Paralleling the attempts to bring the CAP under control has been increased spending on other policy areas that also impose budgetary demands. Regional and social policies have received particular attention especially via the development and growth since the 1970s of the EU's two main cohesion funds – the European Regional Development Fund (ERDF) and the European Social Fund (ESF). In more recent years more funding has also been channelled to the likes of research, energy, and employment promotion policies.

Beyond economic and economic-related policies the EU has also moved into other policy areas over the years. The most significant of these areas – significant in that they involve highly sensitive policy matters that are far removed from the original European Economic Community (EEC) policy focus on the construction of a common market – are foreign and security policy, defence policy, and JHA policy. These policy areas are still very much in the course of development, but they nonetheless have advanced considerably in both institutional and policy terms. The advancement is seen in the treaties, with the de facto growing role of foreign policy from the early 1970s, first being given treaty acknowledgement by the Maastricht Treaty and with both foreign and defence, and JHA policies being important components of, and being considerably strengthened by, the Maastricht, Amsterdam, and Lisbon Treaties.

So extensive and diverse has policy development been since the Community was established that there are now very few policy areas where significant

...are not to be found. No other combination of ... arrangements even remotely like those that ... in the EU, where cooperation and integration ... consciously practised across such a wide range ... sectors and where so many policy responsi- ... have been transferred from individual states to ... institutions.

The nature of the EU's policy interests and respon- ... are examined at length in Part IV of the book.

Concluding Remarks

The EU is still recognisably based on the three ... Communities that were founded in the ... 1950s. The most obvious ways in which it is so are in

its institutional structure and in the continuance of the common market/internal market as the 'core' of policy activity.

However, in many fundamental ways European integration has clearly advanced considerably since it was given its initial organisational expression by the founding treaties. This advancement is seen not least in the multifaceted nature and extent of integration deepening, which has taken two broad forms. On the one hand, there has been a considerable development of institutional integration, with institutional and policy-making arrangements becoming more numerous and more complex. On the other hand, there has been a comparable development of policy integration, with the EU's policy responsibilities now extending, to at least some degree, into just about every area of public policy.