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CRISIS AND OPPORTUNITY (2004–PRESENT)

Preview

Writing in his memoirs in 1978, Jean Monnet (1978, p. 518) warned that Europe would be 'established through crises and ... the outcome will be the sum of the outcomes of those crises'. The tale of integration can indeed seem to be one of crisis following crisis, with the process declared dead or dying more times than can be counted. At few times in its history has crisis been so much a part of the EU as over the last 15 years, during which integration has suffered blows sparked by questionable decisions, circumstances and troubling doubts on the part of a European public that has been divided on its merits.

This final chapter on the history of the EU follows the story from the eastern enlargement of 2004–13 (widely seen as an opportunity) through the hopes initially inspired by the drafting of a constitutional treaty in 2002–03 to the crisis caused by its collapse in 2005 at the hands of French and Dutch voters.

After some reflection, the new Treaty of Lisbon was drafted and agreed, just in time for the twin crises of the global financial meltdown and problems in the euro zone. So dire were their effects that there was talk of exits from the euro zone, and the possible collapse of the euro, and even of the EU. Criticism of the EU grew as populist parties made gains at elections, anti-EU sentiment reaching a new peak with the Brexit decision of 2016.

Key points

- In 2004, eight eastern European states, together with Cyprus and Malta, joined the EU, to be followed in 2007 by Bulgaria and Romania, and in 2013 by Croatia. The EU was now more truly European rather than a club of western states.
- Hopes of creating an EU constitution – and of giving the structure and goals of the EU more certainty – were dashed when a constitutional treaty was rejected in 2005 by French and Dutch voters.
- The constitution was reinvented as the Treaty of Lisbon, which – following a delay after a negative vote in Ireland, followed by a second positive vote – entered into force in 2009.
- Following hard on the heels of the global financial crisis that broke in 2007, the euro zone crisis broke in 2010, and the EU was given insight into the consequences of not respecting its own rules.
- Just as the EU suffered its most serious crisis in years, it was encouraged by being awarded the 2012 Nobel Peace Prize. Opinion was divided, though, on whether or not it was a deserving recipient.
- Then came a perfect storm of new crises, with new waves of immigration and asylum seekers from the Syrian civil war, the rise of populist anti-EU political parties and leaders, and the decision by Britain to leave the EU.

The EU looks east (1994–2013)

On the afternoon of 13 July 1995, as many as 1,500 men were taken by bus or by foot to a farm near Kravica, a village near the eastern border of what is now Bosnia and Herzegovina. Several hundred of the men were taken aside, formed into ranks and executed with machine gun fire. The rest were herded into farm sheds, where they were massacred in a hail of bullets, hand grenades and rocket propelled grenades. A few escaped, while those who survived the initial attack were later shot in the head. The bodies were then moved using an excavator to mass graves.

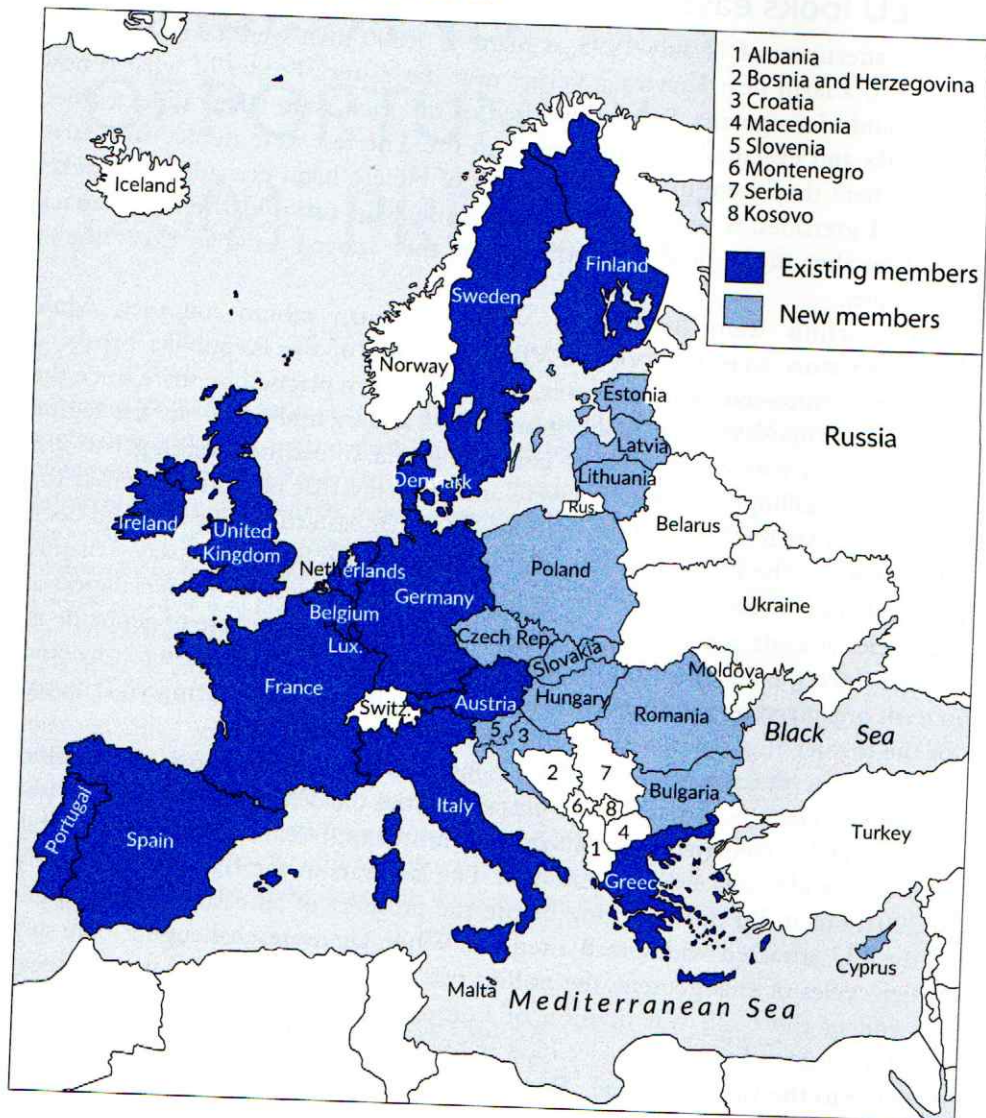
The victims were Bosniaks, a Muslim Bosnian ethnic minority, while the perpetrators were units of the VRS, the army of the Republika Srpska, a secessionist proto-state within Bosnia, which had been plagued by strife since the break-up of Yugoslavia. This had begun in 1991 and by mid-1992 saw the region divided into a patchwork quilt of competing and sometimes warring national groups. The killings near Kravica were among many that became known as the 'Srebrenica massacre', named for the town in north-eastern Bosnia that had been under siege by the VRS since 1992. All told, more than 8,000 Bosniaks – mainly men and boys – were executed during the month of July, despite the declaration of Srebrenica as a safe area under UN protection. It was the worst case of genocide in Europe since the Second World War, and many of its leaders were later convicted in trials organized by national courts in Serbia, the International Criminal Tribunal for the former Yugoslavia, and the International Court of Justice.

Events in the former Yugoslavia included some of the most violent and disruptive upheavals brought on by the end of the Cold War, an event which was at first widely celebrated but quickly took more complex turns as new political, economic and social realities took hold. The last wars in the Balkans ended only in 2001, but it did not take long before the prospect of an eastern enlargement of the EU attracted widespread attention. While far more challenging than any earlier cycles of enlargement, the notion was politically significant; it would seal the end of the Cold War division of Europe, represent a dramatic step in the transformation of former Soviet bloc states to liberal democracy, and give new meaning to the word *European*. The 'European' Union had so far been a western European league, and the absence of its eastern neighbours reflected the political, economic and social divisions of the continent.

By way of preparation, the Community agreed to take responsibility for coordinating western European aid to the east following the end of the Cold War. To this end, the European Bank for Reconstruction and Development was founded in 1991 to provide loans, encourage capital investment and promote trade; Europe Agreements were signed with several eastern countries to allow for progress on free trade; and in 1997 the EU launched Agenda 2000, listing the changes needed to prepare ten eastern European states for EU membership.

Negotiations opened between 1998 and 2000 with Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia (the latter being the only former Yugoslav state in the mix). Following their completion in December 2002, all but Bulgaria and Romania were invited to join in an initial wave of enlargement. All accepted, and in May 2004 the biggest round of enlargement to date was completed when ten new states joined the EU. Membership of the EU was now up to 25, and for the first time former Soviet republics (Estonia, Latvia and Lithuania) were

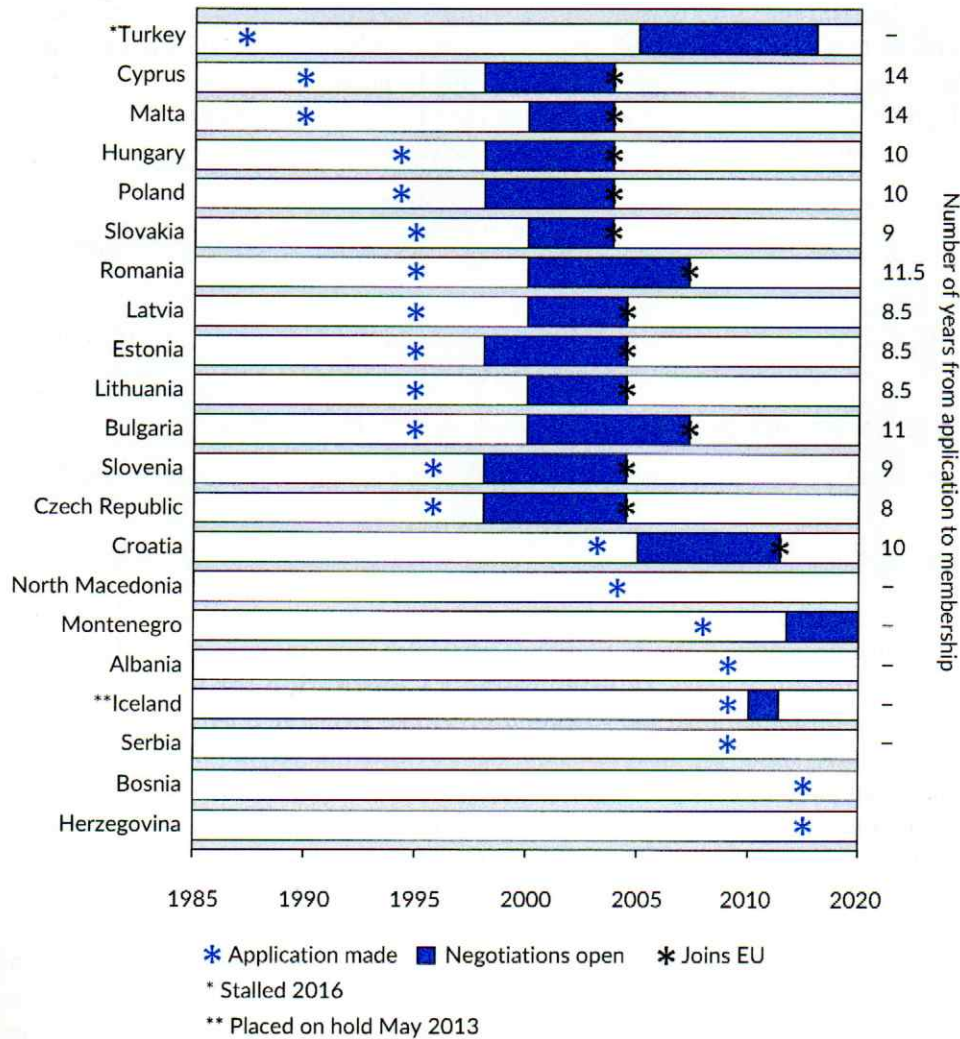
Map 7.1 Eastern enlargement, 2004–13



members of the club. While the population of the EU grew by more than 23 per cent, however, to nearly 470 million people, its economic wealth grew by just 5 per cent (less than the GDP of the Netherlands). Bulgaria and Romania joined in January 2007 and Croatia – another former Yugoslav state – in 2013, bringing 84 per cent of the population of Europe together under the aegis of the European Union.

The process was by no means simple, quick or trouble free, however (see Figure 7.1). There were arguments over the terms of entry, questions about how much access workers from the new member states would have to free movement and residence, objections from Turkey to claims that the government of Cyprus represented the whole of the divided island and that Cyprus had slipped past Turkey in the queue to join the EU, and much political resistance in Malta to joining. There was also a new sense of 'enlargement fatigue' in some of the existing member states, and new concerns about immigration, which contributed in turn to new levels of support for right-wing political parties in Austria, Belgium and the Netherlands (see later in this chapter).

Figure 7.1 *The long road to enlargement*



Despite the problems, the queue of prospective members never stopped growing. As of mid-2019, Albania, North Macedonia, Montenegro, Serbia and Turkey had been accepted as ‘candidate countries’, meaning that membership has been agreed in principle for all five, and negotiations on terms had begun with most of them. Turkey poses the greatest challenges because of the combination of its size, poverty, religion and mixed political record, as well as concerns over its attitude towards Cyprus and questions about whether it is a European country (see Chapter 9 for more discussion). Two more countries – Bosnia and Kosovo – are considered potential candidate countries.

The failed constitutional treaty (2001–05)

Although the treaties of Amsterdam and Nice had taken care of most of the immediate institutional needs of the expanding EU, there was support for the idea of developing a constitution for Europe. With this in mind, the Laeken European Council in December 2001 decided to set up a Convention on the Future of Europe, or the **European Convention**. This met for the first time in March

European Convention A series of meetings held during 2002–03 to draft a constitution for the EU.

2002, with former French President Valéry Giscard d'Estaing in the chair, bringing together 105 delegates drawn carefully from a variety of sources and designed to ensure that a wide range of opinions were heard: all 15 of the then-member states of the EU were represented, along with 13 potential member states, national legislatures, the European Parliament and the European Commission.

Several guiding questions dominated the thinking of the convention:

- How the EU might play a more effective role in the world.
- How ordinary Europeans could connect more fully and effectively with the EU.
- How the division of responsibilities between the EU and the member states could be more clearly explained.
- How the organizational rules of the EU could be simplified.
- What arrangements needed to be made to pave the way for more enlargement of the EU.
- How the EU could achieve greater democracy, transparency and efficiency.

Public plenary sessions were held monthly, the convention breaking out between sessions into working groups to discuss particular issues in more detail. The result was the drafting of a **Treaty Establishing a Constitution for Europe** that was intended to combine all the rules and principles established by past treaties and the growing body of European case law. Published in July 2003, it was further discussed at an IGC beginning in October and at the European Council in June 2004, and the treaty was signed in October (for details, see Dinan, 2014). Some of its provisions were new, bringing changes to the institutional structure of the EU, while others simply confirmed established habits.

As usual, ratification was needed by all EU member states. In a departure from past practice, it was agreed that a negative vote by even one state would be enough to terminate the treaty; most assumed that Britain – where the Blair administration was in favour, but public opinion was not – would be the spoiler. Lithuania became the first member state to ratify in November 2004 with a parliamentary vote, followed by Hungary, Slovenia and Italy. The treaty then passed its first national referendum in Spain in February 2005, and more parliamentary votes followed in Greece, Austria, Belgium, Estonia, Slovakia and Germany. With 11 positive votes in the bag, the spotlight now shifted to France, where a referendum had been arranged for 29 May.

Both the governing conservatives and the opposition socialists campaigned in favour of the treaty, and opinion polls suggested that it would be approved by a healthy majority. Opposition began to build, though, around concerns on the left that the treaty would force a neoliberal economic model on France, and on the right that it would entail too great a loss of national sovereignty. Matters were complicated by the unpopularity of President Jacques Chirac, a supporter of the constitution. Although there was high turnout on polling day, nearly 55 per cent of voters rejected the constitution. For the first time in the history of the EU, one of its two major founding powers had dealt a blow to the process of European integration, and there was no possibility of the treaty being renegotiated. In spite of this, the Netherlands went ahead with a planned referendum three days later, and all doubts were laid to rest with its rejection there by 62 per cent of voters.

Treaty Establishing a Constitution for Europe

A treaty signed in 2004, which was intended to replace the process of developing new treaties with a constitution for the EU. It failed when rejected by French voters in 2005.

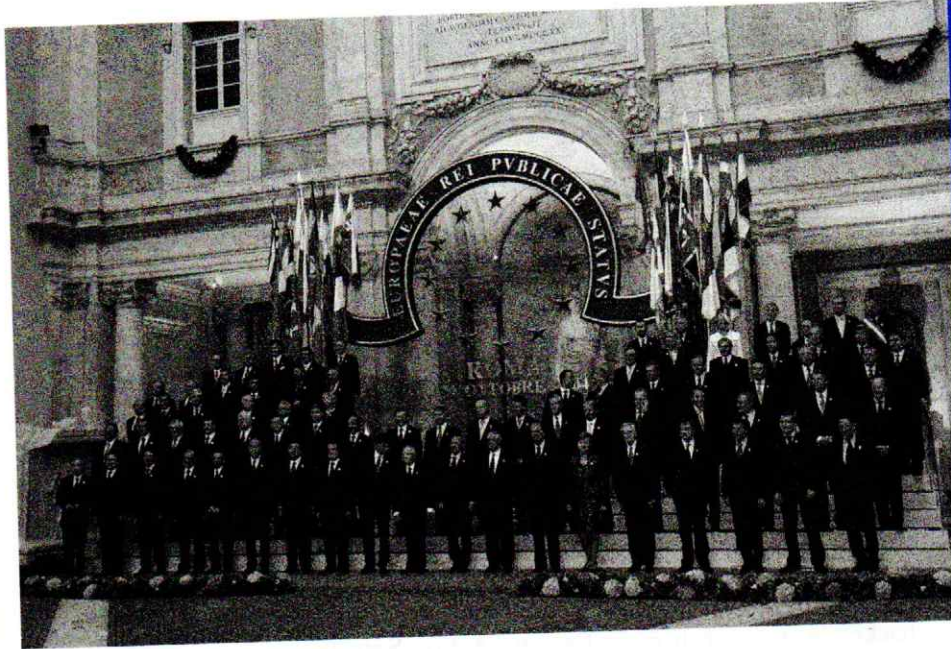


Illustration 7.1: EU leaders gather in Rome in November 2004 to sign the new constitutional treaty. Comparisons with the American constitutional convention nearly 220 years earlier ended abruptly when the treaty was rejected by French and Dutch voters.

Source: EC Audiovisual Service

All major Dutch political parties had campaigned for the treaty, but polls showed a split in public opinion, with about half the voting population admitting to knowing almost nothing about its content. In the end, the result was explained by a combination of the unpopularity of the Dutch government, a perception that the European project was one generated by elites with too little reference to ordinary Europeans, public resentment that the Netherlands had never before been given the opportunity of a referendum (notably on adoption of the euro), concerns about immigration from Turkey and eastern Europe, concerns that the treaty would mean reduced influence for the Netherlands in Europe, and the negative vote in France. Luxembourg went ahead with a planned referendum in July, at which 56 per cent voted in favour of the treaty, and there were successful legislative votes in Latvia, Cyprus, Malta, Bulgaria and Romania. Even though 17 member states eventually ratified the treaty, the French and Dutch results made the matter moot; the constitutional treaty was dead.

Its defeat was significant for being the first time that public opinion (albeit in only two countries) had gone against an EU treaty initiative. The origins of the result can be dated back to the mixed opinions that many Europeans had about the Maastricht treaty, and to the first real signs of a rejection of the idea of the permissive consensus. For Startin and Krouwel (2013), the two No votes should not have come as a surprise, because Eurosceptic parties were on the rise, and the gap between voters and mainstream political elites had been growing. Political leaders had begun to realize at the time of Maastricht that they were not paying sufficient attention to public opinion, and the rejection of the constitutional treaty emphasized this problem still further.

The Treaty of Lisbon (2007–09)

Despite the collapse of the constitutional treaty, the EU continued to function, even if its institutions were becoming increasingly creaky; it was even able

Treaty of Lisbon The most recent change to the EU treaties, signed in 2007 and entered into force in 2009. It made most of the changes that had been intended by the stillborn constitutional treaty.

to absorb Bulgaria and Romania when they joined in January 2007 (albeit by sweeping many problems under the carpet). After a 'period of reflection', European leaders regrouped to pick up the pieces, and did so in what was widely criticized as a devious manner. The German presidency of the EU declared in January 2007 that a new treaty was needed in order to take care of outstanding organizational needs, and issued the Berlin Declaration in March, hinting at the hope that there would be a new agreement in place before the 2009 European Parliament elections. A draft of what was initially known as the reform treaty was duly discussed at an IGC in Lisbon in July 2007, and signed there the following December.

It quickly became clear that the content of what eventually became the **Treaty of Lisbon** was much the same as that of the constitutional treaty. It was another amendment to the treaties rather than a reformulation of the treaties as a constitution, to be sure, but most of the key changes intended by the stillborn constitution survived:

- A new president for the European Council.
- A High Representative of the Union for Foreign Affairs and Security Policy, backed by a new European External Action Service.
- Abolition of the pillar system introduced by Maastricht.
- Equal powers for the European Parliament and the Council of Ministers over proposals for almost all EU legislation.
- Recognition of the rights laid out in the Charter of Fundamental Rights, and accession to the European Convention on Human Rights.
- More responsibilities for the EU in energy policy, public health, climate change, crime and terrorism, commercial policy, humanitarian aid and research.
- A new formula for qualified majority voting in the Council of Ministers.
- A single legal personality for the EU, designed to strengthen its negotiating powers on the international stage.
- Formal recognition of the freedom of a member state to leave the EU.

With the exception of Ireland, all member states argued that the Lisbon treaty was an amendment to past treaties and so did not require national referendums, a position that was criticized by Lisbon's opponents as a ploy to push through the constitution by other means and with a different name. It was widely assumed that it would go through with few difficulties, but Ireland was once again required to organize a referendum to change its constitution, and, on 12 June 2008, 53 per cent of Irish voters rejected the treaty (with 53 per cent turnout). Few had taken the time to read the treaty or understand its critical components, creating a breach into which supporters and opponents stepped with alacrity. Opponents wrongly claimed that Lisbon would mean legalized abortion in Ireland, compromised Irish neutrality and a change to tax policy.

A protocol for Ireland was negotiated and agreed, including confirmation of neutrality and guarantees that Lisbon did not provide for the creation of a European army, and that Ireland's constitutional provisions for the right to life, family and education would not be impacted. Against this background, a second Irish referendum was held in October 2009, resulting in a 67 per cent majority



TIMELINE

Crisis and opportunity (2004–present)

2004	May	Ten mainly eastern European states join the EU, taking membership to 25
2007	January	Bulgaria and Romania join the EU, taking membership to 27
	April–August	Breaking of global financial crisis
	December	Signature of Treaty of Lisbon
2008	June	Irish referendum rejects Lisbon
2009	January	Slovakia becomes 13th EU member state to adopt the euro
	October	Second Irish referendum accepts Lisbon; Greek admission of budget deficit marks beginning of crisis in euro zone
	November	Treaty of Lisbon enters into force
2011	March	Breaking of the Syrian civil war
2012	March	All but two EU states adopt fiscal compact
	December	EU awarded Nobel Peace Prize
2013	January	Fiscal compact comes into force
	July	Croatia becomes 28th member state of the EU
	October	Launch of European Stability Mechanism
2014	February	Russian occupation of Crimea
	May	European Parliament elections result in gains for populist parties
2015	January	Lithuania becomes 19th EU member state to adopt the euro
	Summer	Peak of the Syrian refugee crisis
2016	June	British voters opt to leave the European Union
2019	May	European Parliament elections result in gains for pro- and anti-EU parties
2020	January	UK leaves the EU

in favour, with 59 per cent turnout. In spite of the unpopularity of the Irish government, the Yes campaign was helped by the perception that EU membership had helped Ireland weather some of the effects of the global financial crisis. Lisbon came into force in November.

Among the most significant institutional changes to come out of Lisbon was the creation of the two key new positions in the political system of the EU: a president for the European Council, and a High Representative of the Union for Foreign Affairs and Security Policy. Their creation was seen as an opportunity to give the EU new direction and to help make it a more effective player in the international system. The president of the Council is to be a facilitator rather than a leader, and hence instead of choosing someone with a strong international profile and a proven leadership style to fill the post, EU leaders opted for the little-known Belgian Prime Minister Herman van Rompuy, who – like most of those on the Council – was a moderate conservative.

The Council also reached into the ranks of the relatively unknown in their choice for the new EU foreign minister, appointing the incumbent trade commissioner from Britain, Catherine Ashton. Never elected to public office, and all but unknown outside her home state, she had no foreign policy experience,



CONCEPT

Global financial crisis

The international financial crisis that broke in 2007, centred on the housing and mortgage markets, quickly spreading from its origins in the United States, bringing recession to most advanced economies in 2008–10, and challenging the ability of EU leaders to work together on broad economic problems.

but was well regarded by Commission President José Manuel Barroso, and – by coming from the ideological left – gave political balance to the two positions.

Although the Treaty of Lisbon tied up most of the loose ends left hanging by the rejection of the constitutional treaty, the manner in which it was slipped past EU voters (with the exception of those in Ireland) was hardly guaranteed to address the rising problem of Euroscepticism. Also, the manner in which the treaty evolved – argue Usherwood and Startin (2013) – emphasized that the EU no longer found itself ‘in a period of major advances in terms of its development in the way that it did in the 1950s and again in the 1990s’, but that it was now focused on a reaffirmation of the process of integration to date rather than ‘a truly “ground-up” reappraisal of the system’.

Crisis in the euro zone (2007–12)

In a speech given in Athens in June 2016, the then-president of the European Commission – Jean-Claude Juncker – described what he called the ‘polycrisis’ that had come to afflict the European Union. This was a confluence, he said, of multiple and mutually reinforcing challenges ranging from ‘the worst economic, financial and social crisis since World War II’ through ‘the security threats in our neighbourhood and at home, to the refugee crisis, and to the UK referendum’. These crises, he concluded, fed each other, ‘creating a sense of doubt and uncertainty in the minds of our people’ (Juncker, 2016). Juncker was referring to a string of challenges dating back to the death of the constitutional treaty (see Table 7.1), which had within a few years come to so dominate the debate about the direction of the EU that the term *crisis* began to feature frequently in analyses of the EU (see, for example, Cross, 2017; Dinan et al., 2017).

The first signs of major problems came with the **global financial crisis** that began in the United States and quickly impacted economies all over the world. It had its origins in the subprime mortgage industry in the US. Seeking new profits and encouraged by weak financial regulations, banks and financial companies had lent to low-income homebuyers, encouraged by growing home prices. These

Table 7.1 Key crises in European integration

Date	Event
1954	Collapse of plans for European Defence Community and European Political Community
1960s	De Gaulle's vetoes of UK membership of the EEC
1965–66	Empty chair crisis
1970s	Failure of the ‘snake in the tunnel’
1992	Rejection of Maastricht treaty by Danish voters
2001	Rejection of Treaty of Nice by Irish voters
2003	Differences with the US over invasion of Iraq
2005	Rejection of constitutional treaty by French and Dutch voters
2009–12	Crisis in the euro zone
2015–16	Immigration crisis
2016	British voters vote to leave the European Union

loans could be turned into securities and sold off, earning large profits while also passing on the risk. When the US housing bubble burst in 2007, the value of assets held by banks and financial institutions fell. With few reserves to back them up, many of these institutions either went bankrupt or turned to the government for help, stock prices plummeted, many people lost their jobs and their homes, and shrinking consumer demand led to financial woes for business. Many of these so-called 'toxic assets' had been sold to European financial institutions, so the crisis quickly spread to the EU.

Although the crisis indicated that the EU had neither the institutions nor the processes to respond, EU leaders were quick to cooperate, raising guarantees for individual bank deposits, and not allowing any bank whose failure might pose risks to the EU financial system to fail. The Commission issued guidelines on bank recapitalization, and announced a stimulus package to which EU leaders quickly agreed. Help was also offered to non-euro eastern European states and to any euro zone state facing a balance of payments crisis. These responses showed how much the structure of European economies had been homogenized by the single market, increased intra-European trade and investment, corporate mergers and acquisitions, and common policies on competition.

Barely had the response begun when the euro zone crisis began. After being allowed to join the euro in spite of its failure to meet the budget deficit terms of entry, Greece went on a spending spree fuelled by cheaper borrowing, manipulated statistics to exaggerate its levels of economic growth, ran a budget deficit that – at nearly 13 per cent – was far above the 3 per cent limit set for euro zone membership, and accumulated a national debt that was ultimately bigger than its national economy. To make matters worse, the Greek government was not attracting enough revenue, thanks in part to widespread tax evasion. The breaking of the global financial crisis found the Greek economy weak and exposed, and Greece's credit rating was downgraded, reducing the prospect of badly needed foreign investment.

Greece was not alone in experiencing problems, and other euro zone countries also faced budgetary pressures, if not always for the same reasons:

- In Ireland, the root of the problem was the bursting of a housing bubble in 2008, when Ireland declared itself in a recession, government revenues fell, unemployment rose, bankruptcies grew and bad debts brought problems for Irish banks.
- For Spain, the problem grew out of a combination of inflation, a large trade deficit, the bursting of a property bubble, and loss of competitiveness that had brought economic weakness even before the breaking of the euro zone crisis.
- For Italy, the third largest economy in the euro zone, the economic downturn grew out of a large decline in industrial production, bankruptcies and failures in the corporate sector, and widespread corruption.

The euro crisis broke in October 2009 when the new Greek government admitted that the country had accumulated a massive deficit. Euro zone leaders at first avoided offering Greece a bailout, but when it became too expensive for the more troubled euro states to borrow on the open market (rates for lending went up and some speculators even bet on the possibility of a default), a package was offered by the European Commission, the International Monetary Fund

and the European Central Bank (the so-called 'troika') on condition that Greece cut public spending and boosted tax revenue. This sparked riots in the streets of Athens and encouraged little improvement in investor confidence. Spain, Italy, Ireland and Portugal were also asking for help, and even non-euro states such as Britain were having problems. Speculation grew of a 'Grexit' – Greece leaving the euro – and the possible collapse of the euro, followed by the break-up of the EU. (For a critical review of the euro and its impact on the EU, see Stiglitz, 2018.)

In the end, a two-pronged approach was taken, based on safeguarding the financial stability of the euro zone and strengthening its institutional architecture. A legislative package known as the 'six-pack' was adopted at the end of 2011; it included tighter controls over budget deficits and public debts, and required that member states focus more on long-term economic sustainability. In an effort to improve economic policy coordination, and thus building opportunity out of crisis, all EU countries, with the exception of Britain and the Czech Republic, adopted a new fiscal compact formally titled the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union. Entering into force in January 2013, it formalized fiscal rules into national law, including provisions of balanced budgets.

In the meantime, agreement had been reached on the creation of a new European System of Financial Supervision, which began work in 2011 with three institutions:

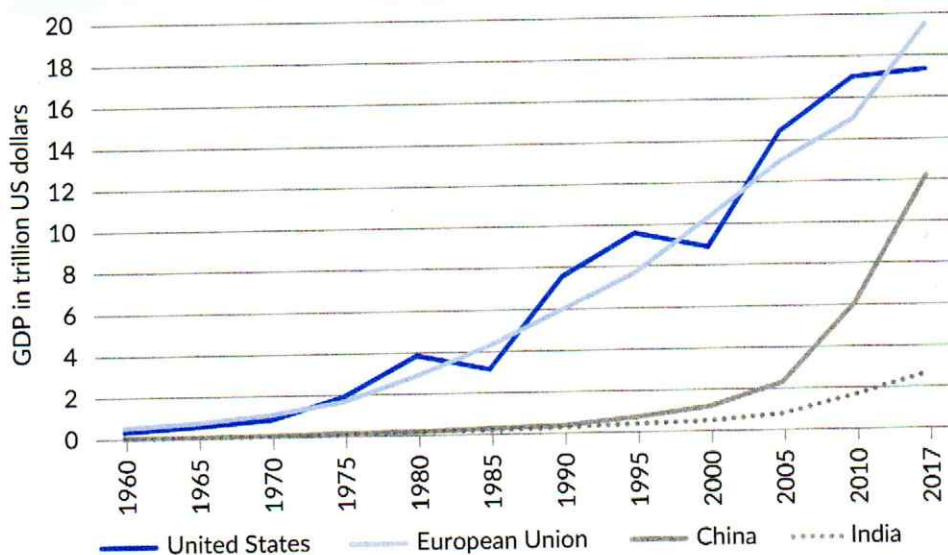
1. The European Banking Authority was designed to check on the efficiency and functioning of the banking sector.
2. The European Securities and Markets Authority was designed to do the same for securities markets and to protect investor interests.
3. The European Insurance and Occupational Pensions Authority was designed to protect the interests of insurance policyholders and the members and beneficiaries of pension schemes.

Meanwhile, a European Stability Mechanism was instituted in 2013 with the goal of providing financial assistance to euro zone states in difficulty (it allows capital to be raised by issuing bonds and other debt instruments, and can lend up to €500 billion), and under the European Semester scheme, the European Commission regularly analyses the fiscal situation in every member state, providing recommendations for reforms and monitoring their implementation.

The combination of the global financial crisis and the euro zone crisis caused much worried speculation about the economic future of the EU, left many of its member states suffering often deep economic malaise (unemployment rates in Greece, Italy and Spain all soared, for example), and obliged many EU states to institute **austerity** measures aimed at cutting spending and reducing debt. Such policies were to feed into the rise of populism (discussed in the next part of this chapter) and a temptation to blame many domestic woes on the European Union, typically with little hard confirming evidence. Whatever the shorter term economic problems, though, and however compelling the case for reforming the structures, processes and policies of the EU, it should not be forgotten that the EU remains, along with the United States and China, one of the dominating economic and trading powers in the world; Figure 7.2 offers insight into its inexorable economic rise over the last few decades, mainly keeping pace with the United States, even as China continues its remarkable growth.

Austerity A term used to describe the policies put in place by many EU states to address their budget deficits. Actions taken included cuts in spending and tax increases.

Figure 7.2 The changing place of the EU economy



Source: Based on figures for 2017 from World Bank (2019).

The perfect storm: Immigration, populism and Brexit

Amid all the worries and speculation about the euro zone crisis and its implications for European integration, there was one piece of good news when the European Union was awarded the 2012 Nobel Peace Prize. In presenting the award, Nobel committee chairman Thorbjørn Jagland (2012) described the reconciliation between France and Germany as ‘probably the most dramatic example in history’ of war and conflict being turned so rapidly into peace and cooperation. He went on: ‘What this continent has achieved is truly fantastic, from being a continent of war to becoming a continent of peace. In this process the European Union has figured most prominently. It therefore deserves the Nobel Peace Prize.’

Although many criticized the decision (almost every awardee of the prize faces some blowback), with some suggesting that NATO was at least an equally deserving winner, and others questioning the timing of the award (it was made against a background of crisis, austerity and high unemployment in many EU countries), Europe since 1945 had enjoyed the longest spell of general peace in its recorded history. While it was difficult to say with any certainty how much the EU had contributed, it has unquestionably been a force for cooperation and peace, has not maintained a military or aspired so to do, and has not been involved in conflicts with other actors.

The glow of the news from the Nobel committee was soon overshadowed, however, by a new set of political and economic challenges, by troubling signs of declining faith in the EU, and – among EU scholars – by a worried review of the relevance of the key theories of integration; see Understanding Integration 5. A foreign policy crisis came in early 2014 when Russia invaded and occupied the Crimean Peninsula in Ukraine, and when Russian troops crossed the border to support pro-Russian separatists in the southeast of the country. Russia sees Ukraine as part of its sphere of influence, but many Ukrainians seek closer ties with the European Union. The region remains a flashpoint in relations between the EU and Russia.

Meanwhile, the backlash against European integration – see Chapter 6 – continued to grow, with critics expressing concerns about threats to national sovereignty, and describing the EU as aloof, distant and driven by **elitism**. The failure

CONCEPT

Elitism

The view that political, economic or social power is concentrated in the hands of a dominant group or groups. Elites are defined differently in different situations, but their prominent position can be based on wealth, education, skills, ancestry, ethnicity, or a more ambiguous set of advantages that they may have over others. In advanced democracies, elites mainly comprise elected officials, bureaucrats, special interests and big business. EU institutions are often accused by their critics of being part of the elite and of promoting elite interests.



UNDERSTANDING INTEGRATION 5

Postfunctionalism

This is a relatively new theoretical approach to European integration, outlined by Hooghe and Marks (2009), based on the premise that recent events in the EU were not always adequately explained by the more conventional theories, such as **postfunctionalism** and intergovernmentalism. They argued that European integration had become more politicized (as reflected in the outcomes of elections and referendums), that the preferences of voters and parties had come to play a more important role in integration, and that identity had come to be a critical part of debates about the direction being taken by integration.

Referring back to the idea of multilevel governance and its reference to the different scales of jurisdiction involved in making decisions on integration (see Understanding Integration 13 in Chapter 22), they noted that public opinion had not come to be taken seriously in the debate over the EU until the 1990s, and that subsequent developments had shown that domestic and European politics had become 'more tightly coupled as governments [had] become responsive to public pressures on European integration'. In other words, functionalism had evolved into neofunctionalism and now – in light of politicization and crisis – into postfunctionalism. Domestic politics had imposed new constraints on the broad goals of the EU and the specific strategies of its member states, replacing the permissive consensus discussed in Chapter 6 with a 'constraining dissensus' that made it harder to reach agreements.

Webber (2019) helps explain the background to postfunctionalism by suggesting that prevailing theories of European political integration had 'often been stumped by real-world integration trends', and arguing that the euro zone, Ukraine, refugee and Brexit crises had been hard to square with the grand theories of integration. He contrasts the 'optimistic' theories that once dominated debates about integration with the more 'pessimistic' perspective offered by postfunctionalism. (He also attempted to revive a theory from international political economy known as 'hegemonic stability' theory that he felt better explained recent developments in integration, based on the importance to international stability of a hegemonic power, whether in the form of the duopoly provided by Germany and France, or a monopoly provided by France just after the Second World War or by Germany more recently.)

of national governments and EU institutions to pay much attention to public sentiment was exemplified by the manner in which several governments refused to put the constitutional treaty to a national referendum, and then sidestepped public opinion by repackaging most of the failed constitution as the Treaty of Lisbon. Anti-EU sentiment also overlapped with concerns about immigration, globalization and declining trust in government. There was growing support for political parties and leaders espousing **populism** in numerous countries, including Hungary, Poland, Austria, France, Italy and the UK (see Mudde, 2017), that was given new fuel by an immigration crisis set off by events in the Middle East.

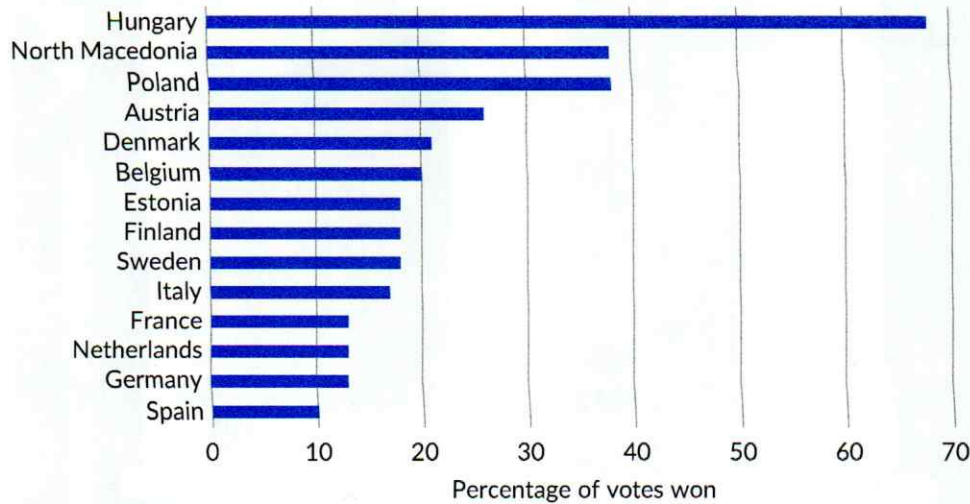
Anti-government protests in Tunisia in 2010 led to the emergence of a broader pro-democracy movement that came to be known as the Arab Spring, resulting in the fall of several governments, uprisings in several countries and a bitter civil war in Syria. Citizens of countries suffering war or economic difficulties in the Middle East and North Africa had long made their way to the EU, which had adopted new policies on asylum and immigration in response. The numbers increased dramatically in 2014–15, overwhelming the ability of EU states to respond, and launching a humanitarian crisis of epic proportions: an estimated 3,800 refugees died in 2015 alone, many as the result of their boats capsizing in the Mediterranean. The peaking of the immigration crisis is reflected in the data for asylum applications; they grew by more than 400 per cent between 2009 and their peak in 2015 – see Chapter 25.

The results of the 2014 European Parliament elections provided further indications of the new trends, with anti-EU parties doing well in Austria, Britain, Denmark, France, Greece and the Netherlands. Mainstream conservative, socialist and liberal parties still won by far the largest share of votes and seats, but the

Postfunctionalism

A theory of European integration sparked by recent crises in the EU, emphasizing the manner in which integration is impacted by politics, public opinion and identity.

Figure 7.3 Support for populist parties in the EU



election results, combined with strong feelings in many EU countries about the effects of recession and austerity, raised troubling questions about the future of the EU. For Treib (2014), the electoral success of such parties could not be dismissed as merely a protest vote against unpopular governments, but had to be seen as a reflection of worries about the effects of EU policies and dissatisfaction with mainstream politics. That success was reflected in national elections as well; when the right-wing populist party Vox entered the Spanish parliament after elections in April 2019, it meant that 23 of the 28 EU member states had populist parties in their national legislatures – see Figure 7.3. The results of the 2019 EP elections (see Chapter 17) seemed to confirm the continued rise of anti-EU parties, but pro-EU parties also did well. Clearly, the divisions between supporters and opponents of the EU were becoming hardened.

Arguably the greatest crisis that the EU has ever faced broke in 2016, when British voters surprised almost everyone when they voted – by 52 per cent to 48 per cent, on a 72 per cent turnout – to leave the EU. The so-called **Brexit** vote was not entirely what it seemed. It had been called by the Conservative government of David Cameron in an effort to end strife within his party over the EU, and to head off the political threat of the anti-EU UK Independence Party (UKIP). Cameron campaigned in a desultory fashion in favour of Britain remaining within the EU, never really thinking that supporters of Brexit would win, while the opposition Labour Party was also less than enthusiastic in its support for remaining. Considerable misrepresentations were made by the Leave campaign about the costs of EU membership, and about the powers of EU institutions, while rumours later emerged about Russian efforts to sway the vote in favour of Brexit.

Support for Brexit resulted in Cameron's resignation, confusion within both the Conservative Party and Labour about how to react, a fall in global shares and in the value of the British pound, and concerns about the future of the United Kingdom (Scotland and Northern Ireland had voted in favour of remaining, as had London, but much of small-town and rural England had voted in favour of leaving). A constitutional crisis was also sparked in the UK as questions were asked about how the process of leaving would evolve. There were also worries about the effect of Brexit on the EU and on public opinion in other EU member states where support for similar referendums was strong.

Brexit The campaign and vote by Britain in 2016 to leave the European Union.

CONCEPT

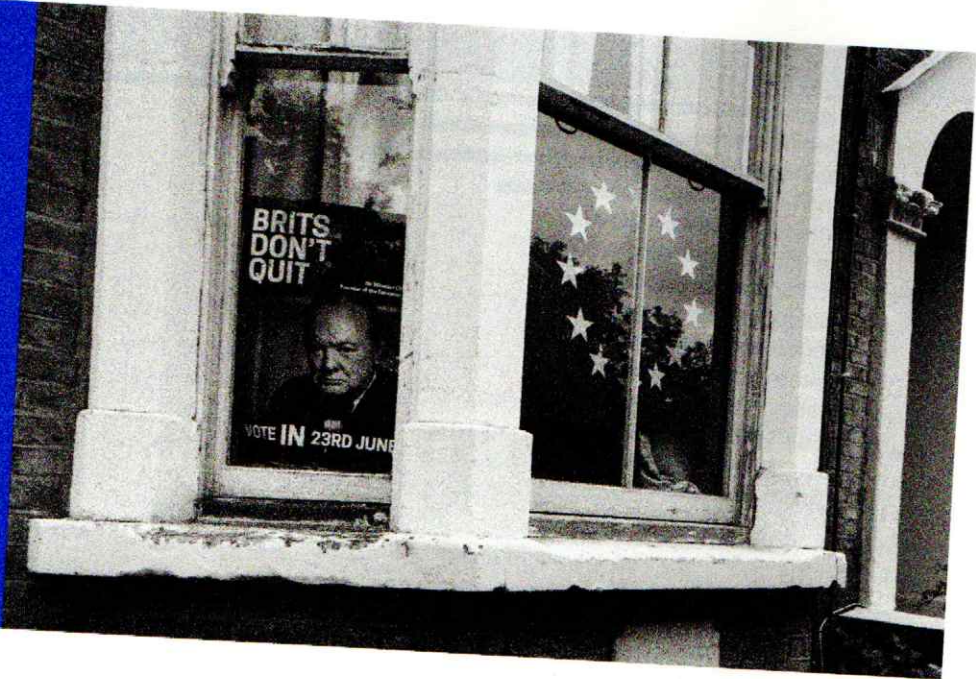
Populism

A political programme or movement based on championing the rights and interests of the people in the face of the ruling elite. Although the precise meaning of the term varies from one situation to another, and covers the entire political spectrum from left to right, it has been associated most often in EU countries with cultural concerns (particularly opposition to immigration and worries about threats to national identity), resistance to economic control by big business, and resistance to political control by elites. Populism has overlapped in most parts of the EU with opposition to integration and immigration.

Illustration 7.2:

A supporter of Britain's continued membership makes their views known in the weeks leading up to the June 2016 British referendum.

Source: EC - Audiovisual Service



It will take time before the causes and effects of Brexit can be fully understood within their historical context, but the result must be seen against the low levels of knowledge of the EU in Britain (see Chapter 18), which were exploited by media and political leaders in the Leave campaign. It must also be seen within the context of broader pressures: a declining faith in government, concerns that many Britons had been left out of the economic benefits of European integration, worries about the effects of immigration and the threats of terrorism, and a rejection of the effects of globalization.

The UK began the process of leaving in March 2017 when it became the first country to trigger Article 50 of the Treaty of Lisbon, by which a member state declares its intention to leave, sparking a two-year process of negotiation on the terms of the departure. However, the terms proved unacceptable to enough members of the Conservative government to win majority support, as a result of which an extension was granted, by which Britain had to reach agreement on the terms of departure by the end of October 2019 (another target that was to be missed). It eventually left in January 2020, although the future terms of the UK-EU relationship were still to be agreed. (For a discussion of the wider implications of Brexit, see Martill and Staiger, 2018.)

This perfect storm of events, following as it did an accumulation of earlier crises, resulted in deeper and more troubled questions being asked about the future of the EU. For some, resistance to European integration has reached such a degree that it is hard to imagine the EU continuing in its present form (although the Brexit debacle has been a warning of the potential costs of giving up on the EU). For others (see Gillingham, 2018, for example), the condition of the EU is terminal, while Bellamy and Castiglione (2019) suggest that the euro zone and Brexit crises have 'raised the spectre of fragmentation and political disintegration' and left 'the promise of the EU as a possible model for legitimate governance beyond the nation state ... somewhat in tatters'. For yet others, crises present opportunities, and comfort can be taken from Monnet's words about Europe being the sum of its crises, and from the continued existence of the EU. It has long had problems, and yet it has always survived, emerging stronger from its difficulties.