ABSTRACT

This text considers the crisis in the context of its impact on development and disparities within structure of the European Union across various levels of its functions. The main objective of this work is to provide answers to the following questions: how many times has the European Union faced the crisis in the past; was the crisis an element that eventually strengthened or weakened the EU integration process; what decisions were made to fight the crisis; and to what extent was the crisis an element that led to disparities within the European Union? One of the goals is also to define the notion of crisis. The primary thesis of this text is a statement that crises, which affected the EU, contributed to differentiations of its policies. This is partially contrary to the concept of the European integration, developed in the 1950s, which assumed that the EU member states need to move forward at the same speed and as part of equal participation in the integration projects. Crises, however, contribute to disparities in the European integration.

Key words: crisis, differentiated integration, the multi-speed European Union, flexibility of the integration process

INTRODUCTION

This text considers the crisis in the context of its impact on development and disparities within structure of the European Union across various levels of its functions. The primary thesis of this text is a statement that crises, which affected the EU, contributed to differentiations of its policies. This is partially contrary to the concept of the European integration, developed in the 1950s, which assumed that the EU member states need to move forward at the same speed and as part of equal
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The current work employs historical research and elements of the institutional and legal research method. The starting point for current considerations is to define the term ‘crisis’, while in the second part of this work the author will try to demonstrate how crises within the EU can influence on its policies.

The term ‘crisis’ comes from Greek and denotes a breakthrough or a turning point, a concluding moment, a collapse of the former development line. A crisis may affect several plains:

- political sphere – manifesting in a policy breakdown and loss of social support;
- the first is connected with governmental crisis, i.e. a collapse of government as a result of announcing motion of censure;
- social sphere – then, a social crisis refers to accumulation of social conflicts and tensions, which can be solved by applying a solution that has not been used before [Wielecki 2012];
- economy – economic crisis is a breakdown of economic growth; a phase of economic cycle which is characterized by sudden and noticeable decrease in production and income and increase in unemployment [Małkiewicz 2010; Taylor 2011; Albińska, Pietrzak 2011; Grosse 2013: 13–15].

The term ‘crisis’ has been used for the first time in historical and predictive context by J. J. Rousseau in 1762, who applied the term against optimistic believes in progress and static cyclical theory. According to R. Koselleck [2013: 22–60], a metaphorical expansion of its scope onto politics, psychology, economy and history has been proceeding since the 17th century.

The crisis, as Z. Czachór has pointed out, leads to “modification of something and change of one thing into another”, “replacing one thing with another”, or “a transformation, metamorphosis of something” [Czachór 2013, 2014]. Hence, the crisis has become a factor that increases pace of political and constitutional changes in the European Union in the context of diversified integration. The European Union is now experiencing the phase of internal differentiation, which eventually had to come [Stolarczyk 2012: 39–60].

Problems connected with crises have been discussed by social theories quite comprehensively, yet we may observe diverse stances that result from significant differences between theoretical assumptions [Szlagura]. According to K. Wielecki [2012: 319], however, the term ‘crisis’ is frequently used, yet very unwillingly explained. Currently, this notion functions as a kind of a meta-scheme.
Wielecki states that crisis manifests itself as a particular type of a change which entails transformation of main factors that determine social order because it has an essential importance for the society. Namely, the crisis demands adaptation to a new type of social order. The reasons for this can be triggered by internal or external factors of civilization, historical, environmental or economic character. Thus, a crisis might have been a state of contravening the traditional social order, which forces to act so as to restore the order or create a new one, if the restoration is not possible. Since social order crisis concerns all spheres of life and affects psychological state of people, it can eventually lead to ultimate social disintegration. Still, it is possible to create a new and better social order [Wielecki 2012: 390–391].

Thus a crisis situation is two-faceted. It can be a chance for a thorough system change which will enable a dynamic growth in the future. On the other hand, it may also be destructive for the institution system [Grosse 2013: 17–18].

Accordingly, ‘the European Union crisis is the time of contradictions and lack of control over the problems and difficulties in its functioning. It is the inability to have oversight and control the integration process and integration system. It is the state of disorientation and lack of coordinated actions as well as disruptions in its normal functioning. There are deviations from standards and rules. It is also the time of making decisions enforcing changes to existing rules and course of action’ [Czachór 2014: 7–8].

A crisis often causes a chain reaction, which means that one incident is followed by another, creating a sequence of events in different areas of functioning of a structure. It occurred in 2008 when the collapse of one of the biggest investment banks in the world, Lehman Brothers, was announced. It affected the globalized financial market. It had a domino effect and spread worldwide [Fiszer 2009: 9]. It caused the transmission of the crisis on the economy and the political and social situation in the European Union states. It showed the imperfection and weakness of the European model of integration and threatened with segmentation and differentiation of the European Union [Grosse 2015: 21]. The crisis of the 21st century strongly contributed to emphasizing the conception of creating multi-speed Europe and defining the hard core of Europe [Kuźniar 2013:158]. Long-lasting and multi-layered crisis of the European Union became the reason for looking for not only new political and economic solutions, but also new theoretical approaches. Along with traditional conceptions [Kölliker 2001; Stubb 1996; Szwarc 2005: 21–34; Szymczyński 2002: 7–16] new analytical approaches have emerged [Tosiek 2014: 218].

THE CRISIS AND POLICIES OF COMPROMISE AND FLEXIBILITY OF THE EUROPEAN UNION

The integration process within the European Communities (EC) and the European Union (EU), despite numerous obstacles, was advancing through subsequent
stages and reaching higher and higher levels of integration (from the free market area through customs union, common market, economic and monetary union, to the development of economic, monetary and political union). Each of the phases displayed numerous problems which needed to be solved in order to secure further effectiveness of the integration. Besides former dilemmas, there came new problems typical of the given phase of integration. There are lots of opinions that the history of European integration can be analysed from the angle of its development from one crisis to another.

The first example is the beginning of the 1950s. In February 1951, negotiations between representatives of states interested in establishing the EDC has begun. On 27 May 1951 in Paris, six ministers of foreign affairs from the ECSC member states have signed the treaty on the European Defence Community. France, Federal Republic of Germany, Italy, Belgium, the Netherlands and Luxembourg associated great hopes with the European Defence Community. Its establishment and operation supposed to be the first step on the path to political integration within the Western Europe. EDC could also contribute to the establishment of solidarity among the European states by way of integrating military forces into a trans-national structure. Despite the EDC Treaty, as R. Zięba notices, eventually did not come into force, signing it was a stimulus for ECSC member states to create a political community in the form of a supreme structure. The project of the European Political Community was enthusiastically received by federalist circles; however, it was severely criticised by the majority of the ECSC member states. Failure of the projects on the Defence Community and Political Community meant the blockage of a quick way to unify Europe. There remained a slower way to integrate in the light of a functional approach [Zięba 2007: 18]. The collapse of idea to create the EDC has a great importance for limiting the influence of European federalism. However, it should be noticed that contrary to fears displayed by Altiero Spinelli, who was one of the leaders of federalist movement, not ratifying the EDC Treaty did not lead to “ruined or disintegrated Europe”, and “the march towards federal democracy in Europe has been promptly restarted” [Bielański 2004].

The ‘empty chair’ crisis was the manifestation of a long dispute between the President of France Charles de Gaulle and the European Community with its institutions (particularly the European Commission led by Walter Hallstein). Generally, France was an opponent of new ideas for European Communities because it perceived such structures as transnational attempts of European institutions. It referred primarily to the proposals from the Council of Ministers concerning new methods for financing the Common Agricultural Policy (CAP) which were supposed to ensure greater participation of own resources (France was the main beneficiary), granting broader budgetary competence to the European Parliament, including the possibility to introduce majority votes during sessions of the Council of Ministers. What is interesting, none of the other six member states had similar doubts about phenomena occurring within the Community, particularly because most of them have been clearly regulated in
the Treaty of Rome. On the initiative of France, the dispute has been resolved during a session of the Council of Ministers of 1966 in Luxembourg, where the so-called Luxembourg Compromise has been established. It assumed that if vital interests of a state are endangered, a debate within the European Communities shall be continued until the consensus is reached. The Luxembourg Compromise was not a legally binding compromise (rather a political agreement). It did not change the standards for qualified voting, yet allowed in certain cases for a veto in relation to an act which was contravening vital interests of a member state. A veto was perceived as a necessity to develop a consensus (a compromise solution). The Luxembourg Compromise followed de Gaulle’s philosophy and activities in relation to Europe based on the nation states [Pazik 2012: 212–213].

The ‘empty chair’ crisis was one of the greatest breakdowns in functioning of the European Community. It lasted from July to December 1965 when French ministers, following advice of their President Charles de Gaulle, refused to participate in sessions of the Council of Ministers (currently the Council of the European Union) and blocked its work. What is more, the French permanent representative to the Council has left Brussels.

The first years of the 1970s brought international monetary crisis, which led e.g. to discontinuation (slowdown) of the economic and monetary integration processes. A debate on the shape of monetary cooperation in Europe and the balance, which should be ensured between the interests of weaker and stronger member states, are inherent features of European integration of the 1970s. Efficient monetary cooperation required a certain level of convergence between economic policies of the EU member states, which in the context of new principles for economic competition introduced by the USA, could be achieved only through adapting to German economy. This was not achieved until 1983 when the French president François Mitterrand decided to support the camp of “modernists” in his cabinet chaired by Jacques Delors, the Minister of Finance and the future architect of the new stage of the European integration. In 1985, Delors presided over the European Commission and one year later he managed to enter into the Single European Act (SEA) aimed at removing all trade barriers by 1992. Abandonment of the “Luxembourg Compromise” by France was essential as well. By the end of the decade barriers to the flow of capital in Europe were eliminated and in 1991 the Maastricht Treaty was signed. It reformed the EEC (since then called the European Union – the EU) and provided for introduction of a single currency by the end of the century. Intention to create a significant budget and common economic and fiscal policy (the “European economic government” – its creation was called for by France since 1983) was presented in five convergence criteria imposed by Germany which constituted support to the single currency. These criteria became a part of the Stability and Growth Pact in 1997. The member states, which tried to meet the convergence criteria, have considerably reduced budgetary expenditures in the 1990s. These actions arouse opposition of the recently re-born labour movement and caused an
increase of scepticism among the public as regards the European integration which led to the rejection of the European constitution by the French and Dutch in 2005. Introduction of the euro and establishment of the European Central Bank (ECB), paradoxically initiated by France, made the European integration more transnational and federalist. Transnational institutions (European Commission and the ECB) delegate its representatives to participate in more important international forums and have exclusiveness for law-making in many essential disciplines, namely trade, monetary policy and internal market [Georgiou].

At the beginning of 2006, the case of constitutional treaty for the European Union has been revived. One of the main assumptions of the programme of works formulated for the European Union by the government of the Chancellor Angela Merkel consisted in “awakening from the stage of suspension” and coming back to negotiations on the future shape of the UE. The “period of reflection” pronounced in June 2005 in relation to the constitutional treaty (ECT) showed that adoption of ECT in its shape of 2004 will actually be impossible. In this respect, Germany, holding presidency in the European Union, proposed adoption of a new treaty planned to include majority of provisions of the constitutional treaty into the present EU treaties: Treaty on the European Union and the Treaty establishing the European Community.

The final version of the Treaty has been agreed on by the leaders of states and governments during the EU summit in Lisbon between 18–19 October 2000 and signed in Lisbon on 13 December 2007.

The Treaty was to come into force on 1 January 2009 after being ratified by all member states. The Treaty ratification proceeded according to internal and constitutional requirements of the states being the parties to it. The only country which planned to hold a referendum on the ratification of the Treaty of Lisbon was Ireland. Its citizens declared against ratification in the first referendum, but accepted ratification of the treaty in the second referendum. The EU had to agree on concessions for the Irish and guarantee that the Treaty of Lisbon will not supersede national competency related to abortion ban, national neutrality and fiscal policy. Moreover, Ireland will have their commissioner in the European Commission. It is not clear what had an influence on changing the mind of the Green Island inhabitants – the EU promises or ubiquitous crisis – however, on 2 October 2009 the Irish said a definite “yes” to the Treaty. Václav Klaus, President of the Czech Republic, was an opponent of the Treaty for a long time. The Czech leader was formulating some conditions. He wanted the Czech Republic to receive the same limitations in application of the Charter of Fundamental Rights being a part of the Treaty of Lisbon as the United Kingdom and Poland. When this condition has been met, Klaus waited for the decision of the Constitutional Tribunal that was to decide whether the document complies with the constitution. On 3 November, the Tribunal gave the positive answer. Several hours later, Klaus signed the Treaty of Lisbon. Poland signed the Treaty of Lisbon as one of the last states of the European Union. President Lech Kaczyński signed the document on 10 October 2009 [Europa ma nowy...].
THE CRISIS OF 2008 AND ITS EFFECT ON GROWING DISPARITIES IN THE
EUROPEAN UNION

According to Claus Offe, at the beginning of the 21st century, the European Union happened to be on the crossroads between something better and something worse than status quo. In other words, the EU suffered a crisis which was the outcome of activities within financial markets, public debt, democracy deficit and the EU integration [Offe: 85]. The crisis demonstrated that individual member states face problems, which have not been noticeable before. The member states have been affected by the crisis in various areas.

The financial and economic crisis which started in the USA in 2008 has shown the economic and political weakness of the European Union. At the same time, it coincided with the crisis within EU administration. Besides conditions that are common for individual states and regions which suffered financial and economic crisis (e.g. insolvency of natural persons as well as the private and public sectors, which have been inadequately secured by new financial instruments; trust in effectiveness of neo-liberal economy and self-regulatory mechanisms of the free market; lack of efficient supervision over risky financial speculations; quickly growing deficits of many states), the crisis within the Eurozone was caused also by endogenous conditions directly connected with former manner of the economic and monetary union operation as well as structural weakness of the zone. This deadlock situation influences on further European integration in a direct, indirect, long-term and short-term way. The consequences apply to all planes and dimensions of integration (e.g. institutional, economic, political, social and security), yet to a various degree. The impact covers both the states, the societies as well as the major structures of the EU [Stolarczyk].

In connection with the great financial crisis of 2008–2009 in most of the EU member states and further financial difficulties that became apparent in many other states between 2010 and 2011, the European Commission and other institutions took numerous steps in order to fight the crisis particularly within the public finances and develop new stimuli for the Eurozone and other EU member states. At the same time, these actions contributed to deepening the differentiation among the European Union countries.

A significant effect of the economic crisis in the context of differentiation among the European Union countries is the deepening of the division into countries belonging to the Eurozone and the others. A formal expression of the deepening of the political and institutional division is “The Eurozone Protocol”. The Protocol provides for informal meetings of finance ministers of Eurozone member states, which are to be held in order to discuss issues concerning the common currency and to elect the chairperson. The expression of the consolidation of the differentiation of the European Union countries, the criterion of which is the monetary union membership, were the head of state summits accompanying the European Council sessions. Another expression of deepening the discrepancies between the countries which introduced
Európe and those which did not is the so-called ‘six-pack’. It consists of five ordinances and one directive. Two of these ordinances – 1173/2011 and 1174/2011 – apply only to the countries which adopted the euro. Another significant document consolidating and deepening the division among the EU countries is the “Treaty on Stability, Coordination and Governance in the Economic and Monetary Union”, called fiscal compact. It was signed during the European Council session on March 2, 2012 by the representatives of all EU member states except Great Britain and the Czech Republic [Kubin 2012: 81–82]. Merkel and Sarkozy moved the decision making body of the EU to the Eurozone, where crucial decisions were made at their initiative and were then formally accepted by both the European Council and the European Commission. The competencies of the European Parliament were drastically limited in this area. According to E. Cziomer, it may lead to the crystallization of the ‘hard core’ around the Eurozone under the political patronage of the German-French duet [Cziomer 2012: 22].

Another manifestation of the progressing disparity in the European Union is the Stability and Growth Pact, which has been made available to the member states during a session of the European Council of 24–25 March 2011. It did not have the form of a document, yet it led to the development of binding instruments that have been adopted in autumn 2001 and January 2012. The importance of the Euro Plus Pact consists in that it includes the primary directions for works on modification of the institutional order within the European Union as well as changes to the principles of economic policies [Pakt euro plus…].

The idea behind the Euro Plus Pact, which was signed by all the Eurozone states as well as Bulgaria, Denmark, Lithuania, Latvia, Poland and Romania, consists in closer coordination of economic policies that aim at increasing competitiveness of the EU economy and convergence. The Pact conforms to economic management model which applies within the European Union. What is more, it aims at strengthening this model. Implementation of the pact will comply with current instruments developed in the “Europe 2020” strategy, the European Semester as well as the integrated guidelines and the Stability and Growth Pact. Signatory states of the Euro Plus Pact undertook to achieve the following objectives: 1) supporting competitiveness; 2) supporting employment; 3) contributing to stability of public finances; 4) increasing financial stability.

The problems connected with ‘multi-speed’ Europe during the crisis times acquired completely new meaning, although the concepts for creating Europe from states that cooperate on multiple levels have been present, as I have already mentioned before, since the 1940s. The current problems of the European Union result primarily from the fact that the member states are struggling with the effects of the crisis [Zięba 2013: 136; Łastawski 2011: 27–39]. In front of unsuccessful attempts to reform the EU (firstly through the constitutional treaty, and then through the Treaty of Lisbon), the consequences of stagnation and lack of precisely developed aim of the integration have become evident. The Europe of ‘hard core’, ‘avant-garde’ or ‘multiple-speed’
The crisis in the Eurozone has strengthened the tendency of ‘multi-speed’ integration in the EU. It increased discrepancies among the EU member states, particularly between the Eurozone states and the non-Eurozone states. Quicker integration within less number of the European states, which was advocated primarily by N. Sarkozy – President of France, is gradually becoming apparent. The United Kingdom and the Czech Republic did not sign the fiscal pact, which eventually meant that the states rejected the idea of stronger integration. Evident tendencies of the United Kingdom to become self-isolated are the result of growing euroscepticism in the British government and the society, as well as the manifestation of a traditional approach to membership in the European Union and the view of integration as an à la carte. Such states as the United Kingdom, the Czech Republic and Hungary began to oppose a former direction and form of integration to a greater or lesser degree [Góralczyk].

In a situation when the EU had been at least the ‘union of two speeds’ from its very beginning, and in the light of controversies that became apparent after adopting the fiscal pact, it is justified to talk about the union of three speeds or the three circles of integration. The first circle includes states which are the avant-garde of integration, that is the states belonging to the Eurozone. The second circle is made of the EU member states which have signed the fiscal pact and want to join the monetary and fiscal union in the future (e.g. Poland). The third circle includes states which are not interested in further integration and closer cooperation in the mentioned planes – primarily the United Kingdom which used to block the ideas for closer integration, yet, at the same time, wanted to be one of the most important decision-making centres of the EU. The fear of permanently marginalizing states outside the Eurozone is well-founded. However, this does not mean that the division into ‘several speeds’ of integration will apply across a longer perspective. An essential element of cooperation between the 28 member states is e.g. the common market and willingness to maintain this form of cooperation. However, blocking reforms in the EU for the sake of ‘single speed’ integration may lead to inability to make decisions allowing to fight the crisis within the Eurozone [Stolarczyk].

CONCLUSIONS

1. The European Union has been accompanied by crises from the very beginning of its existence. The history of the European integration shows numerous examples confirming the thesis that the key changes of the institution order of integration processes were the reaction to crisis situations. They enforced profound changes and reforms within the European Union which enabled its development. The Union was developing from crisis to crisis.
Many political and legal institutions, which create today’s institutional order of the European Union, have been established as a result of political compromise to fight the crisis. The process of European integration was influenced both by political crises (French veto against the enlargement of the European Economic Community with the United Kingdom; application of reform treaties during works on the Treaty of Lisbon due to negative outcomes of referenda on the Constitutional Treaty in France and the Netherlands) and economic crises (oil shocks in the 1970s).

2. On the other hand, crisis situations contributed to the differentiation of the European Union. In order to fight the crisis there are taken actions which are aimed at preventing a crisis, such as for example, the fiscal compact, but the outcome is the differentiation and fragmentation of the Union, marginalization of supranational institutions and creating a separate budget for the Eurozone.

The European Union is thus subject to numerous divisions and tensions.

3. The crisis of 2008 has intensified the process of creating the ‘multi-speed’ European Union. This policy model develops increasingly visible hierarchy between the central and peripheral states. The central states are larger and stronger within the political system. However, in connection with the intensification of the integration processes and the increase in the number of participants and the diversity, the European Union faces the threat of disintegration. Application of flexible integration to the integration process is a necessity.

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