PART

8

EUROPEAN UNION

M. Donald Hancock


European Union:
Member
Non-member
Candidate
Government seat
Government Branch:
Brussels:
European Parliament
Council of the European Union
European Commission
Luxembourg:
Court of Justice
European Parliament
Council of the European Union
Strasbourg:
European Parliament
Norwegian Sea
SWEDEN
FINLAND
ESTONIA
LATVIA
LITHUANIA
Baltic Sea
North Sea
DENMARK
UNITED KINGDOM
IRELAND
NETHERLANDS
GERMANY
POLAND
Brussels
BELGIUM
LUX.
Luxembourg
Strasbourg
CZECH REP.
SLOVAKIA
ATLANTIC OCEAN
AUSTRIA
HUNGARY
ROMANIA
FRANCE
SLOVENIA
CROATIA
Black Sea
BULGARIA
MONACO
ITALY
Adriatic Sea
MACEDONIA
TURKEY
PORTUGAL
SPAIN
GREECE
Mediterranean Sea
CYPRUS
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8.1 THE CONTEXT OF EUROPEAN UNION POLITICS

A NATIONAL REFERENDUM (KNOWN AS BREXIT) IN JUNE 2016, IN WHICH 52 percent of British citizens voted to leave the European Union after 43 years of sometimes contentious membership, convulsed relations in the European Union and raised questions about the future course of the European integration movement. EU actors responded with varying degrees of contempt and vowed that they, not representatives of the British government, would be in charge of negotiations on the UK's withdrawal. As an informed British observer notes, the chief EU negotiator declared he was insistent that "Britain must be made to sweat [and] has demanded the negotiations be conducted in French."[1]

Negotiations were expected to take months if not longer. Until they are completed, the European Union will continue to consist of 28 member states with a combined population of 503 million and an area of 4.4 million sq. kilometers (1.7 million sq. miles). Its continental territory reaches from member states bordering on the north Atlantic and Baltic Sea to the Mediterranean and into eastern and south-eastern Europe. Germany has the largest population with 81.2 million; France is second with 66.4 million, followed in descending order by the United Kingdom, Italy, Spain, and the remainder of the member states (see Table 8.1).

TABLE 8.1 ■ EU Member States by Population and Area

Population		Area	
Member States	**Population (in millions)**	**Member States**	**in k²**
Germany	81.2	France	643,548
France	66.4	Spain	504,782
United Kingdom	64.8	Sweden	449,964
Italy	60.8	Germany	357,021
Spain	46.5	Finland	337,030
Poland	38.0	Poland	312,685
Romania	19.9	Italy	301,320
Netherlands	16.9	United Kingdom	244,820

(Continued)

TABLE 8.1 ■ (Continued)

Population		Area	
Member States	**Population (in millions)**	**Member States**	**in k²**
Belgium	11.2	Romania	238,392
Greece	10.6	Greece	131,940
Czech Republic	10.5	Bulgaria	110,910
Portugal	10.4	Hungary	93,030
Hungary	9.9	Portugal	92,931
Sweden	9.8	Austria	83,858
Austria	8.6	Czech Republic	78,866
Bulgaria	7.2	Ireland	70,280
Denmark	5.7	Lithuania	65,200
Finland	5.5	Latvia	64,589
Slovakia	5.4	Croatia	56,594
Ireland	4.6	Slovakia	48,845
Croatia	4.2	Estonia	45,226
Lithuania	2.9	Denmark	43,094
Slovenia	2.1	Netherlands	41,526
Latvia	2.0	Belgium	30,510
Estonia	1.3	Slovenia	20,253
	in thousands	Cyprus	9,250
Cyprus	847,000	Luxembourg	2,586
Luxembourg	563,000	Malta	316
Malta	429,344		
Total	508.2 million		

Source: Eurostat, "Population and Population Changes," 980 (eu: Eurostat.eu, 2016).

BASIC CHARACTERISTICS OF THE EUROPEAN UNION

The European Union is a regional economic and political system that embodies three fundamental principles:

- **Intergovernmental cooperation among sovereign states**: It involves shared responsibility for policy decisions on the basis of an equal vote among governmental representatives of a regional or international system. Prime examples are the EU's European Council (see Chapter 8.2) and the UN's Security Council. Decisions usually require unanimity, thereby permitting the right of single-country veto.

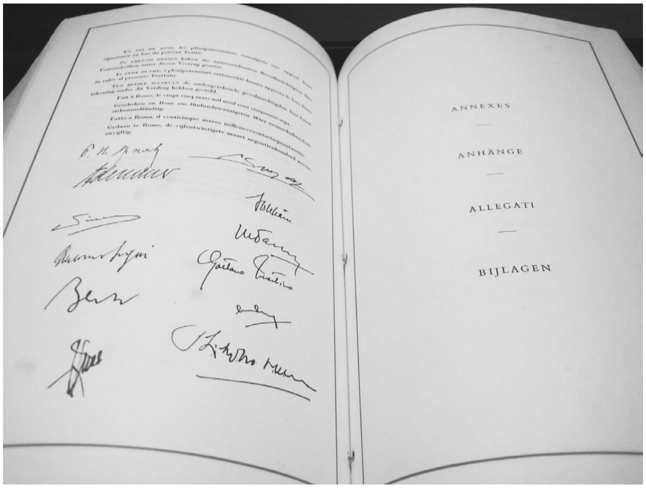
- **Supranationalism**: A form of governance in which centralized constitutional power is superior to and binding on constituent member states. It resembles federal systems such as the United States, Canada, Germany, and Russia. Both types of governance typically allow their constituent parts some degree of autonomous power and provide for concurrent or shared jurisdiction between the center and the periphery.
- **Economic integration,** which can assume two forms: "negative integration," or the removal of existing restrictions on trade, and "positive integration," or the creation of new institutions and policies designed to promote trade and other forms of economic activity.

ORIGINS OF THE EUROPEAN UNION

Today's European Union is the institutional culmination of successive treaties and joint decisions launched during the 1950s by the leaders of six postwar West European governments: France, Italy, West Germany, and the Benelux countries (Belgium, the Netherlands, and Luxembourg). Motivated by a combination of idealism, national self-interest, and political and economic pragmatism, they acted in concert to transcend the historical factors of national rivalry and hostility that had contributed to the outbreak of the Franco–Prussian war in the nineteenth century and World Wars I and II in the twentieth century.

Early architects of the integration movement included Jean Monnet, head of the General Planning Commission in the first postwar government of France, who proposed the initial blueprint for West European economic integration; Robert Schuman, who as French foreign minister formally submitted the plan in 1956 for what became the European Coal and Steel Community (ECSC); Konrad Adenauer, a Christian Democrat who served from 1949 to 1963 as West Germany's first federal chancellor; Paul Henri Spaak, who served as foreign minister and later prime minister of early postwar Belgian governments; and Alcide De Gasperi, founder of the Italian Christian Democratic Party and prime minister in eight coalition governments between 1945 and 1953. All five were ardent Europeanists, Western-style democrats, and advocates of a transatlantic political-military alliance with the United States directed against the Soviet Union and other communist countries in Central and Eastern Europe. Together, they endorsed early moves toward West European integration, including the creation of a Benelux customs union in 1948 and the ECSC, established under the Treaty of Paris in 1957.

The purpose of the ECSC was to create a free trade area, characterized by the elimination on internal tariffs and a common external tariff, for the export and import of coal, iron, and steel products among its member states: France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. ECSC's governing institutions included an intergovernmental Council of Europe made up of cabinet members from each of the six countries, an appointive High Authority with supranational authority to initiate common decisions and oversee their execution, and a European Court of Justice designed to adjudicate disputes over the interpretation and implementation of the ECSC treaty. In addition, a largely symbolic consultative European Assembly was established as a forum for debating integration issues. Its deputies were appointed by the national parliaments of the member states.



Signature page of the Treaty of Rome.

By of the signature page of the Trey of Rome by Wikipedia user Zinneke, https://commons.wikimedia.org/wiki/File:Trait%C3%A9_CEE_signatures.jpg. Licensed under CC BY-SA 3.0, https://creativecommons.org/licenses/by-sa/3.0/legalcode.

FROM THE ECSC TO THE EEC

The success of the ECSC in promoting regional economic growth encouraged leaders of the signatory countries to establish a more ambitious European Economic Community (EEC) in 1957–1958. Its legal basis was the Treaty of Rome, whose preamble affirms: "Determined to lay the foundations of an ever closer union among the peoples of Europe [and] resolved to ensure the economic and social progress of their countries by common action to eliminate the barriers which divide Europe."[2] France, West Germany, Italy, and the three Benelux countries pledged to achieve comprehensive economic integration as a crucial move toward ultimate political union. The six member states simultaneously established a third regional organization known as Euratom, which was designed to promote intergovernmental cooperation in the development of peaceful uses of nuclear energy.

The EEC treaty called for the gradual elimination of internal custom duties within its territory, the introduction of a common external tariff, the free movement of labor and capital, and the implementation of common policies in areas such as agriculture, transport, and competition. The EEC's executive–legislative institutions mirrored those in the ECSC: an intergovernmental Council of Ministers and a supranational European Commission, which were empowered to make binding policy decisions on the member states. Serving both regional bodies were the existing European Assembly and the European Court of Justice.

BRITISH RESPONSES AND EFTA

The United Kingdom initially refused to join ECSC and the EEC because political officials objected to relinquishing national power to supranational institutions inherent in both organizations. Instead, Britain initiated diplomatic negotiations to create a more diluted trade association in the form of the European Free Trade Association (EFTA). EFTA, established in 1959, was strictly an intergovernmental organization designed to promote free trade of industrial products without the benefit of a common external tariff. In addition to the United Kingdom, EFTA's founding members included Austria, Denmark, Norway, Portugal, Sweden, and Switzerland. Austria, Norway, Finland, and Liechtenstein joined later.

Rapid economic expansion within the EEC prompted Great Britain to abandon its commitment to EFTA and apply for membership in the EEC in 1961. French president Charles de Gaulle publicly vetoed the British initiative at a press conference in January 1963, but his successors proved more responsive to expanding the boundaries of the EEC to include other European democracies. This reversal enabled Britain, Denmark, and Ireland to join the EEC in 1973 in a first round of membership expansion.

FURTHER EXPANSION OF MEMBERSHIP

They were followed in 1981 by Greece and in 1986 by Spain and Portugal. The demise of communism in Central and Eastern Europe and with it the prospect of a Soviet veto enabled neutral Austria, Finland, and Sweden to become members in January 1995 as well. Norway twice negotiated accession treaties with the EEC (in 1972 and 1993), but both times a majority of Norwegians rejected membership in popular referendums.

Ten additional countries—eight of them postcommunist regimes on the Baltic Sea and in Central and Eastern Europe—joined on May 1, 2004: Poland, Estonia, Latvia, Lithuania, the Czech Republic, Hungary, Slovakia, and Slovenia, as well as Cyprus and Malta in the Mediterranean. Bulgaria and Romania became members on January 1, 2007. Croatia became the twenty-eighth member in 2013.

DEEPENING OF EUROPEAN INTEGRATION

Through a succession of policy and treaty enactments, the EU has steadily moved closer to the Treaty of Rome's vision of "ever closer union." Along the way several executive proposals were rejected or delayed in individual countries, but overall the course of European integration has "deepened" the integration process through successive treaty enactments and the extension of EU policy competence. Important milestones in this process include the following:

- 1962: The creation of a Common Agricultural Policy (CAP).
- 1967: A merger of ECSA and EEC institutions to form a common Council of Ministers and a European Commission. Both were served by the European Assembly and the European Court of Justice.
- 1974–1975: An intergovernmental agreement to introduce direct elections of deputies to the European Assembly, which was renamed the European Parliament. This move was intended to strengthen grassroots democratic participation in the affairs of the EEC. The first direct election was held in 1979.
- 1985: The appointment of Jacques Delors as president of the European Commission. Delors, a proactive socialist and French minister of economics, subsequently utilized his executive authority and helped engineer the adoption of a white paper in 1985 that called for the elimination of nearly 300 legislative acts that hindered the free movement of goods, services, and people within the EEC and set a deadline for the completion of a unified single market by December 31, 1992; and the Single European Act (SEA) in 1986, which extended the use of qualified majority voting in Council of Europe decisions and introduced other institutional changes (for details, see Chapter 8.2).
- 1994: Creation of the European Economic Area encompassing the EEC and the remaining members of ECSA.

- 1988: Appointment of a committee chaired by Delors to study enhanced EEC integration.
- 1990: A European Council decision to convene parallel intergovernmental conferences to explore proposals by the Delors committee that would promote EEC economic and political union.
- 1991: Heads of government and states of the EU agreed at a summit meeting in Maastricht, Holland, to a new EEC treaty to achieve Economic and Monetary Union (EMU), establish a European Bank, and introduce a common currency (the euro). The document was known as the Treaty on European Union (TEU) or the Maastricht Treaty.
- 1992: All but Denmark approved the TEU. There, a narrow majority of voters rejected the treaty in a national referendum in June. Popular fears that the treaty discriminated against the EEC's smaller member states were allayed through minor changes in the text of the treaty that enabled electoral approval in a second referendum in May 1993.
- 1993: Implementation of EMU. EEC renamed the European Union (EU).
- 1995: Adoption of the euro as a common currency by most of the EU member states. Opt-out concessions were granted to Britain and Sweden.
- 2002–2003: Intergovernmental committee, prepared a draft constitution for the EU.
- October 2003: Swedish voters reject adopting the euro.
- 2005: European Council approves a draft EU constitution.
- May 2005: A majority of voters in France and the Netherlands reject the proposed treaty.
- June 2007: European Council agreement to convene an intergovernmental conference to draft a reform treaty that would replace the draft constitution of 2005.
- 2007: European Council endorsed the resulting Lisbon Treaty. Its purpose was to clarify and streamline the powers of EU institutions (see Chapter 8.2).
- 2008: All member states endorsed the Lisbon Treaty except Ireland, where 53.4 percent of voters rejected it in a national referendum in June.
- October 2008: After minor textural revisions, 67 percent of Irish voters approved the Lisbon Treaty in a second referendum.
- November 2008: Implementation of the Lisbon Treaty.

NATIONAL WEALTH

A majority of EU member states are among the wealthiest countries in the world. Despite the minuscule size of its population, Luxembourg ranks as the richest EU country (measured by per capita income) primarily because of its pivotal role in international banking (see Table 8.2).

TABLE 8.2 ■ Per Capita GDP EU Member States, in Descending Order (Country Data Ranges From 2011 to 2015)

Member States	In Current U.S. $
Luxembourg	101,450.0
Ireland	61,133.7
Denmark	51,989.3
Sweden	50,579.7
Netherlands	44,299.8
United Kingdom	43,876.0
Austria	43,775.0
Finland	42,311.0
Germany	41,313.3
Belgium	40,324.0
France	36,205.6
EU Average	32,004.9
Italy	29,957.8
Spain	25,831.6
Cyprus	23,243.0
Malta	22,596.2
Slovenia	20,726.5
Portugal	19,222.2
Greece	18,002.2
Czech Republic	17,548.3
Estonia	17,118.5
Slovakia	16,088.3
Lithuania	14,147.0
Latvia	13,648.5
Poland	12,554.5
Hungary	12,363.5

(Continued)

TABLE 8.2 ■ (Continued)	
Croatia	11,535.8
Romania	8,972.9
Bulgaria	6,993.5
In Comparison	
United States	56,115.7
Canada	43,248.5
Russia	9,092.4

Source: Adapted from The World Bank, "GDP Per Capita (current U.S. $)" (www.data.worldbank.org 2017).

LEVELS OF ECONOMIC DEVELOPMENT

Most EU member states also rank high in their levels of socioeconomic development, as measured by the distribution of their labor force among three socioeconomic sectors: primary, secondary, and postindustrial. Primary occupations include agriculture, fishing, and mining; the secondary or industrial sector encompasses the manufacturing and distribution of material products such as automobiles and consumer goods and mass transportation; and the postindustrial sector consists of the production of new forms of knowledge alongside private and public investment in higher education, advanced research, and technological innovation.

Among the larger member states of the EU, Sweden ranks as the most highly developed postindustrial society followed by Britain, the Netherlands, Luxembourg, and Denmark. In contrast, member states with a relatively high percentage of primary sector workers include Romania, Greece, Portugal, Hungary, and Bulgaria (see Table 8.3).

TABLE 8.3 ■ Distribution of Labor Force (Country Data Ranging From 2011–2014)

Country	Percentage of Workforce Employed in		
	Agriculture, Fishing, Mining	Industry	Public and Private Services
Sweden	2.0	12.0	86.0
United Kingdom	1.3	15.2	83.5
Netherlands	1.8	17.0	81.2
Cyprus	3.8	15.2	81.0
Luxembourg	1.1	20.0	78.9

Denmark	2.6	20.3	77.1
Ireland	5.0	11.0	84.0
France	3.0	21.3	75.7
Germany	1.6	24.6	73.8
Malta	1.7	18.3	80.0
Lithuania	7.9	19.6	72.5
Greece	12.6	15.0	72.4
EU average	5.0	21.9	73.1
Slovakia	4.2	22.6	73.2
Finland	4.4	53.8	41.8
Portugal	8.6	23.9	67.5
Italy	3.9	28.3	67.8
Estonia	3.9	28.4	67.7
Latvia	8.8	24.0	67.2
Hungary	7.1	29.7	63.9
Bulgaria	7.0	30.1	62.9
Slovenia	8.3	30.8	60.9
Czech Republic	2.6	37.4	60.0
Poland	12.6	30.4	57.0
Romania	28.3	28.9	42.8
Spain	4.2	24.0	71.7
Croatia	1.9	27.6	70.4
Belgium	1.3	18.6	80.1
Austria	0.7	25.3	74.0
In Comparison			
United States	0.7	44.5	54.9
Canada	2.0	19.0	76.0
Russia	9.4	27.6	63.0

Source: Adapted from U.S. Central Intelligence Agency, *The World Factbook,* 2016, www.cia.gov.

INTERNATIONAL TRADE

The European Union is the world's largest trading bloc, followed by the United States, China, and Japan.[3] Four other EU member states are also leading partners in world trade: France, the Netherlands, Italy, and the United Kingdom (see Table 8.4).

THE EUROPEAN UNION AS A SECURITY COMMUNITY

Historically, European countries comprised what Karl Deutsch classifies as a "not amalgamated not-security community" made up of a set of regional and/or international actors whose leaders frequently resorted to armed conflict in pursuit of their ambitions of territorial expansion and enhanced power.[3] A second type of system were "not-security multiethnic empires" such as Czarist Russia and Austria-Hungary on the eve of World War I. Both empires were governed by centralized (amalgamated) political authority

TABLE 8.4 ■ Share in World Trade, 2016 (In Rank Order)

Country/Region	Exports in U.S. $	Percent Share	Imports in U.S. $
World	17.8 trillion		
China	2.3 trillion	12.33	2.0 trillion
European Union	2.2 trillion		2.3 trillion
United States	1.6 trillion	8.53	2.3 trillion
Germany	1.5 trillion		1.2 trillion
Japan	700 billion		798.6 billion
France	584.5 billion		631.1 billion
South Korea	572.7 billion		528.6 billion
Netherlands	571.8 billion		469.0 billion
Hong Kong	519.3 billion		549.5 billion
Italy	513.7 billion		448.4 billion
Russia	497.8 billion		308.0 billion
United Kingdom	480.8 billion		802.1 billion
Canada	478.4 billion		473.8 billion

Source: U.S. Central Intelligence Agency, *The World Factbook*, 2016 (www.CIA, World Factbook).

but confronted internal threats to their viability posed by dissident nationalities and/or revolutionary political movements.

In contrast to both of these types of international systems, the European Union has evolved into a "partially amalgamated security community" characterized by the absence of potential armed conflict among its member states. This achievement is based on two crucial factors: the protective arm of NATO and postwar Franco-German reconciliation.

NATO AND THE EUROPEAN UNION

The North Atlantic Treaty Organization was established under American leadership in April 1949 to protect North America and Western Europe against external threats posed by the Soviet Union and its communist allies in Central and Eastern Europe.[4] The declared purpose of the alliance, as affirmed in the treaty's preamble, was to "safeguard the freedom, common heritage and civilisation of [its member states], founded on the principles of democracy, individual liberty and the rule of law." A second principle was to provide for collective defense against external aggression. To this end, Article 5 of the treaty affirms the right of collective defense against external aggression:

> The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognised by Article 51 of the Charter of

TABLE 8.5 ■ Expansion of NATO Membership, 1952–2008

Year	Founding Members
1949	United States, United Kingdom, Canada, France, Italy, the Netherlands, Belgium, Luxembourg, Denmark, Norway, Iceland, and Portugal
Cold War Enlargement	
1952	Greece, Turkey
1955	West Germany
1982	Spain
Post-Cold War Enlargement	
1990	East Germany
1999	Czech Republic, Hungary, Poland
2004	Bulgaria, Romania, Slovakia, Slovenia. Estonia, Latvia, Lithuania
2008	Albania, Croatia

> the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.[5]

Five members of the ECSC were among the 12 founding members of NATO. The exception was West Germany, which remained disarmed following the Allied defeat of the Third Reich in 1945. After intense diplomatic negotiations and a French legislative defeat of a proposed integrated defense community, West Germany, too, joined NATO in 1955—a scant 10 years after the end of World War II.

NATO expanded its membership seven times between 1952 and 2008 (see Table 8.5). As Mary Hampton has observed, NATO leaders have pursued a dual strategy in the enlargement process: Collective defense under Article 5 of the treaty served as a principal rationale for admitting West Germany, Greece, Turkey, and Spain during the Cold War era, whereas the treaty's simultaneous objective of safeguarding democracy was emphasized during negotiations to admit postcommunist regimes in Central and Eastern Europe beginning in 1990.[6]

Brexit will not directly challenge NATO's structure or commitments, but it will significantly affect the EU's political and economic performance. These are the subject of the chapters that follow.

NOTES

1. Alastair Sloan, a London-based journalist who focuses on injustice and human rights in the UK, "The UK has no choice on 'hard' or 'soft' Brexit," *Aljazeera*, October 30, 2016, (www.aljazeera.com/amp/indepth/opinion/2016).
2. The Treaty of Rome has been merged with subsequent treaties on European integration to constitute today's Treaty on European Union.
3. Karl Deutsch, *Political Community at the International Level* (Garden City, NY: Doubleday, 1954). By "not-amalgamated" Deutsch means the absence of recognized central political and legal institutions within regional and/or international communities.
4. The communist states responded by establishing a defense alliance of their own, the Warsaw Pact.
5. "NATO—Official Text: The North Atlantic Treaty—04-April 1949," www.nato.int.
6. By then East Germany had already begun to rearm under Soviet auspices with the formation of "armed police forces" that later became the People's Army (Volksarmee).

8.2 WHERE IS THE POWER?

Despite reservations expressed by some government leaders concerning the recent course of European integration,[1] the European Union is not a "super state" akin to a sovereign nation. Core reasons, as David Gowland and his associates point out, include its lack of independent power to tax its citizens directly or the resources to wage war.[2] The Union nonetheless exercises considerable power over its citizens through its stated objectives, legal competence, hybrid decision-making structures, and multifaceted policies.

OBJECTIVES AND LEVELS OF EU COMPETENCE

Restating the objectives of European cooperation contained in the amended Treaty of Rome, EU leaders affirm in the preamble to the consolidated version of the Treaty on the Functioning of the European Union their joint determination to, among other goals,

- "lay the foundation of an ever closer union among the peoples of Europe,"
- "ensure the economic and social progress of their States by common action to eliminate the barriers which divide Europe,"
- affirm "as the essential objective of their efforts the constant improvements of the living and working conditions of their peoples,"
- remove "existing obstacles . . . to guarantee steady expansion, balanced trade, and fair competition,"
- "contribute, by means of a common commercial policy, to the progressive abolition of restrictions on international trade,"
- "strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions,"
- "preserve and strengthen peace and liberty, and calling upon the other peoples of Europe who share their ideal to join in their efforts," [and]
- "promote the development of the highest possible level of knowledge for their peoples through a wide access to education and through its continuous updating."[3]

In pursuit of these objectives, the treaties incorporate a federal-like system of exclusive, shared, and reserved jurisdiction. The European Union is assigned central authority to coordinate economic and employment policies "within arrangements as determined by this Treaty" and "to define and implement a common foreign and security policy, including the progressive framing of a common defence policy." In addition, the European Union is accorded exclusive competence in the following areas:

> customs union, the establishing of the competition rules necessary for the functioning of the internal market, monetary policy for the Member States whose currency is the euro, the conservation of marine biological resources under the common fisheries policy, [and] common commercial policy.

The treaties also confer on the European Union the exclusive right to negotiate international agreements that are "provided for in a legislative act of the Union or [are] necessary to enable the Union to exercise its internal competence, or in so far as [their] conclusion may affect common rules or alter their scope."[4]

Alongside these areas of exclusive jurisdiction, the treaties assign a number of policies to shared jurisdiction between the European Union and the member states. These include legislation governing

> the internal market; social policy for the aspects defined in this Treaty; economic, social, and territorial cohesion; agriculture and fisheries . . . ; environment; consumer protection; transport; trans-European networks; energy; area of freedom, security, and justice; [and] common safety concerns in public health matters, for the aspects defined in this Treaty.
>
> While member states are assigned primary responsibility for coordinating their economic policies, the Union is empowered to adopt "broad guidelines for these policies." Similarly, the Union may undertake measures to encourage the coordination of employment policies and social policies of the member states.[5]

The member states are accorded authority to govern public health, industry, culture, tourism, education, civil protection, vocational training, youth, and sport. Yet even in these policy areas, the treaties acknowledge EU competence "to support, coordinate, or supplement the actions of the Member States."[6]

EU INSTITUTIONS

The most important EU executive–legislative institutions are the European Council, the Council of Ministers, the European Commission, and the elective European Parliament. Other central institutions include an appointive European Court of Justice (ECJ), the European Central Bank (ECB), the governing body of the eurozone, the European Bank for Reconstruction and Development (EBRD), the European Economic and Social Committee (EESC), the Committee of the Regions (CoR), and a Court of Auditors. Institutional authority is geographically dispersed among a number of locations: Meetings of the Council of Ministers, most of those of the European Council, and committees of the European Parliament are held in Brussels, which is considered the capital of the European Union; the European Parliament holds most of its plenary sessions in Strasbourg, France, but has a secondary location in Brussels; the European Commission has its headquarters in Brussels; the ECJ convenes in Luxembourg; the ECB is located in Frankfurt, Germany; the EESC and the Committee of the Regions meet in Brussels; and the Court of Auditors is situated in Luxembourg.

THE EUROPEAN COUNCIL AND THE COUNCIL OF MINISTERS

Both the European Council and the Council of Ministers consist of high-level government officials representing the 28 member states of the European Union. As such, the councils constitute the EU principal intergovernmental components, interacting with other executive, legislative, regulatory, judicial, and advisory institutions to shape and oversee central Union policies. Under terms of the consolidated treaties, each is chaired differently and has a different political mandate.

EUROPEAN UNION AT A GLANCE

Political Structure

A hybrid intergovernmental and supranational organization

Capital

Brussels, Belgium

Note: The European Council meets in Brussels and other European cities; the Council of Ministers meets in Brussels; the European Commission meets in Brussels; the European Parliament meets in Strasbourg, France, and Brussels; the European Court of Justice (ECJ) convenes in Luxembourg; and the European Central Bank (ECB) has its headquarters in Frankfurt, Germany.

Member States

Twenty-eight countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom. *Candidate countries:* Iceland, Macedonia, Turkey. *Potential candidate countries:* Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo.

Constitution

Based on a series of treaties: Treaty of Paris, which established the ECSC in 1951; Treaties of Rome, which set up the EEC and the European Atomic Energy Community (Euratom) in 1957; the Single European Act in 1986; Treaty on European Union (Maastricht) in 1992; Treaty of Amsterdam in 1997; Treaty of Nice in 2001; and Treaty of Lisbon in 2009.

Suffrage

Eighteen years of age, universal, for elections to the European Parliament

Executive Branch

President of the European Union, High Representative of the European Union for Foreign Affairs and Security Policy (de facto foreign minister), President of the European Commission Chief policy-initiating institution: European Commission, composed of 28 members, one from each member state; each commissioner is responsible for one or more policy areas. *Elections:* President of the European Union is elected by members of the European Council for a two-and-a-half-year term (renewable once); High Representative for Foreign Affairs, president of the European Commission, and other commissioners are appointed by the European Council subject to approval by the European Parliament. *Note:* The European Council is made up of the president of the European Union, heads of government or presidents of the 28 member states, and president of the European Commission. The High Representative for Foreign Affairs and Security Policy attends most meetings. The European Council usually meets

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(Continued)

four times a year. The council's chief function is to provide the impetus for the major political issues related to European integration (including new treaties and the admission of additional member states, the latter subject to co-decision by the European Parliament) and to issue general policy guidelines.

Legislative Branch

Council of Ministers: composed of 28 member state ministers who have, among them, 328 votes (the number of votes is roughly proportional to the member states' populations). The council acts on proposals submitted to it by the European Commission. Important decisions require a qualified majority of 219 votes representing two-thirds of the aggregate votes of the member states. The council shares most decision-making powers with the European Parliament.

European Parliament: 766 seats allocated among member states in proportion to their populations. Members are elected by direct universal suffrage for a five-year term.

Judicial Branch

Court of Justice of the European Union: composed of 28 judges appointed for staggered six-year renewable terms by the European Council. The ECJ ensures that the treaties are interpreted and applied correctly (that is, according to European treaties and other legal documents).

General Court (formerly the Court of First Instance): composed of 28 judges appointed for staggered six-year renewable terms by the European Court. The General Court hears and decides most judicial cases involving direct actions initiated by individuals or member states. Appeals are submitted to the ECJ.

Major Political Groups

European People's Party (EPP), Christian Democrats; Socialists and Democrats (S&D); Alliance of Liberals and Democrats for Europe (ALDE); Greens/European Free Alliance (Greens/EFA); European Conservatives and Reformists (ECR); Confederal Group of the European United Left/ Nordic Green Left; EU-skeptical Europe of Freedom and Democracy Group (EFD); Independents.

Sources: Europa, Gateway to the European Union, http://europa.eu/index_en.htm; Europa, Treaty of Lisbon, http://europa.eu/lisbon_treaty/fulltext/index_en.htm; U.S. Central Intelligence Agency, *The World Factbook*, 2010, https://www.cia.gov/library/publications/theworld-factbook/index.html; author's compilations.

THE EUROPEAN COUNCIL

The European Council straddles the political apex of the European Union. It consists of the heads of government or heads of state of the 28 member states plus a council president and the president of the European Commission. The High Representative of the Union for Foreign Affairs and Security Policy also participates in its deliberations. The consolidated treaties stipulate that the central purpose of the European Council is to "provide the Union with the necessary impetus for its development and [to] define the general political directions and priorities thereof."[7] In effect, this means that the council is charged with macro policy initiatives and directives, including the approval of new treaties and the admission of new member states. (The latter authority is shared with the European Parliament.)

Another crucial prerogative of the European Council is that of nomination and appointment of important institutional actors. On the basis of a qualified majority vote of its members (see below), the Council nominates the president of the European Commission and, in consultation with the president, designates the remaining commissioners. The European Council also nominates the High Representative who serves as a vice president of the council. A majority of members of the European Parliament (MEPs) must concur in the nominations, after which the council appoints the commission president, the High Representative, and other commissioners on the basis of a qualified majority vote. In addition, the European Council has the authority to ratify nominations submitted by the European Commission for membership on the EESC and the Committee of the Regions. The council shares powers of legislation and budgetary approval with the European Parliament, as explained next.

Until the implementation of the Lisbon treaty, a representative of a member state government served as president of the European Council on a rotating six-month basis. Under the consolidated treaties, the Council is now chaired by a president who is elected by

> a qualified majority, for a term of two and a half years, renewable once. In the event of an impediment or serious misconduct, the European Council can end the President's term of office in accordance with the same procedure.[8]

The president is charged with chairing council meetings, preparing the council's agenda, promoting "cohesion and consensus within the European Council," and submitting a report to the European Parliament after each meeting.[9]

During initial speculations among national politicians and in the media, former British prime minister Tony Blair was viewed as a possible first choice for the EU presidency because of his political experience and charisma. Ultimately, however, his candidacy floundered primarily because of opposition in Britain and on the continent to his interventionist stance during the Iraq War. Instead, EU leaders opted in favor of a lesser known and therefore less-controversial choice in the person of Herman Van Rompuy, who until then had served as Belgian prime minister for less than a year. France and Germany both supported Rompuy's nomination allegedly on the grounds that he is "a modest conservative from a small country who would chair EU summits without overshadowing them."[10]

Van Rompuy served as president of the European Council from 2010 to December 2014. He was succeeded by Donald Tusk, former prime minister of Poland and a cofounder of the Civic Platform Party, a Christian Democratic movement that has played a key role in Poland's postcommunist democratization.

An office of a High Representative of the Union for Common and Security Policy was established with the implementation of the Amsterdam Treaty in 1999. Javier Solana, a Spanish socialist and former secretary general of the North Atlantic Treaty Organization (NATO), occupied the office from 1999 to 2009. The Lisbon treaty expanded the authority of the High Representative to include a European Commission vice presidency and chairmanship of the important Foreign Affairs Council (a specialized version of the Council of Ministers—see next section). As foreign minister in all but name, the High Representative interacts closely with the president and other members of the European Council and with the European Commission in formulating and conducting the EU common foreign and security policies. As Solana's successor, the European Council nominated Catherine Ashton of Great Britain as the first High Representative with these expanded powers. Lady Ashton previously served as a junior minister in the Labour government under Tony Blair and as EU commissioner in charge of trade in 2008 and 2009. Her successor (November 2014) was Federica Mogheri, a career politician and Social Democrat who previously served as Italian foreign minister.

The European Council is directed to meet twice every six months; it may also convene in special sessions at the behest of the president or the High Representative. Depending on the issue at hand, the council may invite a government minister or member of the commission to join in its deliberations. Council decisions have the weight of EU law. In ordinary matters, the council is expected to reach decisions on the basis of consensus. Unanimity is required for weightier issues such as the adoption of a new treaty, the admission of new member states, and major institutional appointments. The council may also issue regulations that are binding on the member states but require national legislation to take effect.

Council of Ministers

The European Council meets only a few times a year in what are often highly visible summits, but the Council of Ministers (formally known as the Council of the European Union) exercises day-to-day legislative and budgetary decisions. In the language of the consolidated treaties, "[the Council] shall carry out policy-making and coordinating functions as laid down in the Treaties."[11] Specifically, these functions include the power to make community law (in cooperation with the European Parliament), coordinate economic policies among the member states, negotiate international agreements on behalf of the European Union, and define common foreign and security policies under guidelines established by the European Council. In addition, the Council of Ministers shares budget-making authority with parliament and determines policies affecting common police and judicial measures affecting the member states. The Council of Ministers cannot initiate policies on its own, but instead acts of recommendations or proposals submitted by the European Commission. The council does have the authority to request studies by the European Commission that, in time, may become the basis of community legislation. Informally, individual members of the council may suggest policy initiatives to the Commission as well.

The Council of Ministers is not a single body; rather, it assumes a variety of configurations, consisting of different cabinet members from the member states, depending on the policy issue being considered. The most important are the General Affairs Council (which is responsible for institutional and administrative issues), the Council for Economic and Fiscal Policy, and the Council of Agriculture Ministers. Other councils include Justice and Home Affairs; Employment, Social Policy, Health, and Consumer Affairs; the Internal Market; Environment; Transport, Telecommunications, and Energy; and Education, Youth, and Culture. An informal council exists in the form of the Eurogroup, which is made up of representatives of states that belong to the eurozone.

The Council of Ministers is made up of cabinet-level officials representing each of the 28 member states of the European Union, plus one representative of the European Commission. The latter's role is to propose and defend policies and represent the interests of the European Union as a whole.

Unlike the European Council, the Council of Ministers is not chaired by an elected president. Instead, the presidency rotates among the 28 EU member states on a six-month basis, most recently by the Netherlands (January–June 2016). The president, any of the council's members, and/or the European Commission may request a special meeting of the council.

Decision-Making Rules

Different rules characterize decisions by both the European Council and the Council of Ministers. Unanimity is required of members of the European Council with respect to new treaties, treaty amendments, and the admission of new member states. Conversely, simple majorities suffice for procedural matters in both councils, as in "What time should we break for lunch?" Between these extremes, two types of qualified majorities prevail that ensure the consent of coalitions of member states.

Council members are assisted by the Committee of Permanent Representatives (Coreper), which is composed of ambassadors and their deputies representing each of the member countries. Coreper's task is to help in the preparation and management of the work of the council. The committee is organized in two bodies: Coreper I, which deals with most economic and social policies, and Coreper II, which manages external relations, budgetary issues, and justice and home affairs. Coreper is chaired by the member state holding the rotating council presidency. Assisting Coreper is a secretary general who oversees the activities of several thousand professional civil servants making up the committee's secretariat.

QUALIFIED MAJORITY VOTING

Under prevailing treaty rules dating from the Treaty of Nice, qualified majority voting (QMV) in both the European Council and the Council of Ministers is based on a sliding scale of votes accorded each of the member states depending on the approximate size of its population. The number of votes ranges from 29 for each of the four largest west European members (France, Germany, Italy, and the United Kingdom) to 27 for Spain and Poland down to 3 for Malta, which has the smallest population (see Table 8.6). Proposals submitted from the European Commission require at least 255 favorable votes representing a majority of the member states; in other cases, "decisions shall be adopted if there are at least [260] votes in favour representing at least two thirds of the members." A member state may ask for confirmation that the votes in favor represent at least 62 percent of the total population of the European Union. If this is not the case, the decision will not be adopted.[12]

TABLE 8.6 ■ Distribution of Votes Under Qualified Majority Voting (Until 2014)

France	29
Germany	29
Italy	29
United Kingdom	29
Poland	27
Spain	27
Romania	14
Netherlands	13
Belgium	12
Czech Republic	12
Greece	12
Hungary	12
Portugal	12
Austria	10
Bulgaria	10
Sweden	10
Croatia	7
Denmark	7
Finland	7
Ireland	7
Lithuania	7
Slovakia	7
Cyprus	4
Estonia	4
Latvia	4
Luxembourg	4
Slovenia	4
Malta	3
Total	352

Source: Official Journal of the European Union, Protocol 36, Title II, Provisions Concerning the Qualified Majority, Article 3.

Although the larger members of the European Union are clearly more powerful than the smaller states, the requirement that a qualified majority must consist of 260 votes out of a total of 352 prevents the larger countries from dictating policy to the smaller ones. The same decision-making rule simultaneously protects the larger countries from attempts by the smaller countries to impose policies the larger countries oppose or that may require more from their greater economic contributions to the EU budget. Decision making within the European Union therefore emphasizes the formation of coalitions rather than relying on national vetoes for protection. This central feature of decision making at the council level distinguishes the European Union as an example of "fragmented pluralism" (as opposed to "majoritarian pluralism").

THE EUROPEAN COMMISSION

A powerful third EU institution is the European Commission, a supranational body that has been a major driving force in the long-term process of EU deepening. With the accession of new member states from the early 1970s to 2007, the commission has been gradually expanded to include 27 members. Effective November 1, 2014, the number of commissioners was reduced to correspond to two-thirds of the number of member states ("unless the European Council, acting unanimously, decides to alter this number"). The Consolidated Version of the Treaty on European Union stipulates that the "members of the Commission shall be chosen from among the nationals of the Member States on the basis of a system of strictly equal rotation, . . . reflecting the demographic and geographical range of all the Member States."[13] The intent of streamlining the size of the commission is to facilitate decision making and to make policy coordination more efficient.

Currently, each member state is represented by a single commissioner. Previously, France, Germany, Italy, the United Kingdom, and Spain were allocated two commissioners apiece because of the size of their populations, but their representation was reduced to one under the Treaty of Nice because of pending EU expansion. After each European parliamentary election, the European Council submits the names of a commission president and other commissioner-designates to the European Parliament for its consideration. Following parliamentary approval, the European Council then formally appoints the commission members by a qualified majority vote for a term of five years. Once appointed to office, commissioners are bound by treaty to act independently and therefore accept no instructions "from any Government or other institution, body, office, or entity."[14] Similar to a vote of no confidence in national parliamentary systems, the European Parliament has the treaty authority to compel the commission to resign as a body through a vote of censure. A two-thirds majority is required "representing a majority of the component members of the European Parliament."[15]

The commission exercises extensive powers in its treaty mandate to "promote the general interest of the Union and take appropriate initiatives to that end."[16] These powers include the authority to do the following:

- Propose legislation to the Council of Ministers
- Ensure the application of the treaties and policy regulations

- Oversee the "application of European law under the control of the Court of Justice" (the ECJ is discussed later)
- Administer the EU's budget
- Exercise various executive and management functions, for example, with respect to provisions of the original ECSC
- Represent the Union in external relations—with the important exception of common foreign and security policy

The Commission is divided into multiple directorates-general (DGs), who correspond to specific functional or policy tasks. Each DG is headed by a director-general, who serves under the supervision of a commissioner and a cabinet of no more than six personal advisers. As a result of reforms initiated by the European Commission in 1999, cabinet members must be recruited from at least three different nationalities. President Juncker, who serves without portfolio, is assisted by seven vice presidents and 19 additional commissioners whose portfolios numbered 33 (see Table 8.7). Nine of the commissioners serving from 2010 to 2014 are women.

TABLE 8.7 ■ European Commissioners by Portfolio Assignments and Nationalities, 2016

Name	Position/Policy Responsibilities	Nationality
Jean-Claude Juncker	President	Luxembourg
Frans Timmermans	First Vice President: Better Regulation, Institutional Relations, the Rule of Law, the Charter of Fundamental Rights	Netherlands
Federica Mogherini	High Representative for the Union for Foreign Affairs and Security Policy, Vice President	Italy
Kristina Georgieva	Vice President: Budget and Human Resources	Bulgaria
Andrus Ansip	Vice President: Digital Single Market	Estonia
Maros Sefcovic	Vice President: Energy Union	Slovakia
Valdis Dombrovskis	Vice President: Euro and Social Dialogue	Latvia
Jyrki Katainen	Vice President: Jobs, Growth, Investment, and Competiveness	Finland
Günther Oettinger	Digital Economy and Society	Germany
Johannes Hahn	European Neighborhood Policy and Enlargement Negotiations	Austria
Cecilia Malmström	Trade	Sweden
Neven Mimica	International Cooperation and Development	Croatia
Miguel Arias Canete	Climate Action and Energy	Spain

(Continued)

TABLE 8.7 ■ (Continued)

Karmenu Vella	Environment, Maritime Affairs, and Fisheries	Malta
Vytenis Avrapoulos	Migration, Home Affairs, and Citizenship	Greece
Marianna Thyssen	Employment, Social Affairs, Skills, and Labor Mobility	Belgium
Pierre Moscovici	Economic and Financial Affairs, Taxation and Customs	France
Christos Styliandes	Humanitarian Aid and Crisis Management	Cyprus
Phil Hogan	Agriculture and Rural Development	Ireland
Jonathan Hill	Financial Stability, Financial Services, and Capital Markets Union	United Kingdom
Violeta Bulc	Transport	Slovakia
Elzbieta Bienkowska	Internal Market, Industry, Entrepreneurship, and SMEs	Poland
Vera Jourova	Justice, Consumers, and Gender Equality	Czech Republic
Tibor Navracsis	Education, Culture, Youth, and Sport	Hungary
Corina Cretu	Regional Policy	Romania
Margrethe Vestager	Competition	Denmark
Carlos Moedas	Research, Science, and Innovation	Portugal
Vytenis Povilas Andriukaitis	Health and Food Safety	Lithuania

Source: European Commission, "Members of the European Commission," ec.europa.au, 2016.

THE EUROPEAN PARLIAMENT

The fourth major political institution of the European Union is the European Parliament. Originally made up of representatives delegated from the national parliaments of the member states of the ECSC and later the EEC, the parliament in its early years was little more than a forum for debate on European issues with little real power. As such, the European Parliament epitomized a serious "democratic deficit" within the EEC, because community law was decided behind the closed doors of the Council of Ministers with little effective parliamentary input. In an effort to correct this deficiency and bring the European Parliament closer to the citizens, EEC leaders amended the Treaty of Rome to provide for direct elections. The first direct elections to the European Parliament were held in 1979; subsequent elections have been held in 1984, 1989, 1994, 1999, 2004, 2009, and 2014.

The European Parliament numbered 766 members in 2017, including representatives from the United Kingdom prior to Brexit. Membership is distributed on the basis of population size.

From its initial status largely as a debating forum, the European Parliament has become a principal source of institutional power in the European Union.

Photo of EU Parliament, Brussels 2016 by Wikipedia user Jordiferrer, https://commons.wikimedia.org/wiki/File:EU_Parliament_-_Brussels_2016_01.jpg. Licensed under CC BY-SA 4.0, https://creativecommons.org/licenses/by-sa/4.0/legalcode.

Membership in the European Parliament was increased from 518 deputies to 567 deputies prior to the June 1994 election, primarily to take into account the growth in the German population after unification in 1990. In January1995, the European Parliament was expanded once again to allow for the inclusion of additional deputies from Austria, Finland, and Sweden. After the EU enlargement to include 10 additional members in 2004 and two in 2007, the European Parliament's size was increased to 766. Member countries are allocated seats in the parliament according to the size of their populations, with Germany claiming the largest contingent and Malta the smallest (see Table 8.8).

From 1979 through 1985, deputies were chosen in the continental member states according to national variations of proportional representation, and delegates from the United Kingdom and Ireland were elected on the basis of each country's plurality electoral system. The European Parliament later established a community-wide electoral system of proportional representation, beginning with the June 1999 election. Once elected, deputies are formally designated MEPs. They choose from their ranks a president and 14 vice presidents to preside over the day-to-day parliamentary proceedings. An important organizational component of the European Parliament is its complex structure of standing committees, which number 20. Each corresponds to one of the EU policy areas and affords MEPs an opportunity to review pending legislation and prepare reports submitted to parliament as a whole. Most plenary sessions of the European Parliament are held in

TABLE 8.8 ■ Distribution of Seats by Member States

Germany	99
France	72
Italy	72
United Kingdom (prior to Brexit)	72
Poland	50
Spain	50
Romania	33
Netherlands	25
Belgium	22
Czech Republic	22
Greece	22
Hungary	22
Portugal	22
Sweden	18
Bulgaria	17
Austria	17
Denmark	13
Finland	13
Slovakia	13
Ireland	12
Lithuania	12
Croatia	8
Latvia	8
Slovenia	7
Cyprus	6
Estonia	6
Luxembourg	6
Malta	5
Total	766

Source: http://europa.eu/institutions/inst/parliament/index_en.htm.

Strasbourg, although a second parliamentary building has been erected in Brussels. Committee meetings are conducted in Brussels to facilitate closer scrutiny by MEPs of council proceedings.

Power within the European Parliament is distributed among an elective president, 14 vice presidents, a complex committee system consisting of 20 standing committees (plus two special committees), and 11 trans-European party groups.

Elections address Europe-wide themes: Economic growth, unemployment, inflation, and purchasing power dominated the 2009 campaign,[17] as well as national issues such as voter confidence in or discontent with governing parties. For example, in the June 2009 election, Germany's Christian Democrats handily outpolled their principal rivals, the Social Democrats, in what proved to be a harbinger of a change in government in September; Britain's Labour Party under Gordon Brown suffered a scathing defeat to the Conservative Party and a euro-skeptic UK Independent Party; and Greek voters reacted angrily to a series of domestic scandals and the ongoing global economic crisis by according the opposition Socialist Party an electoral victory over the governing conservatives.

Under the Treaty of Rome, the power of the European Parliament was initially limited to its right to approve the community's budget, censure the European Commission and therefore force its resignation (which it never exercised), and debate community issues and the commission's annual general report. The Council of Ministers could consult the European Parliament on pending legislation but was not obligated to amend bills in response to parliamentary objections.

The relative powerlessness of the European Parliament became a matter of increased concern among European leaders in response to parliamentary and citizen complaints about the community's democratic deficits, as illustrated by its lack of decision-making transparency. Accordingly, the powers of the European Parliament have been steadily expanded through treaty enactment. An important step was the adoption of the Single European Act in 1986, which introduced a new cooperation procedure allowing for parliamentary approval of—and proposed amendments to—pending Council of Ministers decisions governing social policy, regional policy, research, and the creation of the Single Market. The Treaty on European Union, which was implemented in 1994, further strengthened parliamentary prerogatives. First, it required European Parliament approval of the European Council's nomination of the president and other members of the European Commission and all accession and association agreements with other states. Second, it authorized European

TABLE 8.9 ■ Membership in Party Groups

Party Group	Number
European Peoples Party (mainly Christian Democrats)	219
Progressive Alliance of Socialists and Democrats in the European Parliament (PES)	189
Alliance of Liberals and Democrats for Europe (ALDE)	68
Greens/European Free Alliance (EFA)	52
European Conservatives and Reformists Group (ECR)	71
Confederal Group of the European United Left/Nordic Green Left (GUE/NGL)	51
Europe of Freedom and Direct Democracy Group (EFD)	45
Europe of Nations and Freedom Group	36
Non-attached	20

Source: Europa: European Commission: The Commissioners (2010–2014), http://ec.europa.eu/commission_2010–2014/index_en.htm.

Parliament members (at least a fourth of the membership is required) to request the appointment of temporary committees of inquiry "to investigate . . . alleged contraventions or misadministration in the implementation of Community law" (Art. 193 [ex 138c]). In addition, the treaty empowered the parliament to appoint an investigatory ombudsman who is "empowered to receive complaints from any citizen of the Union" (Art. 195 [ex 138e]).

The Treaty on European Union and the Amsterdam treaty expanded the legislative role of the European Parliament by according it new "codecision" powers with the Council of Ministers. These powers allow parliament the right to formally approve a council proposal (in which case the council shall "definitively enact" the bill and it becomes law) or decide, by majority vote, to reject or amend a council proposal. In the case of rejection, the council may convene a conciliation committee composed of a representative of the commission and an equal number of members of the council or their deputies and MEPs in an effort to reconcile the differences. After such deliberations, the European Parliament has the option of once again rejecting the proposal by an absolute majority (in which case it fails) or of proposing amendments to the act in question. The council may decide within three months to accept such amendments, either by a qualified majority if the commission concurs in them or unanimously if the commission rejects the amendments. In either event, the proposal becomes law.

In practice, the codecision procedure became the norm for most legislative decisions in the early 2000s and largely displaced the weaker consultation and cooperation procedures. This shift toward enhanced power in the hands of the European Parliament is codified in the Treaty of Lisbon, which extends codecision rules to more than 40 new policy areas—including agriculture, energy, immigration, justice and home affairs, health, and EU funds. In addition, the European Parliament is now entitled to decide the entire EU budget in concert with the Council of Ministers, approve international trade agreements negotiated by the council, and propose treaty changes.

THE COURT OF JUSTICE OF THE EUROPEAN UNION

Established as a component of the ECSC during the initial take-off phase of the integration movement, the ECJ has evolved into an increasingly potent instrument of supranational authority. The central purpose of the ECJ, in the language of the consolidated treaties, is to "ensure that in the interpretation and application of the Treaties the law is observed."[18] In performing this vital task, the ECJ complements the activities of the European Court of Human Rights, located in Strasbourg, which enforces provisions of the European Convention on Human Rights drawn up by the Council for Europe in 1950.[19] Decisions by both courts have contributed, perhaps even more than the "high politics" at the level of the ministerial councils and the European Parliament, to a growing sense of a "European" identity among ordinary citizens.

The ECJ consists of 28 justices, one representing each EU member state. They are appointed "by common accord of the governments of the Member States" for staggered six-year terms, which are frequently renewed. The justices are assisted by eight advocates-general, five from the larger EU member states and three from the smaller countries, who serve on a rotating basis. The assigned duty of the advocates-general is "to make, in open court, reasoned submissions on cases brought before the Court of Justice, in order to assist the Court in the performance of the task assigned to it." The consolidated treaties stipulate that both the ECJ justices and the advocates-general "shall be chosen from persons whose independence is beyond doubt and who possess the qualifications required for appointment to the highest judicial offices in their respective countries."[20] These provisions ensure both continuity and periodic renewal of incumbents as well as high levels of legal competence.

The ECJ meets in Luxembourg, either in plenary sessions attended by all of its members or in smaller chambers consisting of three or five justices. Court decisions are based on majority votes. No specific provision is made for the justices to publish dissenting opinions comparable to the well-established practice of their counterparts on the U.S. Supreme Court.

As legal guardian of EU institutions and rules, the ECJ exercises authority under the amended treaties in three principal areas:

1. *The power to enforce conformity to EU rules among the member states.* The consolidated treaties affirm the power of the ECJ to "rule on actions brought by a Member State, an institution or a natural legal person."[21] If the court concurs in formal charges brought by the European Commission or a member state that a member state has failed to fulfill a treaty obligation, it is empowered to require the country in question "to take the necessary measures to comply." In such a case, the court can impose, at the behest of the commission, a "lump sum or penalty payment" on the offending government.[22]

2. *The power of judicial review.* Several provisions of the consolidated treaties give the ECJ the right to determine whether EU policies and institutional behaviors conform to treaty provisions. Article 263 allows the court to "review the legality of legislative acts adopted by the Council, the Commission, the European Central Bank." The treaty continues: "If the action is well founded, the Court of Justice shall declare the act concerned to be void."[23]

3. *The power to intervene in domestic judicial disputes.* Article 267 allows the ECJ to rule on the validity and interpretation of issues raised in courts in the member states if national courts or tribunals request such a ruling.

Over time, the ECJ has evolved from a weak judiciary with no authority to enforce compliance with its rulings to a much more activist and powerful institution. An important milestone in this process was the creation in 1989 of the Court of First Instance of the European Communities (now officially titled the General Court), which relieved the ECJ of the responsibility for dealing with most cases involving individual challenges to domestic or community law. The ECJ is therefore able to concentrate more of its energy on selective cases involving macro issues such as legal integration and the supremacy of EU law. In addition, its authority under Article 267 allows the court to extend EU law directly to the member states. A binding precedent was a 1991 ruling:

> The ECJ won for the EC legal system the right to provide remedies for some violations of European law, declaring that national courts could require compensation by the national government for individuals hurt by a failure of a national government to implement EC directives punctually and properly (*Francovich v. Italy*).[24]

The long-term consequence, as Simon Hix observes, has been the following:

> A high penetration of EU law into the national legal system. . . . [By] enabling national courts to enforce ECJ judgements, the preliminary references procedure has the effect of making national courts the lower tier of an integrated EU court system, and the ECJ the quasi-supreme court at its pinnacle.[25]

Moreover, subsequent rulings by the ECJ have reinforced growing appreciation of the importance of European law at the citizen level of politics. In January 2000, the ECJ declared a German military law that forbade a female recruit from bearing arms to be unconstitutional because it violated EU guidelines governing equal rights of men and women in the workplace. After the ruling, the woman who had pressed her case through the German courts to the ECJ in Luxembourg declared the following: "It was an absolute discovery, and a very good discovery, the existence of this European court. I used to think of myself as German. Now I feel a little European, too."[26] The German Parliament later amended the country's constitution to permit women to take on combat roles in the armed forces.

THE EUROPEAN CENTRAL BANK AND THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

An EU institution that has commanded a high European and international profile since its inception in 1998 is the ECB, which has its headquarters in Frankfurt, Germany. The ECB serves as the executive arm of the European System of Central Banks (ESCB), which represents the national central banks of the nations belonging to the EU Economic and Monetary Union (EMU).

With the implementation of the third stage of the EMU on January 1, 1999, the ECB assumed supranational responsibility for macroeconomic policy on behalf of the member states belonging to the eurozone. Its task is to promote the basic objectives of the EMU as contained in the original Treaty on European Union:

> [T]he adoption of an economic policy that is based on the close coordination of the Member States' economic policies, on the internal market, and on the definition of common objectives, and conducted in accordance with the principles of an open market economy with free competition.
>
> Means to these ends include the following:
>
> [T]he irrevocable fixing of exchange rates leading to the introduction of a single currency, . . . and the definition and conduct of a single monetary policy and exchange rate policy the primary objective of both of which shall be to maintain price stability and . . . to support the general economic policies of the Community (Art. 4 [ex 3a]).

The ECB is empowered to define and implement monetary policy, conduct foreign exchange operations, and hold and manage the official foreign reserves of the member states (Art. 105). It is also authorized to fix interest rates and issue the euro as a common currency. Its institutional authority is distributed among four decision-making bodies: the General Assembly, which is made up of the governors of the national banks in all the EU member states; a smaller Eurosystem, consisting of the bank governors of the countries belonging to the eurozone; an executive board of six officials; and the Governing Council, which includes the members of the Executive Committee and the Governing Council. The executive board consists of a president, a vice president, and four other members. They are appointed for nonrenewable eight-year terms by unanimous consent by the European Council. Serving on the board in 2010 were Jean-Claude Trichet (a former governor of the Bank of France who has served since November 2003), a Greek as vice president, an Austrian, a Belgian, a Spaniard, and a German—all of whom were highly trained and experienced economists. The consolidated treaties grant the ECB complete independence from "Community institutions and bodies, from any government of a Member State or from any other body" (Art. 130).

A second EU financial institution is the European Bank for Reconstruction and Development (EBRD), which the European Council authorized in December 1990 in response to an initiative by former French president François Mitterrand. The EBRD was established with an initial capitalization of $12 billion to disburse loans for technical assistance, equity investment, and security offerings in the emerging postcommunist regimes in central Europe. Its declared purpose was "to foster a transition toward open-market economies and to promote private and entrepreneurial initiatives in the central and eastern European countries committed to and applying the principles of multiparty democracy, pluralism, and market economics."[27] After the collapse of the Soviet Union in 1991, the Russian Federation and other successor states became eligible for EBRD loans as well. EU member states collectively own a majority of shares in the bank, but the United States is the largest single shareholder. In deference to France, the first two EBRD presidents were French officials.[28]

OTHER INSTITUTIONS

Other EU institutions include the European Economic and Social Committee (EESC), the Committee of the Regions (CoR), and the European Court of Auditors. Both the EESC and the CoR serve as advisory bodies to the Council of Ministers and the European Parliament and give "voice" to constituencies that are not otherwise represented in the European Union. The EESC, which dates from the creation of the EEC, represents employers, trade unions, professional associations, farmers, and consumers. Its 353 members are apportioned among the member states according to the relative size of their population (see Table 8.10). Delegates are nominated by their national governments and appointed by the Council of the European Union, acting unanimously, for four-year terms. The consolidated treaties stipulate that the Council of Ministers and the commission must consult with members of the EESC on specified policy matters and in other cases "in which they consider it appropriate" (Art. 262 [ex 198]). Opinions of the EESC, however, are not binding on actions by either the council or the commission.

The CoR was established under the Treaty on European Union to represent regional and local bodies within the member states. CoR is also composed of 353 members, distributed on the same basis as members of the EESC. They are appointed for four-year terms by the Council of Ministers. Although they are nominated by their home governments, once in office, members of the committee "may not be bound by any mandatory instructions. They shall be completely independent in the performance of their duties, in the general interest of the Community" (Art. 263 [ex 198a] of the Treaty of Rome). Like the EESC, the CoR performs strictly advisory functions in relation to the Council of the European Union and the commission. In practice, CoR has demonstrated that it more effectively represents regional interests in member states that have functioning state or regional political structures—notably, Germany, Great Britain, Italy, and Spain—than in unitary states such as France.

The Court of Auditors serves as an independent "watchdog" agency. It was established as an independent oversight body in 1975 to allay parliamentary concerns about the proper monitoring of EU finances. The court has 12 members who are appointed for six-year terms by the European Council subject to parliamentary approval. Their assignment is to "examine the accounts of all revenue and expenditure of the Community" and to "provide the European Parliament and the Council with a statement of assurance as to the reliability

TABLE 8.10 ■ Allocations of Seats by Country on the Economic and Social Committee and the Committee of Regions

France	24
Germany	24
Italy	24
United Kingdom	24
Poland	21
Spain	21
Romania	15
Austria	12
Belgium	12
Bulgaria	12
Czech Republic	12
Greece	12
Hungary	12
Netherlands	12
Portugal	12
Sweden	12
Croatia	9
Denmark	9
Ireland	9
Lithuania	9
Slovakia	9
Finland	9
Estonia	7
Latvia	7
Slovenia	7
Cyprus	6
Luxembourg	6
Malta	5
Total	353

Source: Europa: Gateway to the European Union, http://europa.eu/about-eu/institutions-bodies/index_en.htm.

of the accounts and the legality and regularity of the underlying transactions" (Art. 248 [ex 188c] of the Treaty of Rome). In addition, the court assists the European Parliament and the council in exercising their budgetary control functions.

CITIZENS

European citizens are an important indirect source of power as voters in national and European elections and, in some states, in national referendums. (This role is discussed in the following chapter.) Citizens also have the right to submit written criticisms about alleged EU administrative abuses—such as unfairness, discrimination, and unnecessary delays—to the European Ombudsman for investigation. The office, which was introduced by the Treaty on European Union as a corollary of European citizenship, is modeled after a Swedish constitutional precedent dating from the early nineteenth century that was created to guard against the abuse of administrative authority following a prolonged period of political despotism; a number of European countries have subsequently established an equivalent institution of their own.

The European Ombudsman is appointed by the European Parliament for a five-year term and is granted full investigatory independence. The office is charged with informing the targeted EU institution or body of the complaint and, if necessary, recommending steps to redress a grievance.

In 2012 the European Ombudsman received 2,442 citizen petitions; of these, the office pursued an official inquiry in 465 cases (approximately 20 percent of the total). In his annual report to the European Parliament for 2013, the ombudsman noted the following:

> The [number of inquiries] opened constitute an 18 percent increase compared to the previous year and reached a new peak of 390. More generally, as in 2011, the Ombudsman helped over 22,000 individuals by dealing with their complaints (2,442 cases), providing a reply to their requests for information (1,211), or offering advice through the interactive guide on our website (19,281).[29]

These figures should not lead to underestimate the fact that, in addition to the enquiries opened, the Ombudsman gave complainants advice (in 2117 cases), recommending that they turn to a national or regional ombudsman (906 cases), address a petition to the European Parliament (179 complainants), or contact the European Commission (359 cases).

The Lisbon treaty introduced another, potentially more powerful instrument of grass-roots power in the form of a direct democracy procedure known as the European Citizens' Initiative. This procedure will permit citizens to place an item on the legislative agenda of the European Commission if they garner 1 million signatures (about 0.2 percent of the EU population) in support. The full meaning of the new provision remains unclear and must await public consultations and the adoption of an enabling regulation by the European Parliament and the Council of Ministers before it can take effect. [30]

NOTES

1. In 2009 the Polish and Czech presidents initially delayed ratifying the Lisbon Treaty for political reasons: the former to annoy pro-EU cabinet members, the latter because of his perceived emergence of the European Union as a "nascent super state." In the

end, both heads of state relented and signed off on the treaty.

2. David Gowland, Arthur Turner, and Alex Wright, *Britain and European Integration Since 1945: On the Sidelines* (New York: Routledge, 2010), 13.
3. The amended treaty texts, including provisions of the Lisbon treaty, are available in *Official Journal of the European Union,* Consolidated Version of the Treaty on European Union, and Consolidated Version of the Treaty on the Functioning of the European Union, 2010/C 83/01, 49, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do? uri=OJ: C:2010:083: FULL: EN: PDF. Citations in this and subsequent chapters refer by name to one or both consolidated treaty documents with appropriate article numbers. The provisions cited in this note are from the Consolidated Treaty on the Functioning of the European Union, Preamble, 49.
4. Ibid., 51.
5. Ibid.
6. Ibid., 52–53.
7. Article 14, Consolidated Version of the Treaty on European Union, 23.
8. Article 15, ibid. 23.
9. Ibid.
10. "How the European Union's Horse-Trading Over Top Jobs Reflects Murky Coalition-Building," *Economist,* November 26, 2009.
11. Article 16, Consolidated Version of the Treaty on European Union, Title III, Provisions on the Institutions, 24.
12. Article 16, Consolidated Version of Treaty on European Union, 24.
13. Article 17, ibid., 25.
14. Title III, Provisions on the Institutions, Article 17, ibid., 25.
15. Article 234, ibid, 152.
16. Article 17, ibid.
17. Eurobarometer, *The 2009 European Elections,* December 2008, 10.
18. Article 19, Consolidated Version of the Treaty on European Union, 27.
19. The European Convention on Human Rights, whose declared purpose is to enforce individual rights contained in the United Nations Universal Declaration of Human Rights of 1948, was enacted in 1953. The Court of Human Rights was established in 1959 and currently exercises jurisdiction in 41 European nations.
20. Article 19, Consolidated Version of the Treaty on European Union, and Article 252, Consolidated Version of the Treaty on Functioning of the European Union, 158.
21. Article 260, Consolidated Version of the Treaty on Functioning of the European Union, 161.
22. Ibid
23. Article 264, ibid.
24. Karen J. Alter, "European Court of Justice (ECJ)," in *Encyclopedia of the European Union,* ed. Desmond Dinan (Boulder, CO: Lynne Rienner, 1998), 190.
25. Simon Hix, *The Political System of the European Union,* 2nd ed. (New York: Palgrave Macmillan, 2005), 107.
26. "A European Identity: Nation-State Losing Ground," *New York Times,* January 14, 2000.
27. Bernt Schiller and M. Donald Hancock, "The International Context of Economic and Political Transitions," in *Transitions to Capitalism and Democracy in Russia and Central Europe,* ed. M. Donald Hancock and John Logue (Westport, CT: Praeger, 2000), 317.
28. "European Bank for Reconstruction and Development (EBRD)," *Encyclopedia of the European Union,* ed. Desmond Dinan (Boulder, CO: Lynne Rienner, 1998), 178.
29. "Petition to the European Parliament and Complaint to the Ombudsman," Europa, General Report on the Activities of the European Union, Chapter XIII: Area of freedom, security, and justice, Union citizenship, http://ec.europa.eu/justice_home/fsj/citizenship.
30. A skeptical op-ed commentary about the Citizens' Initiative is Charlemagne's "Allons, citoyens de l'Europe," *Economist,* January 16, 2010. The author notes: "It could get messy, in short. But then democracy is messy."

8.3 WHO HAS THE POWER?

THE EUROPEAN UNION IS DEEPLY EMBEDDED IN THE POLITICAL and socioeconomic fabric of its member states, while simultaneously manifesting a high degree of institutional and political autonomy in its own right. Political power in the European Union is thus distributed among multiple domestic, intergovernmental, supranational, group, and individual actors that interact in making EU policy and shepherding the course of European integration. Therefore, addressing the question "Who has the power in the European Union?" requires multilevel analysis.

The most important instruments of EU power include national governments, the Council of Ministers and the European Council, the European Commission, the European Parliament, the European Court of Justice (ECJ), and the European Central Bank (ECB). Other players include political parties and private interest groups (notably, industrial firms, employer associations, and organized labor). European citizens also affect EU actions, sometimes in a forceful fashion.

NATIONAL GOVERNMENTS AS ACTORS

Since the inception of the European Coal and Steel Community (ECSC) in the early 1950s, national governments have embodied the intergovernmental principle of the European integration movement. They are represented on the basis of member state equality in two of the EU's central legislative–executive institutions: the Council of Ministers and the European Council. Until the advent of qualified majority voting (QMV) under the Single European Act, important community decisions were based on the unanimity principle. This practice allowed each member state to exercise a veto over community initiatives, which had the effect of postponing council decisions (sometimes indefinitely). Since the mid-1980s, QMV has significantly facilitated joint decision making and therefore accelerated the EU's deepening process, but it does not diminish the central fact that national governments continue to exercise ultimate authority over treaty revisions, the admission of new member states, and the initiation of new policies. National governments also exercise executive oversight over EU policies, including the Economic and Monetary Union (EMU) as well as common foreign and defense policies, and they share power with the European Parliament in determining the content of EU legislation and the admission of new member states. Moreover, national governments—acting through the European Council on the basis of prior agreement among themselves—formally appoint leading EU officials, such as members of the European Commission and the ECJ.

Domestic political considerations determine to a significant degree the behavior of member states in the various councils. Among these considerations are the contrasting degrees of national commitment to European integration based on subjective calculations of costs and benefits, the partisan composition of governments, and coalition strategy within the European Union. Leaders of some of the smaller member states—notably the Benelux countries—have traditionally been among the most ardent supporters of the European idea as a means of promoting their political and economic interests vis-à-vis their larger and more powerful neighbors. In recent years, however, the growing strength of the right-wing Freedom Party and the Dutch People's Party—both of which oppose further integration—prompted the Dutch government to issue a memo in June 2013 opposing "creeping" EU interference in the everyday lives of citizens. The government memo asserted the following: The Netherlands is convinced that "time of an 'ever closer union in every possible policy area is behind us.'" The memo added, "European where necessary, national where possible."[1]

Nations on the southern, western, and northeastern and central European peripheries of Europe—including Greece, Ireland, Poland, Portugal, Spain, and the Baltic republics—are positive players with the expectation of EU financial assistance in the form of agricultural subsidies and regional development funds.

By contrast, some member states have expressed serious reservations about further integration. An early example was French president Charles de Gaulle's veto of Great Britain's application to join the European Economic Community (EEC) in 1963 on the grounds that British membership would diminish French influence within the community. Another is Britain's and Denmark's resolve in 1991 to opt out of automatic membership in the EMU under terms of the Treaty on European Union to avoid subordinating their macroeconomic policies to supranational control. In 2005 the French and Dutch rejections of the draft constitutional treaty expressed deeply rooted elite and citizen ambivalence toward further EU deepening. In 2009 Polish and Czech leaders delayed ratification of the Lisbon treaty for either domestic political reasons or because of their resistance to increased EU power under the treaty.

Scandinavian members of the European Union have been divided in their views of the European Union. For reasons similar to the United Kingdom's reservations about supranationalism, both Denmark and Sweden chose to postpone joining the EMU. A majority of Danish and Swedish citizens later voted against full EMU membership, at least for the foreseeable future, in national referendums in 2000 and 2003. By contrast, Finland has ardently embraced the full responsibilities and consequences of EU membership (including the EMU) as a means of enhancing its national security and economic ties with the West.

Who governs in individual countries affects national policy toward the European Union as well. Georges Pompidou, who became the president of France in 1969, reversed de Gaulle's negative stance toward British membership in the EEC when he agreed with German chancellor Willy Brandt and other heads of government to expand the community. Nearly 30 years later, New Labour's electoral victory under Tony Blair led to more positive British engagement in EU affairs than had been evident under Conservative leaders Margaret Thatcher and John Major. More recently, Conservative prime minister David Cameron signaled renewed British reservations at a European Council meeting in October

2010 when he rejected a 6 percent increase in the 2011 EU budget proposed by the European Parliament. He and fellow members of the European Council subsequently compromised on a 2.9 percent increase.

Germany is a special case. During the early postwar years in West Germany, the two major parties—the Christian Democrats and the Social Democrats—were divided in their attitudes toward European and transatlantic relations. The Christian Democrats, under the leadership of Konrad Adenauer, proved to be ardent advocates of both economic and military cooperation within Europe and the broader North Atlantic community, but the Social Democrats were skeptical of any steps that might deepen Germany's division. That the Christian Democrats dominated the national executive office when the formative decisions were reached to launch the ECSC and later the EEC made an enormous difference in Germany's commitment to the integration movement. Only later, with the adoption of a new pro-Western and a more moderate ideological program in 1959, did the Social Democrats unequivocally embrace European integration as well. Changes of government since then have had little substantive impact on Germany's involvement in European affairs.

National governments also affect community actions—and therefore the course of the integration movement—through coalition strategies with other member states. The most important and durable coalition is a strategic alliance between France and Germany. This alliance is rooted in a mutual recognition among postwar leaders in both countries of the imperative of political reconciliation after three disastrous wars in less than a century. It was deepened by the close personal friendship between de Gaulle, the first president of the Fifth Republic, and Adenauer, the first chancellor of the Federal Republic of Germany. In January 1963, the two leaders signed the historic Treaty of Friendship and Cooperation, which institutionalized Franco–German reconciliation and established the foundation for long-term policy rapport between the two countries.[2] Their mutual support was decisive in achieving important milestones in the EU parallel processes of widening and deepening. In a speech in June 2000 to members of the German Parliament in Berlin, French president Jacques Chirac publicly affirmed Franco–German cooperation as the "motor" driving European integration.[3]

Alongside the two councils, another instrument for the exercise of national power within the European Union is the intergovernmental conference (IGC), a diplomatic forum in which representatives of the member governments consider the adoption of new European treaties or treaty amendments. The first IGC spanned the negotiations among the six founding members of the ECSC to establish the EEC and Euratom in 1957. Important IGCs since then include those leading to the Single European Act, the Treaty on European Union, the Treaty of Amsterdam, the Treaty of Nice, and the Lisbon Treaty. In 2000 another IGC proposed treaty changed governing QMV and the composition of both the European Commission and the European Parliament in anticipation of the eastward expansion of the European Union. Partisan divisions among the member states initially clouded the prospects of agreement on the requisite treaty amendments. The protracted disagreement underscored the power exercised by the national governments within the European Union, straining even the cohesiveness of the Franco–German alliance as a crucial force driving the European integration movement.[4]

Another manifestation of national power within the European Union was a decision made by 14 member states (the total at the time was 15) to impose a bilateral freeze on high-level political contacts with Austria after the right-wing Freedom Party joined the conservative People's Party in a national coalition in February 2000. Leaders of the 14 countries were motivated by their displeasure with the neo-Nazi sympathies expressed by a leader of the Freedom Party. The sanctions, although not formally an action by the European Union, resulted in strained relations within the community that were eased only when they were lifted toward the end of the year.

THE COUNCILS AS ACTORS

Despite national autonomy in bilateral relations and important aspects of EU affairs, successive treaties—from the Single European Act to the Lisbon treaty—have diminished the intergovernmental character of the various EU councils. Each of these treaties has significantly deepened European cooperation, giving the councils and other EU institutions, including the European Commission and the European Parliament, new collective powers and policy responsibility.[5]

Although national governments retain the right of veto over some executive and legislative matters, the dynamics of the QMV have transformed the Council of Ministers and the European Council into quasi-supranational bodies. Peer pressure, combined with the arithmetical imperative of the QMV for member states seeking to enter into policy coalitions in council deliberations, discourages obstructionist behavior by national actors. On occasion, when a member government decides it cannot endorse a collective action, it chooses to "opt out" of the decision rather than unilaterally veto it. One example is the Thatcher government's 1989 decision not to endorse the Social Charter. The right of member states to "constructive abstentions" from council decisions is explicitly recognized in treaty provisions governing the EU's Common Foreign and Security Policy (CFSP), as explained in Chapter 8.4.[6]

The long-term trend toward increased supranationalism in the legislative–executive functions at the council level has been reinforced by the inclusion of the president of the European Commission in meetings of the European Council and the elevation of the more powerful High Representative of the European Union as a vice president of the European Commission.

One of the most important actors is the president of the European Commission. Pictured here is Jacques Delors, a former French economics minister, who served as president from 1965 to 1985. Delors authored breakthrough achievements such as the creation of a single market and the Economic and Monetary Union (EMU).

Photo of Jacques Delors by Wikipedia user Rama, https://en.wikipedia.org/wiki/Jacques_Delors#/media/File:Delors_01.jpg. Licensed under CC BY-SA 3.0, https://creativecommons.org/licenses/by-sa/3.0/legalcode.

THE EUROPEAN COMMISSION AND "BUREAUCRATIC POLITICS"[7]

The EU's overtly supranational institutions are also important instruments of power and decision making. Most visible among them is the European Commission. In contrast to the "high politics" characteristic of council decisions, the European Commission, with its extensive staff of professional civil servants, embodies a less visible level of "bureaucratic politics" that is highly significant in the day-to-day activities of the European Union. The bureaucratic level of policymaking—and therefore of politics—has been characterized by an accretion of common policies and standards produced by the European bureaucracy (and its masters within the commission). The process of bureaucratic rulemaking is facilitated by the powers given the commission to initiate rules and the regulatory nature of much of the emerging European political system.

Policymaking at the bureaucratic level appears fragmented into relatively narrow, specialized fields of competence. This fragmentation and the now more numerous linkages between components of the commission and components of national bureaucracies are a crucial aspect of decision making within the European Union. For that reason, much of the politics of the European Union can best be understood as bureaucratic politics.[8] The tendency of bureaucratic decision making to occur within policy communities (especially those of a technical nature) has had the effect of depoliticizing what could have been highly divisive issues. As a result, the less overt politics of the European Union has been able to force, or perhaps cajole, integration along.

EUROPEAN PARLIAMENT AS LEGISLATOR AND WATCHDOG

A supranational institution from the outset, the European Parliament has steadily increased its power in relation to the various councils. Expanded powers of joint decision making in EU legislation significantly augment the European Parliament's established authority with respect to most facets of EU governance.

Within the parliament, power is concentrated in the various party factions whose members are elected at five-year intervals. The moderate European People's Party (EPP) and the Socialist Group (PES) dominate legislative procedures because of their sheer size. Since 1952 these two groups have alternated at regular intervals in claiming the presidency of the European Parliament, except for a brief interlude from 1979 to 1982 when a liberal held the office. Because neither the EPP nor the PES can claim an absolute majority of seats in its own right, both parties have been compelled to cooperate in asserting parliamentary authority in relation to the councils and the commission. Facilitating the strategic alliance between the two groups is their common support for a more assertive role of the European Parliament in community affairs and especially their agreement on social issues.

Meanwhile, institutional authority is dispersed among the European Parliament's presiding officials, including the president and 14 vice presidents, and its intricate committee structure. The presiding officials play a decisive role in determining the parliamentary agenda and overseeing daily proceedings, and the European Parliament's 20 standing committees are responsible for most preparatory work and the drafting of parliamentary reports and resolutions.

A dramatic exercise of parliamentary power occurred in January 1999 when members of the European Parliament exercised their authority under Article 201 of the Treaty of Rome (renumbered Article 226 in the consolidated treaties) to create the Committee of Inquiry to investigate allegations of fraud among members of the European Commission. (An earlier motion to censure the commission failed to receive the requisite two-thirds majority.) The committee's findings that individual commissioners were indeed guilty of favoritism and financial mismanagement prompted the voluntary resignation in March of the commission led by Jacques Santer of Luxembourg. The commissioners continued their work in a lame-duck capacity until Romano Prodi and a new set of officials took office in May.

Together with the authoritative rulings of the ECJ on issues such as job discrimination (see Chapter 8.2), the activities of the European Parliament come closest to addressing the EU's persistent "democratic deficit." The direct election of its members, its expansive legislative functions, and its watchdog functions are an important link with a European citizenry familiar with the prerogatives and functions of national parliaments. Yet the European Parliament will not fully resemble a parliamentary regime until future treaty revisions give it the right to initiate legislation and the ability to more closely scrutinize the behavior of individual members of the European Commission.

PRIVATE INTERESTS

Even though the national governments and the EU's own institutions are the pivotal instruments of power within the community, trans-European interest groups also exercise varying degrees of influence. According to informed estimates, some 3,000 groups maintain offices in Brussels with the unadorned purpose of lobbying the European Union on behalf of special interests. The most important of these groups are industrial firms and employer associations, followed at a distance by organized labor. Together, representatives of private capital and labor are recognized as "social partners," who play an important role in the "low politics" of economic and social legislation.[9]

Industrial firms are represented in Brussels by two major groups: the European Round Table of Industrialists (ERT) and Business Europe, which was founded in 2007 as a successor organization to the Union of Industrial and Employers' Confederations of Europe (UNICE). ERT is made up of the chief executives of some of Europe's leading multinational companies—among them, Phillips, Royal Dutch Shell, Siemens, Fiat, Renault, Nokia, and Volvo. Created in 1985, ERT formulated the original vision of a single European market that was later transformed through the commission and the European Council into the Single European Act.[10] Business Europe, larger and more bureaucratized than ERT, was established in 1958 to advise EU institutions on pending legislation of interest to business associations.[11] Business Europe represents 40 member federations from 34 countries (its most prominent non-EU member states include Croatia, Norway, Switzerland, and Turkey). Institutionally, the association consists of a Council of Presidents, made up of the presidents of the national federations; a Committee of Permanent Delegates, consisting of "ambassadors" of the federations; policy committees that have functional responsibilities for economic and financial affairs, external relations, social affairs, industrial affairs, and company affairs; and a professional secretariat that coordinates the work of the policy committees and disseminates association views at both the EU and national levels. The shared policy priorities of the ERT and Business Europe include market liberalization and deregulation, which they promote through multiple informal and formal contacts primarily with commission officials. Business Europe also uses its membership on the advisory European Economic and Social Committee (EESC) for similar purposes.

Organized labor's counterpart organization is the European Trade Union Confederation (ETUC). Union leaders were initially highly skeptical of the integration movement because it seemed to benefit private business more than ordinary workers, but the economic realities of a deepening community prompted representatives of national trade union federations in the member states to establish ETUC in 1973. It currently consists of 82 national trade union confederations spanning 36 European countries representing a combined membership of 60 million workers. ETUC gives organized labor an institutional voice on the EESC and in commission deliberations, albeit one that is not as strong as those of the better financed and more powerful ERT and Business Europe. Because of ETUC's weaker status, the commission "has consistently bolstered ETUC in order to provide a counterweight on the labor side to UNICE on the management side."[12]

The European Commission has expressly encouraged a "social dialogue" among Business Europe, ETUC, and other labor market partners to augment the material dimensions of European integration, particularly since the advent of the Single Market in the 1980s. Their collaboration has frequently been fruitful, although the social partners have differed in their attitudes toward the Social Charter and the Social Protocol attached to the Treaty on European Union (ETUC was strongly supportive, whereas Business Europe officials were far more reserved). In recent years, both ETUC and Business Europe have constructively contributed to commission efforts to devise strategies to promote community-wide economic growth and reduce unemployment—especially in response to the international economic and financial crisis that began in 2008.

CITIZEN INPUTS

Even though European citizens lack direct access to executive instruments of power in Brussels, they are able to affect community activities in many ways. Most important, they determine the composition of national governments and the European Parliament through the electoral process. The integration movement is primarily elite-driven, but the executive bodies in the member states—and through them central EU institutions—are ultimately dependent on the general support, or electoral sanctions, of the voting public.

In addition to determining the outcome of national and European elections, voters in some of the member states exercise the right of referendum to decide the fate of crucial EU initiatives. Nowhere is this more important than in Ireland, where legal precedents require referendums on constitutional amendments and therefore on pending EU treaties. As previously recounted, a majority of Irish voters initially rejected both the Treaty of Nice and the Lisbon treaty, only to reverse themselves in subsequent referendums. Other dramatic instances of citizen-level distrust of the European Union occurred in 2005 when French and Dutch voters rejected the proposed EU constitutional treaty, thereby spelling its demise. In both cases, voter discontent over domestic political issues and leadership played a more pivotal role in the treaty's rejection than opposition to the European Union per se.

Referendums have also been common in Scandinavia. Norway has twice rejected membership in the community through national referendums (1972 and 1994). In Denmark, six referendums have been held on the European Union. In 1972 the first took place; 63 percent of the electorate voted in favor of joining the EEC. A narrower majority approved the Single European Act in 1986, but in June 1992, Denmark stunned its fellow member states when 50.7 percent of voters rejected the initial version of the Treaty on European Union. Only after the European Council agreed to add a

"Danish protocol" allowing the nation to opt out of the EMU did a majority of Danish voters approve the treaty in May 1993.[13] Denmark once again proved a naysayer to the European Union in September 2000, when 53.1 percent of voters rejected joining the EMU and adopting the euro. In the fall of 1994, national referendums were also held in neighboring Sweden and Finland on accession to the European Union, with positive outcomes in each case. In September 2003, however, a majority of 55.5 percent of Swedish voters followed the earlier Danish lead by rejecting their country's membership in the eurozone.

The linkage between public opinion and election outcomes and the European Union is meaningful, if sometimes fitful and disruptive. Recurrent voter skepticism toward the integration process reflects both citizen unease about the EU's "democratic deficit" and widespread concerns that the further harmonization of fiscal and social policies on the European level constitutes a potential threat to domestic political systems. Specifically, most of the British seem loath to cede further slices of national sovereignty to central decision-making institutions on the continent, just as many Danes and Swedes are reluctant to relinquish distinctive features of their well-established welfare states.

INFLUENTIAL INDIVIDUALS

Alongside collective actors such as governments, EU institutions, private interest groups, and voters, certain individuals have wielded significant influence in community affairs. Foremost among them are the "founding fathers" of the integration process: Jean Monnet and Robert Schuman of France, Konrad Adenauer of Germany, Paul-Henri Spaak of Belgium, and Alcide De Gasperi of Italy. Together, these statesmen forged an unprecedented degree of European elite unity that was a necessary condition for launching the ECSC and EEC in the 1950s. In contrast to their more nationalist predecessors in executive office, they shared a commitment to international cooperation rooted in their individual origins as "borderland" Europeans and their shared humanistic religious values.[14] Willy Brandt, chancellor of West Germany from 1969 to 1974, similarly proved to be an effective architect of both a deeper and wider European Union based in his wartime exile submersion in the internationalist traditions of Norwegian and Swedish social democracy.

Activist presidents of the European Commission have also advanced the European idea. Among them are Walter Hallstein of Germany, who served as the first president of the commission from 1958 to 1967, Roy Jenkins of the United Kingdom (1977–1981), and especially Jacques Delors of France (1985–1995). Hallstein helped to institutionalize the fledgling EEC, Jenkins skillfully managed the community's second round of enlargement and the introduction of the European Monetary System (EMS), and Delors was a principal architect of both the Single European Act and the EMU.

Romano Prodi assumed the European Commission presidency in September 1999 intent on following in Delors's footsteps. His would-be activism, however, was curtailed by a more assertive European Council toward the commission as a whole. Prodi's eclipse suggests that the autonomous authority of commission presidents is subject to the assent of the national government officials making up the council. This constraint has characterized the presidency of Prodi's successor, José Manuel Barroso, as well.

NOTES

1. Andrew Rettman, "Netherlands Attacks 'Creeping EU Powers,'" http://euobserver.com.
2. Haig Simonian, *The Privileged Partnership: Franco-German Relations in the European Community 1969–1984* (Oxford, UK: Clarendon Press, 1985).
3. "French Leader, in Berlin, Urges a Fast Track to Unity in Europe," *New York Times,* June 28, 2000.
4. "The Franco-German Axis Creaks," *Economist,* November 18, 2000.
5. See Chapter 8.3.
6. Article 31 of the Consolidated Treaties. These provisions apply to abstentions only by one or at most a small number of EU members. If abstentions constitute a third or more of a council vote, "the decision shall not be adopted."
7. The author is grateful to G. Guy Peters for these insights into EU policymaking.
8. Jerel Rosati, "Developing a Systematic Decision-Making Framework: Bureaucratic Politics in Perspective," *World Politics* 10 (1981): 234–252.
9. A third social partner is the European Center of Public Enterprises (CEEP), which represents civil servants.
10. Maria Green Cowles, "Setting the Agenda for a New Europe: The European Round Table of Industrialists and EC 1992," *Journal of Common Market Studies* 33 (December 1995): 501–526.
11. "Union of Industrial and Employers' Confederation of Europe (UNICE)," in *Encyclopedia of the European Union,* ed. Desmond Dinan (Boulder, CO: Lynne Rienner, 1998), 220.
12. Desmond Dinan, *Ever Closer Union? An Introduction to European Integration,* 3rd ed. (Boulder, CO: Lynne Rienner, 2005), 451.
13. They did so by a margin of 65.7 percent to 43.3 percent. In a fifth referendum on the European Union in May 1998, approximately 55.1 percent of Danish voters endorsed the Treaty of Amsterdam.
14. Monnet was active before World War I in international business in Canada and served as an international economic adviser in China and Romania during the interwar years. Schuman was born in Luxembourg, grew up in France, and studied at German universities in Bonn, Munich, and Berlin. Adenauer was a native of the Rhineland in western Germany, and so he was physically closer and personally more sympathetic to neighboring France, Luxembourg, and Belgium than to "Prussian" Berlin to the east. Similar to Chancellor Willy Brandt's experience, Spaak learned to think in global terms while in wartime exile in London. De Gasperi had served as a deputy in the Austrian Parliament before becoming an Italian citizen in 1919. All were Roman Catholics.

8.4 HOW IS POWER USED?

Multiple institutional, national, and other players interact to make EU policies or try to influence them. Outside powers also play a role in helping shape European Community initiatives and its use of power, beginning with the United States from the early stages of the integration process onward and including Russia, other neighboring European nonmember states, countries in the Middle East, and China.

The European Union exercises power in myriad ways and contexts. It concentrates its resources in four principal areas: (1) economics, (2) regulations, (3) the ongoing refugee crisis, and (4) foreign relations, including sanctions against Russia and diplomatic conflict with Turkey.

THE BUDGETARY PROCESS: PRECURSOR TO ECONOMIC POWER

The EU's exercise of power begins with the annual budgetary process. EU expenditures account for just over 1 percent of its member states' total domestic product (GDP), but despite their comparatively small magnitude, they matter a great deal, as explained below.

The European Union lacks the power to tax citizens directly, but instead draws on a combination of its own resources and payments by member-state governments to finance its operations. Agreement on the annual budget involves complex negotiations among the European Commission, the European Council, and the European Parliament. On September 1 of each year, the European Commission submits a draft budget to the council and parliament based on estimates drawn up by the various EU bodies, with the exception of the European Central Bank (ECB), which manages its own finances. The consolidated treaties stipulate that revenues and expenditures must be "in balance."[1] The commission's proposal is then debated among members of both institutions. It is at this point that national and supranational interests have sometimes clashed. The European Parliament has twice rejected the budget until compromise agreements could be negotiated with the council and postponed its approval of the budget in 2005 in a dispute over agricultural subsidies.

After reaching a preliminary decision, the European Council submits its version of the budget to the European Parliament. Parliament then has the option of either approving or not opposing the budget, in which case it is adopted. Conversely, a majority of parliament members may propose amendments, in which case the budget is sent back to the commission and the council for further consideration. The council may then accept the amendments, which is tantamount to budgetary approval, or it may convene a meeting of a conciliation committee (made up of an equal number of members representing the council and parliament) to resolve differences. In that case, final approval is subject to a qualified majority among members of the council and a majority vote in the European Parliament. Once both the council and the parliament have approved the budget, the commission is assigned responsibility for its execution and program management.

From late 2012 into the first half of 2013, member states engaged in a heated dispute over terms of a long-term budget for 2014 through 2020. They ultimately reached an agreement at a European Council meeting in June 2013 that calls for expenditures of €960 billion (approximately $1.25 trillion), which include first-time cuts to placate demands by austerity-minded Germany, Britain, and the Netherlands to reduce expenditures at a time of continued sluggish European economic performance. It also retains a controversial multimillion euro annual rebate to the United Kingdom, which Prime Minister Thatcher had negotiated in the early 1980s to compensate Britain for alleged "excess payments" to the European Union.

The European Parliament endorsed the package in a preliminary resolution later the same month. A formal vote in favor was passed in the fall.

REVENUE

The European Union derives its revenue from three principal sources:

- Custom duties levied on imports from nonmember countries.
- 0.3 percent of value-added taxes (VAT) collected in the member states.
- A percentage of the gross national income (GNI) generated in each member state. This is the EU's largest source of income.

The principal contributors to EU revenue, in declining order, are Germany, France, Italy, the United Kingdom (prior to Brexit), and Spain. Given its diminutive population, Malta is predictably the smallest contributor (see Table 8.11). These disparities in budgetary contributions have periodically prompted sharp national criticism of alleged unfairness.

TABLE 8.11 ■ Country Contributions to EU Budget, 2014

Member States	Net Contributions in Million Euros	Percentage Contribution
Germany	25,815.9	21.6
France	19,573.6	16.8
Italy	14,368.2	12.4
United Kingdom	11,341.6	9.9
Spain	9,978.1	8.6
Netherlands	6,391.0	5.5

Sweden	3,828.2	3.3
Belgium	3,660.2	3.1
Poland	3,526.5	3.0
Austria	2,690.9	2.3
Denmark	2,213.4	1.9
Greece	1,826.6	1.6
Finland	1,777.2	1.5
Portugal	1,636.9	1.4
Ireland	1,425.1	1.2
Romania	1,353.1	1.2
Czech Republic	1,308.8	0.1
Hungary	890.3	0.7
Slovakia	625.1	0.5
Bulgaria	403.9	0.3
Croatia	387.2	0.3
Slovenia	326.8	0.3
Lithuania	320.4	0.2
Latvia	244.1	0.2
Luxembourg	232.1	0.2
Estonia	178.2	0.2
Cyprus	142.8	0.1
Malta	65.7	0.06
Total	116,531.8	

Source: European Commission, "EU Expenditure and Revenue 2007–2013," www.eu.europa.eu.

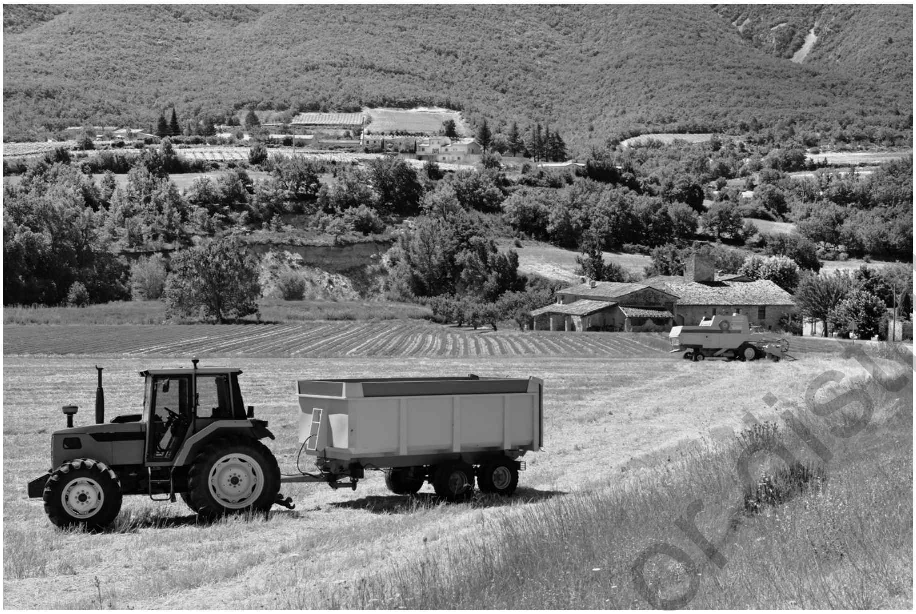
RECIPIENTS OF EU FUNDS

Poland receives the largest share of EU spending, followed in descending order by Spain, France, Germany, Italy, and the United Kingdom (see Table 8.12). Most EU expenditures are targeted at economic management, the lion's share of which consists of agricultural subsidies. Britain's contributions to the EU budget have long since been an object of criticism by government officials who have considered them excessively subsidizing to allegedly less efficient continental agricultural systems.

TABLE 8.12 ■ Recipients of EU Funds

Country	Total EU Spending (in millions of euros)	Percentage of EU Appropriations
Poland	17,436.1	13.2
France	13,479.1	10.9
Spain	11,538.5	8.9
Germany	11,484.5	8.9
Italy	10,695.2	8.3
Greece	7,095.0	5.5
Belgium	7,044.3	5.5
United Kingdom	6,984.7	5.4
Hungary	6,620.2	5.1
Romania	5,943.9	4.3
Portugal	4,943.0	4.6
Czech Republic	4,377.2	3.4
Bulgaria	2,255.4	1.8
Netherlands	2,014.4	1.6
Lithuania	1,885.9	1.5
Luxembourg	1,713.9	1.3
Sweden	1,691.0	1.3
Slovakia	1,668.8	1.3
Austria	1,572.6	1.2
Ireland	1,563.1	1.2
Denmark	1,511.7	1.2
Slovenia	1,142.5	0.9
Latvia	1,062.2	0.8
Finland	1,061.9	0.8
Estonia	667.6	0.5
Croatia	584.3	0.5
Cyprus	272.9	0.2
Malta	254.9	0.2
European Union	128,564.9	

Source: European Commission, "EU Expenditure and Revenue 2007–2013," *www.*eu.europa.eu.



The European Union expends a significant portion of its annual budget on agricultural support.

iStock/mammuth

ALLOCATION OF EU RESOURCES: AN OVERVIEW

The European Union allocates most of its financial resources to economic activities designed to promote growth, bloc solidarity, and competitiveness. Other expenditures, in decreasing amounts, include foreign relations, administration, security and citizenship, and miscellaneous expenses. (See Table 8.13.) Each of these categories is discussed below.

ECONOMIC POWER AND OBJECTIVES

Aggregate funding for economic objectives comprises the lion's share of the EU's budget. These include a combination of "smart and inclusive growth," sustainable growth, and financial support to promote "competiveness for growth and jobs." The first of these is based on a strategy adopted by the European Commission in 2010 in response to the global financial crisis of 2007–2008. Its dual purpose is to achieve short-term recovery from the financial crisis and the longer-term creation of "more jobs and better lives" in an effort to retain Europe's status in the global economy. Concretely, the strategy calls for implementing regional and national targets "for employment; for research and innovation; for climate change and energy; for education; and for combating poverty."

A closely related budgetary priority—investment in sustainable growth and competitiveness for growth and jobs—calls for policy efforts in the member states to promote "a more competitive low-carbon economy that makes efficient, sustainable use of resources" through environmental protection measures and improvements in the small business environment.

TABLE 8.13 ■ EU Budgetary Commitments for 2017

Categories	Billion Euros	Percentage	U.S. $ Equivalent
Smart and inclusive growth	74,899	47.4	84,905
Sustainable growth	58,584	37.1	68,551
Economic, social, and territorial cohesion	53,587	33.9	60,546
Competitiveness for growth and jobs	21,382	13.5	24,386
Global Europe	10,162	6.4	1,520
Administration	9,395	5.9	10,694
Security and citizenship	4,284	2.7	4,856
Special instruments	534	0.3	695
Total	157,858		178,948

Source: "A Summary of the EU Budget for 2017," http://www.consilium.europa.eu/en/policies/eu-annual-budget/2017/.

Funding in support of a Common Agricultural Policy (CAP)—which for decades was the EU's largest expenditure item—is today channeled through the European Guarantee Fund and the European Agricultural Fund for Rural Development, both of which are part of sustainable growth. The main objectives of CAP "are to ensure a decent standard of living and to provide a stable and safe food supply" with an emphasis on environmental protection.

EU officials allocated €142,690 million ($161,753) to CAP in the 2014 budget, or just over half of total allocations. In earlier years, most CAP funding was spent on crop subsidies; today, most takes the form of salary payments to farmers.

EU COHESION

The second largest budgetary category promotes economic, social, and territorial cohesion within the community. The goal of greater cohesion, in the words of the European Parliament, is regional development, with special attention "paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps." The EP cites as examples of the latter "the northernmost regions [bordering on the Baltic Sea] with very low population density and island, cross-border and mountain regions."

REGULATORY POWER AND THE SINGLE MARKET

One of the most important uses of regulatory power to deepen European integration and promote economic growth is the attainment of a Single Market for the free movement of goods, finances, services, and people within the community. As recounted in Chapter 8.1, the blueprint for the Single Market was laid out in the white paper of 1985, which was drawn up by the European Commission during the early tenure of Jacques Delors as president and promptly endorsed by the European Council. The impetus for moving beyond the established common market came from a combination of business interests, commission personnel, and members of the European Parliament with a shared interest in making the community more prosperous and internationally more competitive. Its essence, as spelled out in 282 directives contained in the white paper—which obligated the member states to enact appropriate enabling legislation—was the elimination of technical, physical, and fiscal barriers that impeded economic union. The commission and the council set December 1982 as the deadline for implementing the Single Market.

The principal features of the white paper included the following:

- The abolition of most physical controls on the transport of goods across national frontiers within the community.
- The elimination of "barriers created by different national product regulations and standards" through the introduction of a mutual recognition principle that would allow the free entry of "goods lawfully manufactured and marketed in one Member State . . . into other Member States."
- The removal of fiscal barriers and the harmonization of national VAT systems, which involved the introduction of a standard community-wide VAT rate of 15 percent (with permissible national exceptions for such items as food, medicines, and books that would qualify for a lower rate) and the elimination of border controls for VAT.
- The community-wide liberalization of public procurement in construction and services.
- The free movement of self-employed workers and professionals through a general system of mutual recognition of the comparability of university studies, degrees, and diplomas. As a corollary to this principle, the commission declared its intention "to increase its support for cooperation programmes between [higher] education establishments in different Member States with a view to promoting the mobility of students, facilitating the academic recognition of degrees and thus diplomas, and helping young people, in whose hands the future of the Community's economy lies, to think in European terms."
- The liberalization and harmonization of financial services and "financial products" such as insurance policies, savings contracts, and consumer credit.[5]

Alongside requisite national legislation to implement the directives mandated by the white paper, the Single European Act of 1987 enhanced community capacity to govern the Single Market by extending administrative powers of the European Commission in areas of social policy, research, and the environment. In addition, the act introduced the important principle of qualified majority voting in decisions by both the European Council and Council of Ministers.

SCHENGEN AGREEMENT

An important adjunct to the Single Market was the abolition of frontier passport controls among most of the member states. This goal was achieved through the progressive implementation of the Schengen Agreement, named after the location in Luxembourg where it was signed in 1985 by France, Germany, and the Benelux countries. After Greece, Italy, Portugal, and Spain came on board, the Schengen Accord became operational in 1992. The agreement guarantees the free movement of persons and established common rules governing visa requirements, asylum requests, and border controls. It also created a framework for transnational cooperation between police services and judicial authorities. A core component is the Schengen Information System, which links national database systems to facilitate information exchange concerning missing persons, arrest warrants, and false passports.[6]

The Schengen Accord was incorporated into the EU's legal and institutional system under the Treaty of Amsterdam and is an integral part of today's consolidated treaties. Thirty states are currently members of the Schengen area, including three non-EU countries: Iceland, Norway, and Switzerland. Ten central and east European member states joined in December 2008. Border controls remain in place in Bulgaria, Cyprus, and Romania, pending a decision to eliminate them by the European Council. The United Kingdom and Ireland remain outside the Schengen area, although they have the right of consultation and cooperation with participating members.

RULES ON COMPETITION AND STATE AIDS

Much of the construction of the Single Market involves what economists call "negative integration," or the elimination of discriminatory barriers to freedom of movement across national borders. Accompanying these measures are complementary forms of "positive integration," which A. M. El-Agraa defines as the following:

> The modification of existing instruments and institutions and, more importantly, the creation of new ones so as to enable the market of the integrated area to function properly and effectively and also to promote other broader policy aims of the union.[7]

An important instrument of positive integration is the delegation of national political authority by the member states to the European Commission to enforce common rules on competition and state aids.

Jean Monnet and other founding leaders of the European integration movement were inspired by the American precedent of antitrust legislation and the dismantling of cartels in occupied Germany after World War II to assign regulatory policies to the fledgling EEC. Council directives and decisions by the European Court of Justice (ECJ) during the 1960s expanded the regulatory power of the commission and the ascendancy of European law in enforcing competition policies. The Treaty on European Union (TEU) elaborated common rules governing competition and state aids, which have been retained in the consolidated treaties. Article 102 in Title VII of the Treaty on the Functioning of the European Union expressly proclaims the following:

> Any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between Member States.

Examples of such abuse include price fixing and "limiting production, markets, or technical development to the prejudice of consumers."

The European Commission is assigned responsibility for enforcing these provisions, including authorizing member state governments to undertake remedial measures. It is specifically authorized to monitor restrictive practices and abuse of dominant positions and to preapprove company mergers with EU-wide dimensions. In July 2009, the commission exercised its antitrust powers by fining major German and French energy cartels $1.53 billion because they had maintained a market-sharing agreement not to sell imported Russian gas on each other's markets despite the liberalization of European gas markets. The consolidated treaties are similarly firm with respect to government subsidies or tax breaks that unduly benefit national enterprises or services. Article 107 states in seemingly unequivocal language the following:

> Any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.

The treaty allows permissible—if potentially disingenuous—exceptions to this general rule with respect to government measures to promote economic development in areas "where the standard of living is abnormally low or where there is serious underemployment," aid of a "social character" granted to individual consumers, and "aid to make good the damage caused by natural disasters or exceptional occurrences."

On balance, the commission has been relatively more successful in enforcing antitrust rules than in curbing state aid. It succeeded in blocking a proposed merger of General Electric and Honeywell in 2001, and compelled the Microsoft Corporation—under threat of a lawsuit—to agree in 2009 to distribute browsers of European software companies through its Windows operating system. In May 2009, the commission levied a $1.45 billion fine for antitrust violations against Intel on charges that the company had illegally used its dominance in the European market to discriminate against competitors. (Intel promptly announced it would appeal the decision.) Google has also been targeted by the European Commission and individual member state governments on charges of alleged invasions of privacy on its site.

In contrast, a number of governments in the European Union have resisted commission efforts to curtail state aid to designated industries or sectors. Among them are France, Italy, and Spain, all of which maintain traditions of state intervention and indicative economic planning. The German government has pursued a more subtle form of resistance, mainly because economic and social dislocations in the wake of national unification in 1990 compelled extensive public investment in the east German states. Despite occasional conflicts between the European Commission and individual member states, state aid as a percentage of GDP has declined as a result of the Economic and Monetary Union (EMU) among a majority of EU states and the diffusion of neoliberal attitudes toward economic management. Brian Ardy reports that the percentage has fallen from 3 percent during the first half of the 1980s to 0.6 percent in 2004.[8]

SOCIAL POLICY AND THE ENVIRONMENT

In addition to the implementation of the Single Market and the extension of the commission's regulatory authority to enforce rules of competition, the European Union is committed to promoting a "social dimension" to augment the material effects of economic integration. This commitment has taken the form of an ambitious Social Charter, which 11 of the then-12 members of the European Council endorsed in 1989, and the adoption by the European Commission of a "renewed social agenda" in 2008. Both documents are largely rhetorical affirmations of the need for greater social and economic cohesion, expanded investments in vocational training and job creation, and greater gender equality. Few resources are available to EU officials for pursuing these objectives. Instead, the European Union relies primarily on the member states for the implementation of social policy. They, rather than the European Union, are primarily responsible for administering and funding basic social services such as health care and unemployment benefits.

The European Union is relatively more successful in pursuing an activist environmental policy than its social policy. In collaboration with its member states, the European Union has utilized the commission's regulatory powers to aggressively promote environmental health and comprehensive "green" standards for recycling, air quality, water purity, sustainable energy technologies, and the use of pesticides in agriculture. In 2002 the Council of Ministers and the European Parliament adopted an action program for 2002 through 2012 that emphasizes continued efforts to sustain high environmental standards in these and other areas such as climate change. Some EU environmental policies—such as the commission's strict regulation of imports of genetically modified food—have generated trade disputes, especially with the United States.

The European Union and other international participants failed in their efforts to achieve agreement on an international treaty limiting greenhouse gas emissions at the December 2009 Copenhagen climate conference, but the European Council promptly reaffirmed a conditional offer by the community "to move to a 30 percent reduction by 2020 compared to 1990 levels, provided that other developed countries commit themselves to comparable emission reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities." In the same statement, the European Union and its member states signaled their willingness to contribute €2.4 billion ($3.25 billion) to implement the agreement. The European Union is the world's first group of nations to offer such an incentive to help developing countries.

THE EURO AREA: ACHIEVEMENTS AND CRISIS

An important corollary area of positive integration is the EU's implementation of the EMU in 1999 and the introduction of the euro as a common currency among qualified and willing member states on January 1, 2001. By the beginning of 2017, 19 countries belonged to the eurozone: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain. Several "mini-states" have also adopted the euro as their currency: Monaco, San Marino, and Vatican City, although they do not formally belong to the EMU. As previously noted, the United Kingdom, Denmark, and Sweden opted out of membership even though they qualify according to the economic convergence criteria contained in the TEU. Prospects for Polish membership in the eurozone remain uncertain because of domestic conflicts between opposing political blocs and personalities over implementing the requisite economic reforms to qualify.

As recounted in Chapter 8.2, the ECB administers the EMU on behalf of the European Union. The TEU, which established the legal basis for the EMU, accords the ECB complete independence from governments and other EU bodies, although events have demonstrated that it is not wholly immune from politics. An early indication was French pressure to appoint a French banker as first president of the powerful executive board. After elaborate negotiations, member states named a Dutch national, but in a compromise political gesture, he agreed to serve only the first half of his term before relinquishing it to a French banker. His successor, Jean-Claude Trichet, a former governor of the Bank of France, served from 2003 to 2011. The current president is Mario Draghi, previously chairman of the Financial Stability Board and governor of the Bank of Italy.

The ECB is empowered to make and administer monetary policy in the euro area, which has important indirect effects on the monetary policies of nonmember states as well. Alongside its responsibility to issue euro bills and coins, the primary treaty-assigned task of the ECB is to promote price stability. The principal means to this end is the bank's control of the supply of money in circulation, which it manages through its power to set interest rates. The ECB is also charged with holding and managing the foreign reserves of the member states and conducting foreign exchange operations.

From the outset, a hallmark of ECB policy has been its determination to contain inflation through a strict monetarist policy—reminiscent of the earlier policies of the German Federal Bank after which the ECB is modeled. From 2000 through the summer of 2008, the bank doggedly maintained an average interest rate of 4.5 percent despite recurrent pressure from some governments and enterprises to lower it to facilitate cheaper borrowing. Its policies succeeded to the extent that the average monthly inflation rate in the eurozone from 2006 through 2008 was 2.5 percent. Only in response to the international financial crisis triggered in 2007 did the governing board reduce the rate to an unprecedented 1.0 percent in July 2008. Because of falling demand triggered by recession, the euro area's monthly inflation rate averaged only 0.7 percent through 2009.

In response to the worsening global economic crisis, national governments and various EU institutions undertook multiple initiatives to encourage the restoration of financial confidence within member states and the community at large. These included government measures to increase deposit guarantees at banks and the declaration of a commission commitment "to promote transparency and responsibility in the financial sector and support the development of the internal market." The European Parliament chimed in with demands for legislation "to improve the framework for the supervision of hedge funds and private equity and . . . new rules to provide greater transparency in hedge fund and private equity policies." EU officials met repeatedly in various venues—including sessions of the European Council, the Eurogroup, and the eurozone's largest industrial members—to discuss coordinated measures to strengthen the financial systems.

In April 2009, leaders of France, Germany, Italy, Spain, and the United Kingdom conferred with the government heads of 15 major industrial and developing nations at a Group of Twenty (G20) summit in London. Collectively, the participants agreed to provide $1.1 trillion to help restore international confidence, growth, and jobs, but the deliberations revealed a deep policy chasm between Anglo-American support for expansive government-sponsored stimulus packages to help jump-start stalled economies and a preference by France, Germany, and Italy for tighter regulation of financial markets and reliance on their countries' established social safety networks to ease the effects of increased unemployment. These differences were papered over in a final communiqué that affirmed the need for joint action to monitor more closely the international financial system but was short on specific enforcement mechanisms and a coordinated program of stimulus measures.

For the rest of 2009 into 2013, the economic record was mixed. The EU's strongest economies—Germany, France, Poland, and Sweden—were able to achieve a modest restoration of growth through 2011 by emphasizing job retention and environmental innovation. In disturbing contrast, member states on the EU's southern periphery experienced continuing recession and deepening budget deficits caused by profligate government spending during times of easy credit. Whereas growth rates in both France and Germany (as well as Poland) exceeded the performance-level forecast for the euro area as a whole, Greece, Italy, Portugal, and Spain all performed below the projected average. Greece experienced a stubborn streak of negative growth from 2008 through 2012. Speculations began to abound that Greece might exit the eurozone. Gloomier pessimists predicted the potential collapse of the eurozone and even the European Union itself.

In an urgent attempt to stave off a potential collapse of the Greek economy due to a staggering national debt exceeding 12.7 percent of its GNP, in March 2010 EU member states and the International Monetary Fund (IMF) reluctantly agreed to a financial rescue package—accompanied by a firm deadline for repayment—totaling the equivalent of $146 billion. In return, Greek officials announced draconian budget cuts designed to reduce the country's deficit to less than 3 percent by 2012. The cost of the bailout proved immensely unpopular in much of northern Europe, especially in Germany, where voters dealt the governing Christian Democrats a stunning electoral defeat in state elections in North Rhine–Westphalia in May. In Greece, thousands of citizens took to the streets to protest the cuts, including a general strike in July 2013 to protest austerity policies imposed by the Greek government in response to EU demands.

High unemployment rates also accompanied the euro crisis, due to sluggish economic growth and austerity policies pursued by governments in response to demands by Germany, the United Kingdom, and other more affluent nations in the European Union. The countries most adversely affected were Greece, Spain, and Portugal (see Tables 8.14 and 8.15).

By midsummer 2013, the eurozone crisis eased with the resumption of growth in Germany and France, trigged by increased American demand for European exports. The market index rose 50.4 in July, a clear signal that the eurozone economy had resumed growing.

The euro crisis has revealed a policy and ideological conflict between demands led by German chancellor Angela Merkel for government austerity to reduce national debt in Greece and other peripheral nations as a means to restore market confidence and hence indirectly stimulate growth. The pleas for austerity were countered by calls by Keynesian economists and leaders of the nations most severely stricken by the eurozone crisis for greater stimulus spending to encourage economic growth and reduce staggering unemployment levels.

TABLE 8.14 ■ Percentage GDP Growth Rates 2008–2015

	2008	2009	2010	2011	2012	2015
France	–0.1	–3.1	1.7	2.0	0.0	1.2
Germany	1.1	–5.1	4.2	3.0	0.7	1.7
Greece	–0.2	–3.1	–4.9	–7.1	–6.4	–0.2
Italy	–1.2	–5.5	1.7	0.4	–2.4	0.7
Poland	5.1	1.6	3.9	4.5	1.9	3.9
Portugal	0.0	–2.9	1.9	–1.6	–3.2	1.5
Spain	0.9	–3.7	–0.3	0.4	–1.4	3.2
Sweden	–0.6	–5.0	6.6	3.7	0.7	4.1
United Kingdom	–1.0	–4.0	1.8	1.0	0.3	N/A
In Comparison						
United States	–0.4	–3.1	2.4	1.8	2.2	2.6
Canada	0.7	–2.8	3.2	2.5	1.7	1.1
Russia	3.2	–7.8	4.5	4.3	3.4	–3.7

Sources: The World Bank, The World DataBank (2013 and 2017). www.worldbank.org.

TABLE 8.15 ■ Unemployment Levels as a Percentage of the Total Workforce, 2008–2015

Country	2008	2009	2010	2011–2012	2014	2015
France	7.4	9.1	9.4	9.3	8.9	1.3
Germany	7.5	7.7	7.1	5.9	5.0	1.7
Greece	7.7	9.5	12.5	17.7	26.3	–0.2
Italy	6.7	7.8	8.4	8.4	12.5	0.7
Poland	7.1	8.2	9.6	9.6	5.2	3.9
Portugal	7.6	9.5	10.8	12.7	14.2	1.5
Spain	11.3	18.0	20.1	21.6	24.7	3.2
Sweden	6.1	8.3	8.4	7.5	8.0	4.1
United Kingdom	5.3	7.7	7.8	7.8	6.3	2.2
European Union						2.0
In Comparison						
United States	5.8	9.3	9.6	8.9	6.2	2.6
Canada	6.1	8.3	8.0	7.4	6.9	1.1
Russia	6.3	8.4	7.5	6.6	NA	-3.7

Sources: The World Bank, The World Data (August 2013, April 2017). wwwdata.worldbank.org

The euro crisis also underscores anew the fundamental contradiction between the ECB's power to regulate monetary policy within the eurozone, on the one hand, and continued national political autonomy to conduct fiscal policy (including taxation, borrowing, and government spending), on the other. Whether member states would ever be willing to countenance an extension of community power over national fiscal policies is a controversial idea. A more likely response is ad hoc intervention by the more affluent member states, similar to the aid package to Greece, to shore up weaknesses elsewhere in the eurozone. The alternative—a collapse of the euro system—is theoretically conceivable but unlikely because of the enormous economic and political costs it would entail.

POLITICAL POWER: THE EUROPEAN UNION AS A GLOBAL PLAYER

The European Union exercises political power—often in combination with its economic power as a financial incentive or punishment—primarily in the realm of foreign policy. As a global player, it relies on an array of bilateral and multilateral policy instruments. Of special importance are its relations with North America, Russia, and China. The European Union also has vested foreign policy interests in nonmember European countries, the Middle East, and world trade negotiations

RELATIONS WITH NORTH AMERICA

The United States commands a special relationship with the European Union by virtue of history, politics, and economics. In addition to deeply rooted ethnic and cultural ties based on centuries of immigration and a shared civilization, Europe and the United States have together experienced two world wars and post–World War II initiatives to create a trans-Atlantic security community free of the threat of armed conflict. The institutionalization of that community began with postwar economic cooperation launched by the implementation of the Marshall Plan and accelerated with the creation of the North Atlantic Treaty Organization (NATO) for collective defense purposes. As recounted in Chapter 8.1, the United States has from the outset been a vital participant in the postwar economic and political reconstruction of Europe and the evolution of the European Union.

Diplomatic relations were established between the United States and the European Coal and Steel Community (ECSC) in 1953. Ambassadorial status was accorded the EEC's delegation to the United States (in Washington, DC) in 1971. The two sides institutionalized regular high-level political consultations with the Transatlantic Declaration in 1990, which established the machinery for biannual meetings between the U.S. president and presidents of the European Council and the European Parliament. In 1995 the United States and the European Union adopted a joint action plan that committed both partners to intensified cooperation in promoting international peace, stability, democratization, and economic development. Bilateral diplomatic relations are augmented by extensive academic, educational, scientific, and cultural exchanges and cooperation.

Economics is a core pillar of the North Atlantic partnership. The European Union and the United States are each other's principal trading partners. Together they account for 60 percent of global GDP, 30 percent of world trade in goods, and 42 percent of world trade in services. In 2012 EU countries exported $291.7 billion in goods to the United States and imported $205.8 billion in goods. Trade in services in 2011 included EU exports of $145.5 billion to the United States and imports from the United States totaling $140.1 billion. U.S. direct investments in EU member states in 2012 amounted to $197.2 billion (or three times the total United States' investments in all of Asia); investments from EU member states in the U.S. economy totaled €1.4 billion (or approximately $1.92 billion) in 2011. Regular economic policy consultations are conducted through organized business, legislative, and consumer "dialogues." Trade disputes occasionally flare up between the European Union and the United States, mainly over charges of discriminatory import regulations and food safety, but according to commission calculations, they impact only about 2 percent of transatlantic trade. The European Commission and the U.S. government opened negotiations in 2013 on a comprehensive free trade agreement (called the Transatlantic Trade and Investment Partnership), which the European Union claims "would be the biggest bilateral trade deal ever negotiated—and . . . could add around 0.5 percent to the EU's annual economic output."[9]

Military security is a second major foundation of U.S.–EU partnership. As recounted in Chapter 8.1, 10 west European countries joined with the United States and Canada in establishing NATO in 1949. The alliance expanded in tandem with the escalation of the Cold War during the 1950s and 1960 to include other strategic European players such as West Germany, Greece, Spain, and Turkey. Following the demise of the Soviet Union in 1991, a number of postcommunist states in Central and Eastern Europe joined as well (see Table 8.1). Today, 21 EU member states belong to NATO. In addition, five nonaligned EU states (Austria, Finland, Ireland, Malta, and Sweden) are members of NATO's Partnership for Peace, a nonmilitary program launched in 1994 to promote cooperation with non-NATO countries (including the Russian Federation and various former communist republics in Eastern Europe).

Security issues commonly involve greater reliance on bilateral negotiations between the United States and individual European countries than is characteristic of economic relations within the North Atlantic area, as evidenced by recent American initiatives to bypass the European Union in negotiating directly with the governments of Poland, the Czech Republic, and Romania about stationing components of a new antimissile defensive shield on their territory.

Donald Trump's campaign rhetoric and subsequent behavior as president have complicated the U.S.-EU partnership. Trump has described NATO as "obsolete," hinting that the United States might not come to the military aid of NATO countries that fall short of their investment in national defense. Speaking on the president's behalf, Trump's trade adviser, Peter Navarro, declared in January 2017 that the proposed trade agreement with the European Union was dead, pointing a finger of blame at Germany, alleging that the Federal Republic "was using a 'grossly undervalued' euro to exploit its trading partners in Europe and the United States." Chancellor Merkel promptly denied the charge, asserting that Germany does not influence the value of the euro.[10]

Canada negotiated a comparable economic and trade agreement with the European Union in 2016. After approval by the European Parliament in February 2017, the trade pact was submitted to the governments of the EU member states for their endorsement.

THE RUSSIAN BEAR AND ECONOMIC SANCTIONS

Daunting historical legacies, expansive economic and political ties in the postcommunist era, and intermittent conflicts characterize relations between individual European countries and the European Union as a whole and its towering neighbor to the east: Russia. Successive military invasions from the West, dating from Swedish expansion in the seventeenth century, continued through the Napoleonic wars in the early nineteenth century, Imperial Germany's defeat of the Czarist empire in World War I, and Nazi Germany's savage onslaught during World War II. The Soviet Union's defeat of Germany on the eastern front and its occupation of much of central and eastern Europe helped create the postwar division of Europe into hostile communist and democratic–capitalist camps. Soviet bellicosity during the Cold War strengthened west European resolve to forge a military alliance with the United States and initiate the regional integration process. Stalin and his successors viewed the ECSC and the EEC with deep suspicion as integral features of an alleged capitalist encirclement. Accordingly, the Soviet leaders refused to accord diplomatic relations to the European Community and to cultivate meaningful economic relations. This policy of self-imposed isolation began to change only after Mikhail Gorbachev's rise to power in the mid-1980s and his determination to improve ties with the West as a means to facilitate far-reaching reforms at home.

The subsequent implosion of communism throughout central and eastern Europe—including the Soviet Union itself—set the stage for a fundamental reorientation of EU–Russian relations. Building on principles of economic assistance already in place in Poland, Hungary, and other former communist countries, the European Commission extended technical aid to the Russian Federation in 1991 to help the government pursue its dual transitions to democracy and a market economy. Within a scant two years, assistance to Russia spiraled from $254 million to $9.7 billion. The level of assistance declined through the remainder of the decade in tandem with the incipient success of market reforms and the infusion of direct investments from the West.

The EEC's early initiative has been expanded under the European Union into more extensive links with the Russian Federation. The 1991 economic assistance program—designated TACIS (Technical Aid to the Commonwealth of Independent States)—was supplanted in 1994 by a Partnership and Cooperation Agreement. The partnership agreement, which was extended in 1997, calls for closer EU–Russian economic integration, a relaxation of mutual visa requirements, joint efforts to combat terrorism, and an expansion of educational exchange and joint research endeavors. Most of the same objectives are incorporated in a parallel European Neighbourhood and Partnership Instrument with various successor states to the former Soviet Union and other countries. The Partnership and Cooperation Agreement has been augmented by an EU pledge to provide €60 million ($82.6 million) annually to pursue these objectives plus additional funds to promote nuclear safely in the Russian Federation.[11] Supplementing the network of intergovernmental linkages is the growing importance of trade, dominated by Russian exports of oil and gas. Russia currently ranks as the EU's third-largest trading partner after the United States and China.

Despite these positive achievements, various conflicts have clouded European–Russian relations. One is Russia's intermittent disruption of gas exports through the Ukraine to a number of European countries. On three occasions (in 2005, 2008, and 2009) the Russian state-run gas monopoly, Gazprom, temporarily cut off or reduced gas exports because of commercial disputes (albeit with political overtones) over the price of gas and Ukrainian charges for pipeline transit.

A second energy dispute erupted in 2008 when Gazprom announced it would construct two pipelines under the Baltic Sea—with German financial backing—for the export of natural gas to Western Europe. The pipelines—known as the Nord Stream—were designed to link Russia and Germany directly, thereby bypassing both the Ukraine and Poland. Polish officials promptly objected to the project on political grounds, alleging that their government was not sufficiently consulted about the agreement and hinting that it would make Germany too energy dependent on a potentially volatile Russia. Representatives of other EU countries bordering on the Baltic—notably Denmark, Estonia, Finland, and Sweden—were initially skeptical for environmental reasons, fearing that construction of Nord Stream could damage the Baltic seabed. After receiving assurances from Russia and Germany that the environment would be sufficiently protected, they approved the project in 2009. The pipelines were completed in 2011–2012.

In 2007 Russia announced plans to construct a southern pipeline as well to export natural gas to both Eastern and Western Europe. The plan—called South Stream—would cross Bulgaria, with a branch going into Turkey, and continue through Italy to France. The project was suspended in 2014 because it did not meet EU energy standards, but Russian officials have declared their determination to proceed with its completion once it reaches agreement with the European Union.

Nationalism has fueled more vitriolic confrontations. A decision by Estonian officials in April 2007 to move a Soviet-era bronze soldier memorial from the center of the country's capital to a location on its outskirts provoked a massive cyberattack against Estonian ministries, parliament, political parties, banks, and other offices, which caused a breakdown in public and private communications and prompted widespread concern within NATO ranks about the threat of cyber warfare to national security in all Western societies. The Estonian foreign minister and other officials attributed the attacks to Russian authorities, which the Russian government denied; several pro-Kremlin youth groups later claimed responsibility. No one has been officially charged.

An armed conflict between Russia and a neighboring European country erupted in August 2008 when Russian and Georgian forces clashed over opposing territorial claims to two disputed Georgian provinces on Russia's border. The republic of Georgia, which had declared its independence from the former Soviet Union in 1991, claimed jurisdiction over the provinces, even though they had effectively broken away from Georgian control in the early 1990s under de facto Russian protectorship. When Georgian troops attempted to wrest military control of the provinces, Russia counterattacked and invaded parts of Georgia itself. The Bush administration offered rhetorical support to Georgia, which it had designated a potential member of NATO, but relinquished political initiative for responding to the conflict to the European Union. EU government officials promptly closed ranks and agreed at an emergency meeting of the European Council at the beginning of September to suspend further talks on a new partnership agreement with Russia until the Russian government agreed to withdraw troops from Georgian territory. French president Nicolas Sarkozy then brokered a cease-fire between Russia and Georgia, which was enforced by some 300 unarmed peace monitors recruited from EU member states and dispatched to regions bordering on the disputed provinces. Over Western objections, Russia subsequently recognized the two provinces as independent states. International tensions gradually abated as both sides recognized that the conflict involved a very limited war that did not significantly change the strategic balance between West and East. The European Union has resumed policy consultations with Russia in a series of high-level meetings devoted to trade, energy, and environmental issues.

CONFLICT OVER THE UKRAINE

An ominous conflict ensued in 2014 when Russia invaded Ukraine and annexed its southern province of Crimea on the Black Sea. Russian forces also infiltrated the country's eastern territories in support of separatists who identify more with Russia than with the Europeanized majority in the western part of the country.

Refusing to recognize these actions as legitimate, the European Union, the United States, and other Western democracies responded with multiple sanctions, including travel bans against public officials and a freeze on Russian assets. The escalation of tension over the Ukraine seemed to many observers to signal a resumption of the Cold War.

EAST EUROPEAN PARTNERSHIPS

On a quieter diplomatic front, the European Union has established an Eastern Partnership (EaP) with a number of East European countries—including Belarus, Ukraine, Moldova, Georgia, Armenia, and Azerbaijan—in an effort "to integrate them within the Western bloc through democratization and free market economics." In return, the European Union will expand trade, liberalize the visa systems, and give financial assistance. The Russian government countered with an economic and diplomatic offensive designed to weaken EU influence in the region.[12] The Ukrainian government acquiesced to Russian pressure in November 2013 by rejecting a trade deal with the EU in favor of accepting a $15 billion loan package from Moscow. This abrupt turnabout prompted massive public demonstrations against the government's decision (alongside allegations of corruption and authoritarianism), including demands that the Ukrainian president resign.

RELATIONS WITH CHINA

The EU's relations with China are driven primarily by trade. Diplomatic relations were established in 1975, and a decade later the two systems concluded a Trade and Cooperation Agreement that was subsequently broadened into a Partnership and Cooperation Agreement. In recent years, China has become the EU's second most important trading partner after the United States, and in 2009 China displaced Germany as the world's largest exporting nation. The trade balance is heavily skewed in favor of China, which in 2008 exported €247.6 billion (approximately $337.4 billion) worth of primarily industrial goods to the European Union compared to imports from the European Union of €78.4 billion ($106.8 billion). Direct investments by EU firms in China that year totaled €4.5 billion ($6.1 billion) in contrast to Chinese investments in the European Union of a scant €1 billion ($136 million).[13]

The European Union strongly endorsed Chinese membership in the World Trade Organization (WTO), which it joined in 2001, on the grounds "that a WTO without China was not truly universal in scope." Despite this conciliatory stance, trade relations between the two partners have been a source of recurrent conflict. The European Commission imposed antidumping duties on Chinese shoe imports in 2006, which it extended in 2009. These steps prompted the Chinese government to file an unfair trade case with the WTO against the European Union, arguing that the EU's actions "caused damage to the legitimate rights and interests of Chinese exporters." China complained again to the WTO in early 2010. The Commission spokesperson for trade issues responded by saying the following:

> Antidumping measures are not about protectionism, they're about fighting unfair trade. Our decision was taken on the basis of clear evidence that dumping of Chinese products has taken place and that this is harming the otherwise competitive EU [shoe] industry.[14]

Another trade dispute erupted in 2013 over cheap Chinese solar panels, which the European Commission claimed were subsidized by the Chinese government and therefore constituted an unfair trade practice known as "dumping." Before the dispute could escalate into a full-fledged trade war, the commission abandoned a proposed tariff on Chinese imports. The commission's move came primarily in response to German opposition to the tariff, despite the fact that Chinese subsidies harmed a number of German producers.[15]

Human rights issues are also an object of EU–Chinese contention. The General Affairs and External Relations Council joined the British government in strongly condemning the execution in late 2009 of a Pakistan-born British businessman who was sentenced to death on charges of importing several kilos of heroin in his baggage aboard an airline. In early 2010, Catherine Ashton, the EU's High Representative for Foreign Affairs and Security Policy, protested the unexplained disappearance of a prominent Chinese human rights activist from his home as well as the conviction of Liu Xiaobo, another human rights activist, on charges of "inciting subversion of state power" when, in the official view of the European Union, he had been exercising the legitimate right of free speech.[16] In October 2010, the imprisoned Liu Xiaobo was awarded the Nobel Peace Prize in recognition of his role in promoting democratic rights in China.

EUROPEAN NEIGHBORHOOD POLICIES—IRAQ, IRAN, AND ISRAEL

The European Union draws on its economic and diplomatic resources to pursue active foreign policies toward a number of regions and countries in addition to those discussed above. Similar to its partnership agreement with Russia, the European Union has concluded a series of action programs with 16 countries in eastern Europe[17] and the Middle East. Established in 2004 under the aegis of the European Neighborhood Policy (ENP), the action programs were implemented to promote closer economic relations and strengthen shared political values with nearby countries. The European Commission depicts the ENP as "a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles, and sustainable development). The ENP goes beyond existing relationships to offer a deeper political relationship and economic integration."

The European Union has allocated €12 billion ($16.4 billion) to the ENP for the 2007–2013 budgetary period to help support economic and political reforms in the targeted nations.[18]

Iraq and Iran

Two Middle Eastern countries that are conspicuously absent from the list of ENP recipients are Iraq and Iran. The European Union has helped monitor national, provincial, and regional elections in Iraq and has announced its intention to negotiate a Partnership and

Cooperation Agreement but remains wary about Iraq's arduous process of democratization and its continuing crisis of refugees and displaced persons. At the same time, EU officials have signaled their willingness to cooperate with Iraq on energy. The European Union and the Iraqi government signed a memorandum of understanding in January 2010 that calls for cooperative measures to enhance the safety of Iraqi pipelines for the export of gas and oil to the community while the European Union helps develop Iraq's electrical system and expand its supplies of renewable energy.[19]

Iran remains a special case of concern because of its potential development of a nuclear weapons capability, which both the European Union and most of the international community view as a serious threat to regional security. In protest against the Iranian government's proclaimed uranium enrichment strategy, the EU foreign ministers imposed in 2008 a total arms embargo and a partial travel ban against persons involved in Iran's nuclear program. Three EU member states—the United Kingdom, France, and Germany—joined with the United States and other members of the United Nations Security Council in negotiating a tentative diplomatic agreement with the Iranian government in October 2009 that called for Iran to export most of its enriched uranium for processing in the West. If implemented, this would effectively postpone the development of nuclear weapons. Conservative Iranian hawks promptly forced the government to rescind the deal out of fear the West would not return the uranium. In early 2010, Iran escalated international tensions by announcing that scientists had begun enriching uranium, ostensibly for use in medical isotopes, in a process that could rapidly yield the potential to produce weapons-grade uranium. EU foreign policy officials initially deferred a response to the Security Council but declared their determination to impose financial and energy sanctions of their own if the United Nations fails to act.

Israel

EU–Israeli relations have been cordial and mutually beneficial, especially as measured by trade. The EU's long-standing diplomatic opposition to Israeli settlements on the West Bank, the Gaza Strip, East Jerusalem, and Golan Heights culminated in the release of new EU guidelines in July 2013 "that explicitly ban for the first time the financing of and cooperation with Israeli institutions in territory seized during the 1967 war." The guidelines, which were scheduled to become effective in 2014, prompted a scathing Israeli response that the guidelines were "discriminatory," "hypocritical," and "unhelpful." EU officials downplayed the Israeli criticism, arguing that "they were simply an implementation of longstanding opposition to Israeli activities" and only affect EU policies and not those of its member states.[20]

COMMON FOREIGN AND SECURITY POLICY

Parallel with their pursuit of a wide range of regional economic and social issues and their conduct of foreign relations with nonmember countries, EU leaders have undertaken significant moves to implement a Common Foreign and Security Policy (CFSP) in their quest for a more viable collective role in broader European and world affairs. This quest involves balancing national self-interests and foreign policy traditions with the creation of new institutional and enforcement mechanisms under community control. An important factor in the EU's pursuit of a CFSP is the looming edifice of NATO as the alliance confronts its own imperative to redefine its mission and strategies in the post–Cold War era.

The original six members of the EEC established a preliminary framework for forging a common foreign policy when they launched a consultative procedure known as European Political Cooperation (EPC) in 1969 and agreed to convene regular meetings of the European Council, beginning in 1974. This framework for foreign policy consultations was partially institutionalized in the form of a Political Committee, which served common administrative purposes, and a Group of Correspondents, which monitored EPC activities, to keep each of the member countries informed. The linkage between the community and EPC was deepened when the European Council adopted a "Solemn Declaration on European Union" in Stuttgart in June 1983 that committed the member states to "intensified consultations with a view to permitting timely joint action on all major foreign policies." The relationship between the community and the EPC became more formalized with the adoption of the Single European Act in 1987, which mandated consultation and policy consistency between the two entities. The Persian Gulf crisis of 1991 and the outbreak of civil war that same year in what is now the former Yugoslavia provided additional impetus for community leaders to intensify efforts to coordinate their foreign policy strategies.

This resolve was codified in the TEU of 1991, which called on the member states to define a CFSP through new institutional channels of consultation and implementation and the creation of the office of High Representative of the Union for Foreign Affairs and Security Policy through the Treaty of Amsterdam of 1997. The underlying principle of CFSP was intergovernmental collaboration and decision making rather than supranationalism.

The preamble of the Lisbon treaty affirms the joint determination of the EU member states "to implement a common foreign and security policy including the progressive framing of a common defense policy, which might lead to a common defence." Building on the language contained in the Amsterdam treaty, the treaty specifies that the general objectives of CFSP are to do as follows:

- safeguard [the EU's] values, fundamental interests, security, independence and integrity;
- consolidate and support democracy, the rule of law, human rights, and the principles of international law;
- preserve peace, prevent conflicts, and strengthen international security, in accordance with the purposes and principles of the United Nations Charter . . . ;
- foster the sustainable economic, social, and environmental development of developing countries with the primary aim of eradicating poverty;
- encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade;
- help develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development;
- assist populations, countries, and regions confronting natural or man-made disasters; and
- promote an international system based on stronger multilateral cooperation and good global governance.[21]

The European Union is assigned exclusive authority to make decisions governing common foreign policy actions, positions, and implementation (Art. 25 of the Consolidated Treaty). The EU's power to do so is dispersed among the European Council, the Council of Ministers, and the High Representative for Foreign Affairs and Security Policy. The European Council is responsible for defining "the Union's strategic interests," objectives, and general CFSP guidelines (Art. 25). The Council of Ministers, meanwhile, is charged with framing specific common foreign and security policies and taking decisions to implement them "on the basis of the general guidelines and strategic lines defined by the European Council" (Art. 26). The High Representative—who, as previously noted, serves as chair of the Foreign Affairs Council and a vice president of the European Commission—is responsible for implementing CFSP decisions (Art. 26). He or she may submit policy proposals to the Foreign Affairs Council and the European Council (as may any member state). The High Representative also represents the European Union to third parties and international organizations and at international conferences (Art. 27).

Complex rules govern the CFSP decision process. The European Council is required to act unanimously on recommendations submitted to it by the Council of Ministers. Once a vote is taken, member states are obligated to honor the decision. The treaty does allow for member states to abstain from voting, however. In such a case, the member state "shall not be obliged to apply the decision, but shall accept that the decision commits the Union. In a spirit of mutual solidarity, the Member State concerned shall refrain from any action likely to conflict with or impede Union action based on that decision." (Art. 31) A decision is not adopted, however, if one-third of the member states representing at least one-third of the population of the Union abstain (Art. 31).

Although unanimity—qualified by the option of constructive abstention—is the norm in CFSP decision making, the treaty allows the Council of Ministers to make some decisions by a qualified majority. This is the case (in the convoluted language of the treaty) when the ministers adopt a decision "defining a Union action or position on the basis of a decision of the European Council . . . [and] when adopting a decision defining a Union action or position, on a proposal which the High Representative for the Union for Foreign Affairs and Security Policy has presented following a specific request from the European Council" (Art. 31).

In addition to providing an institutional basis and rules for common foreign policy positions, the consolidated treaty reaffirms established provisions governing operational (or enforcement) measures under a parallel European Security and Defence Policy (ESDP). Such measures are officially defined as "missions outside the Union for peacekeeping, conflict prevention and strengthening international security. . . . The performance of these tasks shall be undertaken using [civilian and military] capabilities provided by the Member States," and typically take the form of multinational units. The European Council is required to base operational decisions on the unanimous consent of its members. In recognition that not all member states belong to NATO, the treaty explicitly declares that operational decisions "shall not prejudice the specific character of the security and defence policy of [individual] Member States" (Art. 42).

Successive Council agreements and new treaty provisions have affirmed the autonomous capacity of the European Union to undertake joint measures in security and defense. In 1999 British prime minister Tony Blair acted to resolve an earlier dispute among member states about whether military aspects of the CFSP should be subordinated to NATO or the WEU by advocating the institutional integration of WEU and the European Union. The European

Council affirmed the merger of both organizations at a summit in Berlin in March 1999, declaring that EU armed forces would be subordinate to the WEU in peacetime but to NATO in the event of war. The Treaty of Nice later provided an institutional basis for future military action by authorizing the creation of a political and security committee, a military committee, and a military staff within the EU to address potential European crises in close consultation with NATO. France declared the following at the conclusion of the Nice summit in December 2000:

> Consultations and cooperation between the two organizations will be developed in matters of security, defence, and crisis management of common interest in order to make possible the most appropriate military response to a given crisis and ensure effective crisis management, while fully respecting the decision-making autonomy of NATO and the EU.[22]

The EU's CFSP remains contingent on intergovernmental cooperation. When consensus prevails, the member states are able to act together. Early initiatives included dispatching EU peacekeeping forces to Macedonia and the Democratic Republic of the Congo in 2003. By 2007 the European Union had established 15 Battlegroups, each consisting of 1,500 or more troops recruited from the member states, as contingency ESDP units for rapid deployment where needed. After President Sarkozy mediated an end to the Russian–Georgian military conflict in 2008, EU member states dispatched some 200 peace monitors to help enforce the cease-fire in the disputed territories. They returned to their home countries by the end of 2009.

In contrast, divergent national interests have provoked several intense policy disputes within the European Union. A dramatic example was the inability of the European Union to forge a common response to the American-led invasion of Iraq in 2003. Great Britain and several other EU member states joined in supporting actions by the Bush administration, while France and Germany adamantly opposed armed intervention. Sweden, Greece, and other EU countries adopted a more diplomatic stance, advocating reliance on collective security measures under the aegis of the United Nations.

EU states and many of their citizens are similarly divided in their degree of support for NATO military operations against Taliban insurgents in Afghanistan. At the beginning of 2010, 26 European members of NATO had troops stationed in Afghanistan alongside American and Canadian forces. The largest European contingents were from the United Kingdom and Germany. Four nonaligned EU members, Austria, Finland, Ireland, and Sweden, also contributed a small military presence. Opposition to involvement in the war was especially strong in Germany and in the Netherlands, which announced after a government crisis over the issue in February 2010 that it would withdraw its troops from the conflict.

CITIZENSHIP, FREEDOM, SECURITY, AND JUSTICE

The scant 1.2 percent of appropriations that the European Union committed to citizenship, freedom, security, and justice for the 2007 to 2013 period understates the significance of the EU's role in helping to administer this diverse range of regional policies. Most direct expenditures are borne by the member states, but the European Union performs important—if sometimes desultory—responsibilities in policy coordination and implementation.

Citizenship, freedom, security, and justice policies can be divided into humanistic and societal security components. The humanistic component encompasses a range of educational and cultural activities. The flagship venture is the Erasmus higher education and training program, which has enabled some 2.2 million university students to study and work abroad since its inception in 1987. Parallel educational activities include the Leonardo da Vinci program of vocational training, which emphasizes job placement for younger workers; Grundtvig, which funds transnational adult education programs among the member states; and Comenius, which sponsors secondary school partnerships aimed at developing promising pedagogical practices and curricula. A broader cooperative effort, which was launched in 1999 and extends beyond the European Union, is the "Bologna Process" of institutional cooperation among universities in some 47 European countries that seeks to develop a European Higher Education Area aimed at facilitating occupational mobility by students in today's knowledge society.[23]

Another important example of humanistic policies is the EU's designation of a succession of cities as "European capitals of culture" because of their historical contributions as philosophical, architectural, and literary centers of cultural creativity. Beginning in 1985 with the European Commission's selection of Athens as the initial European capital of culture, the honorific title has been bequeathed in turn to Florence, Amsterdam, Paris, Glasgow, Stockholm, Weimar, Vilnius, Istanbul, and other cities of renown. The purpose of these humanistic measures is to promote a stronger sense of "neo-national" European citizenship based on personal educational experience and mutual cultural appreciation.[24]

Societal security, in contrast, involves the use of regulatory and enforcement powers by multiple levels of government, intelligence agencies, and police units to promote law and order and thereby minimize physical and other threats to individuals and society at large. Such measures correspond to a core EU objective to provide "an area of freedom, security, and justice" to all its citizens. At the same time, the amended EU treaties explicitly acknowledge that national security constitutes an "essential State function" that "remains [alongside the defense of territorial integrity] the sole responsibility of each Member State."[25] Therein lies a persisting tension between EU and member state responsibilities.

Asylum and Immigration Policies

In the official parlance of the European Commission, asylum can be defined as the following: "A form of protection given by a State on its territory based on the principle of . . . internationally or nationally recognized refugee rights. It is granted to a person who is unable to seek protection in his/her country of citizenship and/or residence in particular for fear of being persecuted for reasons of race, religion, nationality, or membership of a particular social group or political opinion."

EU asylum policy is based on an intergovernmental agreement negotiated by 12 member states in 1997 governing rights of asylum within the community. Known as the Dublin Convention, the accord (which has subsequently been broadened to include additional member states and incorporated into community law) stipulates that asylum-seekers must submit their application for asylum in the first EU country they enter. The purpose of this provision is to eliminate an earlier pattern of "asylum shopping" from one EU member state to another and to set firm conditions for processing individual requests. Persons who are denied asylum must return to their home country rather than being allowed to seek asylum in another EU member state.

The EU statistical office reports that nearly 240,000 asylum applicants were registered in 2008 throughout the European Union. Their principal countries of origin were Iraq (12 percent of the total), Russia (9 percent), Somalia (6 percent), Serbia (6 percent), and Afghanistan (5 percent). The highest number of applicants were registered in France, followed in descending order by the United Kingdom, Germany, Sweden, Greece, Belgium, and the Netherlands. Given the enormous differences in national legislation and bureaucratic procedures governing asylum, the European Commission and the European Council have sought to achieve greater intergovernmental coordination in the asylum process—but with limited success. The Consolidated Treaty on the Functioning of the European Union calls on the member states to formulate a common policy on asylum but provides no specific criteria. Members of the European Council have conceded that "further advances are necessary."

EU immigration policies are somewhat less problematic. The principle of labor mobility, which was enshrined in the Treaty of Rome establishing the EEC and augmented during the 1960s by a network of bilateral agreements between individual member states (notably West Germany) and nonmember countries such as Turkey, was extended to include white-collar workers through the implementation of the Single Market program. Beginning in the mid-1990s, however, immigration (including waves of illegal immigrants) became a major political issue in many of the member countries. The Organization for Economic Cooperation and Development (OECD) reports that France and Austria witnessed net increases of 18.2 percent and 13.4 percent, respectively, in the influx of immigrants in 2001, while the Czech Republic, Finland, and Ireland experienced immigration rates of approximately 15 percent that same year. The comparable rate in Germany—which in 1993 constitutionally limited what had previously been a virtually unrestricted right of entry—was 6 percent.

Despite restrictive national immigration policies and tighter border controls, the number of legal and illegal immigrants continued to increase. In January 2008, a total of 19.5 million foreign citizens lived in the 27 member states of the EU: 6 million from non-EU European countries, 4.7 million from Africa, 3.7 million from Asia, and 3.2 million from the Americas. The largest number of foreign citizens resided in Germany (7.3 million), followed by Spain (5.3 million), the United Kingdom (4 million), France (3.7 million), and Italy (3.4 million). In response to the growing numbers, government officials agreed at a European Council meeting in Tampere, Finland, in 1999 on principles of a common EU immigration policy. The Tampere agenda called for joint agreements among the member states "on a comprehensive approach to the management of migratory flows so as to find a balance between humanitarian and economic admission . . . and the development of partnerships with countries of origin including policies of co-development."

Over the next two years, the European Commission submitted a series of proposals to the council and the European Parliament to facilitate the formation and implementation of a common immigration policy. These proposals served as the basis for a succession of council directives from 2003 to 2005 that codified terms of family reunification and long-term EU resident status, which are legally binding on all member states (except Britain, Denmark, and Ireland, which maintain autonomous immigration policies in accordance with their "opt-out" treaty provisions). In a parallel move, the Council of Ministers adopted punitive measures to combat illegal immigration and the trafficking of human beings for prostitution and other nefarious purposes.

Measures Against Organized Crime

In addition to calling for a common EU immigration policy, government leaders also agreed at the Tampere summit in 1999 to create a judicial unit (Eurojust) as an institutional mechanism to consolidate and streamline efforts to combat cross-national crime. A provisional body composed of national prosecutors was established in Brussels in 2000; Eurojust then moved to its permanent facilities at The Hague in 2003. Composed of prosecutors, magistrates, and police officers recruited from the 27 member states, Eurojust is the EU's principal instrument for negotiating cooperation agreements with law enforcement agencies and nonmember countries to allow "the exchange of judicial information and personal data." They include Europol, the EU's criminal intelligence unit with headquarters at The Hague; CEPOL, the European Police College, based in Britain; OLAF, a European anti-fraud office; and Croatia, Iceland, Macedonia, Norway, Switzerland, and the United States.

The European Council voted to strengthen the operational capabilities of Eurojust and expand its cooperative links with intelligence and enforcement organizations in 2008. The implementation of the Lisbon treaty in December 2009 reaffirmed the EU's resolve to promote "a high level of security through measures to prevent and combat crime, racism, and xenophobia, and through measures for coordination and cooperation between police and judicial authorities and other competent authorities."

ANTITERRORISM POLICY

Closely related to judicial and intelligence cooperation between the European Union and its member states is the EU's antiterrorist strategy, which targets Islamic extremists, violence-prone separatists, religious fundamentalists, and anti-system ideological groups. Although terrorist attacks have taken place on European soil for decades (notably in Germany, Ireland, Spain, and the United Kingdom), the attacks of September 11, 2001, on the United States and subsequent bombings in Madrid and London in 2005 prompted the European Union and its member states to intensify efforts to combat international terrorism. An important first step was council agreement in September 2001 to establish a European arrest warrant, which is valid throughout the territory of the European Union and replaces earlier cumbersome country-to-country extradition procedures. A European arrest warrant may be issued by a court in one member state against a person charged with a crime who resides in another state. Judicial authorities in the second country are charged with arresting and returning such a person as quickly as possible. The new procedure, which entered into force in January 2004, significantly expedites the surrender process. In the authoritative view of the European Commission, the European arrest warrant does the following:

> [It] also means that Member States can no longer refuse to surrender to another Member State their own citizens who have committed a serious crime, or who are suspected of having committed such a crime in another country, on the grounds that they are nationals.

The implementation of the new law had immediate consequences. By September 2004, there were 2,600 arrest warrants that had been issued, resulting in the arrest of 653 persons and the surrender of 104. Among them were "a failed London bomber caught in Spain, a German serial killer tracked down in Spain, . . . [and] a gang of armed robbers sought by Italy who were then arrested in six different EU countries." According to the European Commission, the average time to execute a warrant has been reduced from nine months to 43 days. Despite these successes, some member states—which were unnamed in the commission report—have resisted or delayed executing the warrants to protect their nationals against trial in another country.

Other antiterrorist measures include the adoption of the Action Plan against Terrorism in 2001 and the European Council Framework Decision on Combating Terrorism in 2002 (amended in 2007). These documents call on the member states to undertake coordinated measures to reduce terrorists' access to financial and economic resources, expand intergovernmental and interagency cooperation in an effort to prevent future terrorist attacks, establish a more effective system of border controls, and harmonize national antiterrorist legislation. In November 2007, the commission augmented the objectives of the 2001 Action Plan with a series of regulations that criminalize terrorist training, recruitment, "public provocation to commit terrorist offenses," and the use of explosives by terrorists. The commission's regulations also allow for "the use of airline passenger information in law enforcement investigation."

The Action Plan and Council Framework on the EU level have significantly enhanced intelligence exchange and cooperation among governments and law enforcement agencies on the basis of more explicit criminal legal provisions. Anecdotal evidence is illustrative of initial successes in the implementation of antiterrorist measures by national authorities. In 2001 French and Belgian police arrested a group of conspirators who were charged with an al-Qaida plot to destroy the American Embassy in Paris and a munitions dump in Belgium. In Germany, public authorities had initiated 195 proceedings against alleged fundamentalist terrorists by the end of 2004. In 2007 the police arrested three suspects belonging to a German cell of the terrorist group "Islamic Jihad Union" who were charged with preparing a "horrific" car bomb attack against U.S. military facilities. After the London bombings of 2005, the British government initiated legislation criminalizing the "glorification of terrorism." By year's end, some 60 persons charged with planning terrorist acts were awaiting trial. An example of cross-national policy cooperation between an EU and a non-EU state was the arrest in July 2010 of three suspected terrorists with ties to al-Qaida operatives in Pakistan: one in Germany and two in Norway.

In aggregate terms, the number of terrorist attacks in the larger west European members of the European Union declined in the immediate three-year period after 9/11, compared to the decade as a whole. Since 2006, however, the number has once again risen in tandem with a global increase in incidents of terrorism. (See Table 8.16; data on Russia, the United States, and Canada are included for comparative purposes.) EU member states experiencing the fewest number of terrorist attacks after 9/11 include the Scandinavian countries, the three Baltic republics, Austria, Belgium, Bulgaria, the Netherlands, Portugal, Slovakia, and Slovenia. Greece recorded a total of 378 attacks from 2002 through 2009, most of them instigated by ideological militants.[26]

Despite the success of international and national efforts in thwarting numerous potential terrorist attacks, lone wolves inspired by ISIS killed or injured hundreds of civilians since 2015 in Paris, Nice, Brussels, Berlin, and London—as well as Boston, San Bernardino, Orlando, and other cities in the United States.

TABLE 8.16 ■ Terrorist Attacks, 2002–2009

Country	2002–2005		2006–2009		2002–2009	
	Attacks	Victims	Attacks	Victims	Attacks	Victims
EU members						
France	125	29	158	30	283	59
Germany	2	2	8	1	10	3
Italy	30	5	12	26	42	31
Spain	112	2,163	225	174	337	2,337
United Kingdom	88	915	77	109	165	1,204
Non-EU countries						
Russia	416	3,320	1,311	2,694	1,727	6,014
United States	10	0	13	73	23	73
Canada	1	0	7	1	8	1
Global Totals	14,277	105,397	51,602	259,267	65,879	364,664

Source: National Counterterrorism Center, Worldwide Incidents Tracking System database.

IMMIGRATION CRISIS

Another formidable challenge confronting the EU and many of its member states during the early decades of the twenty-first century is the worst immigration crisis since the end of World War II. By 2015, more than a million refugees and asylum-seekers had arrived in the European Union, most of them from Syria, Afghanistan, and Iraq. A majority of them settled in the following countries:

Largest Number of Refugees in EU Countries, in Descending Order, 2015
Germany
Sweden
Hungary
Austria
France
Italy
Belgium
United Kingdom

Source: BBC News, "Asylum claims in Europe, 2015," www.bbc.com.

Germany under the leadership of Chancellor Angela Merkel generously provided refugees with food, shelter, and efforts to help them find jobs, whereas Hungary proved least hospitable—eventually erecting a fence along its border to prevent refugees from crossing its territory in an attempt to reach Austria and Germany further north. The European Union has sought to ameliorate the refugee crisis by providing humanitarian assistance, establishing national quotas to settle refugees, and negotiating an accord with Turkey in March 2016 to halt the flow of migrants crossing the Aegean Sea from Turkey on their way to Greece and hence the European Union.

CONFLICT WITH TURKEY

EU–Turkish harmony was almost immediately disrupted in the aftermath of an attempted coup in July 2016 against the Turkish government and its president, Tayyip Erdogan, instigated by members of the Turkish military who opposed Erdogen's steps to centralize political power. The coup was swiftly put down by military loyalists to the regime and resulted in the death of hundreds of its instigators and the imprisonment of thousands more. The European Union, the United States, and other Western countries denounced the actions of the Erdogan government and called for the restoration of democratic rule.

Intergovernmental tensions in the aftermath of the failed coup did not immediately imperil the EU–Turkish accord on refugees, but it further clouded the prospect of eventual Turkish membership in the European Union (see the next chapter). In addition, bilateral relations between Turkey and several EU member states significantly deteriorated after the Turkish parliament voted in January 2017 to schedule a national referendum on amendments to the constitution that would create an "executive presidency" in Erdogan's hands. Both Germany and the Netherlands rebuffed plans by Turkish officials to organize rallies during the spring among Turkish immigrants in support of the proposed constitutional amendments. Erdogan promptly labeled the Dutch and German vetoes as "neo-Nazi" methods.[27]

EU POLICY ASSESSMENT

How power is used in the European Union underscores the hybrid nature of the organization as a confederal political system combining national, intergovernmental, and supranational components. The European Union is most powerful in its conduct of redistributive policies aimed at regional and sectoral development, which are financed primarily by its own economic resources. Through the implementation of successive Council directives (including the white paper of 1985) and especially new treaty provisions, the European Union has also gained supranational authority to conduct foreign policy and pursue common humanistic goals. The European Union also plays a key role in international trade, including negotiating trade agreements with nonmember countries. Yet as the preceding discussion of societal security illustrates, national actors retain important reservoirs of political and bureaucratic power as both autonomous actors and as instruments of EU policy.

NOTES

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17. They include Armenia, Azerbaijan, Belarus, Georgia, Moldova, and the Ukraine in eastern Europe, and Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Palestinian territory, Syria, and Tunisia in the Middle East.
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8.5 WHAT IS THE FUTURE OF EU POLITICS?

Brexit will decisively affect the future of the European Union. The British government, under Prime Minister Theresa May, submitted its formal petition to leave the European Community in late March 2017. EU officials promptly responded that they, not the Brits, would determine the pace of negotiations and terms of the "divorce." The negotiations were expected to take several months to complete.

Institutional consequences of Brexit are straightforward, although they will decisively affect decision-making processes and hence EU policies. Britain will lose its seats on the European Council, the Council of Ministers, and the Court of Justice as well as its representatives in the European Parliament, the European Central Bank, the Bank for Reconstruction and Development, and the advisory Economic and Social Committee, and the Committee of Regions.

Much more problematic are the following controversial issues and outcomes:

- Whether Britain will remain part of the EU's customs union and thereby continue to enjoy the benefits of free trade with members of the Community.
- Whether Brexit will increase the prospects of Scotland leaving the United Kingdom and applying for membership in the European Union as an independent country.
- The status of British workers in the European Union and continental workers in the United Kingdom. Will they be able to remain or will they be forced to return to their country of origin?
- The negotiated cost to Britain of departure.
- London's role as a center of international financial transactions (some firms have already moved their offices to Ireland, which remains part of the European Union).
- Special trade arrangements along the border between Northern Ireland and the Republic of Ireland. Farmers on both sides are fearful that an increase in tariffs after the United Kingdom leaves the European Union will harm both export and import of agricultural produce.

MANAGING ECONOMIC HARMONIZATION

Managing economic and monetary cohesion within the European Union remains a paramount challenge to the EU's continued viability. Germany and France will continue to exercise the major responsibility for pursuing this objective.

A contentious negotiation issue involving Brexit is an agreement on the free movement of persons between Britain and the EU member states.

iStock/Nordroden

As principal architects of the Economic and Monetary Union (which dates from 1992), the two countries shared a common interest in eliminating the destabilizing effects of currency fluctuations and institutionalizing supranational decision-making procedures within the European Central Bank (ECB) through the adoption of the Treaty on European Union. Their joint obligation in the wake of the international financial and economic crisis from 2008 and beyond and Greece's near default on an array of government bonds and loans, a subsequent bailout in Ireland, and potential crises in other member states such as Spain and Portugal is to reconcile their differences over whether EMU should primarily serve monetary stability (which is Germany's policy priority) or as an instrument of EU economic governance (which is the French goal). Whether that is possible will be a crucial test of the Franco–German partnership and the future of economic union itself.

PENDING ENLARGEMENT OF THE EUROPEAN UNION

Future widening to include additional member states is another important item on the EU's agenda. The European Commission continues to negotiate with three applicant countries to determine their eligibility on the basis of the Copenhagen criteria for accession: Iceland, Macedonia, and Turkey. Another five countries are potential candidates for admission: Albania, Bosnia and Herzegovina, Montenegro, Serbia, and Kosovo.

Among the applicant nations, Turkey has had the longest—and most controversial—relationship with the European Community. Straddling Europe and the Middle East, Turkey is a Eurasian country and as such is not considered by many officials and citizens to be fully European. Turkey is an Islamic state with a turbulent political history that spans its ascendancy in the Ottoman Empire and its rebirth as an independent nation after the demise of the Ottoman Empire during World War I. In the interwar years, Turkey, under the leadership of Mustafa Atatürk, became a secular, Western-oriented nation after declaring its independence in 1923. Turkey cooperated with the Allies in the military–political struggle against European fascism in World War II and later joined the North Atlantic Treaty Organization (NATO) as a territorial and military bulwark against the Soviet Union and its allied states. Turkey's postwar history has been characterized by recurrent cycles of political democracy and military dictatorship. In an effort to encourage its political and economic integration with western Europe, the European Economic Community (EEC) signed an association agreement with Turkey in 1963 and established a customs union in 1995. Accession negotiations began in October 2005 but have proven inconclusive.

If Turkey were to join the European Union, it would be by far the largest member state geographically: 780,580 square kilometers compared with France's 550,754 and Spain's 504,782. And it would have the second-largest population after Germany: 76.8 million compared with 82.3 million. Turkey's large population is reason enough for many Europeans to be concerned about Turkish membership because of its implications for Turkey's prospective share of votes in qualified majority voting in the council of the European Union. In addition, nearly 30 percent of Turkey's population is employed in agriculture, and its per capita gross domestic product (GDP) was just $11,200 in 2009—below that of most current EU member states (see Table 8.2). These factors indicate that Turkey would potentially pose serious financial problems for the EU's Common Agricultural Policy (CAP) and its regional development policies. Other pressing concerns are Turkey's overwhelmingly Muslim population—which contrasts with Europe's majority Christian denominations—and its violation of human rights, especially against its sizable Kurdish population.

Turkey's prospects for joining the European Union have been further dimmed by criticism of Community officials of authoritarian measures undertaken by the Erdogan regime and diplomatic conflicts between Turkey and the Netherlands and Germany (see the previous chapter).

The European Council accorded Macedonia candidate status in 2005, but negotiations with the European Commission on eligibility had not yet begun during the first half of 2010. Like Croatia, Macedonia is a remnant state of the former Yugoslavia. After declaring independence in 1991, it became embroiled in a diplomatic dispute with neighboring Greece over its name (which Greek officials consider "too Hellenic"). Macedonia has also been beset by ethnic conflicts, in its case with a vocal Albanian minority.

Most of the remaining potential candidates for accession (Albania, Bosnia and Herzegovina, Serbia, and Kosovo) are farther down the EU's list of likely members. A common problem confronting all four countries is a widespread sense of "enlargement fatigue" among the core west European members of the community. The financial and political costs of absorbing even the 13 newest members since 2004 weigh heavily on domestic politicians and their voting publics.

Initially, an exception seemed to apply to the newest candidate for EU membership: Iceland, a North Atlantic island country with a population of only 306,693. Iceland is culturally and politically an integral part of the Nordic region and was constitutionally joined with Denmark until it achieved independence during World War II. Heavily dependent on the fishing industry, manufacturing, and a mix of public and private services, Iceland sustained a high degree of prosperity accompanied by rapid growth and low unemployment until its economy was abruptly jolted by the onset of the international financial crisis in 2008. Its annual growth rate plummeted to near 0 percent, and its external debt surged to five times its GDP. An especially debilitating blow came with the collapse of its three largest banks, which resulted in a freeze on accounts held by private foreign investors—principally British and Dutch—and brought the government to the brink of bankruptcy. That worst-case scenario was averted by an emergency $2.2 billion loan from the International Monetary Fund (IMF) secured in November 2008, but political fallout from the crisis forced the Icelandic prime minister to resign in January 2009.

Scrambling to find a long-term solution to the financial crisis by joining the eurozone, Iceland's Social Democratic government applied for EU membership in July 2009. The country already maintains close ties with the Community through a bilateral free trade arrangement negotiated in 1972 and its participation in the European Economic Area, the Schengen Accord, and a range of Community policies. In June 2010, the European Council agreed to open membership negotiations on the condition that Iceland resolve its dispute with Britain and the Netherlands over monetary compensation to depositors who had lost money in the Icelandic bank collapse. The council declared that the pace of negotiations "will depend on Iceland's progress."[1] By 2013, 11 out of 33 policy chapters had been closed, and the European Commission was poised to negotiate the remaining chapters, including fisheries, the most controversial policy arena.

National elections in January 2013 foreclosed further negotiations for the present. Both of the winning parties—the Independence Party and the Progressive parties, which had campaigned against the austerity policies of the Social Democrats—are deeply skeptical of Icelandic membership in the European Union. In one of their first policy declarations after forming a coalition government, they announced that they would postpone further negotiations with the European Commission until after a public referendum on the issue. Recent polls indicate declining public support for accession.

THE RUSSIAN DILEMMA

EU relations with Russia constitute a continuing conundrum. Both systems benefit from trade and Russian energy exports to Western Europe, but they remain at odds over Russian intervention in the Ukraine. The impasse will continue into the intermediate future with no predictable resolution unless Russia reverses its Ukrainian policies or the European Union and the United States recognize the new status quo. Neither outcome is likely. In fact, tensions could rapidly escalate if Russia carries out a comparable military intervention in the Baltic region.

CHALLENGES TO AN "EVER-CLOSER UNION"

Britain's secession from the European Union poses a fundamental challenge to the EU's record of regional integration and its commitment to international cooperation. Brexit represents a rising tide of nationalism, fueled in Western Europe largely by distrust of the massive wave of immigrants and in Eastern Europe by public resentment over the perceived substitution of one empire (dominated by the Soviet Union) by another (the European Union with its myriad of regulations and conditions of policy compliance). In response, conservative nationalists have risen to power in Poland and Hungary, and anti-immigrant sentiments have fueled the recent emergence of radical right parties in Germany, Austria, Sweden, and the Netherlands. Another right-wing example, with deeper historical roots, is the National Front in France.

At the same time, nationalist rhetoric on both sides of the Atlantic has generated an incipient electoral backlash. In March 2017 elections in the Netherlands, the governing centrist coalition beat back a right-wing party that had campaigned on a largely anti-Muslim platform. Elections in Germany and France later in the year offered even more compelling tests of opposing neoliberal and nationalist choices.

These challenges do not portend the imminent demise of the European Union. But predictably they will likely slow down further movement toward an "ever-closer union" and the admission of new member states.

THE EU'S OWN VISION OF ITS FUTURE

The heads of government or state of the European Union, along with the presidents of the European Commission and the European Parliament convened in March 2017 in Rome to commemorate the sixtieth anniversary of the signing of the Rome Treaties that established the EEC. At the conclusion of the meeting, they issued a joint statement affirming a united Europe characterized by "common institutions and strong values, a community of peace, freedom, democracy, human rights and the rule of law, a major economic power with unparalleled levels of social protection and welfare."[2]

In addressing future imperatives, European Council president Donald Tusk of Poland added the following:

> Europe as a political entity will either be united, or will not be at all. Only a united Europe can be a sovereign Europe in relation to the rest of the world. And only a sovereign Europe guarantees independence for its nations, guarantees freedom for its citizens. The unity of Europe is not a bureaucratic model. It is a set of common values and democratic standards. Today it is not enough to call for unity and to protest against multiple speeds. It is much more important that we all respect our common rules such as human rights and civil liberties, freedom of speech and freedom of assembly, checks and balances, and the rule of law. This is the true foundation of our unity.[3]

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