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A Proposal on EU reforms

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Abstract

The author analyses the wider framework of European Commission strategic decisions. For the analysis of the European Union status quo, the force field model is used. The inadequate EU performance in playing its global role, the inability to handle current affairs and the delays in decision-making and implementation processes are considered by the author to be the most probable obstacles of EU moving towards the desirable state of dynamic stability, which can be characterised by a well integrated political, legislative, economic and cultural environment. Within this context, the author recommends to facilitate the specific changes within the EU control and organisational systems in order to strengthen the effectiveness and efficiency of EU functioning.

Keywords: European Commission, strategic decision process, force field model, EU global player, EU control system, EU organisational system, specific changes.

JEL Code: M16, F22, H11

1. Introduction

In the course of 2016 the European Union found itself in a difficult stage of its political, economic and cultural development. Such a development has been due to different external and internal factors. The Global Risks Report (WEF-Global Risks, 2016) issued regularly at the beginning of each calendar year by the World Economic Forum confirms the key role of geopolitical factors as related to the economic and cultural development of mankind. A destabilising role in the sustainable development of the European project has been mainly due to the inability of the European Commission and eventually the Council of Europe to handle promptly the massive economic migration. The underestimation of this problem by the European elites from the viewpoint of both inner safety and external threats and the political implications resulted in overall strengthening of nationalistic sentiments and distrust in the ability of European Commission to take rational decisions. Consequently, the United Kingdom citizens voted for Brexit in a referendum. It was the Conservative government that unwillingly influenced the process as well as the following events connected with negotiating about

the future relationships with EU (Kroll, Leuffen, 2016). Political discussions centre on the issues of the common market and the future relationship between UK and EU. (Grauwe, 2016). Special attention is paid to the global strategy of EU and its defense policy after Brexit (Biscop, 2016) and (Whitman, 2016).

Globalisation generated a permanently sustainable growth for generations. It made the world smaller and transformed it by interconnecting and strengthening the mutual dependence of national states and their economies. Nevertheless, the benefits resulting from globalisation were not equally divided – it can be said that a minority reaped too much of its fruit. Although the growth of emerging champions contributes to balancing the economic strength between countries, it is evident that on the world scale the economic disparity increases (WEF-Global Risks, 2011). The conclusions above were even more true during the following five years. Devastating in economic and political terms was the so called ‘Arabic spring’, not to mention the civil war in Syria supported from outside without taking into account the “functional Syrian government and the real Arabic national state with its historical roots” (Thatcher, 2002) and millions of refugees of whole families struggling along in refugee camps. This all leads to the largest exodus in the history of the modern world. In 2011 Syria ranked 111 in The Global Competitiveness Report (WEF-Global Competitiveness Report, 2011). As a memento, we should remember the outlook for world democracy outlined by Dahl (1989: 239).

Note. Six years ago, Syria was a dynamically developing country that in many branches overtook Turkey and Egypt. Tourism was starting to develop, with offered services at a higher level than at such destinations as e.g. Hurghada in Egypt. Medical care was at a high level. At the time when there were only three computed tomography detectors in the Czech Republic, this facility was available in each Syrian hospital. After export of Arabic spring the technology is far beyond the current level of development.

2. Methodology and Data

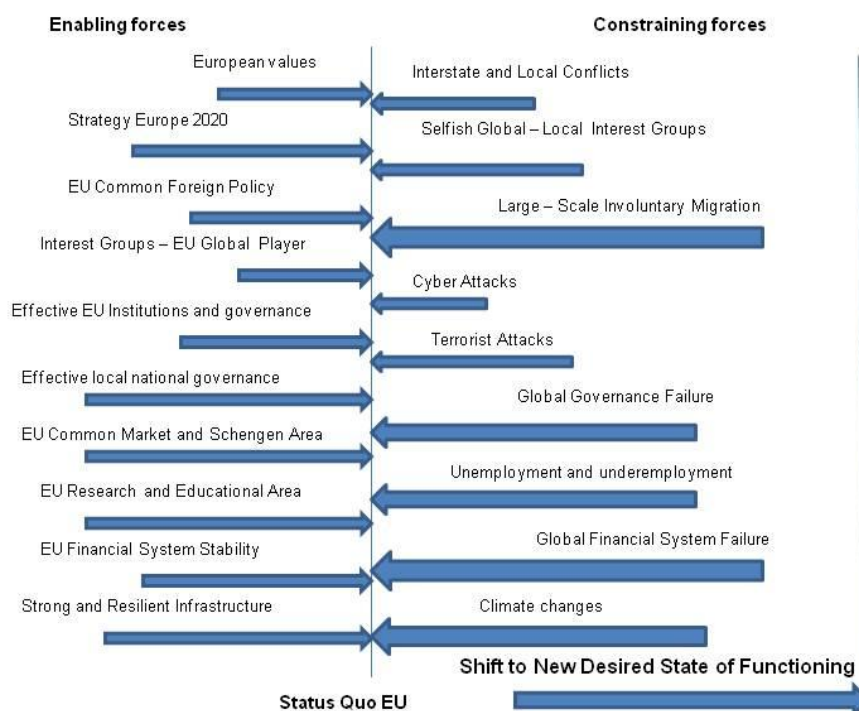
The objective of this research is to assess the process of strategic decision-making of European Commission and propose elimination of revealed problems, which could negatively influence successful development of the European project. The basis for the audit is the strategic framework for decision-making of the European Commission created by Strategy 2020. To be able to objectively assess the complexity, changeability and ambivalence of EU internal and external factors, the author used the field force model whose adapted version known as Implementation Forces Analysis was used within the framework of the strategic management process for diagnosis of driving forces and forces of resistance to change. The proposed field force model characterising the EU status quo was preceded by content and comparative analysis of relevant data based on selected publications, journals and electronic sources. A synthetic inspiration source was ‘The Global Risks Report 2016’(World Economic Forum, 2016).

3. Results and Discussion

3.1. Audit of the European Commission decision-making process

Let us analyse more closely the process of EC strategic decision-making, whose effectiveness substantially affects achievement of EU operational and strategic

objectives including solution of crisis situations. First let us describe the role of EC: “European Commission defends the interests of EU in terms of international relations and is the ‘guard’ of agreements. The Commission also defends the unity of EU against individual interests of member states and fulfils the role of key moderator. Its impartiality and detached point of view should be stabilisation factors despite ideological differences of member states governments. **It can be seen as an executive body of EU with vast bureaucratic machine.** The strong political position of EC is supported by the fact that besides European civil initiative it is the only institution holding the right of legislative initiative in economic and currency union (secondary law). It controls compliance with European legislative and in case of infringement initiates bringing the case to the European Court of Justice. The institutional changes resulting from Lisbon Agreement, namely the new capacity of European Union ‘President’ (European Commission chairman) did not substantially affect the central political role of the Commission. European Commission is supervised by European Parliament, which can recall the Commission as a body” (Hodač et al., 2014). It should be noted that the decisive political strategy and priority objectives of European Commission should be clearly declared by the Council of Europe (Council of Europe President). The Council outlines, by consensus of prime ministers of individual member states, operational and strategic aims of European Commission. The progress to achievement of the set aims should be supervised by the European Parliament, and also by the Council of Europe President. Support for extension of management competences in favour of the Council of Europe President was clearly declared by Fabrini (2015). The incredibly slow handling of crises, e.g. involuntary large-scale immigration to Europe and the Ukrainian crisis on which some EU member states, Unites States and their allies participated in past years confirm this, and seriously harm the further positive development of the European project. The complexity and difficulty of strategic decision-making of European Commission, Council of Europe, European Parliament and European Central Bank are represented by the force field model depicting the forces acting toward the further development of European integration including resistance forces. Their subsequent acting defines the dynamic balance of EU, see Fig. 1.

Figure 1 Force Field Analysis – Status Quo EU. Source: own processing based on (WEF, 2016)

The audit of strategic decision-making of EC comes from the force field model, see 'Fig. 1 Force Field Analysis - Status Quo EU' supplemented with a rough estimate of the magnitude of acting driving forces and restraining forces based on the probability of their occurrence and rate of impact. The values are taken from The Global Risks Report (WEF, 2016). The set of driving forces contains forces favourably affecting the political, economic and social stability of EU and contributing to its further development. The author includes the following forces:

European Values, rooted in Antic, Jewish and Christian tradition of European thinking.

Strategy Europe 2020 is creating the conceptual and system framework for medium and long-term strategic management of EU by the European Commission. The contemporary architecture of Strategy Europe 2020 does not integrate namely the common foreign policy.

EU Common Foreign Policy creating good to optimal conditions for supplying the European project with specific proactive activities for its development. It is the deficit of implementation of well formulated EU global strategy published 30 October 2015 that is currently the source of instability and uncertainty in the further heading of EU. Its effective implementation requires proactive and dynamic decision-making and implementation process on the level of EU bodies and member states.

Interest Groups – EU Global player especially the functioning of EC and its operational and legislative initiative are strongly influenced by professionally managed lobbyist groups. The need to strengthen the influence of interest groups focussing on increasing the significance of EU in approaching current global international political topics (civil war in Syria, increasing political and safety instability of Libya, Arabic spring

and its consequences etc.) is evident and in the interest of the European project continuation.

Effective EU Institutions and Governance are crucial for the viability and further political, economic and cultural development of EU. Namely the effectiveness and efficiency of their operation in the context of current global and local problems are largely discussed. The lengthy and hardly understandable way of dealing with the phenomenon of large-scale immigration in terms of its consequences and inefficient efforts to cope with its complexity and roots seriously endanger the further development of EU.

Effective local national governances are preconditions to efficient functioning of national economies. Stable pluralist political systems of member states create a solid basis for a further development of European integration toward European federation, shifting the role of EU to global political and economic powers.

EU Common Market and Schengen Area represent one of the driving forces of European prosperity. Effective functioning of EU Common Market requires permanently optimal conditions. Essential is appropriate protection of the Schengen Area, at least on the level of protection of Great Britain or United States. Without such protection, a reasonable immigration policy with appropriate level of solidarity can be formulated with difficulty.

EU Research and Educational Area is also among the driving forces of EU economic prosperity and helps to create conditions for economic approximation of EU regions and sustainable development of EU. Aims of Strategy Europe 2020 are being achieved in this area. Investment into education and research should become the chief priority of all EU member states, including support from EU structural funds.

EU Financial System Stability is an essential condition of EU economic growth. In regard to the global close interconnection of the financial sector, the sources of instability, real or psychological, represent the driving forces of undesirable failure of financial institutions. The risks connected with the failure of the financial mechanism and institutions are still of importance in terms of occurrence probability and potential impact on global scale. In this respect, it should be stated that the functioning and regulation of the financial system are a high priority of EU.

Strong and Resilient Infrastructure is an essential condition of sustainable economic growth based on entrepreneur activities in the private and the public sector. Its continuing modernisation and suitable diversification can be significant driving forces of economic growth in a local and also global context. The development of infrastructure is massively supported mainly in new member states by investment from EU structural funds.

There is a set of restraining forces acting against the above mentioned set of driving forces of EU sustainable development, important for its political, economic and cultural development. Some of them can completely block successful development of EU. These forces are called potential blockers and are plotted with the strongest and longest lines. Successful implementation of the broader framework of Strategy Europe 2020 requires elimination of the restraining forces and maximal strengthening of the set of driving forces. In the following, the set of restraining forces will be discussed in detail.

Interstate and Local conflicts—the probability of occurrence and impacts of these risks is considerably high. It is sufficient to consider the local conflict in Ukraine and its economic and social impacts. A plain example is the civil war in Syria supported by six countries. Unforeseeable consequences of forced migration of Syrian population to

Europe and migration from the neighbouring countries document the failure of global governance and cooperation with negative effects on EU and its allies.

Selfish Global - Local Interest Group. The growing strength of highly selfish professional interest groups forwarding their interests by lobbying and influencing political elites may have unforeseeable political, economic and social consequences, not only on local scale. We can speak about erosion of pluralist democratic systems. An example is the dying away financial crisis that brought about significant national debts and vast social impacts. Understanding and elimination of these forces within the scope of European Commission are of increasing importance in both theory and practice (Eising et al., 2015; Klüver et al. 2015). In formulating the title of this restraining force the author was also inspired by Handy's conclusions (Handy, 1997: 216).

Large – Scale Involuntary Migration is a very probable blocker of the next development stage of the European project in terms of occurrence probability and potential political and economic impacts on EU competitiveness. Millions of involuntary migrants from **Middle East** are prepared to enter Europe. This large-scale immigration posing the danger of infiltration of terrorist groups represents a real threat to the stability of pluralist democratic political systems in Europe, and implies unemployment growth, social polarisation resulting from increasing income disparity and nationalism including increase of risks connected with inner safety. Fast and efficient protection of the Schengen Area will not solve the problem. The only reasonable outcome is well handled short-term political and economic stabilisation of Syria, Iraq and consequently Libya under the auspices of UN supported by a coalition of USA, EU, Russia and China.

Cyber Attacks are a real threat for the control systems of developed economies on both local and global scale. In terms of occurrence probability and potential social impacts they are a significant risk i.e. serious social threat.

Terrorist Attacks. In terms of potential social impact they represent a high risk, and higher occurrence probability can be expected especially in connection with the large-scale involuntary immigration to EU and infiltration by terrorist groups.

Failure of global governance consisting in isolated activities of world powers, or institutions striving to maintain and strengthen global influence or even dominance, taking no account of allies, represent a significant hybrid risks based on Machiavelli's divide and rule, with no respect to fundamental civilisation values.

Unemployment and underemployment - not achieved strategic aims in employment related to implementation of Strategy Europe 2020 may become a blocker of the continuing political and economic integration of EU. There is a high probability of their occurrence and impact. Moreover, it can be strengthened by large-scale immigration.

Global Financial System Failure is not a negligible risk mainly because of its impacts. Let us be reminded of the fundamental economic axiom: *A permanently sustainable economic growth of national economies and global economy requires a stabilised and efficient global financial system.*

Climate changes besides the large-scale involuntary migration, climate changes may be another blocker of economic development of EU, mainly due to the failure of adaptation mechanisms and reduction of their effects. In a medium-term horizon we may see extreme climate changes, natural disasters, water and food shortage.

3.2. Action hypothesis

Based on the results of analysis, the author proposes three action hypotheses as successive steps to the strengthening of the global role of Europe as an equal partner to the biggest global players – United States, Russia and China. Global economic and geopolitical interests will have to be in agreement with mutually beneficial cooperation.

3.2.1. Action Hypothesis: Fulfilling the global role of EU

Aim: Consistent enforcement of the global role of EU – Europe the first.

Intervention: The responsibilities of the EU High Representative for Foreign Affairs and Safety Policy must be immediately divided as the extent of powers and responsibilities exercised by one position is not acceptable. As a result, one person, though having a team of excellent aides, cannot efficiently act. We recommend the European Council to appoint to the European Commission the EU High Representatives listed below:

- A. EU High Representative for Foreign Affairs – an EU minister for foreign affairs (ex minister for foreign affairs/expert and manager in one /Italy)
- B. EU High Representative for Safety Policy - an EU minister of the interior (ex minister of the Interior/expert and manager in one /Germany)
- C. EU High Representative for Defence – an EU minister for defence (ex minister for defence/expert and manager in one/France)

Within three months, the above EU representatives with their teams will elaborate the strategy of foreign policy/safety policy/defence policy for the period of three years. They will chair meetings of appropriate EU expert groups and will take an active part in international negotiations with the objective to prevent critical situations that would negatively affect the functioning of EU. The required legislative amendments will be enforced in cooperation with the Council of Europe and European Parliament in a shorter legislative cycle.

Discussion

The multipolarity issue of the global governance system as a potential source of political and economic instability can be the driving force of hybrid risks, which gain importance in the European context. It is also the geo-strategic competition between leading political and power blocks that can become the source of local power conflicts for various 'noble' reasons including implicit fight for rare sources. To support our conclusions let us present Blagden's research results (Blagden, 2015). Let us quote: "The international system is returning to multipolarity-a situation of multiple Great Powers-drawing the post-Cold War 'unipolar moment' of comprehensive US political, economic and military dominance to an end. The rise of new Great Powers, namely 'BRIC's-Brazil, Russia, India and most importantly, China-and the return of multipolarity at the global level in turn carries security implications for western Europe".

3.2.2. Action hypothesis: Elimination of forced immigration to Europe

Aim: With immediate effect, EU will accept only those economic migrants that will contribute to its economy, with possible individual exceptions

Intervention: EU High representatives in cooperation with our allies USA and UK and in cooperation with Russia and representatives of neighbouring countries will agree and ensure immediate termination of the war in Syria, induced and supported by greedy interest groups under the cover of implementation of pluralist democratic system in a prospering Arab country with a different cultural tradition. At the same time, it is essential to provide economic and military support for the termination of the conflict in Iraq and political and economic stabilisation of the country. And finally, political and economic stability must be achieved in Libya where intervention caused political instability and economic decay, thus creating a background for terrorism.

Discussion

Support for the current Syrian government and economic aid in the reconstruction of Syria should be of prime interest for EU as this would eliminate the sources of forced massive immigration. Libya and Iraq as well represent a high risk. The claim of President Donald Trump that USA will not force on anyone its model of political system must be supported by EU. The above mentioned political, economic and military initiatives are crucial for a continuation of the European project. Political and legislative support should be provided by European institutions without hesitation.

3.2.3. Action Hypothesis: United States of Europe

Aim: Transformation of EU to a political union – United States of Europe

Intervention: To be able to fulfil its mission and ensure political, economically sustainable and cultural development of Europe, EU needs to take the following step - the transformation of economic and monetary union to a political union i.e. United States of Europe. This is an essential step to the strengthening of the negotiating position of Europe in the global world and increased safety.

The new American administration, which is right in putting emphasis on the obligations of NATO European members in terms of modernisation of armies with allocation of the required 2% of G.D.P., indirectly forces Europe to take its defence and inner safety seriously. It is out of the question that the European common market can function smoothly as an isolated system in the global reality. On the other hand, it is an open system, highly vulnerable without protection of the Schengen Area and inner safety. It can be concluded that fast and sophisticated building of European army and police that would be able, in cooperation with national military and security bodies of member countries, protect the European environment.

Discussion

United States of Europe will be committed to respect the territorial integrity of independent countries, also outside the European environment, and restrain from interfering in other countries' internal affairs. Emphasis on economic and cultural cooperation including respect to different religious and cultural traditions will be essential for keeping peace and increasing the quality of life on earth.

4. Conclusion

The future role of EU on the global level is aptly discussed by Russer and Anheier (2014). Let us quote: "What role will the EU play on the global stage? The struggle of

some of its members in the current economic crisis, its apparent inability to punch its political weight in international negotiations or play a dominant part in international crisis management (the Arabic Spring, Syria) cast no doubt on the capabilities of the EU as a global player. In order to regain its strength, the EU has to deal with pressing economic and political questions. It has to provide a credible and feasible road map for economic recovery and social cohesion. At the same time, it has to increase the effectiveness and efficiency of European governance without risking its legitimacy etc. Only the combination of a functioning and legitimate system of economic governance on the one hand and credible and feasible recovery on the other can convince member states to give 'Europe' sufficient autonomy that the EU can regain its authority and play a key role on the global stage".

Considering what has been said above, it can be stated that: The process of EC decision-making and subsequent implementation of decisions on key issues is slow and inefficient. A glaring example is the approach to the massive forced migration. It is legitimate and logical that the Schengen Area and effective functioning of the common market require protection of borders and inner security. The Council of Europe and European Commission, however, deal with key problems ex-post rather than ex-ante. The EU expert think-tank incorporated in the Council of Europe is not well used to prepare prognoses of the development in and outside the European environment and anticipate threats and risks endangering the European project. The indifferent and inconsistent approach to the real causes of European problems creates a precedent that might result in disintegration of the European Union. Europe, despite Brexit, the second wedge driven between European nations (the first one being the international initiative destabilising Ukraine) has not lost its chance. It must start playing its global role and assert the rights of European nations as bearers of unique European tradition and culture.

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