

The crisis of the European model or about the crossing of the historical mission and the concrete results

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As factors of the institutional crisis of the EU, we define the circumstances, driving forces of processes and phenomena, which have a relatively steady manifestation and have had influence on the provisions under which the institutional system of the Union develops and functions. Those are classified as **factors of the external and internal environment of the institutional system**. In this case, we emphasize the difference between external environment in respect of the EU and external in respect of its institutional system.

The analysis of the European integration model and the study of the evolution of its institutionalization are the grounds for systematization of the following factors of the EU crisis.

Factors of the external environment of the institutional system are:

1. Firstly, there is **the scientific and technological revolution (STR)** and its influence on the dynamics of the economic development of the EU and the countries of the region, as well as on their competitive power on a world scale. At the basis of the EU is the idea of economy of scale. At present, this idea is enriched by the criteria for competitive power of the European economy and production, based on the knowledge and the modern technological potential. The technological leadership of the USA imposes a fast reevaluation of the comparative advantages of the EU. The advance in the computer and information technologies creates essential changes to the organization of the reproductive process, gives rise to new economic subjects and puts the world in the dilemma over “the end of geography”. The role of the networks increases as a leading organizational and functional unit of the fundamental activities and it changes considerably the nature of the necessities and interests. The technological revolution creates new perspectives for the production in order to go decisively beyond all borders and obtain a planetary orientation. This process gave rise to new effects – ecological, dependence on the efficiency of science and education, opportunities for management on a world scale, competition in the sphere of technology. We witnessed the birth of modern challenges: technological imperialism and technological determinism, limitation on the possibilities of free movement of technologies, addition of the intellectual property law to the institutions of property. STR has changed essentially the human capacity, as well as their necessities and interests. The dynamics and broadness of these processes imposed a permanent updating on the goals of the EU, but it turned out that finding the right tools for their fulfillment is a slower and clumsy process, not always the most appropriate to meet the challenges.

2. Secondly, we place as a factor the **globalization** and its precise historic manifestation as a process, running simultaneously with the regionalization processes. The new processes, which go along with the **globalization**, are summarized in the following way:

- Change in structures, living conditions and factors of development;
- New social division of labour;
- Change in the employment structure;
- New interpretation of cost effectiveness;
- Cutthroat and keen competition;
- Completely strained relations between the poor and the rich;
- Transformation of the democracy into a novice of the corporate asset benefits;

- Exhaustion of the potential of capitalism for development and change;
- Falling of the society into entropy.

The states unite in response to these new challenges. However, the unification in closed systems now contradicts the objective tendencies for absorption of the global space and partnership in the world economy. All the more, spheres as finance, media and communication, information, etc., have left behind any kind of boundaries for a long time. On the other hand, as we have already mentioned above, all local processes and phenomena have a global spreading of their effect, which questions the closed regional system capacity of being a peculiar boundary for the infiltration of negative influences. This thesis has settled firmly in the expectations of the European citizens, but it becomes more and more difficult to the EU to satisfy these expectations. The main characteristics of globalization – interconnectedness, interdependence and universality, raise the questions about the interdependence between the integration processes, running in the sphere of economy and all the other spheres of life. The efficiency of the integration tools is highly dependent on their applicability in the other spheres and they bear the reverse influence of the specific effects in each sphere. The EU has assumed its new role of a subject of globalization, and it is supposed to react adequately to the new processes in the economy, to the ethnic and cultural mix, to the rise of 100 social and state structures with global elements. As a process, implemented by means of all the levers of the political power, globalization directly affects the institutional system of the EU, as well as of the member states.

3. The changing role of the **nation state** in terms of globalization. The constant collision between the supranationality and the national sovereignty have the changed role of the state as their objective basis. Globalization casts it in a role of a basic social and political subject, which redirects its energy from the economy, operating under the free market rules, to the social sphere and the environment, which helps the individual self-realization of its citizens. The institutional system of the EU turned out to be not flexible enough in order to envisage these new processes and to react adequately to them.

4. The new tendencies in the **territorial situation of the productive forces and resources are the next factor of significance** for the rise of the crisis phenomena in the EU. There is a new, by its nature, international division of labour. This factor is the reason for the expansion of the EU and for its opening under the pressure of the global tendencies to free movement of goods, capital, technologies, services and persons. Unfortunately, the five freedoms are implemented in a diverse rate and produce contradictory effects. The free movement of persons is particularly contradictory and unpredictable. New and unexpected characteristics of the territorial division of human resources brought forth immigration and demographic asymmetry. Serious structural changes go along with the development of the EU, as well as with the states joining it. A natural continuation of the structural reforms are the structural unemployment and the social adaptation of the citizens. The EU launches a directive for life-long learning, but the readiness of the educational systems of the member states to implement it, is quite at a different level and rather insufficient. The structural reforms acquire increasingly the characteristic of a permanent process, which exerts its influence on all the other processes in the Union. There are serious changes in the sector structure of the economy. The third sector increases its work at accelerated rates for the GDP. The structural dynamics is determined by the services. The concept of the EU domestic market turned out to be clumsy with respect to the new request of this sector. The idea of territorial redistribution of the production factor enters in a direct conflict with the idea of solidarity as a fundamental concept of the EU.

5. **The formation changes** – mainly the disintegration of the Socialist Bloc and the equalization of the social model of the states – represent another factor, which disturbs the

equilibrium of the system. The EU was established when capitalism realized the most of its potential by means of the private property. Now, it follows that the EU should cope with the crisis phenomena of the very capitalistic industrial organization, which has depleted its resources. On the other hand, the states, which have made the transition from one formation system to another, encounter difficulties in parting from the habit of the adopted values and managerial models. In this way, these states increase the heterogeneity characteristics in the economic, social, political and value systems when joining the EU. The disintegration of the Soviet market and the international economic relations, developed on the basis of CMEA, changed the domestic market structure, as well as the existing lines of economic dependence, among which we put the energy in the first place. The democracy, in its turn, demonstrated new imperfections and made the society face many anomalies – expansion of religions, fundamentalism, drugs, black economy, etc. The change of the political systems of many CEE states became a new formation factor for the change of the EU institutional system. The EU institutions were not ready to react to these new problems.

6. The crisis of the EU is a reflection of the **existing world crises**, which exhibit a tendency to permanence: resource and energy crisis, indebtedness crisis, cyclic crises of overproduction, ecological crisis, demographic crisis, etc.

7. **World peace and security** at the end of the 20th and the beginning of the 21st century are highly endangered, which is a factor with a strong influence on the balance of the EU institutional system. The world has experienced the new phenomena of war economy, forced import of development models, terrorism and other violations on the personal rights and state sovereignty. The activities of the EU, covered by the second and the third pillar of the integration pillar structure, turned out to be extremely necessary, but the EU did not establish in due time any institutional means to realize either common foreign policy, or supranational activities for protection of the security and domestic order. However, the concerns of the EU for peace and security spread far beyond its geographic borders. New instruments for good neighbourliness and security became necessary.

8. The direct relation between the effectiveness of the system and **the specific character of the regional integration process** is another factor for the status and balance of the EU institutional system, namely:

Regionalism is an objective, real and socially important historic movement, characterized by the dominance of economic reasons, which conquer the politics, reflect on the culture and education, and implement the specific historic tendency for interdependence between the economy and all the other spheres of social life. In the course of implementation of the regionalism tendencies, we notice the appearance and development of a new type of international relations, which do not reject the role of the nation state, but modify essentially its role and functioning manner.

We consider the regions as a peculiar barrier against the infiltration of negative and antisocial effects of globalization. Some economic aspects of regionalism are of great importance for the institutionalization of the processes, such as:

- uniformity of the economic development;
- common priorities on the basic factors;
- universal economic scarcity;
- formation of a peculiar economic model;
- regional competitiveness and relative priorities under the conditions of a new type of

IER;

- common reaction of the risks and opportunities of the environment;

- diversity of uneconomic factors;
- multiculturalism.

Regarding each of the abovementioned aspects, the EU undergoes a dynamic development, which in its turn leads to the necessity of adaptation of the EU institutional architecture to the changing goals and ways of their achievement. The expansion of the EU became a serious factor for the disturbance of the homogeneity of the regional system. However, even here, the institutionalization runs slower and sometimes inadequately.

The general goals of the regional system for reaching competitiveness and relative advantages turned out to be under close dependence on the complexity and hardship of the transition process in the new joining countries.

9. The EU institutional system reflects **objectively existing contradictions of theoretical and methodological aspects** – the liberal idea of market self-regulation and competitive power contradicts the principles of the welfare state; the growing liberalization of the international economic relations coexists with the tendency of intensification of protectionism; complex problems were closed in the integration – competitiveness – solidarity triangle, etc. On a world scale, there is not a similar institutional system. And also, there are not complete scientific instructions for it. That is why **the “trial–error” model** has a high price and permanent effects, but is inevitable for the formation of the EU institutional system. An offspring of this is the frequent discrepancy between the historical mission and concrete results.

Factors of the internal environment of the institutional system are:

1. Setting up the EU institutional system on a **conceptual model**, which does not envisage and reflect completely the concrete manifestation at any particular moment of the factors, discussed above. The evolution of the conceptual model runs slower than the dynamics of the factor effects.

2. The institutional system does not include and does not reflect in due time the influence of the **newly occurred elements of the system and type of relations**, which are carried out between them and all the rest of the elements of the system.

3. **There is a non-measured optimism** in the expansion of the goals and the field of joint action, before having any real conditions for this.

4. In many cases, the bearers of **subjective causes for the crisis** are individual countries and matters of concern for the leaders, which dominate in defining the direction of movement and the choice of instruments for joint action. Strong personalities and their influence as **leading individual actors**, for example De Gaulle, Shuman, Thatcher, etc., often imposed actions in which the interests of individual countries dominated.

5. The crisis of the integration paradigm is based on the **different expectations and perceptions of the elite and the citizens**. Regarding the citizens, the perception of the EU is based mainly on the economic consciousness in domination of the economic factors. In this sense, leading elements in the evaluations of the integration activities are the fear of disturbance of the economic security by the threats of the common market, structural rearrangements, competitiveness, job loss, changes in labour payment, etc.

6. There is a fading confidence and commitment of **the citizens** to the Union; discrepancy between the agenda of the EU and the one of the citizens.

7. The degree of economic development of the **participant states** in the integration process, the distinctions in their interests and standpoints for the achievement of integration effect are the reason, causing crisis phenomena. This reason will exert its influence for a long time on the degree of implementation of the European directives and policy, as well as on the behaviour of the existing institutions on both of the levels – national and supranational. That is the reason

why we often redefine the institutional policy in terms of the hesitation between integration, competitiveness and solidarity.

8. Part of the institutional crisis of the EU is caused by **the opposition between the economic and political character of the European integration**. If we add even the complicating political situation in the member states, we obtain a very significant reason for the institutional instability. Even the simplest example of rotation of the European chairmanship is connected with the political situation of the states. Each new chairmanship is assumed by a new state, and this state imparts its own political concept in the working programme during the mandate, so, in practice, the affairs can take a complete turn.

9. **The social and cultural characteristics** of the member states and the features of consumer behaviour are a reason, expressed by the market as a social and cultural structure, which reflects the social and cultural differences of the individual nations and states to the greatest extent. They are characterized by a high degree of stability, strong conservatism, and because of this, they are not easily manageable by the institutional influence. The crisis is created, namely, by the contradiction between the declared willingness to admit these distinctions and the hidden forms of institutional pressure to change them.

10. A reason, which reflects to a great extent all the factors mentioned above, is the construction of **the EU institutional system** itself, its flexibility, effectiveness and ability to adapt to the changes and challenges. The most significant reasons for the appearance of **conflict lines** in the institutional system are:

- functional reasons;
- heterogeneity;
- sphere of action of the institutes on supranational and national level;
- adequacy of the institutional system in its reaction to the external challenges;
- number and nature of the legal regulations and the instruments for system management.