



УНИВЕРСИТЕТ ЗА НАЦИОНАЛНО И СВЕТОВНО СТОПАНСТВО

ЧЛЕНСТВОТО НА БЪЛГАРИЯ В ЕС: ДВАНАДЕСЕТ ГОДИНИ ПО-КЪСНО

THE MEMBERSHIP OF BULGARIA IN THE EU: TWELVE YEARS LATER

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Изп. директор: Веселин Ангелов, тел. 02 81 95 251
Зам. изп. директор: Стефан Власев, тел. 02 81 95 551
Гл. редактор: Тодорина Недева, тел. 02 81 95 564

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CURRENT CHALLENGES FACING THE EUROPEAN UNION DEVELOPMENT AS A SYSTEM

Todor Kondarev, PhD Student, New Bulgarian University

Summary

The political and the institutional systems of the European Union (EC, the Union) are complicated system organized on many levels – regional, national and European. Many factors affect the organization and the functioning and the EC institutions. They face continuously in their work challenges and have to solve new arising problems in the current dynamic world. The normal work and the future development of EU as a unique political and economic organization of voluntarily joined European countries depends vastly on the institutional system abilities (capacity) to take on time efficient short-term and perspective decisions. In the present article we have tried to identify and to classify the most important challenges in the current development and the main factors – external (global) and internal, affecting the Union and as well as their complex effects and consequences.

Key words: European Union, EU, System, Challenges, Political System, Capacity, Institutions, Institutional System

JEL classification: F, N

As a complex system, built on many levels, the political system of the European Union (EU) is in constant motion and development, as well as adapting to changing conditions in the world. The modern world is characterized by great dynamics in the scientific and technical aspect, global changes in the field of economics and markets, political reconstruction of political influences, and, of course, social changes in societies. On a daily basis, European institutions have to solve many tasks in the service of their citizens and to achieve the desired goals of the Union. The ability (capacity) of the EU to find adequate solutions for the emerging imbalances in the system are of crucial importance and the EU institutions capacity assessment should be evaluated not only on the basis of current results but also from the standpoint of the system objectives and the impact of the achieved results.

The main challenges and problems in front of the EU development will be considered as factors in nature of *global* (external to the Union) and *internal-organizational* (internal to the Union). In terms of the duration and importance of the development of the Union over the time, these factors can also be classified as factors with *short-medium* and *long-term* impact. It should be emphasized that this division is conditional, and the action of factors is almost always complex, and the individual factors are interrelated and largely intertwined. Their timely identification is essential for the development guidelines of the EU. The external factors cause changes within the system, while the internal changes and trends in the development of the Union have their impact on the behavior and reaction of the EU to the external environment in political, economic and social nature.

1. External problems and factors for the Union

The European Union and its member states are part of the global world system in all aspects – cultural, economic, political and social. Changes in the world affect European development, but also both the EU and the democratic community of member states influence these changes. In the group of *global challenges* we will consider the most significant conditions and factors that determine world development, and to which the EU should adequately adapt.

1.1. Globalizing markets, changes in global economic centers and the EU's place in the world economy

The EU takes its name from a global economic force in a world with a huge human potential of 500 million people, with the world's largest trading market and the second most used currency in the world – the Euro. The EU is the largest donor worldwide of humanitarian and development aid – 56%, (compared to the US which share is 24% on this indicator). The EU is a leading force in the development of world science, culture and scientific researches.

The development of the world is no longer only determined by increasingly globalizing markets and the production of goods and services, but globalization is deepening the links and dependencies between countries and peoples in the social, cultural and religious sense. Problems, related to EU representation as a world leader, require a more adequate and coordinated common international policy of the Union – in economic, political and social aspects.

At the same time, there are a number of negative trends in reducing the influence of the EU around the world in almost all economic indicators and strengthening the positions and influence of new world players such as China, India, Brazil and Mexico. In the long term, these forecasts are a tendency to deepen in the next 20-30 years.

1.2. The changing international political environment and the EU's relations with the world powers

The globalization of the world, the negative environmental changes and the political and military confrontation and smoldering military conflicts in several parts of the world lead to inevitable interdependence between countries. The balance between the major world players is constantly changing, and real efforts are needed to avoid worldwide confrontation and wars. The development of the EU is part of world change, giving its international policy a key importance. In this policy, the basis for the Union has always been both the protection of human values and peace, as well as the interests of the Union as a community of many and diverse countries. Coordinating the policies of individual countries with the common rules and principles of the Union makes the EU a world political and economic leader. Individually, the impact of individual member countries would have been much less significant, while common decisions would have guaranteed much better results. This is especially noticeable in relations with major world players – USA, Russia, China, Japan, etc., in the political and economic aspect. Therefore, while maintaining their relative autonomy and authority in this area, individual member states feel obliged to follow a common foreign policy towards other countries of the world.

1.3. Migration pressures caused by the military conflicts and by the external economic migration

The great migrant crisis (2014-2016) it showed that the EU has not built a workable system to deal with asylum seekers from regions with military conflicts, migrants seeking political asylum from totalitarian regimes and people seeking better living and working conditions in Europe from the poor and the starving regions of the world. It should be noted that the problems associated with the migration crisis have served as a catalyst for nationalist manifestations and movements throughout whole Europe. For example, in 2015 and 2016 more than 1 million people have arrived in the EU, most of them refugees from the war in Syria. About 90% of refugees are transported across the Mediterranean at great risk to their lives, using the services of traffickers. Thus required the EU to set up an organization to rescue them and, according to the EU, in 2015 and 2016 more than 400 000 people were rescued, more than 2 500 traffickers were detained and 375 vessels were stopped. The main victims are the countries of the Mediterranean border of the Union – Greece,

Italy and Spain. These figures clearly show the scale of the problem and show that no country can deal with such a problem on its own, and that the urgent support and cooperation is needed to avoid humanitarian crises in the EU and beyond. The main flow of emigrants goes to the rich part of the Union – the Schengen countries and the Eurozone.

Problems remain with the lack of coordinated control over the external borders of the EU, as well as the lack of agreement within of a common migration policy to share the burden of migration pressure between EU members.

1.4. Aspects of the defence and security of the EU in the light of prolonged and emerging local military conflicts and terrorism

The unstable political situation on the EU borders, migration pressures and nearby local military conflicts, impose an adequate response on the part of the Union to create institutional capabilities, inside and outside NATO.

From the Second World War to the present day, the EU's defence capabilities have always been viewed through the prism of NATO, where the leading role was that of the US. United States of America has the largest financial contribution to support the Alliance. The new political line of President Trump provides for the reduction of the US funded spending on the maintenance of the Alliance and for an increase the share of each country up to 2% of GDP. It is obvious that the political realities of the 21st century require a re-evaluation of NATO's role in European security. The possibility of creating a European Defence Force to complement NATO forces is becoming increasingly important for EU security. The idea was launched in late 2017 by the French President Emmanuel Macron and is generally supported at the European level (i.e. from the European Commission). The direct basis for this idea is the withdrawal of the United States from the Intermediate-Range Nuclear Treaty with Russia (USSR), which puts Europe in the position of a hostage of these two nuclear superpowers and a possible arena of military action. In his speech Emmanuel Macron also points to the likely main enemies that Europe should fear – Russia, China and even the United States of America.

It should be noted that this idea is cautiously welcomed by many of member countries in the Union. The understanding that military issues are one of the basic elements of the sovereignty of nation states is the reason for skepticism. Also, there is different approach for strengthening the military power of the Union in the different countries. The countries bordering Russia assess the threat to their security as a serious problem and seek to solve it by increasing their military power. Other states, for one reason or another, pay more attention to the use of "soft" approach with Russia, such as negotiations, diplomacy, sanctions, etc., to overcome conflicts and military opposition, etc.

The process of discussing the future of the European Security and Defence Union, which will aim at a coordinated pooling of the forces of individual countries in the most efficient manner and with the least duplication of functions and costs (especially with regard to common costly scientific and technological developments and research), is likely to be further exacerbated.

1.5. Revolutionary changes in the development of science and technology

Scientific and technological innovations literally daily change the conditions of life and production around the world. They act as a powerful catalyst for the development of economies and societies. Historically, Europe has always been a leading force in the development of science and technology. The EU takes into account the need for additional efforts in order not to lose its role in the world.

The development of science and technology requires huge financial and human resources and their targeted expenditure. The voted funds in the EU budget for the development of science and

high-tech developments in recent years, indicate the firm position of the European Parliament and the Council that this area is a priority for the Union. As an example, the program "Horizon 2020" (period 2014-2020) has a budget of 80 billion euro and for the period 2021-2027 this program will reach 97.6 billion euro. Together with the funds in the Fund "Invest EU" and the program "EUROATOM" the budget should be up to 100 billion euro for this period.

Nevertheless, it is clear that the need for investments in science and research works is becoming even more focused and unifying in both the national and pan-European aspects. The coordinated work of teams from different countries in separate research areas will lead to increased efficiency and exchange of experience in the research community, combined with the specialization of individual countries and the avoidance of duplicate costs.

2. Internal problems and challenges for the Union

For our analysis, it is equally important how European institutions react to the problems and contradictions, existing by EU nature, as well as those new arising within the Union. Because of the specific way the EU political system is organized at several levels, it exists due to the inter-institutional balance between the individual levels. Thus, it preserves and develops its activities, finding compromise solutions for existing and emerging problems. The future development of the Union and its very existence depends on the search for adequate solutions. Therefore, we will pay an attention to the reactions of the political and the institutional system of EU on some of the most significant internal issues that, in our view, determine and will determine the state of the Union in the coming years.

2.1. The presence of significant differences in the overall socio-economic development of the members of the Union

This is one of the most important and difficult problems to overcome in the consolidation process of the Union, because of the need for long-term solutions and measures in this area. By their nature, these differences are essential and structurally defining problems for the Union, the fruit of long-standing development of individual countries, under different conditions and specifics, and the homogeneity of the Union depends on their solution. These differences are reflected to varying degrees in the expectations, interests and goals of individual states in the formation and implementation of the common policy of the Union.

The differences in EU development visions are obvious. The Larger and the more developed in economic sense countries (Germany, France, The Netherlands) focus their efforts on the common market and agree to make large contributions to the EU budget, given the fact that most of their products are exported and their implementation in the European market is relevant to their economic development. France, as a major agricultural producer, additionally holds EU funds for agricultural subsidies that stabilize its production. The same goes for Poland. The less economically developed countries (from Central and Eastern Europe) pay special attention to the development of the EU cohesion policy and related funds which give them possibility to continue the development of almost all spheres of their economies and social lives (especially for the development of the infrastructure). From this point of view, all the efforts of those countries are aimed at allocating a large share in the rapprochement funds and infrastructure and energy development projects of the EU budget.

Attempts to impose common EU standards in wages and social security should be aimed at bringing the most backward countries closer to the average European level, without violating the market principles of the free movement of capital, goods and people.

2.2. Different views of major countries on the development of the Union and the European integration

There are differences in visions for the development of the Union between the major countries, called EU development engines, for the form of governance of the Union, for the speed of European integration and the scope of European powers. The doctrines of "more Europe" and/or "Europe at two speeds" occur in contrast to the more moderate desires for EU development and place emphasis on development based on the common market and, accordingly, on interstate agreements in a number of areas“.

2.3. Problems arising in relationships between institutions in the political system of the EU

An institutional system similar to each system is also characterized by their internal contradictions generated by different roles of its elements and the process of empowering institutions in the common activities. In the EU institutional system, this is further complemented by its hierarchy at several levels. They have their own specifics and are also the subject of research.

The way in which the EU's political and institutional system is built involves contradictions on various issues between national executive bodies and the European structures. This confrontation and the proof of individual levels are the basis for achieving a healthy balance and the development of the Union as a whole. This is most clearly seen in the definition of the budget, in which each country seeks to find funding for its own priority areas, while the institutions of the EU seek in the balance of the budget allocation an achievement of the Union common priorities.

The contradictions can be entirely political and they often appear especially clearly in electoral periods, in political struggles of parties or in the periods of pressure from the opposition or civil society on the government. The national elections (and the EU is no exception) are usually conducted in atmosphere of populist promises by which voters are attracted to the party and very often the political rhetoric can also take on an anti-European sense.

The maturity of any political or managerial system is measured by its abilities to resolve the problems and the disputes between the particular institutions arising from its natural structure and activities. In the EU, as a complex political and institutional system, there are also problems related to the relationship between the institutions themselves at the European level. "Cabinet games" and confrontations between European institutions are usually left out of the spotlight. The EU always officially reports disagreements, but it is not always possible to find the roots of these inconsistencies in a particular problem.

There are two types of confrontations:

- A political nature confrontations, generated by an understandable rivalry for more power or for the recognition of the right of a certain power between the three main institutions in EU. The history of the Union and its institutions is a long process of sharing "European power", and this is in the direction of reducing the powers of the Council of EU in favor of the European Parliament. Deep behind this struggle there are fundamental issues such as power in the legislative process, the development of the Union in a global perspective and its representation to the world.
- Disputes and confrontations arising from mutual control that these institutions will exercise on the basis of the EU legislation in their day-to-day work in determining and allocating the Union's budget, drafting and discussing projects for regulatory documents and much more. These disputes are dictated by the different roles and powers that the separate institutions hold and wield in the EU's overall institutional system.

- Disputes from various references to given case studies, situations, opinions and decisions. The EU is based on the balances and trade-offs to overcome differences of member countries and the involvement of the state mediators in processes of governance. These disputes and struggles are part of the political struggle in any democratic political system. If the opposition are set for system rules, this is normal and even helps to control the activities of the institutions, developing their potential and develop the entire system, finally.

2.4. Demographic problems and problems of quality of the labour force and unemployment

Europe has generally had demographic problems for decades, associated with the low (and even negative) population growth as a result of low fertility, an aging population and high life expectancy. Almost all countries have a need for labour, both in quantity and quality sense, to support a developing economy and the social standard and quality of life achieved in society. The European common map, like regions in individual countries, is characterized by varying degrees of socio-economic development, which generates internal labour and social migration for the community – from poorer countries/regions to richer and socially settled ones. Studies show that these migration processes solve the labour shortages in host countries to some extent, but also at the same time other new problems arise. In the more functioning markets of wealthier Western countries, the labour migration is a mean of attracting labour with better living standards and a solution for labour force shortages. This process creates at the same time the opposite negative effect – the regions radiating labor emigrants, begin to feel a shortage of labor resources in combination with the deepening demographic crisis. At the same time, the immigrant host countries are understandably beginning to feel deficits in their social funds (health, education, pensions) and must set aside increasing sums to strengthen social funds. This is frowned upon by local citizens because it involves a higher tax burden on working and holding back pension growth. One unacceptable phenomenon familiar for many years, along with labor migration, is the marked migration of able to work people who want only to consume the social benefits of a higher standard of living without working and contributing to an increase in national income and income in public funds. This "social migration" acts demobilized on the working citizens.

Instead of conclusion

First, The institutions of the EU, although constantly criticized, are the basis of the political system of the Union. The adequate maintenance of their capacity is of particular importance given the complicated decision-making in EU which takes place in a complicated environment with many levels in the system and in the absence of a state on the EU level with typical clear distinction between the three types of authorities (legislative, executive and judicial). Institutions, with their capabilities, are called upon to bring through a series of (substantial or only cosmetic) Union reforms, to meet today's challenges. Whether it is in accordance with the guidelines for improving the integration or a process of increasing the burden on national authorities in the political system of the Union, the overall co-ordination and direction of development in the right direction will remain the prerogative of the EU institutions.

Second, The EU political system and institutions with their potential are in a certain balance, and their balance is ensured by the mutual control they impose on their activities. Any attempt at structural change in the institutional system alone would not be effective, but could also lead to unpredictable consequences for the system. A thorough analysis and debate on the necessary reforms in the common EU organization is required. This will make it possible to find the most effective and strategic development recommendations acceptable to all members of the Union.

Third, The legitimacy of the Union in the face of citizens and their national governments is a key factor influencing its governance. The development of the EU as a comprehensive system can

only be realized if the euroscepticism is overcome. The other will be perceived as a result of political bureaucratic struggles and attempts to preserve the undesirable status quo of citizens, which has led to the need to talk about reforms so keenly. It is obvious that the citizens of the Union are not satisfied with the capacity of institutions of EU and its implementation. They assess the performance of institutions by the impact that the outcome has on their lives. They do not feel that their problems can be addressed in a timely, effective and efficient manner. Any EU reform will first require a preparatory period and a detailed assessment of the likely side effects in the transition period. In this transition period, along with organizational changes, attention should be focused on addressing and overcoming by all means the existing euroscepticism on the part of both national authorities and of the citizens.

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