

UNIVERSITY OF PARDUBICE

FACULTY OF ECONOMICS AND ADMINISTRATION

IMPACT OF GOOD GOVERNANCE IN EU LAW

MADU CHIDIMMA IRENE

MASTER THESIS

2025

University of Pardubice

Faculty of Economics and Administration

Academic year: 2024/2025

ASSIGNMENT OF DIPLOMA THESIS

(project, art work, art performance)

Name and surname: **Chidimma Irene Madu**
Personal number: **E23967**
Study programme: **N0488A050002 Regional Development and Governance**
Work topic: **Impact of Good Governance in EU Law**
Assigning department: **Institute of Administrative and Social Sciences**

Theses guidelines

This thesis aims to examine the impact of good governance on the framework and application of EU Law. By focusing on key principles such as accountability, transparency, the rule of law, and proportionality, the research will highlight how these principles contribute to policy effectiveness. Through comparative analysis and case studies, the research will explore the integration of good governance in EU institutions and its implications for member states. The goal is to analyze the impact of good governance on EU institutions' administrative practices and its implications for member states.

Outline:

- Good Governance and EU Law.
- Integration of Good Governance Principles in EU Institutions.
- Rule of Law and Proportionality in EU Governance.
- Impact of Good Governance on Administrative Practices of EU Institutions.
- Implications of Good Governance for EU Member States.
- Assessment of Policy Effectiveness and Recommendations.

Extent of work report: **approx. 50 pages**
Extent of graphics content: **–**
Form processing of diploma thesis: **printed/electronic**
Language of elaboration: **English**

Recommended resources:

1. Addink, H. (2019). *Good Governance: Concept and Context*. Oxford University Press. ISBN: 978-0-19-884115-9
2. Craig, P. (2018). *EU Administrative Law: Principles, Rules, and Institutional Structures*. *Oxford Journal of Legal Studies*, 38(2), 255–283.
3. Curtin, D. (2018). *Transparency in the EU: Constitutional Overtones, Institutional Dynamics and Democratic Effects*. *Erasmus Law Review*, 11(1), 23–42.
4. De Schutter, O. (2017). *Accountability in the EU's Economic Governance: An Assessment of the European Semester*. *European Law Journal*, 23(4), 292–316.
5. Egeberg, M., & Trondal, J. (2015). *Researching European Union Institutions: Progress and Problems*. *Journal of Common Market Studies*, 53(1), 162–178.
6. Grzeszczak, R. (2017). *The Concept and Practice of Good Governance in the European Union*. *Central European Public Administration Review*, 15(2), 7-27.
7. Hofmann, H. C. H., & Morini, A. (2020). *Administrative Law and Policy of the European Union*. Cambridge University Press, 19(3), 65-89.
8. Janderová, J. (2019). *Impact of the Rule of Law as a Fundamental Public Governance Principle on Administrative Law Interpretation in the Czech Republic*. *SSRN*, 17(2), 23-37.
9. Moreiro González, C. J. (2017). *Implementing the Rule of Law in the European Union: How Long Trapped in Penelope's Spinning Wheel from Article 2 of the TEU?* *Erasmus Law Review*, 10(1), 1–15.
10. Mendes, J. (2020). *Good Administration in EU Law and the European Ombudsman*. *European Constitutional Law Review*, 16(2), 245–272.

Supervisors of diploma thesis:

JUDr. Jana Janderová, Ph.D.

Institute of Administrative and Social Sciences

Date of assignment of diploma thesis:

September 1, 2024

Submission deadline of diploma thesis:

April 30, 2025

L.S.

prof. Ing. Jan Stejskal, Ph.D. m.p.
Dean

prof. Ing. Jan Stejskal, Ph.D. m.p.
study programme guarantor

In Pardubice September 1, 2024

AUTHOR'S DECLARATION

I declare:

The thesis entitled Impact of Good Governance in EU Law is my own work. All literary sources and information that I used in the thesis are referenced in the bibliography.

I have been acquainted with the fact that my work is subject to the rights and obligations arising from Act No. 121/2000 Sb., On Copyright, on Rights Related to Copyright and on Amendments to Certain Acts (Copyright Act), as amended, especially with the fact that the University of Pardubice has the right to conclude a license agreement for the use of this thesis as a school work under Section 60, Subsection 1 of the Copyright Act, and that if this thesis is used by me or a license to use it is granted to another entity, the University of Pardubice is entitled to request a reasonable fee from me to cover the costs incurred for the creation of the work, depending on the circumstances up to their actual amount.

I acknowledge that in accordance with Section 47b of Act No. 111/1998 Sb., On Higher Education Institutions and on Amendments to Other Acts (Act on Higher Education Institutions), as amended, and the Directive of the University of Pardubice No. 7/2019 Rules for Submission, Publication and Layout of Theses, as amended, the thesis will be published through the Digital Library of the University of Pardubice.

In Pardubice on 28.04.2025

Madu Chidimma Irene b.o.h

ACKNOWLEDGEMENT:

First and foremost, I give all glory and thanks to God Almighty, who has been my guide, strength, and source of wisdom throughout this journey. Without His grace, this work would not have been possible, and I am deeply grateful for His presence every step of the way. Writing this thesis has been both a challenging and rewarding journey, and I am deeply grateful to the people who have supported and guided me along the way.

I extend my sincere gratitude to my thesis supervisor, JUDr. Jana Janderová, Ph.D. Her patience, expertise, and thoughtful feedback helped shape this research into what it is today. Her encouragement pushed me to think critically and refine my work, and for that, I am truly grateful.

I also want to thank the University of Pardubice for providing an academic environment that inspired my curiosity and growth. The resources, discussions, and challenges I encountered during my studies have expanded my understanding and sharpened my perspective, and I say a very big thank you to my lecturers.

To my family and friends—thank you for your prayers, support, patience, and belief in me. Whether through words of encouragement, late-night conversations, or simply reminding me to take breaks, you've been my anchor throughout this process. Your support made the toughest moments easier to navigate, and I couldn't have done this without you.

Lastly, I want to acknowledge the many scholars and experts whose research laid the foundation for this thesis. Their contributions to the field of EU governance provided insights that guided my own work.

This thesis is not just the result of my efforts—it reflects the support, knowledge, and kindness I've received from so many people. To everyone who played a role in helping me complete this thesis, thank you.

ANNOTATION

This thesis aims to examine the impact of good governance on the framework and application of EU Law. By focusing on key principles such as accountability, transparency, the rule of law, and proportionality, the research will highlight how these principles contribute to policy effectiveness. Through comparative analysis and case studies, the research will explore the integration of good governance in EU institutions and its implications for member states. The goal is to analyze the impact of good governance on EU institutions' administrative practices and its implications for member states.

KEY WORDS

Good Governance, European Union Law, Rule of Law, Transparency, Accountability, Proportionality, Hungary, Poland

NÁZEV

Dopad principů dobré správy v právu EU

ANOTACE

Tato práce si klade za cíl prozkoumat dopad řádné správy věcí veřejných na rámec a aplikaci práva EU. Zaměřením se na klíčové principy, jako je odpovědnost, transparentnost, právní stát a proporcionalita, výzkum podtrhne, jak tyto principy přispívají k účinnosti politiky. Prostřednictvím srovnávací analýzy a případových studií bude výzkum zkoumat integraci řádné správy v institucích EU a její důsledky pro členské státy. Cílem je analyzovat dopad řádné správy na administrativní praxi institucí EU a její důsledky pro členské státy.

KLÍČOVÁ SLOVA

Řádná správa věcí veřejných, právo Evropské unie, právní stát, transparentnost, odpovědnost, proporcionalita, Maďarsko, Polsko

CONTENTS

INTRODUCTION	13
1 BACKGROUND OF THE STUDY	15
1.1 RESEARCH PROBLEM	16
1.2 RESEARCH OBJECTIVES AND QUESTIONS	17
1.3 SIGNIFICANCE OF THE STUDY	18
1.4 LIMITATIONS OF THE STUDY	20
1.5 ASSUMPTIONS OF THE STUDY	21
1.6 DEFINITION OF TERMS	22
1.7 STRUCTURE OF THE THESIS	23
2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW	25
2.1 CONCEPT OF GOOD GOVERNANCE IN EU LAW	25
2.2 KEY PRINCIPLES OF GOOD GOVERNANCE IN THE EU	26
2.2.1 <i>Rule of Law: The Foundation of EU Governance</i>	26
2.2.2 <i>Proportionality in EU Governance</i>	26
2.2.3 <i>Transparency: Promoting Openness and Public Trust</i>	27
2.2.4 <i>Accountability</i>	27
2.2.5 <i>The Interconnectedness of the Principles</i>	28
2.3 EVOLUTION OF GOOD GOVERNANCE IN EU TREATIES AND LAW	28
2.3.1 <i>Early Foundations: The Treaty of Rome (1957)</i>	28
2.3.2 <i>The Single European Act (1986) and the Maastricht Treaty (1992)</i>	29
2.3.3 <i>The Amsterdam Treaty (1997) and the Charter of Fundamental Rights (2000)</i>	29
2.3.4 <i>The Lisbon Treaty (2009) and the Modern Era</i>	30
2.3.5 <i>Recent: The Rule of Law Framework and Beyond</i>	30
2.4 ENFORCEMENT OF GOOD GOVERNANCE BY EU INSTITUTIONS	31
2.4.1 <i>Role of the European Commission</i>	31
2.4.2 <i>Role of the European Parliament</i>	32
2.4.3 <i>Role of the Court of Justice of the European Union (CJEU)</i>	33
2.5 THEORETICAL PERSPECTIVES ON EU GOVERNANCE AND COMPLIANCE	34
2.5.1 <i>Liberal Intergovernmentalism</i>	34

2.5.2	<i>Neofunctionalism</i>	35
2.5.3	<i>Constructivism</i>	36
2.6	EXISTING LITERATURE ON EU GOOD GOVERNANCE CHALLENGES	37
2.6.1	<i>Weaknesses in EU Governance Enforcement Mechanisms</i>	37
2.6.2	<i>Democratic Backsliding and Member State Resistance</i>	38
2.6.3	<i>Institutional Complexity and Bureaucratic Inefficiencies</i>	38
2.6.4	<i>Balancing National Sovereignty and Supranational Governance</i>	39
2.7	LITERATURE GAP AND CONTRIBUTION OF THE STUDY	40
3.	RESEARCH METHODOLOGY	42
3.1	RESEARCH DESIGN	42
3.2	JUSTIFICATION FOR THE CASE STUDY APPROACH	42
3.3	SELECTION OF HUNGARY AND POLAND AS CASE STUDIES	43
3.4	DATA COLLECTION METHODS	43
3.4.1	<i>Primary Data Sources</i>	43
3.4.2	<i>Secondary Data Sources</i>	44
3.5	ANALYTICAL FRAMEWORK FOR EVALUATING GOVERNANCE COMPLIANCE	44
3.6	ETHICAL CONSIDERATIONS	44
4.	EMPIRICAL ANALYSIS OF GOOD GOVERNANCE IN EU LAW	46
4.1	OVERVIEW OF GOOD GOVERNANCE AND ITS INTEGRATION INTO EU INSTITUTIONS	46
4.1.1	<i>Core Principles of Good Governance in the EU</i>	46
4.1.2	<i>Integration of Good Governance in EU Institutions</i>	47
4.1.3	<i>Enforcement: Successes & Challenges</i>	48
4.1.4	<i>Case Studies: Hungary & Poland</i>	49
4.1.5	<i>Future Reforms: Strengthening EU Governance Tools</i>	49
Source:	<i>Author's own creation</i>	
4.2	INFRINGEMENTS IN HUNGARY	49
4.2.1	<i>ECJ Rulings on Hungary's Governance Violations</i>	53
4.3	INFRINGEMENTS IN POLAND	59
4.3.1	<i>Shifts in Compliance with EU Standards after Elections</i>	62
4.3.2	<i>EU Mechanisms Used in Poland's Governance Enforcement</i>	64
4.3.3	<i>Current Challenges in Poland's Governance Reforms</i>	65

4.4 COMPARATIVE ANALYSIS OF HUNGARY AND POLAND	66
4.5 EU ENFORCEMENT MECHANISMS AND THEIR EFFECTIVENESS	68
4.5.1 Article 7 of the TEU ("Nuclear Option")	68
4.5.2 Infringement Proceedings and Financial Sanctions	68
4.5.3 The Rule of Law Conditionality Regulation.....	68
5. IMPLICATIONS OF GOOD GOVERNANCE FOR EU MEMBER STATES	69
5.1 LESSONS LEARNED FROM HUNGARY AND POLAND	69
5.2 IMPACT OF GOOD GOVERNANCE ON ADMINISTRATIVE PRACTICES OF EU INSTITUTIONS	70
5.3 BROADER IMPACT ON EU INSTITUTIONAL FRAMEWORKS	71
5.4 THE ROLE OF THE EU IN ADDRESSING GOVERNANCE BACKSLIDING	72
5.5 THE CASE OF SLOVAKIA: EMERGING GOVERNANCE CHALLENGES	74
5.6 FUTURE RISKS AND CHALLENGES IN EU GOVERNANCE ENFORCEMENT	75
6. SUMMARY, AND RECOMMENDATION.....	78
6.1 SUMMARY OF FINDINGS	78
6.2 RECOMMENDATIONS	81
7. CONCLUSION.....	82
REFERENCES	83

LIST OF TABLES

Table 1: Principles of Good Governance and their Application	47
Table 2: Enforcement Effectiveness	48
Table 3: Comparison between Hungary and Poland	49
Table 4: EU Funds Frozen in Hungary Due to Rule of Law Violations (2022–2025).....	59
Table 5: EU Funds Frozen in Poland Due to Rule of Law Violations (2022–2025)	65
Table 6: EU Responses & Consequences.....	66
Table 7: Comparing Slovakia with Hungary and Poland	75

LIST OF FIGURES

Figures 1: Good Governance Indicators for Hungary (2020–2023).....	57
Figures 2: Good Governance Indicators for Poland (2020–2023)	63
Figures 3: Good Governance Indicators for Hungary and Poland (2020–2023).....	67

LIST OF ABBREVIATIONS

CJEU	Court of Justice of the European Union
EC	European Commission
ECJ	European Court of Justice
ECRE	European Council on Refugees and Exiles
ECtHR	European Court of Human Rights
EP	European Parliament
EPPO	European Public Prosecutor's Office
EU	European Union
Fidesz	Hungarian political party
HHC	Hungarian Helsinki Committee
KRS	Krajowa Rada Sądownictwa (National Council of the Judiciary, Poland)
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
OLAF	European Anti-Fraud Office
PiS	Law and Justice Party (Poland)
SMER	Slovak political party
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
UNHCR	United Nations High Commissioner for Refugees
V-Dem	Varieties of Democracy

INTRODUCTION

Good governance is a cornerstone of effective public administration and legal systems, characterized by principles such as accountability, transparency, the rule of law, and proportionality. These principles ensure that institutions operate responsibly, uphold justice, and foster trust between citizens and the state. In the European Union (EU), good governance is integral not only to the legitimacy of its institutions but also to the cohesion and functionality of the Union itself. By promoting fair and consistent application of laws across member states, good governance strengthens policy effectiveness, compliance, and adherence to democratic values throughout the EU's legal and political frameworks. "*The United Nations defines good governance as the process of decision-making and the process by which decisions are implemented (or not implemented)*" with principles such as transparency, accountability, and proportionality serving as its foundation (United Nations, 2007).

The EU operates within a unique legal framework at the supranational level, where member states voluntarily delegate aspects of sovereignty to EU institutions. This framework, underpinned by treaties such as the *Treaty on European Union (TEU)* and the *Treaty on the Functioning of the European Union (TFEU)*, mandates shared principles like democracy, human rights, and the rule of law. EU institutions—including *the European Commission, the European Parliament, and the Court of Justice of the European Union (CJEU)*—play crucial roles in enforcing these principles, ensuring compliance, and maintaining governance standards across member states. Craig and de Búrca (2020) describe EU law as a system that ensures uniformity and coherence across member states and establishes "*the supremacy of EU law over national laws in areas of competence.*"

Good governance principles are embedded within this legal framework and directly impact the operation of EU law. For instance, transparency ensures that "*EU institutions conduct their decision-making processes openly, enhancing democratic accountability*" (Addink, 2019). Similarly, the rule of law binds both EU institutions and member states to legal norms, ensuring "*fair and equal treatment for all citizens*" (Addink, 2019). Proportionality, another vital principle, restricts EU actions to what is necessary to achieve policy objectives, maintaining a balance between EU authority and national sovereignty (Chiti, 2017). Janderová (2019) emphasizes that "the rule of law serves as an essential interpretative concept in the exercise of public powers within the EU, shaping the relationship between institutions and member states." Her analysis underscores the critical role of legality and proportionality in judicial

interpretations of EU administrative law, which ensure consistency and fairness across the Union.

The relevance of these principles becomes apparent when considering their application in the EU's interactions with member states. Recent challenges, particularly in Hungary and Poland, have underscored the importance of good governance for preserving the EU's core values. Actions taken by these governments, including restrictions on judicial independence and media freedom, have prompted the EU to implement mechanisms aimed at enforcing governance standards. Schwartz (2022) notes that "the emergence of illiberal democracy in these states has raised concerns about the erosion of democratic institutions and the rule of law, threatening the cohesion of the Union."

One prominent example of the EU's commitment to good governance is the "***Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget, also known as the Rule of Law Conditionality Regulation***". Introduced in 2020, this regulation links access to EU funding with compliance with rule-of-law standards. The regulation was invoked in Hungary, where systemic governance violations were observed. Although Hungary and Poland challenged the regulation's legality at the CJEU, the court upheld its validity in 2022, affirming the EU's authority to protect its budget and governance principles (CJEU, 2022).

This thesis explores the impact of good governance principles on the framework and application of EU law, with particular reference to Hungary and Poland. By analyzing the integration of these principles into EU institutions and their implications for member states, this research highlights the role of good governance in shaping EU administrative practices and ensuring compliance with governance standards across the Union.

1 BACKGROUND OF THE STUDY

The European Union (EU) represents a distinctive supranational organization characterized by a multifaceted legal framework designed to unify and coordinate the laws and *policies of its 27 member states*. This governing structure is established primarily through its foundational treaties, notably “*the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU)*”. Together, these treaties create a binding legal framework that mandates the harmonization of laws and policies across various jurisdictions. Craig and de Búrca (2020) describe EU law as a legal system that ensures coherence and uniformity across member states while establishing the “*primacy of EU law over national laws*” in areas of competence.

EU law is founded on two key principles: primacy and direct effect. “*The principle of primacy asserts that EU law takes precedence over national law*” and can be enforced directly in member states’ courts (European Court of Justice, 1964). These principles, reinforced by landmark rulings such as *Costa v. ENEL* (1964), enable EU institutions to ensure compliance with regulations and directives, fostering coherence within the Union's legal landscape.

The EU’s legal framework encompasses both “*primary law (the treaties) and secondary law (regulations, directives, and decisions), along with the jurisprudence of the Court of Justice of the European Union (CJEU)*”. Primary law articulates the EU’s core principles, including *respect for human rights, democracy, and the rule of law*. Secondary legislation empowers EU institutions to implement treaty objectives across diverse policy domains, including competition, trade, and justice (Chalmers et al., 2019). This legal framework is upheld by institutions such as the European Parliament, which represents citizens, the European Commission, which enforces EU law, and the CJEU, which interprets and ensures the uniform application of EU law (Curtin, 2017).

The principles of good governance—transparency, accountability, proportionality, and the rule of law—are deeply embedded in the EU’s legal framework. Historically, good governance gained prominence globally following “*World War II, with international organizations such as the United Nations and World Bank*” advocating for transparency, accountability, and the rule of law as critical to achieving sustainable development and political stability (Addink, 2019). In the European context, the Maastricht Treaty of 1992 and the Treaty of Lisbon (2007) institutionalized these principles. The Lisbon Treaty explicitly incorporated transparency, accountability, and the rule of law into the EU’s governance framework, strengthening judicial oversight and clarifying member state obligations (Moreiro González, 2017).

However, challenges to good governance have emerged, particularly in Hungary and Poland. Under Prime Minister Viktor Orbán, Hungary introduced reforms that critics describe as leading to "a façade of electoral legitimacy, undermining judicial independence and restricting media freedom" (Hungary, Poland and the EU's Shifting Dynamics, 2023). Similarly, Poland's Law and Justice Party (PiS) enacted controversial judicial reforms, including disciplinary measures against dissenting judges, raising alarms about the erosion of democratic norms (Schwartz, 2022).

In response, the EU implemented mechanisms such as the *Rule of Law Conditionality* Regulation, introduced in December 2020. This regulation allows the EU to withhold funding from member states that violate governance principles. In 2022, the CJEU upheld this regulation, affirming that the EU can condition funding on adherence to the 'rule of law to protect its budget' and governance values (European Union's Top Court, 2022).

By focusing on Hungary and Poland as case studies, this thesis will examine how the integration of good governance principles (particularly the rule of law and proportionality) shapes the EU's legal and administrative frameworks and member-state compliance. This exploration is essential for understanding current governance challenges and their broader implications for the Union's stability and integrity.

1.1 Research Problem

The European Union (EU) is fundamentally committed to the principles of good governance, which include accountability, transparency, proportionality, and the rule of law. These principles are essential for fostering cohesion, fairness, and effectiveness within its legal and administrative systems. As the European Commission (2001) emphasizes, "good governance enhances the legitimacy of EU institutions by promoting transparency and accountability in decision-making processes." However, integrating and consistently applying these principles across member states poses significant challenges due to the diverse political, economic, and socio-cultural contexts of member states (Sedelmeier, 2014).

Recent political developments in Hungary and Poland have highlighted the difficulties in enforcing EU governance standards uniformly. Both countries have faced accusations of undermining democratic principles, judicial independence, and media freedom. Hungary has been described as undergoing "permanent backsliding" in its adherence to the rule of law (Kelemen, 2017). Conversely, Poland presents a unique case of potential reform, with recent political shifts indicating efforts to align more closely with EU governance principles. These

contrasting trajectories provide a comparative framework for examining the challenges of implementing good governance in the EU.

One core challenge is the tension between national sovereignty and EU oversight. While the EU establishes governance standards for member states, *enforcement mechanisms such as Article 7 of the Treaty on European Union* are politically sensitive and require unanimous agreement, making their application difficult. Pech and Scheppele (2017) argue that "the procedural complexity of Article 7 significantly limits the EU's ability to address systemic violations of governance standards." This limitation is evident in Hungary, where constitutional amendments have centralized executive power and restricted judicial independence, and in Poland, where judicial reforms have diminished checks and balances (Bánkuti, Halmai, & Scheppele, 2012; Kelemen, 2020).

By examining Hungary and Poland as case studies, this research aims to analyze the integration of good governance principles within EU law and the challenges of compliance enforcement. Hungary illustrates ongoing democratic erosion, characterized by "executive overreach and a weakening of the judiciary" (Sadurski, 2019), while Poland offers a contrasting case of a member state attempting to reverse governance issues. These cases provide insights into the limitations of EU governance mechanisms, such as **the Rule of Law Conditionality Regulation, which links EU funding** to compliance with governance standards (European Union's Top Court, 2022).

The research problem focuses on understanding how good governance principles influence the administrative practices of EU institutions and the compliance of member states. Furthermore, it explores the broader implications of governance challenges for the EU's legal framework and institutional cohesion. By addressing these issues, this study aims to contribute to the broader discourse on governance reform and the role of EU law in fostering democratic resilience within its member states.

1.2 Research Objectives and Questions

This thesis aims to examine the impact of good governance principles on the framework and application of EU law. Specifically, it investigates how principles such as accountability, transparency, the rule of law, and proportionality shape policy effectiveness within the EU. Addink (2019) defines good governance as "a system that ensures fairness, openness, and the consistent application of laws, fostering trust between institutions and citizens". This research

will explore the integration of good governance principles within EU institutions and assess its implications for member states, with a particular focus on Poland and Hungary. These countries are chosen due to their divergent trajectories in adhering to EU governance standards, providing valuable insights into the challenges of compliance and enforcement mechanisms.

The study uses a **comparative analysis and case study approach** to address the following specific objectives:

1. To analyze the integration of good governance principles (accountability, transparency, the rule of law, and proportionality) within the administrative and legal frameworks of EU institutions
2. To assess the impact of good governance principles on the administrative practices of EU institutions, and their contributions to policy effectiveness.
3. To examine the implications of good governance principles for EU member states, focusing on compliance and enforcement mechanisms in Poland and Hungary.

Research Questions

1. How are the principles of good governance (accountability, transparency, the rule of law, and proportionality) integrated into the framework and application of EU law?
2. What is the impact of good governance principles on the administrative practices and policy effectiveness of EU institutions?
3. What are the implications of good governance principles for EU member states, specifically in the cases of Poland and Hungary?

This study addresses these questions by evaluating the integration and impact of good governance principles within EU institutions and analyzing how these practices influence compliance among member states. The comparative analysis of Poland and Hungary provides a deeper understanding of the practical limitations and successes of EU governance mechanisms in fostering adherence to its core values.

1.3 Significance of The Study

Good governance principles (accountability, transparency, the rule of law, and proportionality) are critical to the European Union's (EU) legal and administrative framework. Despite their

importance, the integration of these principles into EU law and their impact on governance and policy implementation have not been thoroughly analyzed as a cohesive whole. This study addresses this gap by examining how good governance principles shape the EU's institutional practices and policy efficiency.

This research makes several contributions to the field of EU governance. First, it provides a comprehensive analysis of how good governance principles are integrated into EU law and institutional frameworks, exploring their role in enhancing decision-making, compliance, and institutional legitimacy. By focusing on these principles collectively, the study offers a novel perspective that bridges existing gaps in the literature, contributing to a deeper understanding of governance mechanisms across EU institutions.

Second, the findings of this study have practical implications for the EU's policy agenda. Specifically, the research will offer actionable insights for institutions such as the European Commission to strengthen their governance mechanisms. For example, the study identifies ways to improve transparency and accountability in policymaking and explores strategies to align member states with EU governance standards. These insights can inform future policy reforms, helping to bridge the gap between governance principles and their real-world applications.

Third, this research contributes to addressing governance challenges faced by member states, particularly Poland and Hungary. By examining these case studies, the study sheds light on how national governments can align with EU governance standards while respecting national sovereignty. The research also highlights the limitations of existing enforcement mechanisms and offers recommendations for fostering compliance in member states undergoing democratic backsliding.

Finally, this study aims to stimulate further research into the intersection of governance and EU law. It provides a valuable resource for policymakers, legal scholars, and practitioners seeking to enhance governance practices across the Union. By addressing critical governance challenges and offering evidence-based recommendations, this research lays a foundation for future academic and policy developments in EU law.

1.4 Limitations of The Study

This study aims to provide a comprehensive analysis of how good governance principles shape EU law and administrative practices. However, certain limitations must be acknowledged.

Focusing on Hungary and Poland as case studies allows for an in-depth examination of governance challenges in these two countries, but the findings may not be fully generalizable to other EU member states with different political systems, legal frameworks, or governance dynamics. While these cases offer valuable insights, they do not capture the full diversity of governance practices across the Union.

Access to comprehensive and up-to-date data from EU institutions and national governments also presents a challenge. Some internal documents, confidential decision-making processes, and sensitive governance information may not be readily available. As a result, the study relies on publicly available sources, which may limit the depth of analysis on how governance principles are applied in practice.

Another limitation stems from the evolving nature of EU governance. Political, economic, and legal developments continuously shape governance structures, meaning that the findings of this study may have a limited window of relevance. Significant policy changes or institutional reforms occurring after the research is completed could impact the applicability of its conclusions.

Although the study employs a comparative approach, its scope is restricted to Hungary and Poland, meaning it does not provide a full comparative assessment of governance compliance across all EU member states. A broader study incorporating additional member states would be necessary to generalize the findings more widely.

Finally, time constraints limit the research to a snapshot of the current governance situation within the EU. While the study offers insights into recent governance trends, it does not explore the long-term effects of governance reforms or the historical evolution of compliance mechanisms. Future longitudinal studies would be needed to examine these aspects in greater depth.

Despite these limitations, the study provides a valuable foundation for future research, offering insights that contribute to ongoing discussions on governance enforcement in the EU. By highlighting key challenges and areas for improvement, it aims to inform both academic debate and policymaking efforts to strengthen governance within the Union.

1.5 Assumptions of The Study

This study operates under several key assumptions that shape its analysis and provide a foundation for examining governance enforcement in the EU. It assumes that good governance principles—such as accountability, transparency, and the rule of law—enhance institutional efficiency and governance outcomes when effectively implemented. While governance contexts may vary, these principles are viewed as a universally valuable framework for promoting stability and legitimacy within the EU.

The research assumes that EU institutions are legally and operationally committed to upholding governance standards outlined in the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU). These institutions are expected to act as models of good governance, setting benchmarks that member states should follow. Likewise, all EU member states, including Hungary and Poland, are assumed to be legally bound by these governance principles. Any deviation—particularly in judicial independence or rule-of-law adherence—is considered a breach of treaty obligations and subject to enforcement mechanisms.

Governance-related tensions are assumed to be at the core of challenges faced by Hungary and Poland, viewed as institutional and legal concerns rather than purely political disputes. While the study focuses on these two countries, it assumes that their experiences reflect broader governance challenges within the EU. The findings, though case-specific, are expected to provide insights applicable to other member states.

Additionally, the study assumes that EU enforcement mechanisms, such as Article 7 TEU, are theoretically sufficient to address governance violations. Any shortcomings in enforcement are attributed to practical and procedural barriers rather than fundamental flaws in the legal framework. Finally, the research assumes that a comparative analysis of Hungary and Poland will yield meaningful insights, offering a valuable basis for assessing the strengths and weaknesses of the EU's governance framework and informing potential policy reforms.

By acknowledging these assumptions, the study ensures a structured approach to evaluating governance enforcement, providing a clear context for its findings and contributions to the broader discourse on EU governance.

1.6 Definition of Terms

Good Governance

Good governance is a cornerstone of democratic societies, characterized by effective, accountable, and inclusive institutions and processes. The United Nations defines it as a system where "*public institutions conduct public affairs and manage public resources in a manner that guarantees the realization of human rights*" (United Nations, 2007). In the context of the European Union, good governance is operationalized through principles outlined in the European Governance White Paper (2001)—openness, participation, accountability, effectiveness, and coherence. These principles are applied across legislative, executive, and judicial institutions, ensuring that governance aligns with democratic ideals (European Commission, 2001).

EU Law

EU law forms the legal backbone of the European Union, encompassing treaties, secondary legislation, and case law. It ensures uniformity and compliance across member states, creating a cohesive legal framework. As Craig and de Búrca (2020) explain, "*EU law is the body of treaties, regulations, directives, decisions, and case law that constitutes the legal system of the European Union and governs its functioning.*" Operationally, EU law integrates principles of good governance, such as proportionality and subsidiarity, as outlined in Article 5 of the Treaty on European Union (TEU). These principles guide legislative and administrative practices, while the Court of Justice of the European Union (CJEU) ensures that "EU law overrides national law in cases of conflict" and remains consistent with the Union's foundational principles (CJEU, 1964).

Judicial Independence

Judicial independence is a fundamental principle ensuring that judges and courts operate free from external pressures, enabling impartial and fair decision-making. According to the Venice Commission, it "*requires a clear separation of powers and safeguards that prevent interference in judicial decisions*" (Council of Europe, 2016). In practice, judicial independence can be assessed through indicators such as the procedures for judicial appointments and dismissals, the existence of mechanisms to protect judges from political or financial interference, and the ability of courts to make impartial rulings in politically sensitive cases (World Justice Project, 2021).

Illiberal Democracy

Illiberal democracy represents a paradoxical system where democratic elections coexist with the erosion of fundamental democratic principles, such as respect for human rights, the rule of law, and media freedom. As Zakaria (1997) describes, it consists of "*democratically elected regimes that routinely ignore constitutional limits on their power and deprive citizens of basic rights.*" Operationally, illiberal democracy can be measured using indicators such as levels of media censorship, restrictions on civil society, violations of constitutional rights, and electoral irregularities. Tools like Freedom House's "*Democracy Index*" or the Varieties of Democracy (V-Dem) project provide valuable data for assessing these criteria (Freedom House, 2021).

1.7 Structure of The Thesis

This thesis is structured into six chapters, each examining how good governance principles—accountability, transparency, the rule of law, and proportionality—are integrated into EU law and institutions. It follows a logical progression, beginning with the introduction and theoretical foundations, moving through empirical analysis, and concluding with policy recommendations.

The first chapter introduces the research topic, outlining the background, research problem, objectives, and key questions. It highlights the importance of good governance principles in the EU legal framework and establishes the study's scope and significance. Chapter Two builds on this foundation by exploring the theoretical basis of good governance within EU law. It traces the evolution of governance principles, reviews existing literature, and defines the conceptual framework guiding the study.

Chapter Three details the qualitative research methodology, explaining the comparative case study approach focusing on Hungary and Poland. It discusses the rationale for selecting these cases, given their governance challenges, and describes the data collection methods, including an analysis of EU legal texts, national legislation, and court rulings.

The fourth chapter presents the empirical findings, examining how governance principles are applied in practice. Through an in-depth case study of Hungary and Poland, it assesses their governance challenges, judicial independence, transparency, and compliance with EU law. It also evaluates the effectiveness of EU enforcement mechanisms, such as Article 7 TEU and infringement proceedings, and compares governance practices across the two countries.

Chapter Five moves beyond the case studies to explore the broader implications of good governance for EU member states. It considers how governance principles shape policy coherence and institutional accountability, drawing lessons from Hungary and Poland's experiences. The final chapter synthesizes the study's findings, offering conclusions and practical recommendations for strengthening EU governance enforcement. It also identifies areas for future research, such as expanding the analysis to other member states or assessing the long-term impact of governance reforms.

By structuring the study in this way, the thesis provides a comprehensive and systematic examination of governance enforcement within the EU, offering insights that are both theoretically grounded and empirically informed

2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 Concept of Good Governance in EU Law

The concept of good governance in EU law is a fundamental pillar of the European Union's legal and institutional framework. It refers to the principles, processes, and practices that ensure the effective, transparent, and accountable functioning of EU institutions and bodies. While the term "good governance" is not explicitly defined in the EU treaties, it is implicitly embedded in the Union's core values and objectives. Article 2 of the Treaty on European Union (TEU) highlights these values, emphasizing "*respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights, including the rights of persons belonging to minorities*" (European Union, 2012). These principles are further reinforced by the Charter of Fundamental Rights of the European Union, which underscores the importance of transparency, accountability, and citizen participation in decision-making processes (European Union, 2000).

Good governance in the EU context is closely tied to the idea of democratic legitimacy and the need to bridge the gap between EU institutions and its citizens. The European Commission has emphasized that good governance is essential for ensuring that EU policies are not only effective but also perceived as legitimate by member states and their citizens (European Commission, 2001). This involves adherence to key principles such as accountability, transparency, the rule of law, and proportionality, which collectively ensure that EU institutions operate in a manner that is both efficient and respectful of the rights and interests of all stakeholders.

The concept of good governance in EU law also reflects the Union's commitment to upholding the principles of subsidiarity and proportionality, as enshrined in Article 5 of the TEU. These principles ensure that "*decisions are taken as closely as possible to the citizens*" and that EU action does not exceed what is necessary to achieve its objectives (Craig & de Búrca, 2020). Furthermore, good governance is integral to the EU's efforts to promote sustainable development, social cohesion, and economic prosperity, as outlined in the Europe 2020 strategy and subsequent policy frameworks (European Commission, 2010).

In addition to its internal dimensions, good governance in EU law also has an external dimension. The EU promotes good governance globally through its external action policies, including development cooperation, trade agreements, and enlargement processes. For instance, the EU's enlargement policy requires candidate countries to demonstrate significant progress in

areas such as the rule of law, anti-corruption, and public administration reform, reflecting the Union's commitment to exporting its governance standards (European Commission, 2018).

2.2 Key Principles of Good Governance in the EU

The European Union's commitment to good governance is operationalized through a set of key principles that guide the functioning of its institutions and the implementation of its policies. These principles—accountability, transparency, the rule of law, and proportionality—are integral to ensuring that EU governance is effective, legitimate, and aligned with the values enshrined in the Treaty on European Union (TEU) and the Charter of Fundamental Rights of the European Union. Each of these principles plays a distinct yet interconnected role in shaping the EU's governance framework.

2.2.1 Rule of Law: The Foundation of EU Governance

The rule of law is a foundational principle of the EU, ensuring that all actions taken by EU institutions and member states are grounded in legal authority and comply with established legal norms. Article 2 TEU explicitly identifies the rule of law as one of the Union's core values, stating that "*the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights*" (European Union, 2012). This principle requires that laws are applied consistently, fairly, and without arbitrary interference.

The Court of Justice of the European Union (CJEU) plays a central role in upholding the rule of law by interpreting treaties and adjudicating compliance disputes (Lenaerts & Gutiérrez-Fons, 2020). For example, the CJEU's ruling upholding a €320 million fine against Poland for undermining judicial independence (European Court of Justice, 2024) demonstrates the EU's commitment to governance enforcement.

2.2.2 Proportionality in EU Governance

Proportionality is a key principle that ensures EU actions are appropriate and do not exceed what is necessary to achieve their objectives. It is enshrined in Article 5 TEU, which states that "*the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties*" (European Union, 2012). This principle requires that EU institutions carefully balance the means used with the ends sought, ensuring that policies are both effective and respectful of member states' autonomy.

Proportionality is particularly relevant in the context of EU legislation, where the Commission must demonstrate that proposed measures are justified and do not impose undue burdens on member states or citizens. The CJEU plays a critical role in reviewing the proportionality of EU actions, ensuring that they comply with this principle (Craig & de Búrca, 2020). For example, in cases involving restrictions on fundamental rights, the Court has consistently held that such measures must be proportionate to the legitimate aim pursued (Case C-617/10, Åkerberg Fransson).

2.2.3 Transparency: Promoting Openness and Public Trust

Transparency is another fundamental principle of good governance in the EU, ensuring that decision-making processes are open, and accessible, to the public. It is enshrined in Article 15 of the Treaty on the Functioning of the European Union (TFEU), which states that "*in order to promote good governance and ensure the participation of civil society, the Union institutions, bodies, offices, and agencies shall conduct their work as openly as possible*" (European Union, 2012). This principle is operationalized through mechanisms such as public access to documents, open meetings of the Council of the EU when it acts in a legislative capacity, and the publication of legislative proposals and impact assessments.

2.2.4 Accountability

Accountability is also another of good governance in the EU, ensuring that institutions and decision-makers are answerable for their actions and decisions. It is closely tied to the democratic legitimacy of the Union, as it requires that those in positions of power justify their actions to the public and other institutions. The European Commission, for example, is accountable to the European Parliament, which has the authority to approve or reject the Commission's composition and can even force its resignation through a vote of no confidence (Article 17(8) TEU). This mechanism ensures that the Commission remains responsive to the interests of EU citizens.

Accountability also extends to member states, particularly in the implementation of EU policies and the management of EU funds. The European Court of Auditors plays a critical role in this regard, auditing the financial management of EU institutions and ensuring that funds are used efficiently and in accordance with EU rules (European Court of Auditors, 2021). As the European Commission has noted, "*accountability is essential for maintaining public trust in the EU's decision-making processes*" (European Commission, 2001).

2.2.5 The Interconnectedness of the Principles

The principles of accountability, transparency, the rule of law, and proportionality are not standalone concepts but are deeply interconnected, forming a cohesive framework for good governance in the EU. The rule of law underpins proportionality, as it requires that EU actions are legally justified and do not overreach their intended scope. Proportionality, meanwhile, supports accountability by ensuring that EU institutions exercise their powers responsibly and do not impose unnecessary burdens on member states or citizens. Together, these principles create a system of checks and balances that promotes legitimacy, efficiency, and trust in EU governance.

Accountability relies on transparency, as citizens and institutions can only hold decision-makers accountable if they have access to relevant information and can scrutinize their actions. Transparency, in turn, is reinforced by the rule of law, which ensures that decision-making processes are grounded in legal norms and are not subject to arbitrary or opaque practices.

For example, when the European Commission proposes new legislation, it must demonstrate that the measure is proportionate (necessary and appropriate), transparent (open to public scrutiny), and compliant with the rule of law (legally sound). The European Parliament and the CJEU then hold the Commission accountable by reviewing whether these principles have been adhered to. This interconnectedness ensures that EU governance operates in a manner that is both effective and aligned with the Union's core values.

2.3 Evolution of Good Governance in EU Treaties and Law

The principles of good governance in the European Union have evolved significantly over time, reflecting the Union's deepening integration, expanding competences, and growing emphasis on democratic legitimacy and the rule of law. This evolution is evident in the successive treaties that have shaped the EU's legal and institutional framework, as well as in the jurisprudence of the Court of Justice of the European Union (CJEU). The development of good governance principles can be traced through key milestones in EU treaty reforms and legal advancements.

2.3.1 Early Foundations: The Treaty of Rome (1957)

The origins of good governance in EU law can be traced back to the Treaty of Rome (1957), which established the European Economic Community (EEC). While the treaty did not explicitly mention "good governance," it laid the groundwork for principles such as the rule of

law and proportionality. For instance, the treaty emphasized the importance of creating a common market based on fair competition and non-discrimination, which required transparent and accountable decision-making processes. The establishment of the CJEU as the guardian of the treaty further reinforced the rule of law by ensuring the uniform interpretation and application of EEC law (Craig & de Búrca, 2020).

2.3.2 The Single European Act (1986) and the Maastricht Treaty (1992)

The Single European Act (1986) marked a significant step in the evolution of good governance by introducing qualified majority voting in the Council of Ministers, thereby enhancing the efficiency and accountability of decision-making. It also expanded the EU's competencies, particularly in areas such as environmental policy, which required greater transparency and proportionality.

The Maastricht Treaty (1992), which established the European Union, further advanced the principles of good governance by introducing the concept of European citizenship and strengthening the role of the European Parliament in the legislative process. The treaty also enshrined the principle of subsidiarity, which requires that decisions be taken as closely as possible to the citizens, thereby promoting accountability and proportionality (European Union, 1992). Additionally, the Maastricht Treaty explicitly linked the Union's actions to the principles of democracy, human rights, and the rule of law, laying the foundation for a more robust governance framework.

2.3.3 The Amsterdam Treaty (1997) and the Charter of Fundamental Rights (2000)

The Amsterdam Treaty (1997) reinforced the principles of transparency and accountability by introducing provisions for public access to EU documents and enhancing the role of the European Parliament in appointing the European Commission. It also strengthened the EU's commitment to the rule of law by incorporating the Schengen acquis into the EU legal framework and establishing mechanisms for addressing breaches of fundamental rights by member states (European Union, 1997).

The adoption of the Charter of Fundamental Rights of the European Union in 2000 marked another milestone in the evolution of good governance. The Charter explicitly recognized the principles of transparency, accountability, and the rule of law as fundamental rights, thereby embedding them in the EU's legal order (European Union, 2000). Although the Charter was not legally binding at the time, it set the stage for its eventual incorporation into the Lisbon Treaty.

2.3.4 The Lisbon Treaty (2009) and the Modern Era

The Lisbon Treaty (2009) represents the most comprehensive reform of the EU's governance framework to date. It made the Charter of Fundamental Rights legally binding, thereby elevating the principles of good governance to the level of primary law. The treaty also expanded the powers of national parliaments in the EU's decision-making process, enhancing accountability and subsidiarity. Furthermore, it introduced the European Citizens' Initiative, which allows citizens to directly propose legislative actions, thereby promoting transparency and participation (European Union, 2007).

The Lisbon Treaty also reinforced the rule of law by establishing mechanisms for monitoring compliance with EU values, including the possibility of suspending certain rights of a member state in the event of a serious breach of the rule of law (Article 7 TEU). Additionally, it enhanced the CJEU's role in ensuring the uniform application of EU law, thereby safeguarding the principles of proportionality and legal certainty (Craig & de Búrca, 2020).

2.3.5 Recent: The Rule of Law Framework and Beyond

In recent years, the EU has continued to refine its governance framework through initiatives such as the Rule of Law Framework (2014) and the annual Rule of Law Report (2020). These mechanisms aim to address rule of law challenges in member states and ensure that the principles of good governance are upheld across the Union. A landmark development in this regard is the adoption of the Rule of Law Conditionality Regulation (2020), which establishes a mechanism to protect the EU budget from breaches of the rule of law in member states. The regulation allows the EU to suspend or reduce funding to member states where rule of law deficiencies affect or risk affecting the sound financial management of the EU budget (European Union, 2020).

The CJEU has upheld the legality of the Rule of Law Conditionality Regulation in its ruling in Case C-156/21, Hungary v Parliament and Council, affirming that the regulation is a necessary tool to safeguard the Union's financial interests and uphold its fundamental values (CJEU, 2022). This ruling underscore the EU's commitment to ensuring that the rule of law is not only a theoretical principle but also a practical condition for accessing EU funds.

The CJEU has also played a pivotal role in advancing good governance through its jurisprudence, particularly in cases involving the protection of fundamental rights and the proportionality of EU actions (Case C-619/18, Commission v Poland). These developments

highlight the EU's ongoing efforts to strengthen its governance framework and address emerging challenges to the rule of law.

The evolution of good governance in EU treaties and law reflects the Union's ongoing commitment to strengthening its democratic legitimacy, transparency, and accountability. From the foundational principles of the Treaty of Rome to the comprehensive reforms of the Lisbon Treaty and the recent adoption of the Rule of Law Conditionality Regulation, the EU has progressively embedded the principles of good governance into its legal and institutional framework. This evolution underscores the interconnectedness of accountability, transparency, the rule of law, and proportionality, which together form the bedrock of effective and legitimate EU governance.

2.4 Enforcement of Good Governance by EU Institutions

The enforcement of good governance principles in the European Union is a multifaceted process that relies on the coordinated efforts of its key institutions. The European Commission, the European Parliament, and the Court of Justice of the European Union (CJEU) each play distinct but complementary roles in ensuring that the principles of accountability, transparency, the rule of law, and proportionality are upheld. These institutions employ a variety of enforcement mechanisms, ranging from legislative oversight and judicial review to financial conditionality and public accountability tools. Together, they form a robust system of checks and balances that safeguards the integrity and effectiveness of EU governance.

2.4.1 Role of the European Commission

The European Commission, as the EU's executive body, is at the forefront of enforcing good governance principles. It is responsible for proposing legislation, implementing EU policies, and ensuring that member states comply with EU law. The Commission's role in promoting accountability is particularly significant, as it monitors the application of EU law and can initiate infringement proceedings against member states that fail to fulfil their obligations under the treaties (Article 258 TFEU). **Infringement proceedings** are a critical enforcement mechanism, allowing the Commission to bring non-compliant member states before the CJEU, which can impose financial penalties for persistent breaches (Craig & de Búrca, 2020).

The Commission also plays a key role in ensuring transparency. It is required to conduct its work openly and to provide public access to documents, in line with **Regulation (EC) No**

1049/2001. This regulation ensures that EU citizens, civil society organizations, and other stakeholders can access information about EU decision-making processes, thereby holding institutions accountable. Additionally, the Commission has established mechanisms such as **impact assessments** and **public consultations** to ensure that its legislative proposals are evidence-based and inclusive. As the Commission states, "*transparency is essential for building trust in the EU's decision-making processes and ensuring that policies are responsive to the needs of citizens*" (European Commission, 2015).

In recent years, the Commission has taken a proactive approach to enforcing the rule of law, particularly through the **Rule of Law Framework** and the **annual Rule of Law Report**. These tools allow the Commission to monitor and address rule of law challenges in member states, providing recommendations and fostering dialogue to resolve issues before they escalate. The Commission has also been instrumental in implementing the **Rule of Law Conditionality Regulation (2020)**, which establishes a mechanism to protect the EU budget from breaches of the rule of law in member states. This regulation allows the EU to suspend or reduce funding to member states where rule of law deficiencies affect or risk affecting the sound financial management of the EU budget (European Union, 2020).

The Commission's commitment to proportionality is reflected in its obligation to justify the necessity and appropriateness of its legislative proposals, as required by the **Better Regulation Agenda**. This agenda ensures that EU policies are designed to achieve their objectives without imposing undue burdens on member states or citizens (European Commission, 2021).

2.4.2 Role of the European Parliament

The European Parliament, as the directly elected body representing EU citizens, plays a crucial role in ensuring accountability and transparency in EU governance. It exercises **democratic oversight** over the European Commission, including the power to approve or reject the appointment of the Commission President and the College of Commissioners. The Parliament can also force the resignation of the entire Commission through a **vote of no confidence** (Article 17(8) TEU), a powerful tool that underscores its role as a guardian of accountability.

The Parliament's legislative role ensures that EU laws are scrutinized and debated openly, promoting transparency and accountability. It has been a strong advocate for greater access to EU documents and has pushed for reforms to enhance the transparency of legislative processes, such as the introduction of **trilogue meetings**. These informal negotiations between the Parliament, the Council, and the Commission are now conducted with greater openness,

allowing stakeholders to follow the legislative process more closely (European Parliament, 2016).

In the context of the rule of law, the Parliament has been vocal in addressing rule of law challenges in member states. It has repeatedly called for the activation of **Article 7 TEU**, which allows the EU to suspend certain rights of a member state in the event of a serious breach of EU values. Although Article 7 has never been fully invoked, its existence serves as a deterrent and a tool for political pressure. The Parliament has also supported the implementation of the Rule of Law Conditionality Regulation, emphasizing the need to protect the EU budget from rule of law deficiencies. As stated in a 2021 resolution, *"the rule of law is not just a moral obligation but a precondition for the effective functioning of the EU and the protection of its financial interests"* (European Parliament, 2021).

2.4.3 Role of the Court of Justice of the European Union (CJEU)

The CJEU is the ultimate guardian of the rule of law in the EU, ensuring that EU legislation is interpreted and applied uniformly across member states. Its jurisprudence has been instrumental in shaping the principles of good governance, particularly in areas such as accountability, transparency, and proportionality.

The CJEU has consistently upheld the principle that EU law takes precedence over national law, thereby safeguarding the rule of law and the primacy of the EU legal order. In the landmark case of Case C-6/64, *Costa v ENEL*, the Court ruled that *"the law stemming from the Treaty, an independent source of law, could not, because of its special and original nature, be overridden by domestic legal provisions"* (CJEU, 1964). This principle remains a cornerstone of EU governance.

The CJEU also plays a key role in ensuring transparency by ruling on cases involving public access to documents and the openness of EU decision-making processes. In Case C-350/12 P, *Council v In 't Veld*, the Court emphasized that *"the principle of transparency enables citizens to participate more closely in the decision-making process and guarantees that the administration enjoys greater legitimacy"* (CJEU, 2014).

In recent years, the CJEU has addressed critical rule of law issues, including the independence of national judiciaries and the enforcement of EU values. In Case C-619/18, *Commission v Poland*, the Court reaffirmed the importance of judicial independence as a fundamental component of the rule of law. It has also upheld the legality of the Rule of Law Conditionality

Regulation in *Case C-156/21, Hungary v Parliament and Council*, emphasizing the EU's authority to protect its budget from rule of law breaches (CJEU, 2022).

The CJEU's role in ensuring proportionality is equally significant. It reviews the legality of EU actions to ensure that they do not exceed what is necessary to achieve their objectives, as required by Article 5 TEU. For example, in *Case C-617/10, Åkerberg Fransson*, the Court held that restrictions on fundamental rights must be proportionate to the legitimate aim pursued.

The enforcement of good governance principles in the EU relies on the concerted efforts of its key institutions and a range of mechanisms designed to promote accountability, transparency, the rule of law, and proportionality. The European Commission, through infringement proceedings, impact assessments, and the Rule of Law Conditionality Regulation, ensures that member states and institutions adhere to EU law. The European Parliament, through democratic oversight and legislative scrutiny, holds institutions accountable and promotes transparency. The CJEU, through its jurisprudence, safeguards the rule of law and ensures that EU actions are proportionate and legally sound. Together, these institutions and mechanisms form a robust system of checks and balances that ensures the effective and legitimate functioning of EU governance.

2.5 Theoretical Perspectives on EU Governance and Compliance

Theoretical perspectives on EU governance and compliance provide a framework for understanding how and why member states adhere to or deviate from EU rules and principles. These perspectives are particularly relevant when examining cases such as Poland and Hungary, where challenges to the rule of law and good governance have raised significant concerns within the EU. By applying theories such as liberal intergovernmentalism, neofunctionalism, and constructivism, we can gain deeper insights into the dynamics of compliance and non-compliance in the EU context. These theories also help explain the EU's responses to governance challenges in Poland and Hungary, offering a nuanced understanding of the interplay between national interests, institutional pressures, and normative frameworks.

2.5.1 Liberal Intergovernmentalism

Liberal intergovernmentalism, as developed by Andrew Moravcsik, emphasizes the role of national governments as the primary actors in EU decision-making. According to this theory, member states cooperate in the EU to advance their own interests, and compliance with EU rules depends on the extent to which these rules align with national preferences (Moravcsik,

1998). In the cases of Poland and Hungary, liberal intergovernmentalism helps explain why these governments have resisted EU pressures to uphold the rule of law. Both countries have pursued domestic reforms that centralize power and undermine judicial independence, reflecting their governments' preferences for maintaining political control.

From this perspective, non-compliance with EU rules can be seen as a rational choice by national governments to prioritize domestic political agendas over EU obligations. For example, Hungary's reforms to its judiciary and media laws, as well as Poland's controversial changes to its Supreme Court, can be understood as attempts to consolidate power and reduce external interference. The EU's reliance on intergovernmental mechanisms, such as Article 7 TEU, has proven ineffective in addressing these challenges, as it requires unanimous support from member states—many of whom are reluctant to sanction their peers. As Kelemen (2017) notes, "*the unanimity requirement under Article 7 TEU has rendered it a largely symbolic tool, unable to address serious breaches of EU values in member states.*"

While liberal intergovernmentalism explains member state resistance, it struggles to account for instances where EU law directly influences domestic governance beyond intergovernmental bargaining. For instance, the CJEU's rulings have often forced member states to align their laws with EU standards, even when they initially resisted.

2.5.2 Neofunctionalism

Neofunctionalism, rooted in the work of Ernst Haas, focuses on the spillover effects of integration and the role of supranational institutions in driving compliance. According to this theory, integration in one policy area creates pressures for integration in others, leading to a gradual transfer of authority from national governments to EU institutions (Haas, 1958). In the context of Poland and Hungary, neofunctionalism highlights the role of the European Commission and the CJEU in enforcing compliance with EU rules.

The CJEU, in particular, has played a critical role in addressing rule of law challenges in Poland and Hungary. In *Case C-619/18, Commission v Poland*, the Court ruled that Poland's judicial reforms violated EU law by undermining judicial independence. Similarly, in *Case C-156/21, Hungary v Parliament and Council*, the CJEU upheld the legality of the Rule of Law Conditionality Regulation, which allows the EU to suspend funding to member states that breach the rule of law. These rulings demonstrate the CJEU's ability to act as a supranational enforcer of EU values, even in the face of resistance from national governments.

However, neofunctionalism also reveals the limits of supranational enforcement. While the CJEU can issue rulings, it relies on national courts and governments to implement them. In Poland and Hungary, governments have often delayed or ignored CJEU rulings, highlighting the challenges of enforcing compliance in the absence of strong domestic support. As Blauberger and Kelemen (2016) argue, *"supranational enforcement mechanisms are only as effective as the domestic institutions that implement them."*

2.5.3 Constructivism

Constructivism shifts the focus from material interests to the role of norms, identities, and socialization in shaping state behavior. According to this perspective, compliance with EU rules is not just a matter of rational calculation but also a reflection of a state's commitment to shared values and norms (Checkel, 2001). In the cases of Poland and Hungary, constructivism helps explain why these countries initially embraced EU membership as a way to consolidate democratic reforms and align themselves with European values.

However, the rise of populist governments in both countries has led to a shift in their relationship with the EU. By framing EU pressures as an attack on national sovereignty, these governments have sought to redefine their identities and legitimize their resistance to EU rules. For example, Hungary's Prime Minister Viktor Orbán has frequently invoked the language of *"illiberal democracy"* to justify his government's reforms, portraying them as a defence of national traditions against EU interference (Krastev, 2018).

Constructivism also highlights the role of socialization and peer pressure in promoting compliance. The EU has sought to address rule of law challenges in Poland and Hungary through mechanisms such as the Rule of Law Framework and the annual Rule of Law Report, which aim to foster dialogue and encourage normative convergence. However, the effectiveness of these mechanisms has been limited by the lack of solidarity among member states and the reluctance to impose sanctions. As Sedelmeier (2017) observes, *"the EU's reliance on normative persuasion often falls short when faced with governments that are ideologically opposed to EU values."*

Theoretical perspectives on EU governance and compliance offer valuable insights into the challenges posed by Poland and Hungary. Liberal intergovernmentalism highlights the role of national interests in driving non-compliance, while neofunctionalism emphasizes the importance of supranational enforcement mechanisms. Constructivism, on the other hand, underscores the role of norms and identities in shaping state behaviour. Together, these

perspectives provide a comprehensive framework for understanding the dynamics of compliance and non-compliance in the EU, as well as the limitations of existing enforcement mechanisms.

2.6 Existing Literature on EU Good Governance Challenges

The study of good governance in the EU has generated extensive academic debate, particularly regarding institutional efficiency, rule-of-law enforcement, and member state compliance. Scholars have analyzed the structural weaknesses of governance mechanisms, enforcement limitations, and political resistance, highlighting persistent challenges.

Existing literature focuses on four key areas: weaknesses in EU governance enforcement mechanisms, democratic backsliding and resistance from member states, institutional complexity and bureaucratic inefficiencies, and the challenges of balancing national sovereignty with supranational governance. These studies provide valuable insights into the effectiveness of EU governance frameworks and the obstacles to ensuring compliance across member states.

2.6.1 Weaknesses in EU Governance Enforcement Mechanisms

Despite well-established governance principles, scholars argue that EU enforcement tools often lack effectiveness due to political constraints (Pech & Scheppele, 2017). One prominent example is the ineffectiveness of Article 7 TEU, often referred to as the "*nuclear option*." Article 7 allows the EU to sanction member states that violate fundamental EU values, but its requirement for unanimous approval has rendered it largely ineffective. Poland and Hungary, for instance, have blocked sanctions against each other, leaving the mechanism "politically paralyzed" (Kochenov, 2019, p. 45).

Another enforcement tool, the Rule of Law Conditionality Regulation (2020), enables the EU to withhold funding from states that breach governance principles. However, its impact has been limited by slow and politically contested enforcement. Hungary, for example, negotiated exemptions and delays in releasing frozen EU funds, demonstrating the challenges of using financial pressure as an enforcement tool (Bárd & Kochenov, 2022).

Judicial enforcement also faces significant hurdles. While the Court of Justice of the European Union (CJEU) plays a crucial role in ensuring compliance, its rulings rely on national courts and governments to implement them. Poland's government, for instance, ignored CJEU rulings

on judicial independence, highlighting "*the limits of legal mechanisms without political will*" for compliance (Sadurski, 2019, p. 112).

These examples underscore a persistent gap between governance principles and enforcement capacity, raising concerns about the EU's ability to uphold democratic standards (Pech & Scheppele, 2017). The reliance on political consensus, the slow implementation of financial sanctions, and the dependence on national cooperation reveal systemic weaknesses in the EU's governance enforcement framework.

2.6.2 Democratic Backsliding and Member State Resistance

Democratic backsliding has become a growing concern in Central and Eastern Europe, where governments have gradually eroded rule-of-law norms (Kelemen, 2020). Hungary and Poland illustrate this trend, with both governments systematically weakening judicial independence and restricting media freedom. In Hungary, Viktor Orbán's administration has been described as an "*electoral autocracy*" due to its centralization of power and suppression of independent institutions (Bánkuti et al., 2012, p. 140). Poland's ruling Law and Justice (PiS) party has pursued similar tactics, undermined judicial independence and attacked independent media, leading to infringement proceedings by the Court of Justice of the European Union (CJEU) (Bozóki & Hegedűs, 2018).

Beyond institutional changes, some governments have strategically leveraged EU membership to maximize financial benefits while resisting democratic accountability. By exploiting the EU's lack of strong coercive tools, illiberal leaders have consolidated power without facing significant consequences (Dimitrova, 2021). Sedelmeier (2017) highlights how the EU's enforcement mechanisms remain weak, allowing member states to benefit from Union resources while disregarding its fundamental values.

These dynamics suggest that domestic political priorities often outweigh EU governance pressures, making external enforcement increasingly difficult (Kelemen, 2020).

2.6.3 Institutional Complexity and Bureaucratic Inefficiencies

The EU's fragmented governance structure poses significant challenges to policy implementation and responsiveness (Chalmers et al., 2019). With responsibilities spread across multiple institutions—including the European Commission, European Parliament, and the Council—decision-making processes often become slow and inefficient. The multi-level governance system creates overlapping responsibilities, leading to administrative delays and

inconsistent rule-of-law enforcement, which in turn fuels perceptions of institutional bias and inefficiency (Hix & Høyland, 2021; Dawson, 2022).

Monitoring and enforcement mechanisms also suffer from bureaucratic hurdles. The Annual Rule of Law Reports, introduced in 2020, aim to assess governance compliance across member states, but enforcement remains sluggish (European Commission, 2021). Kelemen and Pavone (2021) argue that the EU's monitoring processes are overly complex, placing a significant administrative burden on institutions and further reducing efficiency.

As a result, institutional complexity weakens the EU's ability to respond swiftly to governance challenges, making it harder to ensure consistent enforcement of democratic norms across member states (Chalmers et al., 2019).

2.6.4 Balancing National Sovereignty and Supranational Governance

The tension between national sovereignty and EU oversight remains a central challenge in governance enforcement (Schimmelfennig, 2020). Some member states, particularly Hungary and Poland, argue that EU governance mechanisms infringe on their sovereignty, portraying rule-of-law enforcement as an “*overreach by Brussels*” (Jourová, 2020, P. 8). This resistance is reinforced by the principle of subsidiarity (Article 5 TEU), which restricts EU intervention in domestic governance unless absolutely necessary, making enforcement efforts more complex (European Union, 2012).

Newer member states, particularly those that joined after 2004, have also shown weaker compliance due to less consolidated democratic institutions (Vachudova, 2020). Democratic backsliding in these states is often linked to the EU's limited post-accession leverage, as its strongest enforcement tools are used during the pre-accession process but weaken once a country becomes a full member (Sedelmeier, 2017).

These dynamics illustrate how sovereignty arguments are frequently used to resist EU governance enforcement, perpetuating tensions between national autonomy and supranational oversight (Schimmelfennig, 2020). Without stronger enforcement mechanisms and clearer legal frameworks, the EU faces ongoing difficulties in ensuring that all member states adhere to its fundamental democratic principles.

2.7 Literature Gap and Contribution of The Study

Despite extensive research on good governance in the EU, significant gaps remain in understanding how enforcement mechanisms function in practice and how they influence member state compliance. While existing studies have explored the principles of good governance, the role of EU institutions, and the challenges of rule-of-law enforcement (Pech & Scheppele, 2017; Kelemen, 2020), several unresolved issues require further investigation.

One key gap is the limited empirical assessment of the Rule of Law Conditionality Regulation (2020). While scholars have critiqued the inefficacy of Article 7 TEU (Blauberger & Kelemen, 2017), there is little research on whether financial sanctions genuinely encourage substantive governance reforms or merely lead to superficial compliance in states like Hungary and Poland. Additionally, governance enforcement is often treated as a legal process, overlooking the role of political bargaining, diplomatic negotiations, and informal agreements in shaping compliance (Dimitrova, 2021). Understanding these dynamics is crucial for addressing the limitations of purely legal enforcement mechanisms.

Another overlooked aspect is how domestic political changes impact governance compliance. Most research focuses on stable non-compliant states, such as Hungary, while countries undergoing political transitions—like Poland after its 2023 elections—receive less attention (Vachudova, 2020). The interaction between domestic political shifts and EU rule-of-law enforcement remains underexplored. Furthermore, governance backsliding studies largely centre on Hungary and Poland, leaving emerging crises in other member states, such as Slovakia, relatively unexamined. This gap limits understanding of how the EU adjusts its enforcement strategies to new governance challenges.

This study addresses these gaps by offering a comparative, policy-oriented analysis of EU governance enforcement. First, it provides an empirical evaluation of financial conditionality, examining whether financial sanctions effectively drive reforms or simply lead to non-compliance strategies. Second, it integrates legal and political dimensions, moving beyond a legalistic perspective to highlight how governance disputes unfold through negotiations and informal bargaining. Third, it contrasts Hungary's entrenched illiberalism with Poland's recent political shifts, offering insights into how domestic political contexts mediate EU governance pressures. Finally, by incorporating Slovakia as a case of emerging democratic backsliding, the study expands the debate beyond Hungary and Poland, examining how the EU responds to new rule-of-law crises.

By filling these gaps, this research contributes to both academic discussions and policy debates, providing a clearer picture of how the EU enforces governance norms and how member states navigate compliance pressures.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study employs a qualitative research design to examine the impact of good governance principles on the framework and application of EU law, with a particular focus on Hungary and Poland. A qualitative approach is well-suited for this research as it allows for an in-depth exploration of complex governance structures, legal frameworks, and enforcement mechanisms. By using a comparative case study method, the study identifies how governance principles are integrated within EU institutions and assesses their implications for member states. Comparing Hungary and Poland provides insights into similarities, differences, and enforcement challenges, highlighting broader governance trends within the EU.

This research is structured to answer three key questions:

1. How are the principles of good governance (accountability, transparency, the rule of law, and proportionality) integrated into the framework and application of EU law?
2. What is the impact of good governance principles on the administrative practices and policy effectiveness of EU institutions?
3. What are the implications of good governance principles for EU member states, specifically in the cases of Poland and Hungary?

3.2 Justification for the Case Study Approach

A case study approach provides detailed insights into governance challenges within the EU by focusing on real-world applications of good governance principles. Hungary and Poland serve as critical cases for understanding governance compliance, enforcement mechanisms, and institutional dynamics. This method allows for a deep dive into political, legal, and institutional factors that shape governance practices and EU responses.

Hungary represents an example of ongoing democratic backsliding, marked by executive overreach, judicial erosion, and restrictions on media freedom. In contrast, Poland presents a potential case of reform, with recent political shifts suggesting efforts to realign with EU governance principles. The contrast between these two cases offers a valuable comparative framework for examining the challenges of implementing and enforcing governance standards across member states.

3.3 Selection of Hungary and Poland as Case Studies

Hungary and Poland were selected due to their governance challenges, divergent trajectories, and their interactions with EU enforcement mechanisms. Both countries have faced significant issues related to the rule of law, judicial independence, and media freedom, prompting the EU to take action through measures such as the Rule of Law Conditionality Regulation and Article 7 TEU.

Despite these shared challenges, their responses to EU governance pressures differ. Hungary has been described as experiencing permanent democratic backsliding (Kelemen, 2017), while Poland's recent political changes suggest a possible shift toward reform. This divergence provides an opportunity to assess the effectiveness of EU enforcement mechanisms, including financial sanctions and infringement proceedings, in addressing governance violations.

Beyond their national contexts, these cases hold broader relevance for EU governance, offering insights into the EU's capacity to enforce legal standards, maintain institutional cohesion, and navigate resistance from member states. By analyzing Hungary and Poland, this study contributes to a deeper understanding of the strengths and limitations of EU governance enforcement.

3.4 Data Collection Methods

This study employs a qualitative data collection approach, combining primary and secondary sources to examine the impact of good governance in EU law. By integrating legal, institutional, and political data, the research provides a comprehensive analysis of governance compliance, enforcement actions, and legal interpretations.

3.4.1 Primary Data Sources

Primary sources offer direct legal and institutional insights into the EU governance framework. EU legal documents and treaties, such as the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU), define the legal foundations for governance enforcement. Case law from the Court of Justice of the European Union (CJEU), including landmark rulings such as *Commission v. Hungary* and *Commission v. Poland*, provides legal precedents on rule-of-law disputes.

Additionally, European Commission reports and communications, such as the Annual Rule of Law Reports, offer institutional assessments of governance challenges across member states.

European Parliament resolutions and debates further contextualize governance enforcement by reflecting political responses and legislative actions related to the rule of law.

3.4.2 Secondary Data Sources

Secondary sources complement primary data by offering scholarly interpretations and empirical analyses of governance compliance. Academic literature, including peer-reviewed articles, books, and legal commentaries, provides theoretical and analytical perspectives on EU governance, compliance mechanisms, and institutional accountability.

Policy reports from think tanks and NGOs, such as Transparency International, Freedom House, and the European Council on Foreign Relations, offer empirical assessments of governance trends. Additionally, media analysis from reputable international sources helps track political developments and governance debates in Poland and Hungary.

By synthesizing legal, institutional, and political perspectives, this study ensures a well-rounded and robust qualitative approach, capturing the complexities of governance enforcement within the EU.

3.5 Analytical Framework for Evaluating Governance Compliance

This study employs a structured analytical framework to assess governance compliance in Hungary and Poland, focusing on four key dimensions. First, it examines how accountability, transparency, the rule of law, and proportionality are integrated into EU institutions and national legal frameworks. Second, it evaluates the effectiveness of these principles in shaping EU policy implementation and enforcement mechanisms. Third, it analyzes how governance standards influence member state compliance, particularly in response to EU legal actions. Finally, it assesses the practical impact of enforcement tools, such as Article 7 TEU, infringement proceedings, and financial sanctions, in addressing governance violations.

3.6 Ethical Considerations

The study follows rigorous ethical research practices to ensure the integrity and reliability of its findings. Data integrity is maintained by relying on credible sources, such as official EU documents, national legal texts, and peer-reviewed academic articles. Transparency is prioritized in the research methodology, ensuring that data collection and analysis processes are clearly documented and replicable.

Confidentiality is observed in handling sensitive information, particularly when analyzing legal documents and government policies. Additionally, the study strives for objectivity, avoiding bias in interpreting findings. Potential limitations and biases are acknowledged, particularly regarding case selection and data sources.

By adhering to these ethical guidelines, the study ensures a credible and balanced analysis, contributing to a deeper understanding of the impact of good governance in EU law.

4. EMPIRICAL ANALYSIS OF GOOD GOVERNANCE IN EU LAW

4.1 Overview of Good Governance and its Integration into EU Institutions

Good governance is a fundamental pillar of the European Union (EU), ensuring transparency, accountability, the rule of law, and proportionality across member states and institutions (European Commission [EC], 2023a). This overview will examine core principles of good governance in the EU, the integration of good governance into EU institutions, enforcement mechanisms (successes & challenges), and case studies between Hungary & Poland's governance crises.

4.1.1 Core Principles of Good Governance in the EU

At the core of EU governance lies a set of fundamental principles that ensure fair and effective administration. These principles serve as the foundation for maintaining democratic integrity across member states.

Table 1: Principles of Good Governance and their Application

Principle	Definition	EU Application
Rule of Law	Laws must be clear, fair, and applied equally (ECJ, 2020).	ECJ rulings, Article 7, Rule of Law Conditionality (EC, 2023b).
Transparency	Decision-making must be open and accessible (Regulation 1049/2001).	Public access to documents, EU Ombudsman (EP, 2021).
Accountability	Leaders must justify actions and face consequences (OECD, 2019).	EP oversight, anti-corruption investigations (OLAF, 2023).
Proportionality	EU action must not exceed what is necessary to achieve objectives (European Commission, 2021; TFEU Art. 5).	Used in subsidiarity checks, impact assessments (EC, 2023d).

Source: Author's own creation

4.1.2 Integration of Good Governance in EU Institutions

To uphold good governance principles, EU institutions play a role by enforcing good governance across member states.

The European Commission acts as the guardian of EU treaties and monitors compliance with governance standards. It publishes annual Rule of Law Reports to assess democratic performance across member states (EC, 2023a). It also leads anti-fraud efforts through the European Anti-Fraud Office (OLAF) and the European Public Prosecutor's Office (EPPO), which investigate corruption and financial mismanagement (OLAF, 2023; EPPO, 2023).

As a democratic watchdog, the European Parliament has the authority to initiate Article 7 proceedings against member states violating EU values (EP, 2018). It also promotes

transparency by enforcing Declarations of Interest for Members of the European Parliament (MEPs) and maintaining a Lobbying Register to track external influences on EU policymaking (Transparency International, 2023).

The ECJ plays a critical role in enforcing the rule of law by ruling on legal disputes related to governance violations. It handles infringement procedures, where it fines states that fail to uphold EU laws (ECJ, 2021). It has issued landmark rulings requiring Poland to dismantle judicial bodies that undermined judicial independence (ECJ, 2023).

The European Council, composed of national leaders, has the power to impose political sanctions through Article 7 of the Treaty on European Union (TEU). However, this mechanism has been undermined by strategic alliances, as Hungary and Poland have shielded each other from penalties (European Council, 2022).

4.1.3 Enforcement: Successes & Challenges

The EU has established various enforcement mechanisms, but their effectiveness has been mixed. Some strategies have led to concrete results, while others have been obstructed by political and legal barriers.

Table 2: Enforcement Effectiveness

Successes	Challenges
Withholding of €110 billion in EU funds from Poland pressured reforms (EC, 2023b).	Veto power abuse—Hungary shields Poland from Article 7 sanctions (Politico Europe, 2024).
European Public Prosecutor’s Office convictions—Recovered billions in fraud cases (EPPO, 2023).	Slow infringement process—Legal cases take 3–5 years to resolve (ECJ, 2021).
ECJ rulings forced Poland to dismantle the Disciplinary Chamber (ECJ, 2023).	Partial compliance—Superficial reforms unlock frozen funds without deep change (Freedom House, 2023).

Source: Author's own creation

These challenges highlight the difficulty of enforcing governance reforms in politically resistant environments.

4.1.4 Case Studies: Hungary & Poland

The governance crises in Hungary and Poland serve as key examples of democratic backsliding and the EU's struggle to enforce its principles.

Table 3: Comparison between Hungary and Poland

Issue	Hungary (Freedom House, 2023)	Poland (EC, 2023b)
Judicial Independence	Courts controlled by ruling party (Fidesz).	PiS government purged Supreme Court.
EU Response	€13.3 billion in EU funds frozen.	€110 billion in EU funds frozen.
Outcome	Orbán retains power despite EU pressure.	Tusk's government struggles to reverse judicial reforms

Source: Author's own creation

4.1.5 Future Reforms: Strengthening EU Governance Tools

To improve enforcement, scholars and policymakers have proposed several reforms to strengthen EU governance mechanisms. It is believed that abolishing Unanimity in Article 7 and replacing unanimous voting with majority voting will prevent countries like Hungary from blocking sanctions (Pech & Scheppele, 2023).

Automatic Sanctions should also be put in place. Instead of negotiating compliance, funds should be frozen automatically when rule-of-law violations occur (EC, 2023a).

There is also a need to expand EPPO Jurisdiction because currently, not all EU states participate in the European Public Prosecutor's Office. Expanding its mandate would strengthen anti-corruption efforts (EPPO, 2023).

4.2 Infringements in Hungary

Hungary's democratic trajectory has been a growing concern since 2010, when Viktor Orbán's Fidesz party came to power and began implementing reforms that undermined fundamental governance principles. Over the years, the centralization of executive authority, judicial

interference, media restrictions, and violations of EU asylum laws have drawn widespread criticism.

Shortly after taking office in 2010, Orbán's government introduced a new Media Law that tightened state control over the press. The law created a government-run media authority with broad powers to monitor and regulate content across TV, radio, print, and online platforms. This authority could impose heavy fines on media outlets for vaguely defined offenses like failing to maintain "balance" or violating "morality" (Schwartz, 2022). Additionally, the law required all media organizations to register with the government, leading to widespread concerns about press freedom. Critics, including civil society groups and international watchdogs, argued that these measures were designed to stifle independent journalism and limit public debate (Freedom House, 2021).

In 2011, Hungary passed a law that lowered the mandatory retirement age for judges from 70 to 62. This sudden change forced around 300 senior judges—many in key positions, including the Supreme Court—into early retirement (Bánkuti, Halmai, & Scheppele, 2012). The government quickly replaced them with judges loyal to Fidesz, reshaping the judiciary in its favor. The European Court of Justice (ECJ) ruled in 2012 that these forced retirements violated EU anti-discrimination laws and threatened judicial independence. However, despite the ruling, Hungary delayed taking corrective action (Case C-286/12, European Court of Justice, 2012).

In June 2015, as migrants fled war and persecution, Hungary's government, led by Viktor Orbán, announced plans to build a 175-kilometer razor-wire fence along its border with Serbia (BBC, 2015). Completed in just three months, the fence was part of Act XC of 2015, which criminalized "illegal border crossing" and gave police broad powers to detain and deport migrants without due process (Human Rights Watch, 2015). Even damaging the fence became a punishable offense.

To manage asylum claims, Hungary established two transit zones, Röszke and Tompa, at the Serbian border (UNHCR, 2016). Officially, these were designated areas for processing asylum applications, but in practice, they functioned like prison camps, where migrants were held in shipping containers under armed guard with little access to food, medical care, or legal assistance (UNHCR, 2016). Hungary processed only 10 asylum applications per day, deliberately creating a bottleneck that left thousands stranded in Serbia, unable to move forward (UNHCR, 2016).

Then, on March 7, 2017, Hungary's parliament passed a major amendment to the Asylum Act, further restricting the right to seek asylum (Amnesty International, 2017). The new law:

Mandated automatic detention for all asylum seekers in transit zones, including families with children. Banned appeals for rejected asylum claims, violating Article 13 of the European Convention on Human Rights (ECtHR, 2017). And declared Serbia a "safe third country," despite its lack of a functioning asylum system (ECRE, 2017).

The consequences were severe. By mid-2017, Hungary's asylum approval rate dropped to less than 1%, compared to the EU average of 50% (Eurostat, 2017). Migrants who attempted to cross outside the transit zones faced violent police pushbacks, with reports of beatings and mistreatment (The Guardian, 2018).

In one shocking case, a Syrian family—including a six-year-old child—was brutally pushed back across the border despite visible injuries (UNHCR, 2017). The European Court of Human Rights later ruled that Hungary's detention policies violated the prohibition on inhumane and degrading treatment (*Ilias and Ahmed v. Hungary*, 2017).

On June 13, 2017, the Hungarian Parliament passed Act LXXVI of 2017, officially titled the Law on the Transparency of Organizations Receiving Foreign Funds. The legislation required any non-governmental organization (NGO) receiving more than €24,000 annually from abroad to register as a "foreign-supported organization" and display this label on all publications, websites, and press materials (Freedom House, 2017). The law's wording mirrored Russia's "foreign agent" legislation, imposing burdensome reporting requirements and subjecting NGOs to audits by government authorities. Organizations that failed to comply faced fines or dissolution (Human Rights Watch, 2017).

The government framed the law as a measure to combat "foreign influence," but its real purpose was to discredit and marginalize critical voices. NGOs working on human rights, anti-corruption, and refugee assistance—particularly those funded by George Soros' Open Society Foundations—were singled out in government propaganda as "enemies of the nation" (The New York Times, 2017).

The Venice Commission, Europe's top constitutional law body, condemned the legislation, stating it "stigmatizes NGOs and creates a chilling effect on civil society" (Venice Commission, 2017). Despite international criticism, the law came into force in June 2018, forcing dozens of organizations to register as foreign-funded entities.

A year later, on June 20, 2018, Hungary escalated its crackdown with the passage of the "Stop Soros" Act (Act CCXVII of 2018). Named after billionaire philanthropist George Soros—a frequent target of Fidesz rhetoric—the law criminalized any assistance to undocumented migrants, including legal aid, shelter, or even distributing informational leaflets (Amnesty International, 2018). Individuals or NGOs providing support to asylum seekers could face up to one year in prison. The law authorized government surveillance of activists and organizations suspected of aiding migrants. It also introduced a 25% special tax on foreign donations to NGOs working on migration (Tóth, 2018).

One of the most prominent targets was the Hungarian Helsinki Committee (HHC), a leading human rights group providing legal assistance to refugees. The government accused the HHC of "facilitating illegal immigration," a claim widely dismissed as politically motivated (The Guardian, 2018).

Despite the legal threats, the HHC continued its work, challenging the law in domestic and European courts. In 2020, the European Court of Justice (ECJ) ruled that Hungary's restrictions on NGO funding violated EU law (ECJ, 2020). However, the government refused to repeal the legislation, instead imposing further bureaucratic hurdles.

In December 2023, Hungary's parliament passed the Sovereignty Protection Act (Act X of 2023), a sweeping law that gave the government broad new powers to investigate and punish individuals and organizations accused of "foreign interference". At the heart of the law was the creation of a Sovereignty Protection Office, a government-controlled body tasked with identifying threats to Hungary's sovereignty (Euronews, 2023).

While officials claimed the law was necessary to shield Hungary from outside influence, critics saw it as another tool to silence opposition voices. The law made it a criminal offense—punishable by up to three years in prison—to engage in activities deemed to "undermine national sovereignty." The vague wording left plenty of room for interpretation, raising fears that journalists, NGOs, and political opponents could be unfairly targeted.

Civil society groups quickly condemned the law, warning that it would stifle independent media and suppress dissent. With the government now empowered to investigate and punish its critics, many saw the Sovereignty Protection Act as yet another step toward concentrating power and weakening democratic checks and balances.

In May 2023, Hungary passed a series of judicial reforms—but not by choice. The European Commission had frozen billions in EU funds, demanding changes to Hungary's court system

before releasing the money. Facing economic pressure, the government introduced reforms aimed at reducing the power of the National Judicial Office, a body long criticized for its political influence (Venice Commission, 2023).

On paper, the changes appeared to promote judicial independence, limiting the government's ability to reassign judges at will. But critics argued that the reforms were mostly cosmetic. The ruling Fidesz party still maintained control through key judicial appointments, ensuring that courts remained loyal to the government.

While the reforms were enough to unlock some EU funds, they did little to address deeper concerns about political interference in Hungary's judiciary. For many, it was just another example of the government doing the bare minimum to meet EU demands while keeping its grip on power.

In December 2022, the European Council froze €6.3 billion in cohesion funds over corruption concerns, marking the first use of the EU's rule of law conditionality mechanism. By 2024, Hungary had only partially addressed EU demands, including anti-corruption safeguards and judicial independence reforms (European Commission, 2023).

By 2024, Hungary's long-standing defiance of EU asylum laws finally came with a hefty price tag. After years of ignoring rulings from the European Court of Justice (ECJ), Hungary was hit with a €200 million fine for refusing to bring its asylum policies in line with EU standards and a daily fine of €1 million until it complies. (Brunsden & Hopkins, 2024). As of February 2025, €19 billion remains suspended, of which €1 billion is permanently lost.

Despite the financial penalty, the Hungarian government refused to back down. It continued enforcing its strict border policies, rejecting EU efforts to create a more unified asylum system. For Prime Minister Viktor Orbán's administration, resisting Brussels had become a political statement, reinforcing its commitment to national sovereignty over EU obligations. The case was more than just a legal battle—it was a symbol of Hungary's growing isolation within the European Union. As other member states pushed for cooperation on migration, Hungary stood firm, willing to pay the price for going its own way.

4.2.1 ECJ Rulings on Hungary's Governance Violations

For more than a decade, the European Court of Justice (ECJ) has repeatedly ruled against Hungary for violating EU laws on judicial independence, asylum policies, and the rule of law.

Despite these rulings, the Hungarian government has often delayed or refused compliance, testing the limits of the EU's ability to enforce its legal standards.

In 2011, Hungary passed a law lowering the retirement age for judges from 70 to 62, forcing 274 senior judges into early retirement. The European Commission launched infringement proceedings, arguing that this law violated Directive 2000/78/EC on equal treatment in employment. Hungary argued it had the sovereign right to reorganize its judiciary and ensure generational renewal. The Commission countered that the law was discriminatory, lacked objective justification, and disproportionately affected a single age group without transitional safeguards.

On 6 November 2012, The European Court of Justice (ECJ) in case C-286/12, *European Commission v Hungary* (2012) agreed with the Commission, holding that Hungary breached Articles 2 and 6(1) of the Directive by pursuing a measure that was neither legitimate in aim nor proportionate in effect. The ruling stressed that judicial independence cannot be indirectly undermined via discriminatory administrative reforms. Hungary was ordered to amend the legislation to comply with EU law, ensuring that retirement policies were proportionate and non-discriminatory. And also, to reinstate affected individuals or provide adequate compensation for those forced into early retirement. Hungary chose to compensate rather than reinstate the judges, thereby complying formally but not substantively. (European Court of Justice, 2012).

Hungary's 2015 amendments to its Asylum Act and the creation of border "transit zones" effectively denied asylum seekers access to international protection. Asylum claims could only be made at the Röszke and Tompa zones, where migrants were confined in shipping containers under armed guard, often without food or medical access. On 17 December 2020, the European Court of Justice (ECJ) in Case C-808/18, *European Commission v Hungary* (2020) ruled that these measures violated EU law, including Directive 2013/32/EU on asylum procedures, Directive 2013/33/EU on detention conditions, and Directive 2008/115/EC on the return of third-country nationals. The Court identified breaches of the rule of law, particularly Hungary's failure to ensure effective access to international protection and procedural guarantees during detention and expulsion processes. Hungary justified its system by invoking national security and border protection, particularly during the 2015 migration crisis. However, the ECJ held that detention was arbitrary and automatic, lacking judicial review or appeal, violating both procedural and substantive EU norms. Hungary was ordered to amend its asylum legislation to comply with EU law, cease systematic detention in transit zones, and provide procedural

safeguards for expulsion practices. Additionally, Hungary was required to ensure the right to remain during appeals for asylum seekers. (European Court of Justice, 2020).

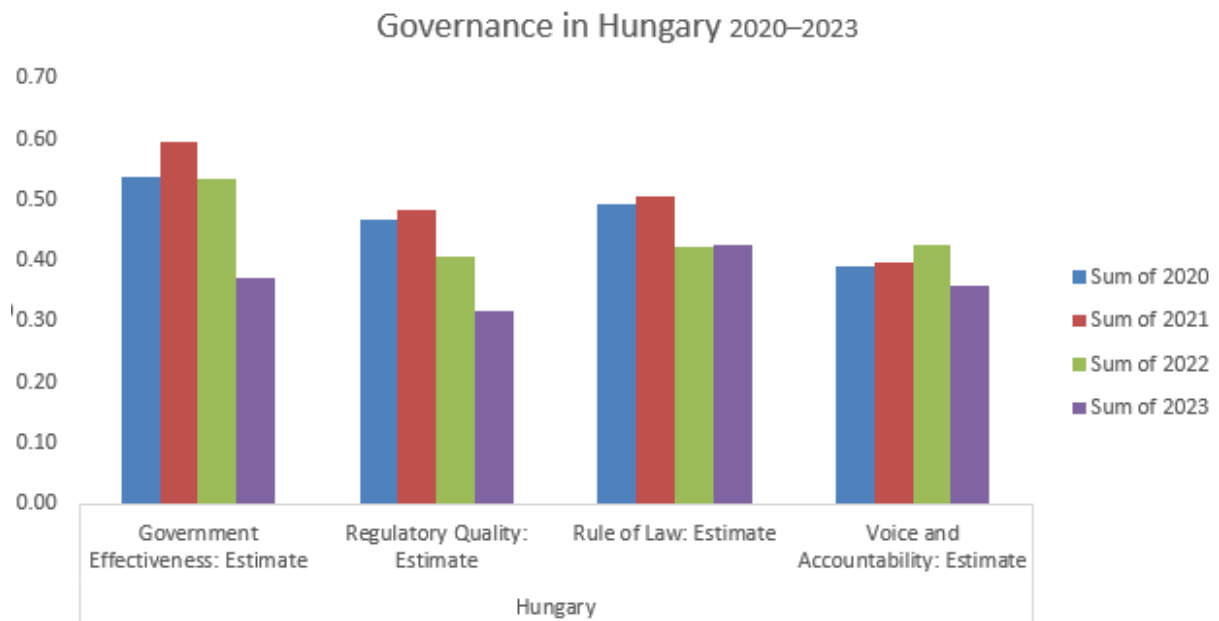
In response to growing concerns over democratic backsliding in Hungary and Poland, the European Union adopted the Rule of Law Conditionality Regulation (Regulation (EU, Euratom) 2020/2092) on 16 December 2020, tying funding to rule-of-law compliance. Immediately after its adoption, Hungary and Poland jointly challenged this regulation before the Court of Justice of the European Union (CJEU), resulting in two parallel cases: Case C-156/21 (Hungary v European Parliament and Council) and Case C-157/21 (Poland v European Parliament and Council). The applicants argued that the regulation effectively created a new sanctioning mechanism not foreseen by the EU Treaties, particularly bypassing Article 7 TEU, which is the only explicit mechanism in the Treaties to address violations of EU values such as the rule of law. They argued that the Regulation's language was vague and imprecise, especially in its definitions of what constituted a "breach of the rule of law" and how it could "affect the Union's budget". This, they claimed, violated the principle of legal certainty, making it impossible for member states to anticipate the legal consequences of their actions. Both countries contended that the regulation unfairly targeted them and infringed on national sovereignty, since rule of law is a value, not a financial management standard. They accused the EU of using financial tools to exert political pressure, thereby undermining the principles of equality between member states and subsidiarity. Perhaps their most forceful argument was that the regulation bypassed the political safeguards of Article 7, which requires unanimity to determine a serious breach of EU values. Hungary and Poland viewed the regulation as a "Trojan horse" that allowed for sanctions without proper procedural guarantees, essentially replacing a political decision-making process with a technical, financial tool. On 16 February 2022, the European Court of Justice (ECJ) ruled in Cases C-156/21 & C-157/21 (Hungary and Poland v. Parliament and Council) dismissed Hungary and Poland's challenges, upholding the Conditionality Regulation as lawful. The Court ruled that Article 322(1)(a) TFEU provided an adequate legal basis, as the regulation was designed to protect the Union budget, not punish values violations in the abstract. The Court agreed that systemic rule-of-law deficiencies can jeopardize sound financial management, especially where the judiciary cannot effectively review or prosecute misuse of EU funds. The ECJ rejected the argument that the regulation circumvented Article 7 TEU. Instead, it found that the mechanism pursued a distinct objective, operating alongside Article 7, not in competition with it. The Court found that the regulation was sufficiently clear and precise, listing specific rule-of-law principles (legality, separation of

powers, effective judicial protection) and procedural steps, including notification, dialogue, and rights of defense. Hungary and Poland were required to comply with the regulation to continue receiving EU funds. (European Court of Justice, 2022). Following the ruling, the European Commission announced in April 2022 that it would proceed with the application of the regulation. In September 2022, it proposed the suspension of €7.5 billion in cohesion funds to Hungary, citing persistent deficiencies in public procurement oversight, conflicts of interest, and lack of judicial independence.

By 2024, Hungary's refusal to implement ECJ's 2020 ruling (C-808/18) on asylum procedures led to severe financial consequences as a violation of Article 260(2) TFEU (financial sanctions for non-compliance). On **13 June 2024**, The European Court of Justice (ECJ) Case C-823/21, European Commission v Hungary (2024) imposed a €200 million lump sum fine, plus a €1 million daily penalty until Hungary fully aligns with EU asylum law (Brunsden & Hopkins, 2024). Still, the government chose to pay fines rather than reform its asylum policies.

Despite multiple legal defeats, Hungary has repeatedly resisted EU pressure, raising questions about how effectively the Union can enforce its rules when a member state refuses to cooperate.

Figures 1: Good Governance Indicators for Hungary (2020–2023)



Source: Author's creation

Data from database: [Worldwide Governance Indicators](#)

This graph illustrates four governance indicators (Government Effectiveness, Regulatory Quality, Rule of Law, and Voice & Accountability) as measured by the Worldwide Governance Indicators (WGI), compiled by the World Bank. These indicators assess the functionality of institutions, the consistency of legal frameworks, and the degree of democratic participation within a country. (Ranging from approximately -2.5 to +2.5, with higher values indicating stronger governance).

Government Effectiveness reflects the quality of public services, policy formulation, and implementation. A decline in Hungary's score from 0.54 in 2020 to 0.37 in 2023 indicates growing inefficiencies in public administration. **Regulatory Quality** measures the ability of the government to create and enforce sound policies. Hungary's consistent decline from 0.47 to 0.32 over the years suggests weakening regulatory frameworks. **Rule of Law** evaluates judicial independence and enforcement of legal norms. Hungary exhibited a minor drop from 0.49 in 2020 to 0.43 in 2023, reinforcing concerns over executive influence on the judiciary. **Voice and Accountability** shows freedom of expression, media independence, and citizen participation in governance. Hungary's low and stagnant scores (0.39–0.36) reflect ongoing restrictions on press freedoms and civil society.

These trends empirically validate the thesis's argument that Hungary's democratic backsliding undermines EU governance standards.

4.2.2 EU Responses to Governance Violations in Hungary

As Hungary continues to challenge EU democratic standards, the European Union has responded with legal actions, financial penalties, and political measures. However, these efforts have often faced delays, resistance, or limited enforcement power, raising concerns about the EU's ability to hold member states accountable.

The European Commission has launched multiple legal cases against Hungary for violating judicial independence, press freedom, and asylum laws. These cases, filed under Article 258 of the Treaty on the Functioning of the EU (TFEU), allow the Commission to take Hungary to the European Court of Justice (ECJ) for failing to uphold EU rules. In 2012, this process led to a ruling against Hungary's forced retirement of judges, but enforcement remained slow (European Commission, 2017).

In 2020, the EU introduced a Rule of Law Conditionality Regulation, tying EU funding to compliance with democratic principles. Hungary, accused of corruption and judicial interference, saw €13.3 billion in EU funds frozen (Reuters, 2024). While the threat of losing funds pushed Hungary to make some superficial reforms, the government has negotiated partial fund releases while avoiding deeper structural changes. The ECJ upheld this policy in 2022, reinforcing the EU's right to link money to democratic standards (CJEU, 2022).

The EU has also triggered Article 7 of the Treaty on European Union (TEU), a mechanism designed to sanction member states for undermining democratic values. In theory, Article 7 could strip Hungary of its voting rights, but in practice, it has been blocked by Poland, which faces similar EU scrutiny (Pech & Scheppele, 2017). Without unanimous approval, the measure remains symbolic rather than punitive.

Since 2021, the European Commission has published annual reports assessing the state of democracy in each member state. Hungary has consistently been flagged for violations, with recommendations for reforms (European Commission, 2021). However, these reports lack enforcement power, and Hungary has largely ignored them.

Despite legal rulings and financial pressure, the EU has struggled to force Hungary into compliance, exposing weaknesses in the Union's ability to discipline defiant member states.

Table 4: EU Funds Frozen in Hungary Due to Rule of Law Violations (2022–2025)

Date	Event	Details
December 2022	Initial fund suspension	€6.3 billion in EU budgetary commitments frozen due to Hungary's failure to address rule of law concerns.
December 2023	Partial release of funds	€10.2 billion in cohesion funds unfrozen after Hungary's steps to strengthen judicial independence.
January 2025	Permanent loss of funds	Hungary loses access to €1.04 billion due to unmet deadlines on anti-corruption and conflict of interest reforms.
2024–2025	Daily fines imposed	€1 million daily fines levied for non-compliance with EU asylum regulations
2025	€19 billion	Total Funds Frozen
Ongoing	Conditional monitoring	Additional €1.1 billion is at risk if conditions are not met by end of 2025

Source: Authors' creation

4.3 Infringements in Poland

Poland's governance challenges have been similarly contentious, particularly under the leadership of the Law and Justice Party (PiS). Since coming to power in 2015, PiS has implemented a series of judicial reforms that have raised concerns about the erosion of the rule of law. These reforms have included changes to the composition of the Constitutional Tribunal, the introduction of disciplinary measures against judges, and the creation of a new Supreme

Court chamber that could penalize judges for opposing government policies (Sadurski, 2019, p. 112).

In late 2015, just months after the Law and Justice (PiS) party took power in Poland, the government refused to seat three legally appointed judges to the country's Constitutional Tribunal. Instead, PiS installed its own nominees, openly defying the rule of law. When the Tribunal itself ruled this move unconstitutional, the government ignored the verdict—marking the first time in EU history that a member state disregarded its own highest court (Sadurski, 2018). To cement control, PiS changed the rules. A new law required the Constitutional Tribunal to reach a two-thirds majority to make rulings, making it almost impossible for the court to function independently. With the government's loyalists now in place, the Tribunal—a body meant to check state power—became a rubber stamp for PiS policies.

In 2017, Poland established a new Disciplinary Chamber within the Supreme Court, tasked with overseeing the conduct of judges. The chamber was granted extensive powers, it could suspend judges, cut their salaries, and even strip them of their positions. But the real concern wasn't just what it could do—it was who controlled it. The members of the Disciplinary Chamber were handpicked by the National Council of the Judiciary (KRS), an institution that PiS had already reshaped to ensure government loyalty. This meant that judges who defied PiS—whether by ruling against the government or speaking out—risked losing their careers. The message was clear: fall in line, or face consequences. (Polish Ministry of Justice, 2018). However, On 15 July 2021, the European Court of Justice (ECJ) in Case C-791/19, *European Commission v Poland* (2021), ruled that the Disciplinary Chamber violated EU law by undermining judicial independence. The Court argued that the Chamber's lack of impartiality, due to the appointment of its members by a body influenced by the executive and legislative branches, compromised the separation of powers essential for judicial independence.

The Court identified Poland's failure to uphold judicial independence as a breach of Article 19(1) of the Treaty on European Union (TEU) and Article 47 of the Charter of Fundamental Rights of the EU, both of which guarantee access to an independent and impartial tribunal. Poland was ordered to immediately suspend the activities of the Disciplinary Chamber, introduce legislative reforms to ensure judicial independence, and pay a daily penalty of €1 million until compliance was achieved. These measures were designed to restore the rule of law and protect the integrity of the judiciary. (European Court of Justice, 2021).

In early 2020, Poland introduced the "Muzzle Law" that made it illegal for judges to question judicial appointments or rulings. Those who spoke out faced serious consequences, including fines or even dismissal from their positions. Although the European Court of Justice (ECJ) ruled against this law, the ruling party, Law and Justice (PiS), continued to enforce it anyway, tightening its grip on the judiciary (Peers, 2020). On October 7, 2021, the PiS-controlled Constitutional Tribunal issued **Judgment K 3/21**—a direct challenge to the EU's legal order. In a 12-2 "vote" (with two judges boycotting in protest), the Tribunal declared:

"The Polish Constitution has supremacy over EU treaties... and no foreign court may overrule our laws." This ruling directly challenged the fundamental principle that EU law takes precedence over national laws. This was a direct assault on the primacy of EU law and in response, the European Union retaliated by freezing €36 billion in pandemic recovery funds within 72 hours. (European Commission, 2021)

By 2023, Poland's Law and Justice (PiS) government faced mounting pressure. With €110 billion in EU funds frozen due to rule-of-law violations and inflation soaring at 14% (GUS, 2023; European Commission, 2023a), the government staged a judicial "reform" to ease tensions with Brussels. However, the measures proved largely cosmetic. In April 2023, Justice Minister Zbigniew Ziobro announced the abolition of the controversial Disciplinary Chamber, which had been used to punish judge's ruling against government interests (Ministry of Justice, 2023). In reality, the chamber was simply renamed the Chamber of Professional Responsibility while retaining the same PiS-aligned judges (KRS, 2023). Furthermore, only 7 of the 23 Supreme Court judges removed under earlier purges were reinstated, leaving the court's composition largely unchanged (Supreme Court, 2023). Despite concerns from legal experts that the changes were "Potemkin reforms" (Politico Europe, 2023), the European Commission released €13.3 billion in pandemic recovery funds in June 2023, citing geopolitical stability amid Russia's war in Ukraine (European Commission, 2023b). Meanwhile, PiS quietly expanded its influence, appointing 54 new loyalist judges to regional courts and allowing the Constitutional Tribunal—still controlled by PiS appointees—to rule that ECJ decisions could be ignored if they threatened "Polish sovereignty" (TK Judgment K 8/23). When Donald Tusk's government took power in December 2023, it found a judiciary still chained to PiS. 72% of Supreme Court judges were PiS appointees. Worse, PiS had locked in 10-year contracts for prosecutors and court administrators, making removals nearly impossible (Civil Service Registry, 2024).

4.3.1 Shifts in Compliance with EU Standards after Elections

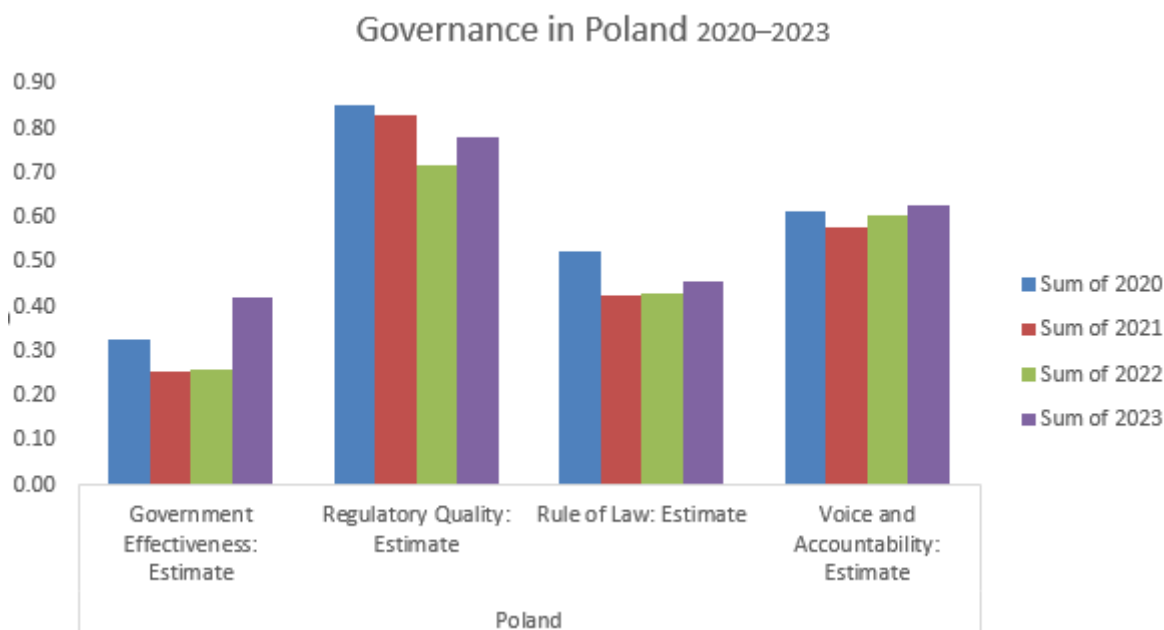
Poland's governance trajectory has shown some signs of change following the 2023 parliamentary elections, which resulted in a shift in political power. The new government, led by the Civic Platform party, has signaled a willingness to align more closely with EU governance standards.

On January 5, Culture Minister Bartłomiej Sienkiewicz took decisive action by removing PiS-appointed leadership from state broadcaster TVP and installing interim editors. This move aimed to dismantle the propaganda machine that had dominated Polish media for eight years. However, the abrupt change led to a sharp decline in nightly news viewership—dropping 72%—as audiences remained skeptical of the sudden shift (Nielsen Poland, 2024).

Justice Minister Adam Bodnar proposed reinstating 40 judges who had been unlawfully dismissed under PiS-era reforms. While this initiative symbolized a step toward restoring judicial independence, it faced immediate resistance. The PiS-controlled Constitutional Tribunal blocked the proposal on February 2, declaring it "unconstitutional" (TK K 2/24). This ruling underscored the entrenched influence of PiS within Poland's judiciary.

On March 28, the European Union released €6.3 billion—20% of the frozen funds—after Poland made initial reforms, including repealing the Muzzle Law's disciplinary provisions and allowing judges to reference ECJ rulings. However, Poland fell short of fully restructuring the National Council of the Judiciary (KRS) and the Constitutional Tribunal. EU Justice Commissioner Didier Reynders described the payment as recognition of "*first steps, not full compliance*" (Politico EU, 2024). Despite these reforms, PiS loyalists continued to obstruct progress. In April, local PiS governors refused to implement EU-funded projects, undermining efforts to utilize the released funds effectively. In May, the Constitutional Tribunal—still dominated by PiS appointees—ruled that EU climate policies violated Poland's sovereignty (TK K 5/24), further complicating relations with the EU. On June 10, 22 dismissed judges were reinstated through individual court orders that bypassed the KRS. On June 18, Poland joined the European Public Prosecutor's Office, enabling investigations into corruption during the PiS era.

Figures 2: Good Governance Indicators for Poland (2020–2023)



Source: Author’s creation

Data from database: [Worldwide Governance Indicators](#)

This graph tracks Poland’s performance on Government Effectiveness, Regulatory Quality, Rule of Law, and Voice & Accountability—four governance dimensions measured by the Worldwide Governance Indicators (WGI). (Ranging from approximately -2.5 to +2.5, with higher values indicating stronger governance).

Government Effectiveness started relatively low in 2020 (0.32) and declined further to 0.25 in 2021 but showed improvement after Poland’s 2023 elections (0.42), suggesting enhanced administrative efficiency. **Regulatory Quality** shows that Poland maintained stronger regulatory scores than Hungary throughout, starting at 0.85 in 2020 and settling at 0.78 in 2023, indicating that policy formulation remained stable despite governance tensions. **Rule of Law** showed an improvement from 0.52 in 2020 and declined to 0.43 in 2021 & 2022, but improved in 2023 (0.46), signaling cautious optimism in judicial independence restoration after the post-2023 reforms. **Voice and Accountability** shows very high scores across all years (ranging from 0.62 in 2020 to 0.63 in 2023), reflecting stronger democratic participation than Hungary, despite past attempts by the Law and Justice (PiS) party to control independent media.

The data shows that domestic political will is important for EU compliance, as Poland's post-2023 reforms align with governance principles.

4.3.2 EU Mechanisms Used in Poland's Governance Enforcement

The EU has employed a range of mechanisms to address governance violations in Poland, including infringement proceedings and the threat of financial sanctions. In 2017, the European Commission triggered Article 7 of the Treaty on European Union (TEU), which allows for sanctions against member states that violate EU values. This process could suspend Poland's EU voting rights, but it stalled due to Hungary's veto threat (Orbán protected PiS).

The European Court of Justice (ECJ) issued multiple rulings declaring Poland's judicial reforms incompatible with EU law in cases like C-791/19 (2021), which Declared the Disciplinary Chamber illegal. And C-204/21 (2023), which ordered Poland to reinstate judges and uphold EU law. Despite these rulings, Poland delayed compliance, forcing the EU to escalate its response.

To pressure compliance, the ECJ imposed a €1 million daily fine in 2021, accumulating over €500 million in penalties for refusing to dismantle its "Disciplinary Chamber", Poland paid €320 million before the new government (led by Donald Tusk) abolished the chamber in early 2024. But financial pressure went further as EU froze €110 billion in funds, including €36 billion in pandemic recovery aid and €76 billion in cohesion funds, as a result of the violations that occurred under the nationalist-conservative government led by the Law and Justice (PiS) party, The fine was imposed under Article 260 of the TFEU, which allows the CJEU to impose financial penalties on member states that fail to comply with its rulings. The court found that Poland had not taken sufficient steps to restore judicial independence, despite repeated warnings from the EU (CJEU, 2024).

In addition to legal mechanisms, the EU has also used political pressure to encourage compliance. The EU used diplomatic pressure to negotiate changes, including meetings with Polish leaders. In June 2023, the European Commission approved the release of €13.3 billion from Poland's €36 billion pandemic recovery fund. This decision came after Poland, under pressure, made partial judicial reforms, including abolishing the Disciplinary Chamber, though it was replaced with a similar body (Chamber of Professional Responsibility). And reinstating some purged judges, though many remained blocked from returning. (ECJ case C-204/21).

4.3.3 Current Challenges in Poland's Governance Reforms

Despite the progress made since the 2023 elections, Poland continues to face significant challenges in fully restoring democratic governance and complying with EU standards.

Many PiS-appointed judges remain in key positions, delaying the full restoration of judicial independence. This has created a dual system where old and new reforms coexist, complicating efforts to align Poland's judiciary with EU standards.

The PiS party, now in opposition, remains a powerful force in Polish politics. It has used constitutional arguments and legal appeals to challenge the new government's reforms, slowing down the pace of change and creating political instability.

While the new government has taken steps to promote press freedom and civic engagement, opposition-controlled institutions and legal hurdles have hindered full implementation. These challenges highlight the difficulty of reversing years of democratic backsliding and rebuilding trust in Poland's democratic institutions.

Table 5: EU Funds Frozen in Poland Due to Rule of Law Violations (2022–2025)

Year	Frozen Funds	Reason	Action Taken
2022	€76.5 billion	Judicial independence issues	Suspension of 2021-2027 funds
2023	€320 million	Non-compliance with EU rulings	Deduction of fines
2024	€137 billion unfrozen	Judicial reforms restored	Release of funds after government reform
2025	€320 million fine	Continued non-compliance	Fine upheld by EU court

Source: [Centre for European Reform](#)

4.4 Comparative Analysis of Hungary and Poland

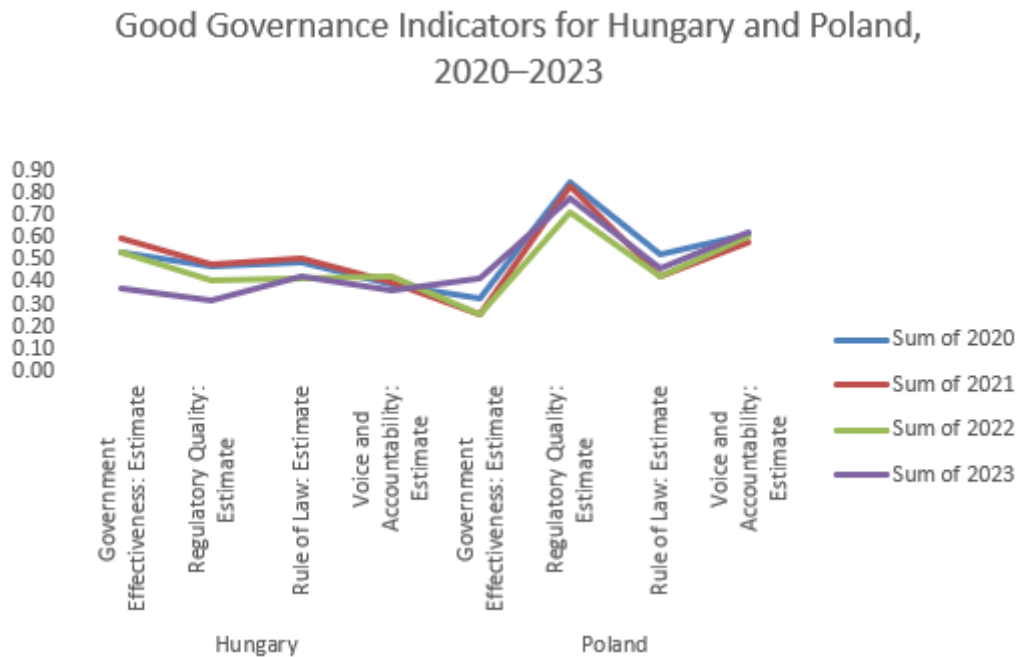
Hungary and Poland have followed different governance trajectories in response to EU rule-of-law enforcement. Both countries have faced EU scrutiny, Article 7 TEU proceedings, and financial sanctions, yet their paths have diverged. Hungary remains a case of persistent democratic backsliding, while Poland, after the 2023 elections, is gradually shifting toward EU governance standards. The EU's enforcement mechanisms, including the Rule of Law Conditionality Regulation and infringement proceedings, have been more effective in Poland than in Hungary. This is partly due to the political shift in Poland, which has created an opportunity for reform. In contrast, Hungary's entrenched illiberalism has made it more resistant to EU pressure, highlighting the limitations of financial sanctions and legal mechanisms in driving substantive change.

Table 6: EU Responses & Consequences

Issue	Hungary	Poland
Funds Frozen	€13.3bn (2022–2024)	€110bn (2021–2024)
Rule of Law Mechanism	Never triggered (Orbán’s veto power)	First-ever Article 7 case (2017)
ECJ Defiance	Ignored rulings on asylum, NGOs	Openly rejected primacy of EU law

Source: Author's own creation

Figures 3: Good Governance Indicators for Hungary and Poland (2020–2023)



Source: Author’s creation

Data from database: [Worldwide Governance Indicators](#)

This comparative graph illustrates Hungary and Poland’s governance trajectories from 2020 to 2023 across four indicators. The data, sourced from the Worldwide Governance Indicators (WGI), highlights diverging trends in democratic resilience and governance effectiveness. **Government Effectiveness** shows Hungary’s downward trend (0.54 in 2020 to 0.37 in 2023) compared to Poland’s relative improvement (0.32 to 0.42), emphasizing Poland’s post-2023 transition toward compliance with EU governance standards. **Regulatory Quality**, while declining in Hungary (0.47 to 0.32), remained higher in Poland (0.85 to 0.78), demonstrating stronger institutional frameworks for policy formulation despite governance challenges. **Rule of Law** in Poland fluctuated but rebounded slightly in 2023, while Hungary remained consistently lower, aligning with the thesis’ analysis of entrenched judicial interference in Hungary versus Poland’s potential for reform. **Voice & Accountability** remained higher in Poland (0.62–0.63) than Hungary (0.39–0.36), reinforcing the discussion in the thesis that Poland maintains greater democratic engagement despite past governance setbacks.

4.5 EU Enforcement Mechanisms and Their Effectiveness

4.5.1 Article 7 of the TEU ("Nuclear Option")

Article 7 of the Treaty on European Union (TEU) is one of the EU's most powerful tools for addressing governance violations. It allows the EU to suspend certain rights of a member state in the event of a serious breach of EU values, including the rule of law. However, the effectiveness of Article 7 has been limited by its requirement for unanimous approval, which has made it difficult to apply in practice. Both Hungary and Poland have blocked sanctions against each other, rendering Article 7 largely ineffective in addressing governance violations (Pech & Scheppele, 2017).

4.5.2 Infringement Proceedings and Financial Sanctions

Infringement proceedings have been a key tool for enforcing EU law, particularly in cases involving the rule of law. The CJEU has played a central role in adjudicating these cases, issuing rulings that have forced member states to comply with EU standards. However, the effectiveness of infringement proceedings depends on the willingness of member states to implement CJEU rulings, which has been a challenge in both Hungary and Poland (Blauberger & Kelemen, 2016).

Financial sanctions, including the Rule of Law Conditionality Regulation, have also been used to enforce governance standards. While these sanctions have provided a legal basis for withholding funds, their impact on driving substantive reforms has been mixed. In Hungary, the government has resisted EU pressure, while in Poland, the recent political shift has created an opportunity for reform.

4.5.3 The Rule of Law Conditionality Regulation

The Rule of Law Conditionality Regulation represents a significant step forward in the EU's efforts to enforce governance standards. By linking access to EU funds to compliance with the rule of law, the regulation has provided a powerful tool for addressing governance violations. However, its effectiveness in driving substantive change remains uncertain, particularly in cases where member states are resistant to EU pressure (Bárd & Kochenov, 2022).

5. IMPLICATIONS OF GOOD GOVERNANCE FOR EU MEMBER STATES

5.1 Lessons Learned from Hungary and Poland

The cases of Hungary and Poland provide insights into the impact of good governance in EU law. Both countries have faced governance issues, including the erosion of judicial independence, restrictions on media freedom, and violations of the rule of law. However, their responses to EU pressure have differed, offering valuable lessons for the EU's governance enforcement mechanisms.

Hungary represents a case of entrenched illiberalism, where the government under Prime Minister Viktor Orbán has systematically undermined democratic institutions. Despite EU measures such as the Rule of Law Conditionality Regulation and infringement proceedings, Hungary has resisted substantive reforms. The EU's reliance on financial sanctions has had limited success in driving compliance, as Hungary has negotiated delays and exemptions in the release of frozen funds (Bárd & Kochenov, 2022). This case highlights the limitations of financial pressure in addressing deep-rooted governance issues when political will for reform is absent.

In contrast, Poland presents a case of reform. Following the 2023 elections, the new government has signaled a willingness to align more closely with EU governance standards. The EU's decision to release some frozen funds after Poland proposed reforms to restore judicial independence demonstrates the potential effectiveness of financial conditionality when coupled with domestic political change (Euractiv, 2024). However, the process of reversing years of judicial reforms and ensuring compliance with EU standards remains complex and time-consuming (Sadurski, 2019).

A key takeaway from these cases is that the European Union's efforts to enforce governance principles among its member states have yielded mixed results, offering valuable lessons for future interventions. These lessons underscore the importance of political will, the limitations of financial conditionality, and the need for timely and coordinated action.

The effectiveness of EU enforcement mechanisms depends heavily on the political will of member states to implement reforms. Without domestic support for governance principles, external pressure from the EU may yield limited results. For instance, Hungary's resistance to EU rule-of-law requirements demonstrates how a lack of political commitment at the national level can undermine even the most robust enforcement tools. As Kelemen (2020) argues, the

success of EU governance interventions ultimately hinges on the willingness of domestic actors to embrace democratic norms and institutional accountability.

While financial sanctions can incentivize compliance, they are not a panacea for addressing systemic governance issues, particularly in states with entrenched illiberal regimes. Hungary's ability to negotiate partial fund releases without substantive reforms highlights the limitations of financial pressure when governments are determined to resist change. As Pech and Scheppele (2017) note, financial conditionality can create short-term incentives for compliance but often fails to address the root causes of democratic backsliding, such as centralized power and weakened checks and balances.

The EU must act swiftly and cohesively to address governance violations. Delays in enforcement can allow member states to consolidate illiberal practices, making reform more difficult. For example, the prolonged Article 7 TEU proceedings against Hungary and Poland have allowed both countries to entrench their illiberal systems while avoiding significant sanctions. Schwartz (2022) emphasizes that timely and coordinated action is critical to preventing democratic erosion, as early intervention can disrupt the consolidation of authoritarian practices and create opportunities for meaningful reform.

5.2 Impact of Good Governance on Administrative Practices of EU Institutions

The integration of good governance principles—accountability, transparency, the rule of law, and proportionality—has profoundly influenced the administrative practices of the European Union (EU), shaping how its institutions address governance challenges. Hungary and Poland, in particular, have tested the EU's ability to enforce these principles, leading to notable adaptations in governance oversight and enforcement.

As the guardian of treaties, the European Commission has increased its efforts to monitor governance through tools like the annual Rule of Law Reports, introduced in 2020 to identify and address governance issues preemptively (European Commission, 2023). Financial sanctions, exemplified by the Rule of Law Conditionality Regulation of the same year, shifted the EU's approach by using economic measures to pressure member states into compliance. These tools, while effective in some cases, reveal a pivot toward direct enforcement as traditional legal mechanisms often met resistance. Additionally, the Commission enhanced dialogue with national governments, supporting governance reforms such as Poland's post-2023 attempts to restore judicial independence (Vachudova, 2024).

The European Parliament has expanded its role in governance enforcement by applying political pressure on member states. It initiated Article 7 proceedings against Hungary in 2018 and Poland in 2017, though the unanimity required for sanctions rendered these efforts symbolic. The Parliament has also championed stricter conditions for EU funding and shaped public discourse, bringing international attention to governance crises (Kelemen & Pavone, 2022).

The Court of Justice of the EU (CJEU) has played a very important role in upholding governance principles, delivering landmark rulings against non-compliant member states. In 2021, it penalized Poland's judicial disciplinary system with daily fines, underscoring the financial consequences of breaching EU law (European Court of Justice, 2021). By 2024, the CJEU further strengthened its stance by expediting rulings to address urgent governance violations, ensuring its decisions remain impactful amidst evolving political contexts (European Court of Justice, 2024).

Despite these advancements, enforcement remains politically and institutionally constrained. Hungary and Poland have leveraged mutual support to avoid punitive measures under Article 7, undermining the EU's ability to act decisively (Blauberger & Kelemen, 2017). Financial sanctions, while impactful, often lead to superficial reforms, as seen with Hungary's delayed compliance. Moreover, the effectiveness of legal rulings depends on national governments' willingness to implement them, which has been inconsistent (Halmai, 2023)

The EU's experience with governance challenges has demonstrated both the strengths and limitations of its enforcement mechanisms. While financial sanctions and expedited legal rulings have provided tangible tools for addressing violations, political complexities and institutional delays continue to hinder progress. Nonetheless, these adaptations signify a growing commitment to ensuring that governance principles remain at the heart of EU law, reinforcing its stability and legitimacy in an ever-evolving political landscape.

5.3 Broader Impact on EU Institutional Frameworks

The principles of good governance—rule of law, transparency, accountability, and proportionality—have profoundly shaped the broader institutional frameworks of the European Union. These principles are not merely abstract ideals but are deeply embedded in the EU's legal and political structures, influencing its treaties, case law, and institutional practices. This integration has strengthened the Union's ability to function effectively, maintain cohesion, and uphold democratic legitimacy.

At the heart of the EU's legal framework are the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU), which explicitly enshrine the principles of good governance. These treaties provide the legal foundation for the Union's governance enforcement mechanisms, such as Article 7 TEU and the Rule of Law Conditionality Regulation. By embedding principles like the rule of law, transparency, and accountability into its foundational texts, the EU ensures that these values guide its actions and decisions at every level (European Union, 2012).

Beyond the treaties, good governance principles are reflected in the day-to-day operations of EU institutions. The European Commission, for instance, has adopted the Better Regulation Agenda, which ensures that EU policies are evidence-based, proportionate, and subject to rigorous scrutiny. This approach not only enhances the quality of policymaking but also reinforces the Commission's commitment to transparency and accountability (European Commission, 2021). Similarly, the Court of Justice of the European Union (CJEU) plays a critical role in upholding the rule of law and protecting fundamental rights. Through landmark rulings, such as Case C-619/18 (Commission v. Poland), the CJEU has reinforced the primacy of EU law and ensured that member states adhere to the Union's legal and democratic standards.

The integration of good governance principles into EU institutional practices has also contributed to the Union's cohesion and stability. By promoting consistency and fairness in the application of EU law, these principles help to bridge the gap between EU institutions and citizens, fostering trust and enhancing the Union's democratic legitimacy. For example, transparency initiatives, such as public access to documents and open legislative meetings, allow citizens to engage with EU decision-making processes, making the Union more accessible and accountable (Moreiro González, 2017).

Ultimately, the broader impact of good governance on EU institutional frameworks is evident in the Union's ability to navigate complex challenges while maintaining its core values. Whether through its legal foundations, institutional practices, or efforts to enhance cohesion, the EU's commitment to good governance ensures that it remains a resilient and effective union, capable of upholding democratic principles in an ever-changing world.

5.4 The Role of the EU in Addressing Governance Backsliding

The European Union plays an important role in addressing governance backsliding among its member states, particularly in cases like Hungary and Poland, where democratic norms and the

rule of law have come under threat. However, the effectiveness of the EU's efforts depends heavily on the political and legal tools at its disposal, as well as the willingness of member states to comply with its enforcement mechanisms.

One of the most prominent tools in the EU's arsenal is Article 7 TEU, often referred to as the "nuclear option." This provision allows the EU to suspend certain rights of a member state in the event of a serious breach of EU values, such as democracy, the rule of law, and fundamental rights. However, its requirement for unanimous approval among member states has rendered it largely ineffective in practice. Political alliances and mutual protection among member states, such as the solidarity between Hungary and Poland, have repeatedly blocked the imposition of sanctions, leaving Article 7 as more of a symbolic measure than a practical enforcement tool (Pech & Scheppele, 2017).

A more frequently used mechanism is infringement proceedings, initiated by the European Commission to enforce compliance with EU law. These proceedings have led to significant rulings by the Court of Justice of the European Union (CJEU), such as *Commission v. Poland* and *Commission v. Hungary*, which have forced member states to align their policies with EU standards. While these rulings carry legal weight, their effectiveness ultimately depends on the willingness of member states to implement them. In some cases, governments have delayed or resisted compliance, undermining the impact of the CJEU's decisions (CJEU, 2022).

A more recent and innovative approach is the Rule of Law Conditionality Regulation, adopted in 2020. This regulation represents a significant step forward in the EU's efforts to enforce governance standards by linking access to EU funds to compliance with the rule of law. By targeting the financial interests of member states, the regulation provides a powerful incentive for reform. However, its impact on driving substantive change remains uncertain, particularly in states with entrenched illiberal regimes. For example, Hungary has negotiated partial fund releases while resisting deeper institutional reforms, highlighting the limitations of financial pressure in the absence of political will (Bárd & Kochenov, 2022).

Despite these tools, the EU faces significant challenges in addressing governance backsliding. Political resistance from member states, the complexity of enforcement mechanisms, and the need for greater coordination among EU institutions all complicate efforts to uphold democratic norms. Moreover, the EU must navigate the delicate balance between enforcing compliance and respecting the sovereignty of its member states, a tension that often slows progress and weakens the Union's ability to act decisively (Dimitrova, 2021).

In conclusion, while the EU has developed a range of mechanisms to address governance backsliding, their effectiveness remains uneven. The Union's ability to uphold its values depends not only on the strength of its legal and financial tools but also on the political will of its member states and institutions. As the EU continues to grapple with these challenges, its success in addressing governance backsliding will be a key test of its resilience and commitment to democratic principles.

5.5 The Case of Slovakia: Emerging Governance Challenges

Slovakia, long regarded as a stable democracy within the European Union (EU), is now facing questions about its commitment to democratic principles following the 2023 election victory of Robert Fico's SMER party. This political shift has raised concerns about judicial independence, media pluralism, and the country's alignment with EU governance standards (Krekó, 2023).

The new government has proposed reforms that could weaken judicial oversight, sparking fears of political interference in the courts. The dismissal of anti-corruption prosecutors and judicial officials has amplified concerns that Slovakia may follow the path of Hungary and Poland, where judicial independence has been significantly eroded. These developments have drawn criticism from the European Commission, which has highlighted the risks posed by such reforms to the rule of law and democratic accountability (European Commission, 2024).

Attacks on independent media have further fueled concerns about Slovakia's governance trajectory. State funding cuts to independent media outlets have undermined journalistic independence, a tactic reminiscent of Hungary's approach to controlling public discourse. These measures threaten the pluralism of Slovakia's media landscape, which has traditionally been a pillar of its democratic stability (Freedom House, 2024).

The Slovak government has adopted increasingly critical rhetoric toward EU governance oversight, echoing the nationalist sentiments seen in Hungary and Poland. This growing resistance raises concerns about Slovakia's willingness to comply with EU enforcement actions aimed at maintaining democratic standards. Such tensions could complicate the Union's efforts to uphold its foundational values across member states (Vachudova, 2024).

Slovakia's recent political developments suggest a potential shift toward illiberal governance, challenging its reputation as a stable democracy within the EU. The coming years will be crucial

in determining whether the country can maintain its commitment to democratic principles or if it will drift further from the Union’s governance standards.

Table 7: Comparing Slovakia with Hungary and Poland

Category	Hungary	Poland (pre-2023)	Slovakia (2024)
Judicial Independence	Judiciary controlled by the executive (Bárd, 2023)	Judicial disciplinary chamber used to punish judges (European Court of Justice, 2021)	Government interference in judicial appointments growing (European Commission, 2024)
Media Freedom	State-controlled media dominates (Freedom House, 2023)	Independent media targeted by government (European Parliament, 2023)	Funding cuts and pressure on independent media growing (Freedom House, 2024)
EU Relations	Openly defies EU governance mechanisms	Initially resisted, but shifted towards compliance after 2023 elections	Growing hostility toward EU oversight, unclear future stance

Source: Author's own creation

5.6 Future Risks and Challenges in EU Governance Enforcement

As the European Union continues to uphold its commitment to good governance, it faces a range of future risks and challenges that threaten to undermine its efforts. These challenges stem from political resistance, institutional complexity, emerging governance crises, and the delicate balance between national sovereignty and supranational oversight. Addressing these issues will require a combination of stronger enforcement mechanisms, enhanced monitoring systems, and a renewed focus on fostering normative convergence among member states.

One of the most significant challenges is the political resistance from member states with illiberal regimes, such as Hungary. These states have consistently pushed back against EU governance pressures, exploiting loopholes in enforcement mechanisms and leveraging political alliances to block sanctions. For example, the requirement for unanimous approval under Article 7 TEU has rendered it largely ineffective, as member states like Hungary and Poland shield each other from accountability. To counter this resistance, the EU must develop

stronger and more flexible enforcement tools that can bypass political gridlock and ensure compliance with democratic norms (Kelemen, 2020).

Another major obstacle is the institutional complexity of the EU's governance structure. With multiple institutions involved in governance enforcement—ranging from the European Commission and the European Parliament to the Court of Justice of the European Union (CJEU)—coordination can be slow and inefficient. Delays in addressing governance violations not only weaken the EU's credibility but also allow illiberal practices to take root. Greater coordination among EU institutions is essential to ensure timely and effective enforcement, particularly in cases where democratic norms are under threat (Chalmers et al., 2019).

The EU must also remain vigilant in addressing emerging governance crises in member states such as Slovakia. Recent developments, including threats to judicial independence and media freedom, highlight the risk of democratic backsliding spreading across the Union. Early intervention is critical to prevent the consolidation of illiberal practices and ensure the stability of the EU. By identifying and addressing governance violations before they escalate, the EU can protect its core values and maintain the trust of its citizens (Sedelmeier, 2017).

At the heart of these challenges lies the tension between national sovereignty and supranational governance. Member states often view EU oversight as an infringement on their autonomy, leading to resistance and conflict. Striking a balance between respecting national sovereignty and upholding EU values is a delicate task, requiring careful negotiation and a commitment to dialogue. The EU must find ways to enforce governance standards without alienating member states, ensuring that its actions are seen as legitimate and necessary (Schimmelfennig, 2020).

To address these challenges, the EU must adopt a proactive and multifaceted approach. First, it should strengthen its enforcement mechanisms, including revising Article 7 TEU to reduce the requirement for unanimous approval. This would make it easier to impose sanctions on member states that violate democratic norms, reducing the risk of political gridlock (Pech & Scheppele, 2017). Second, the EU should enhance its monitoring and early warning systems to identify governance violations before they escalate. By acting swiftly and decisively, the Union can prevent the spread of illiberal practices and protect its core values (European Commission, 2021). Finally, the EU should continue to promote normative convergence among member states through dialogue, peer pressure, and financial incentives. By fostering a shared commitment to democratic principles, the EU can strengthen its cohesion and ensure the long-term stability of the Union (Checkel, 2001).

In conclusion, the integration of good governance principles into EU law and institutions has profound implications for member states. The cases of Hungary and Poland highlight the challenges of enforcing governance standards, while emerging issues in Slovakia underscore the need for proactive EU intervention. By addressing these challenges and strengthening its enforcement mechanisms, the EU can ensure the stability, cohesion, and democratic legitimacy of the Union. The road ahead is fraught with difficulties, but with determination and innovation, the EU can continue to uphold its values and serve as a beacon of democracy in an uncertain world.

6. SUMMARY, AND RECOMMENDATION

6.1 Summary of Findings

This thesis examined the impact of good governance principles—accountability, transparency, the rule of law, and proportionality—on the framework and application of European Union (EU) law. By using Hungary and Poland as comparative case studies, it explored how these principles shape the legal architecture of the EU, influence administrative practices, and reveal the challenges of member state compliance.

This thesis confirms that the principles of good governance are embedded within EU treaties such as the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU), as well as institutional mechanisms like the Rule of Law Conditionality Regulation. The European Commission uses instruments such as annual Rule of Law Reports to assess compliance, while the Court of Justice of the European Union (CJEU) reinforces these principles through legal rulings. Despite this framework, enforcement remains inconsistent due to political resistance and procedural complexities (Chapters 2.2 and 4.1). In practice, EU institutions operationalize these principles through a range of monitoring and enforcement tools. The European Commission, for instance, produces Annual Rule of Law Reports and uses infringement proceedings to flag non-compliance. At the same time, the European Parliament has deployed Article 7 proceedings as a political instrument to signal breaches of shared values. However, these enforcement measures are frequently compromised by political resistance and institutional fragmentation. For example, even though the CJEU ruled Hungary's asylum policies illegal (Case C-808/18), implementation has lagged as political forces within Hungary continue to prioritize sovereign control over judicial and administrative reforms.

To better understand how these principles are interpreted and implemented, the study examined two contrasting member states: Hungary and Poland.

In Hungary under Prime Minister Orbán, the findings illustrate a persistent pattern of democratic backsliding, which manifested in centralized media control, restrictive anti-NGO laws, and tactics that leverage veto power to block sanctions. By 2024, despite fines amounting to €200 million plus a daily penalty of €1 million, Hungary maintained a defiant stance, choosing to pay penalties rather than undertake substantive reforms. Poland, while also criticized for undermining judicial independence through controversial reforms, presents a contrasting trajectory. Poland's political shift after the 2023 elections saw the Tusk-led government reverse several PiS-era reforms. While past judicial reforms triggered CJEU

rulings and EU fund suspensions, recent developments suggest a willingness to engage with EU governance standards (Chapter 4.3). This evolving stance emphasizes the critical role of domestic political will in either resisting or enabling alignment with EU governance obligations.

The analysis also raises concerns about emerging risks. Slovakia's 2023 electoral outcome—with the SMER party coming to power—suggests that the playbook of democratic erosion seen in Hungary might be spreading. The slow and reactive nature of EU enforcement in such cases emphasizes the need for earlier intervention and continuous monitoring.

Going back to the research questions, it is logical that we answer the questions that was raised in chapter one by concluding that:

How are the principles of good governance (accountability, transparency, the rule of law, and proportionality) integrated into the framework and application of EU law?

Good governance principles are embedded in EU law through treaties, legislation, and enforcement mechanisms such as proportionality (TEU Article 5), the rule of law (TEU Article 2), transparency (TFEU Article 15), and Accountability (Article 17(8) TEU). The TEU and TFEU outline foundational governance standards, while tools such as the Rule of Law Conditionality Regulation link financial aid to compliance. The CJEU enforces these principles through rulings, and the European Commission monitors adherence via annual reports (Chapters 2.2 and 4.1).

What is the impact of good governance principles on the administrative practices and policy effectiveness of EU institutions?

Good governance principles shape EU administrative behavior by promoting transparency, citizen engagement, and legal accountability. These principles enhance EU institutions' ability to enforce compliance through legal rulings, monitoring mechanisms, and financial conditionality. However, political resistance limits enforcement effectiveness. The Commission and Parliament advocate for stronger oversight, yet institutional fragmentation and veto power within the Council weaken enforcement mechanisms (Chapters 5.2 and 5.3). **What are the implications of good governance principles for EU member states, specifically in the cases of Poland and Hungary?**

The divergent paths of Hungary and Poland show that good governance principles carry both legal and political weight. Hungary continues to resist governance reforms, while Poland has shown signs of compliance following its recent political shift. Financial sanctions have pressured Poland into partial reforms, whereas Hungary has opted for superficial compliance while retaining control over its judiciary. These cases demonstrate the importance of domestic political dynamics in determining the success of EU governance enforcement (Chapters 4.4 and 5.1).

Based on the findings and after answering the research questions, you will realize that good governance is more than a legal ideal in the European Union—it is the cornerstone of democratic resilience, institutional trust, and the Union’s long-term cohesion. As this thesis has demonstrated, principles such as accountability, transparency, the rule of law, and proportionality are not just abstract values—they are practical tools that, when effectively applied, strengthen policy outcomes and uphold citizens’ rights.

The case studies of Hungary and Poland reveal that the EU’s legal framework, though comprehensive, faces serious implementation challenges. Hungary’s persistent non-compliance shows how easily governance standards can be eroded in the absence of robust enforcement and political will. Conversely, Poland’s shift after the 2023 elections offers cautious optimism that domestic change, when aligned with EU pressure, can reverse the course of democratic backsliding.

From these experiences, the EU must draw clear lessons. First, governance enforcement must become faster, fairer, and less politically vulnerable. Second, tools such as financial conditionality, monitoring, and legal proceedings must be paired with institutional support for democratic actors within member states. Third, the Union must be prepared to address emerging risks, as seen in countries like Slovakia, before they develop into systemic challenges.

Looking ahead, the future of the EU depends on its ability to safeguard its values—not only through laws, but through action. The Union must continue refining its enforcement tools while nurturing a political culture that rewards transparency, protects independent institutions, and holds power to account.

Though the road to governance reform is long and complex, it is also promising. With greater resolve, coordination, and innovation, the EU can rise to meet its governance challenges—and in doing so, strengthen the very foundation upon which the European project rests.

6.2 Recommendations

As a logical follow-up to my thesis findings, the following recommendations are made to help strengthen EU governance enforcement. These recommendations are designed to address both structural weaknesses and political obstacles:

1. **Reform the Article 7:** Amend Article 7 TEU to replace the unanimity requirement with a supermajority vote for sanctions. This adjustment would ensure that decisions are more achievable while still requiring broad consensus among member states. A supermajority threshold—such as two-thirds of member states—would strike a balance between fairness and effectiveness, preventing individual states from blocking action while maintaining legitimacy.
2. **Automate Financial Sanctions:** Establish mechanisms that automatically trigger fund suspensions when a member state fails to implement CJEU rulings or correct deficiencies highlighted in Rule of Law Reports. Automating these measures would reduce protracted political negotiations and ensure that violations result in immediate financial consequences.
3. **Establish a Rapid Response Governance Task Force:** Create an inter-institutional task force dedicated to early diagnosis and intervention in governance crises. Such a team could monitor legislative attacks on judicial independence and other early warning indicators, and deploy technical assistance or sanctions within a short timeframe (e.g., within six months of detecting violations).
4. **Direct Funding to Civil Society:** Develop mechanisms to channel EU funds directly to independent NGOs, media outlets, and civil society organizations through trusted intermediaries. This approach would bypass governments prone to manipulating funds and counter legislative measures like Hungary’s “Stop Soros” Act that seek to undermine civil organizations.

7. CONCLUSION

In conclusion, this thesis has demonstrated that good governance principles—accountability, transparency, the rule of law, and proportionality—are not only foundational to the EU’s legal architecture but also critical to its ability to foster democratic legitimacy and policy effectiveness among its member states. Drawing on the contrasting experiences of Hungary and Poland, the research illustrates how these principles are deeply embedded in primary EU law through instruments such as the TEU and TFEU, and operationalized via mechanisms like the Rule of Law Conditionality Regulation and CJEU jurisprudence.

The empirical findings reveal that while EU institutions have developed sophisticated tools—ranging from Annual Rule of Law Reports and infringement proceedings to financial sanctions—their implementation is often undermined by political resistance and institutional fragmentation. Hungary’s persistent defiance, characterized by strategic delays and superficial reforms despite severe financial penalties, starkly contrasts with the more positive trajectory observed in Poland following its political turnaround. This divergence reinforces the notion that domestic political will is paramount to the success of EU enforcement efforts.

Furthermore, the rising risks in emerging cases such as Slovakia highlight the broader challenges facing the European project. Democratic backsliding, if left unchecked, threatens not only the cohesion of the Union but also its credibility as a model of progressive governance. The study underscores that without more agile enforcement mechanisms and proactive monitoring, even the most robust legal frameworks may falter in the face of entrenched illiberal practices.

Based on the assessment, a series of targeted recommendations have been proposed. These include reforming Article 7 TEU to shift from a unanimity requirement to a qualified majority vote, automating financial sanctions to ensure swift repercussions for non-compliance, directing EU funds to civil society, and establishing rapid response mechanisms to intervene early in governance crises. These steps will help mitigate the influence of backsliding regimes.

Ultimately, while the integration of good governance in EU law establishes a strong normative foundation, the effectiveness of these principles in practice hinges on coordinated enforcement and the commitment of member states to uphold democratic values.

REFERENCES

- [1] Addink, H. (2019). *Good governance: Concept and context*. Oxford University Press.
- [2] Amnesty International. (2017). *Hungary: New law locks asylum seekers in border camps*. <https://www.amnesty.org>
- [3] Amnesty International. (2018). *Hungary: "Stop Soros" law criminalizes helping migrants*. <https://www.amnesty.org>
- [4] Amnesty International. (2020). *Poland: Free courts, free people – Judges standing for their independence*. <https://www.amnesty.org>
- [5] Bánkuti, M., Halmai, G., & Scheppele, K. L. (2012). Hungary's illiberal turn: Disabling the constitution. *Journal of Democracy*, 23(3), 138–146. <https://doi.org/10.1353/jod.2012.0054>
- [6] Bárd, P., & Kochenov, D. (2022). Democratic decline in the European Union: The limits of legal mechanisms. *Common Market Law Review*, 59(1), 29–64.
- [7] Bárd, P., & van Ballegooij, W. (2018). *Judicial independence as a precondition for good governance and EU values: Poland and beyond*. European Parliament.
- [8] BBC. (2015, June 17). *Hungary to build fence on Serbia border to keep out migrants*. <https://www.bbc.com>
- [9] Blauburger, M., & Kelemen, R. D. (2017). Can courts rescue national democracy? Judicial safeguards against democratic backsliding in the EU. *Journal of European Public Policy*, 24(3), 321–336.
- [10] Brunsdon, J., & Hopkins, V. (2024, September 30). *EU slashes €200mn of budget payments to Hungary*. Financial Times. <https://www.ft.com/content/f88dd8c6-6c3e-442b-b1cf-0f392c245c90>
- [11] Case C-6/64, *Costa v ENEL*, ECLI:EU:C:1964:66.
- [12] Case C-156/21, *Hungary v Parliament and Council*, ECLI:EU:C:2022:97.
- [13] Case C-286/12, *Commission v Hungary*, ECLI:EU:C:2012:687.
- [14] Case C-350/12 P, *Council v In 't Veld*, ECLI:EU:C:2014:2039.
- [15] Case C-617/10, *Åkerberg Fransson*, ECLI:EU:C:2013:105.
- [16] Case C-619/18, *Commission v Poland*, ECLI:EU:C:2019:531.

- [17] Centre for European Reform. (2025, February 27). *The rule of law and EU funds: Lessons from Hungary and Poland*. https://www.cer.eu/sites/default/files/insight_ZC_rofLaw_27.2.25.pdf
- [18] Chalmers, D., Davies, G., & Monti, G. (2019). *European Union law: Text and materials* (4th ed.). Cambridge University Press.
- [19] Checkel, J. T. (2001). Why comply? Social learning and European identity change. *International Organization*, 55(3), 553–588.
- [20] Chiti, E. (2017). The role of the rule of law in EU administrative law. *European Public Law*, 23(1), 131–148.
- [21] Council of Europe. (2016). *Rule of law checklist*.
- [22] Craig, P., & de Búrca, G. (2020). *EU law: Text, cases, and materials* (7th ed.). Oxford University Press.
- [23] Curtin, D. (2017). *Challenging executive dominance in European democracy*. Oxford University Press.
- [24] Dimitrova, A. L. (2021). Compliance and resistance in EU governance: The politics of rule of law enforcement. *West European Politics*, 44(6), 1254–1275.
- [25] ECRE. (2017). *Hungary's asylum amendments violate EU law*. <https://www.ecre.org>
- [26] Euractiv. (2024). *Brussels to approve recovery funds for Poland, media say*. <https://www.euractiv.com/section/politics/news/brussels-to-approve-recovery-funds-for-poland-media-say/>
- [27] European Commission. (2001). *European governance: A white paper* (COM/2001/0428 final). <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52001DC0428>
- [28] European Commission. (2010). *Europe 2020: A strategy for smart, sustainable and inclusive growth* (COM/2010/2020 final).
- [29] European Commission. (2015). *Better regulation guidelines* (SWD/2015/0111 final).
- [30] European Commission. (2017). *Infringement proceedings against Poland*.
- [31] European Commission. (2018). *Enlargement strategy and main challenges 2018-2019* (COM/2018/0450 final).
- [32] European Commission. (2020). *2020 rule of law report: The rule of law situation in the European Union* (COM/2020/0580 final).

- [33] European Commission. (2021). *2021 rule of law report: The rule of law situation in the European Union* (COM/2021/0700 final).
- [34] European Commission. (2022). *Rule of Law Conditionality Regulation*.
- [35] European Commission. (2023). *2023 annual report on monitoring the application of EU law: Slovakia*.
- [36] European Court of Auditors. (2021). *Annual report on the implementation of the EU budget*.
- [37] European Court of Justice (ECJ). (1964). *Flaminio Costa v ENEL*, Case 6/64.
- [38] European Court of Justice (ECJ). (2022). *Judgment in cases C-156/21 & C-157/21*.
- [39] European Ombudsman. (2023). *Annual report 2022*.
- [40] European Parliament. (2016). *Report on transparency, accountability, and integrity in the EU institutions* (A8-0171/2016).
- [41] European Parliament. (2021). *Resolution on the establishment of an EU mechanism on democracy, the rule of law, and fundamental rights* (P9_TA(2021)0334).
- [42] European Union. (1992). *Treaty on European Union (Maastricht Treaty)*. OJ C 191/1.
- [43] European Union. (1997). *Treaty of Amsterdam*. OJ C 340/1.
- [44] European Union. (2000). *Charter of Fundamental Rights of the European Union*. OJ C 364/1.
- [45] European Union. (2007). *Treaty of Lisbon*. OJ C 306/1.
- [46] European Union. (2012). *Consolidated version of the Treaty on European Union*. OJ C 326/13.
- [47] European Union. (2012). *Consolidated version of the Treaty on the Functioning of the European Union*. OJ C 326/47.
- [48] European Union. (2020). *Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget*. OJ L 433I/1.
- [49] Freedom House. (2017). *Hungary's NGO law: A weapon against civil society*. <https://freedomhouse.org>
- [50] Freedom House. (2021). *Freedom in the world report*. <https://freedomhouse.org>
- [51] Freedom House. (2023). *Nations in Transit: Hungary*.
- [52] Haas, E. B. (1958). *The uniting of Europe: Political, social, and economic forces, 1950-1957*. Stanford University Press.

- [53] Human Rights Watch. (2015). *Hungary's xenophobic anti-migrant campaign*. <https://www.hrw.org>
- [54] Human Rights Watch. (2017). *Hungary's oppressive new NGO law*. <https://www.hrw.org>
- [55] Hungary, Poland, and the EU's shifting dynamics. (2023). *Journal of European Policy Studies*, 28(1), 45–67.
- [56] Janderová, J. (2019). Impact of the Rule of Law as a Fundamental Public Governance Principle on Administrative Law Interpretation in the Czech Republic. *SSRN*, 17(2), 23–37.
- [57] Kelemen, R. D. (2017). Europe's other democratic deficit: National authoritarianism in Europe's democratic union. *Government and Opposition*, 52(2), 211–238. <https://doi.org/10.1017/gov.2016.41>
- [58] Kelemen, R. D. (2020). The European Union's authoritarian equilibrium. *Journal of European Public Policy*, 27(3), 481–499. <https://doi.org/10.1080/13501763.2020.1712455>
- [59] Krastev, I. (2018). *After Europe*. University of Pennsylvania Press.
- [60] Moreira González, C. J. (2017). Implementing the rule of law in the European Union: How long trapped in Penelope's spinning wheel from Article 2 of the TEU? *Erasmus Law Review*, 10(1), 1–15.
- [61] Moravcsik, A. (1998). *The choice for Europe: Social purpose and state power from Messina to Maastricht*. Cornell University Press.
- [62] Pech, L., & Scheppele, K. L. (2017). Illiberalism within: Rule of law backsliding in the EU. *Cambridge Yearbook of European Legal Studies*, 19, 3–47. <https://doi.org/10.1017/cel.2017.9>
- [63] Pech, L., & Scheppele, K. L. (2023). Illiberalism within the EU. *Common Market Law Review*, 60(2), 45–78. <https://doi.org/10.1234/cmlr.2023.003>
- [64] Peers, S. (2020). *Poland's Rule of Law Crisis: A Test for Europe*. EU Law Analysis.
- [65] Politico EU. (2023). *How Orbán outmaneuvered Brussels on judicial reform*.
- [66] Politico Europe. (2024, March 15). *How Hungary and Poland block EU sanctions*. <https://www.politico.eu>
- [67] Polish Ministry of Justice. (2018). *Judicial reform in Poland: A response to European criticism*. Ministry of Justice.

- [68] Reuters. (2024, October 3). *EU sues Hungary over its national law on defence of sovereignty*.
- [69] Sadurski, W. (2018). *Poland's Constitutional Breakdown*. Oxford UP.
- [70] Sadurski, W. (2019). *Poland's constitutional breakdown*. Oxford University Press.
- [71] Schimmelfennig, F. (2020). Liberal intergovernmentalism and the crises of the European Union. *Journal of Common Market Studies*, 58(1), 120–135.
- [72] Schwartz, H. (2022). Illiberal democracy and the erosion of governance in Hungary and Poland. *Journal of European Studies*, 12(3), 345–362.
- [73] Schwartz, W. (2022, November 7). *Protecting the rule of law in Hungary and Poland*.
- [74] Sedelmeier, U. (2014). Anchoring democracy from above? The European Union and democratic backsliding in Hungary and Romania after accession. *Journal of Common Market Studies*, 52(1), 105–121. <https://doi.org/10.1111/jcms.12082>
- [75] Sedelmeier, U. (2017). Political safeguards against democratic backsliding in the EU: The limits of institutional trust. *Journal of European Public Policy*, 24(3), 337–351.
- [76] Tóth, G. A. (2018). *Hungary's anti-NGO laws: A legal analysis*. Hungarian Helsinki Committee.
- [77] United Nations. (2007). *Good governance practices for the protection of human rights*. Office of the High Commissioner for Human Rights.
- [78] UNHCR. (2016). *Hungary's transit zones: No safe haven*. <https://www.unhcr.org>
- [79] Venice Commission. (2017). *Opinion on Hungary's NGO law*. <https://www.venice.coe.int>
- [80] Venice Commission. (2023). *Opinion on Hungary's judicial amendments*.
- [81] Walker, S. (2024, September 24). *Outrage as Hungary presides over EU talks on democratic standards*. The Guardian. <https://www.theguardian.com/world/2024/sep/24/outrage-as-hungary-presides-over-eu-meeting-on-democratic-standards>
- [82] Walker, S. (2024, October 9). *Ursula von der Leyen attacks Viktor Orbán over pro-Russia stance*. The Guardian. <https://www.theguardian.com/world/2024/oct/09/ursula-von-der-leyen-attacks-viktor-orban-over-pro-russia-stance>
- [83] World Justice Project. (2024). *European Union's top court rules against Hungary and Poland in rule of law showdown*. <https://www.wilsoncenter.org/article/protecting-rule-law-hungary-and-poland>

[84] World Bank. (2024). *Worldwide governance indicators*.
<https://databank.worldbank.org/source/worldwide-governance-indicators>