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Suspension of budgetary funding for certain EU countries: Legality and prospects for improving the Union's organisational discipline

Abstract. The cessation of budgetary allocations for specific EU nations to uphold the rule of law is especially pertinent amid the escalating values crisis in certain member states. The aim of this study was to assess the validity and effectiveness of financial sanctions for maintaining organisational discipline in the European Union and to outline the potential for improving the systems. The research utilized the comparative legal technique, critical analysis of European Union rules and official documents, and structural-functional analysis of institutional systems for upholding the law. The research concluded that the conditionality mechanism established in Regulation 2020/2092 provides a legal foundation for the suspension of financial aid to nations that consistently breach the law. The examination of the European Commission's rulings regarding Hungary and Poland revealed the intricacy of this system and its possible effects on the cohesion of the Union. The research highlighted the necessity for more nuanced and adaptable strategies to uphold shared values, according to the unique characteristics of the legal and political frameworks of each member state. This study's practical significance resides in cultivating a thorough comprehension of the challenges linked to employing financial sanctions as a means of upholding the law, as well as formulating recommendations to enhance the mechanisms of organizational discipline within the European Union

Keywords: esupranational mechanisms; institutional capacity; European integration; constitutional pluralism; democratic values; judicial independence

Introduction

The European Union (EU), as a unique supranational entity, is constantly facing challenges that test the strength of its institutional structure and the effectiveness of mechanisms to ensure the law among its member states. The problem of compliance with common values and EU rules by individual states, specifically Hungary and Poland, has become particularly acute. This prompted the European Commission to take unprecedented measures – to suspend budget funding for these countries.

The need to investigate this topic is conditioned by the fact that such actions of the European Commission have set a precedent for the use of financial leverage to ensure compliance with EU principles, which has caused a wide resonance and discussions about the legality and expediency of such measures. This has generated questions about EU supranational organizations' powers and the balance between member states' national sovereignty and their Union commitments. The analysis of scientific literature about the termination of financial assistance for some EU countries reveals a growing academic focus on this issue, especially considering the worsening legal issues in specific Member States. When examining this topic, it is crucial to focus on the diverse facets of the issue emphasized in contemporary study.

First of all, the issue of conditional EU funding and its impact on solidarity between member states has been the subject of a thorough analysis. J. Bachtler & C. Mendez (2020), who considered the problem through the lens of EU cohesion policy, deserves special attention. The researchers highlighted the potential problems linked to financial conditionality, including the likely erosion of the notion of solidarity, which is essential to European integration.

Expanding the analysis of the problem, one cannot ignore the study by A. Atanasova & Z. Rasnača (2022),

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who examined this topic within the framework of EU social policy, so enhancing the comprehension of the complexities confronting the Union. This study illustrated the extensive repercussions of law transgressions on both the political and social dimensions within the EU. At the same time, analysing the legal aspects of Poland's and Hungary's EU membership, G. De Búrca (2022) raised the important question of how the Union should respond to authoritarian tendencies in member states. The researcher critically assessed the EU's current approaches to addressing this problem, emphasising the need for more decisive action to protect democratic values.

R. Csehi (2020) provided a comprehensive analysis of the evolution of ties between Hungary and the EU, elucidating the historical backdrop of the current problem and the causes contributing to the decline of the law in the nation. A prominent aspect of the problem is the phenomenon of democratic retreat in the EU, which A. Holesch & A. Kyriazi (2022) thoroughly studied. The researchers focused on the significance of the Hungarian-Polish coalition in this context, facilitating a deeper comprehension of the interaction dynamics among member states criticized for breaching the law.

M. Fisicaro (2020) analysed this instrument as a potential means of protecting European values in times of crisis, assessing its effectiveness and legal basis for its application. An additional dimension to the understanding of the problem was added by M. Mos (2020) demonstrated how ambiguity in the interpretation of the EU's common values can be used by individual member states to justify actions that contradict the principles of the Union. The literature analysis concludes with T. Smolka's (2021) study on the EU's democratic dilemma, which threatens European integration.

The research literature about the suspension of budgetary support for individual EU countries has various dimensions, including legal, political, social, and economic aspects. Despite significant research, the long-term effects of financial sanctions on the institutional framework and European integration must be examined. The efficacy of alternative systems for upholding the law within the EU and their potential implementation amid a developing crisis of values in specific member states remain little examined.

The objective was to ascertain the legal basis and political ramifications of the cessation of budgetary funding for specific EU nations, while also delineating the potential for enhancing the Union's organizational discipline by examining the Commission's rulings concerning Hungary and Poland. To fulfil the stated purpose, the tasks were identified as follows:

1) the decision to withhold funds for Hungary and Poland was examined concerning these nations' adherence to the EU legislative framework;

2) the debate on the legality of such measures among politicians, lawyers, and experts in European law was examined;

3) the EU examined other disciplinary procedures to ensure member states adhere to shared values and norms.

Materials and Methods

The research was founded on official European Union documents, specifically Regulation No. 2020/2092 "On a General Regime of Conditionality for the Protection of the Union Budget 2020" (2020). The study reviewed the Explanatory Memorandum of the European Commission (2022) and the Rule of Law Report (European Commission, 2022), which contain a detailed substantiation for the measures taken. Specifically, the study compared the mechanism of conditionality with the procedure under Article 7 of the Consolidated Version of the Treaty on European Union (2012) and analysed their advantages and disadvantages.

The study analysed the relevant articles of the Treaty on European Union, specifically Articles 2; 7 (Consolidated Version of the Treaty..., 2012). This enabled the examination of the conditionality mechanism within the framework of the EU's overarching authority to safeguard shared values. An important source of information was the judgements of the Court of Justice of the European Union, namely the judgement dated 16 February 2022 on the legality of the Conditionality Regulation (Judgements of the Court of Justice of the European Union in Cases Nos. C-156/21 and C-157/21, 2022). The analysis of this judgement helped to assess the legal validity of the conditionality mechanism from the standpoint of the EU's highest court. The examination of the institutional dimensions of the conditionality mechanism served as a significant methodological instrument.

The documents regulating the activities of such instruments as the EU Framework for the Rule of Law (European Union, 2020) and the Cooperation and Verification Mechanism for Bulgaria and Romania (2007) were analysed. To assess the effectiveness of various mechanisms for ensuring the law, data from international indices were used, specifically the World Justice Project Rule of Law Index (World Justice Project, 2021).

The study evaluated the political ramifications of the conditionality mechanism by examining the responses of many political entities and the expert community to the Commission's decision. Specifically, the arguments of supporters and critics of this instrument were considered, which helped to identify potential risks and benefits of its application for the EU unity. To investigate the reactions of Hungary and Poland to the Commission's decision, the study analysed official statements by the leadership of these countries, specifically the speeches of Prime Ministers Viktor Orban (Macdonald, 2018) and Mateusz Morawiecki (Polish PM accuses..., 2021). This helped to consider the arguments of opponents of the conditionality mechanism and assess the political implications of its application.

To systematise and visualise the findings of the study, comparative tables were developed, including a table summarising the key characteristics, advantages, and limitations of various rule of law mechanisms. The use of these and other methods and materials enabled a comprehensive study of the legal grounds and political consequences of the suspension of budgetary funding for individual EU countries, as well as an assessment of the prospects for deepening the Union's organisational discipline.

Results

Hungary and Poland: the decision of the European Commission to terminate financial support. The European Union, established on the tenets of democracy, the law, and human rights, encountered an extraordinary challenge when two member nations, Hungary and Poland, began to diverge from these core values. This circumstance prompted the Commission to halt budgetary financing for these nations, marking the conclusion of an extensive process of oversight and assessment of the rule of law in these jurisdictions.

The Commission's decision-making process on the suspension of budgetary funding for Hungary and Poland is based on a solid legal foundation laid down by Regulation No. 2020/2092 (2020) of the European Parliament and of the Council (the "Regulation"). This document, known as the Conditionality Regulation, has become a key instrument in ensuring the link between adherence to the law and the effective management of EU financial resources.

The Conditionality Regulation sets out clear criteria and mechanisms under which funding may be suspended. Specifically, Article 2(a) of this document provides a detailed definition of the term "rule of law", based on the fundamental values of the Union prescribed in Consolidated Version of the Treaty (2012). This has raised the issue of the boundaries of the powers of EU supranational institutions and the equilibrium between member states' national sovereignty and the commitments they undertook when joining the Union.

Notably, the Regulation (2020) not only defines these principles, but also establishes a mechanism for their protection. Article 4(1) gives the European Commission the power to initiate a funding suspension procedure. The Commission may determine that a violation of the law in a specific Member State directly impacts or presents a significant threat to the effective administration of the EU budget or the safeguarding of the Union's financial interests. This allows the Union to utilize financial leverage as a means to ensure compliance with the fundamental principles. The cases these countries, this legislative framework provided the basis for decisions to suspend budgetary assistance, demonstrating the EU's willingness to take concrete measures to protect its values and financial interests.

Notably, the adoption of the Regulation (2020) on conditionality was the result of a lengthy process of developing mechanisms to protect the law. The Commission introduced the "A new EU Framework to strengthen the Rule of Law" (2014), it established a framework for systematic engagement with Member States in the event of systemic threats to the law. However, the limited effectiveness of this tool has led to a search for more effective mechanisms.

The decision to suspend budgetary support for Hungary and Poland was predicated on a comprehensive review of the law in these nations and an evaluation of potential dangers to the EU's financial interests. The European Commission has identified many significant issues in Hungary that jeopardize the appropriate utilization of EU funding. The primary issue was pervasive infractions throughout the public procurement system. According to the European Anti-Fraud Office (OLAF), in 2015–2019, Hungary demonstrated the highest rate of financial corrections for public procurement irregularities among all EU member states (Explanatory Memorandum of the European Commission, 2022).

Another significant problem was the lack of effective mechanisms to combat conflicts of interest. The European Commission has found that Hungarian legislation does not provide sufficient safeguards to prevent conflicts of interest in the distribution and use of EU funds. Of particular concern were cases where companies linked to high-ranking politicians received a disproportionate share of contracts financed by EU funds (European Commission, 2022). This situation creates a favourable environment for corruption and misuse of European funds.

The third significant concern was the limitation of judicial independence in Hungary. The Commission has articulated significant concerns regarding various facets of the judiciary, particularly issues related to the recruitment of judges, the function of the National Judicial Administration, and the limitations imposed on the authority of the National Council of Judges. According to the Commission, these factors pose major risks to effective judicial control over the use of EU funds (European Commission, 2022), which may lead to the impossibility of proper investigation and punishment for the misuse of European funds.

The Commission has found many major flaws in Poland that threaten the legislation and EU financing. The main issue was judicial independence. The Commission identified structural issues, particularly with Supreme Court reform and the Disciplinary Chamber. According to the European Commission (2017), these changes substantially undermine the independence of judges and pose significant risks to effective judicial control over the use of EU funds.

A similarly critical issue was the erosion of the autonomy of the Polish Constitutional Tribunal. The Commission expressed profound concern regarding the legitimacy and independence of this key body, specifically due to controversial appointments of judges and changes in the case review procedure. This circumstance, as per the European Commission (2017), significantly jeopardizes the efficacy of constitutional supervision, particularly for matters associated with the utilization of EU funds. Furthermore, the European Commission addressed an alarming trend of restrictions on media freedom and increased pressure on civil society in Poland. The Commission asserts that these circumstances may severely undermine the openness and accountability of EU fund utilization, hence increasing threats to the Union's financial interests.

The decision to suspend budgetary financing for Hungary and Poland was predicated on a thorough review of conditions in both nations, which uncovered fundamental issues with the law that directly jeopardize the appropriate utilization of EU money. Notably, the Commission's decisions were based not only on its own assessments, but also on the opinions of international organisations and expert bodies. Specifically, the recommendations of the Venice Commission of the Council of Europe, reports of the Group of States against Corruption (GRECO), as well as judgements of the EU Court of Justice and the European Court of Human Rights were considered. For instance, in its opinion on judicial reform in Poland, the Commission for Democracy Through Law (Venice Commission) (2024) noted that "the changes to the judicial system legislation introduced over the past two years have posed a major threat to the independence of the judiciary".

The response of these countries to the ruling was vehemently hostile, marked by a denial of the allegations and accusations of political prejudice. In his speech, Viktor Orban called the Commission's decision "politically motivated" and "blackmail". He argued that Hungary was targeted because of its conservative policies and refusal to accept migrants (Macdonald, 2018). The Hungarian government has also challenged the Conditionality Regulation in the Court of Justice, arguing that it violates the principle of legal certainty and extends beyond the EU's competence.

In his address, Mateusz Morawiecki said that the decision was "unlawful interference in the internal affairs of the country" and "an excess of the Commission's powers" (Polish PM accuses..., 2021). The Polish government has contested the Conditionality Regulation in the Court of Justice, asserting that it contravenes the concept of power allocation established in Article 5. Both countries actively used the rhetoric of defending national sovereignty and accused the EU of double standards. They argued that the conditionality mechanism was being applied selectively and targeted at Central and Eastern European countries.

The reaction of these two countries to the decision reflects a broader trend towards Euroscepticism and criticism of EU institutions that has been observed in these countries in recent years. On 16 February 2022, the Court of Justice dismissed the claims against the 2020 Conditionality Regulation, confirming its compliance with EU law (Judgements of the Court of Justice of the European Union in Cases Nos. C-156/21 and C-157/21, 2022). This decision was an important precedent that confirmed the legitimacy of the conditional mechanism and paved the way for its full application.

These countries continued to challenge the Commission's actions. They argued that the concrete decisions to suspend funding did not meet the criteria set out in the Conditionality Regulation and were disproportionate. This circumstance resulted in a convoluted negotiation procedure between the Commission and the governments of these two countries. In the context of this process, both nations consented to implement certain reforms to tackle issues about the law. Hungary vowed to establish an Independent Integrity Authority to fight corruption and improve public procurement openness. Poland has consented to restructure its disciplinary framework for judges, which entails the dissolution of the Disciplinary Chamber of the Supreme Court and the establishment of a new independent disciplinary entity (Nevlída, 2024). The Commission persisted in overseeing the execution of these promises and evaluating their efficacy in resolving systemic issues. As of August 2024, the process of fully restoring budgetary funding for Hungary and Poland had not yet been completed, which demonstrates the complexity and time it takes to resolve rule of law issues.

Debates on the legality of halting budgetary allocations. The Commission's decision to suspend budgetary support for Hungary and Poland has elicited significant reactions and vigorous debate within the academic, political, and legal spheres of the European Union. This discourse addressed three principal facets: the legitimacy and validity of the European Commission's judgments, their critique and possible ramifications, and the legal and political obstacles linked to the implementation of financial sanctions as a mechanism to uphold the law.

The Commission's judgment was endorsed by European law experts. This support is based on five important considerations that emphasise the need to defend EU financial interests and uphold EU principles. K.L. Scheppele *et al*. (2021) emphasised the EU's fundamental duty to protect its financial interests. They argued that the efficient and transparent use of taxpayers' money is not only an economic but also an ethical imperative for the Union. The researchers highlighted the evident correlation between legal infractions and threats to financial stability, noting that the absence of an independent court and robust anti-corruption measures fosters a climate conducive to the misappropriation and embezzlement of EU money.

M.P. Maduro (2022) argued that the law is not simply an abstract legal notion, but a crucial requirement for the effective functioning of the single market and the prudent allocation of EU resources. M.P. Maduro (2022) underscores that the legal stability and predictability provided by the law are essential for fostering a conducive investment environment and economic expansion within the EU. Thus, it creates a clear connection between adherence to legal standards and the economic prosperity of the Union.

W. Sadurski (2019) emphasized that by joining the EU, member states voluntarily commit to the Union's collective principles, including the law. W. Sadurski (2019) argued that the persistent violation of these criteria undermines not just the legal framework of a particular state but also threatens the essential essence of European integration. He underscores the crucial interconnection between law and the political unity of the Union, arguing that insufficient collective commitment to these principles endangers the EU's identity and cohesion. Thus, the justification for the European Commission's actions offers a comprehensive viewpoint, illustrating that the protection of the law is not just a legal requirement but also an economic, political, and ethical imperative for the EU.

The validity of the conditionality mechanism was a persuasive rationale supporting the European Commission's judgments. Professors L. Pech & D. Kochenov (2021) underscored that this mechanism was democratically chosen and adheres to the criteria of proportionality and subsidiarity outlined in Article 5. They emphasised that the mechanism is the result of a lengthy process of elaboration and discussion that considered the views of all member states, which gives it legal and political weight. However, despite these persuasive arguments, the European Commission's decision has been heavily criticised. Opponents raise serious objections to the use of the conditional mechanism, which indicates the complexity and ambiguity of the problem. V.G. Curran (2021) argued that the conditionality mechanism surpasses the EU's jurisdiction as defined in Article 5 and violates the concept of the allocation of powers. She contended that the court's formation and the battle against corruption fall exclusively under the jurisdiction of the Member States, so challenging the validity of EU involvement in these matters.

Critics also highlight the dangers of politicisation. V.A. Schmidt (2020) cautioned that the conditionality mechanism may serve as a tool for political coercion instead of an impartial method for safeguarding the law. The imperative to establish explicit and objective guidelines for the utilization of this mechanism to avert its misuse. Another dimension of this debate is the potential exacerbation of the EU split. The imposition of financial sanctions against member states could increase Euroscepticism and broaden the gap between the "old" and "new" EU members. This warning highlights the need to find more inclusive approaches to addressing law challenges that accommodate the diversity of political and legal cultures within the EU.

This intricate discussion underscores the challenges of upholding the law within the EU. A pressing necessity exists to safeguard the financial interests and foundational ideals of the Union. The implementation of financial sanctions raises significant concerns regarding the sovereignty of member states and the potential adverse effects on EU cohesion. This scenario necessitates a meticulous equilibrium between safeguarding EU principles and honouring the variety of its member states, alongside the establishment of more precise and impartial processes for evaluating and addressing breaches of the law.

The implementation of financial sanctions to uphold the law within the European Union is a multifaceted and contentious endeavour that encounters significant legal and political obstacles. P. Blokker (2021) contends that these concerns not only diminish the effectiveness of the conditionality mechanism but also raise critical questions about the future of European integration and the balance between the EU's supranational power and the sovereignty of its member states.

A primary difficulty is the legal ambiguity stemming from inadequately defined criteria for implementing the conditionality mechanism. K.L. Scheppele *et al*. (2021) highlighted the existence of significant debate on the interpretation and application of the provisions of Regulation of the European Parliament and of the Council No. 2020/2092 (2020). This ambiguity poses a danger of contesting the Commission's decisions in the EU Court of Justice, which might potentially jeopardize the validity of the entire mechanism. To address this issue, the Commission must create comprehensive instructions regarding the implementation of the conditionality mechanism. These principles should be based on the clear legal standards set out in Article 2 and consider the case law of the EU Court of Justice. This method may enhance legal certainty and diminish the likelihood of contesting the Commission's rulings. An impartial expert panel to examine member states' rule of law may improve decision-making objectivity and public and member state confidence in the conditionality system.

The second important hurdle is linking law infractions to EU budget risks. M.P. Maduro (2022) argued that proving such a causal link can be extremely challenging, especially considering the multifaceted and complex nature of the rule of law. This complexity creates a risk that the Commission's decisions may be challenged as insufficiently substantiated, which could undermine the effectiveness of the entire sanctions mechanism.

The EU faces a significant challenge: to formulate and implement a method that is legally sound, politically feasible, and practically effective in maintaining the law throughout all member states. It is essential to create a thorough approach for evaluating the effects of law transgressions on the EU's financial interests. This methodology should account for both direct financial risks and indirect repercussions, like diminished investment appeal and economic efficiency. Involving the European Court of Auditors and other pertinent EU entities in this process is essential for a thorough review. The third challenge is the political consequences of sanctions. W. Sadurski (2019) noted that the application of financial sanctions could lead to increased Euroscepticism and a gaping rift between member states. This is particularly relevant about the pre-existing disparities between the "old" and "new" EU member states.

To mitigate these concerns, it is prudent to recommend that the EU adopt a more comprehensive strategy for tackling the law. This approach could include strengthening dialogue with member states, providing technical assistance to implement necessary reforms, and establishing early warning mechanisms to identify potential problems before they reach a critical level. Transparency in decision-making and active interaction with EU citizens to explain the conditionality mechanism is also important.

The fourth significant factor pertains to the institutional constraints of the European Commission. L. Pech & D. Kochenov (2021) pose a significant inquiry regarding the European Commission's ability to efficiently oversee and evaluate the law across all Member States. This is particularly pertinent given the Commission's constrained resources and the challenges associated with evaluating the law conditions. It is advisable to enhance the institutional capacity of the Commission for the oversight of the law. This may involve establishing a specialized unit within the Commission to address law matters and enhancing collaboration with other EU institutions, including the EU Agency for Fundamental Rights. Furthermore, it would be advisable to consider engaging external experts and non-governmental organisations to conduct independent assessments.

The fifth challenge is to ensure that sanctions are proportionate. This matter is intricately connected to the idea of proportionality delineated in Article 5(4). There are challenges in ensuring that sanctions are sufficiently severe to achieve their purpose without causing undue harm to the citizens of member states. It is recommended to develop a flexible system of sanctions that would allow the European Commission to apply distinct levels of restrictions depending on the gravity of the violations. This could include, for instance, a gradual reduction in funding rather than a complete cessation. Moreover, it is essential to establish systems that facilitate the prompt lifting of sanctions upon the rectification of infractions to mitigate their adverse effects on citizens. To comprehend the intricacies and diverse aspects of the discourse around the EU's conditionality mechanism, it is beneficial to systematically explain the principal arguments and challenges. Below is a comparative table summarising the key aspects of the debate over the suspension of budgetary funding in Hungary and Poland (Table 1).

Table 1. Comparative examination of arguments and obstacles for the implementation of the EU conditionality mechanism

Aspect	Arguments in support	Critical arguments	Challenges
Legal framework	Based on Regulation of the European Parliament and of the Council No. 2020/2092 (2020)	Potential overstepping of EU competence	Legal uncertainty
Safeguarding the financial interests of the European Union	Tools required	Risk of over-intervention	Difficulty in proving the connection
Adherence to shared values	Ensures the performance of obligations	Potential politicisation of values	Political implications
Efficiency	Complements existing mechanisms	Risk of a worsening rift in the EU	Institutional constraints
Impact on citizens	Protects the interests of all EU citizens	Risk of negative impact on citizens	Ensuring proportionality

Notes: "Existing mechanisms" means, specifically, the procedure under Article 7
Source: compiled by the author

The execution of the conditionality mechanism to protect the law within the EU faces substantial challenges that require a comprehensive strategy for resolution. These problems encompass not just technical or legal aspects but also fundamental concerns regarding European integration and the equilibrium between supranational authority and national sovereignty. Addressing these challenges will require not only legal and political skill, but also genuine European leadership and vision. Only through open dialogue, mutual understanding and a common commitment to European values will the EU be able to effectively protect the law while maintaining unity and solidarity among its members.

Alternative disciplinary measures in the EU. In light of increasing threats to the law in certain EU Member States, the Union has formulated and is continually enhancing a range of alternative disciplinary remedies. These procedures are intended to guarantee adherence to the core values of the EU, as delineated in Article 2, and to facilitate the effective operation of the shared legal framework. Commonly termed the "nuclear option" because of its serious ramifications, Article 7 serves as a principal vehicle for addressing systemic breaches of EU values by Member States. This procedure, introduced by the Amsterdam Treaty (1997) and expanded by the Treaty of Nice (2001), involves two stages.

The Council of the EU may proclaim a "clear threat of a serious breach" of principles by a member state, as stipulated in Article 7(1). This requires the support of 4/5 of the Council members and the consent of the European Parliament (Consolidated Version of the…, 2012). Sanction mechanism (Article 7(2) and 7(3)): Upon a "serious and persistent infringement" of EU values, the European Council may unanimously declare a violation, excluding the state subject to the proceedings (Consolidated Version of the…, 2012). The Council of the EU may later decide by a qualified majority to suspend some rights of a member state, including the voting power in the Council (Bonelli, 2021).

The practice has shown that this procedure has substantial limitations. The principal issue is the necessity of unanimity for the imposition of sanctions, rendering this process nearly worthless when multiple member states concurrently breach the law. The political sensitivity of this procedure renders the Member States hesitant to employ it. Statistical evidence substantiates these findings: while significant issues regarding the law in certain Member States, Article 7 procedures have been commenced solely on two occasions – against Poland in 2017 and Hungary in 2018. In both instances, the procedure did not advance beyond the preventive phase (Zamęcki, 2020).

Considering the limitations of Article 7, the EU has developed additional monitoring and reporting tools to identify and respond to law issues early. The Commission introduced the yearly Rule of Law Report in 2020, marking a significant advance (Fathaigh, 2020). This detailed report examines the judiciary, anti-corruption framework, media pluralism, and other institutional challenges relating to checks and balances in all 27 member nations. The significance of this instrument is underlined by its comprehensive nature and regularity. According to P. Bárd *et al*. (2022), systematic monitoring of all member states helps to avoid accusations of selectivity and bias that have often accompanied previous EU initiatives. Additionally, the EU Agency for Fundamental Rights (FRA) is crucial in overseeing the law. In its 2021 report, the FRA emphasized the necessity for enhanced monitoring and suggested broadening its mandate to perform more comprehensive evaluations of the law conditions in Member States (EU Agency for Fundamental Rights, 2021).

The CJEU is crucial in guaranteeing the consistent interpretation and implementation of law, encompassing the law. In recent years, there has been a trend to augment the role of the CJEU in this domain. A significant development was the Court's ruling in Trade Union Association of Portuguese Judges v Court of Auditors (2018), wherein the Court acknowledged that Article 19(1) of the Consolidated Version of the Treaty (2012), mandating Member States to guarantee effective judicial protection in matters governed by EU law, may serve as an autonomous basis for contesting national actions that jeopardize judicial independence (Plahutnik, 2022).

This enabled the Commission to commence infringement proceedings against Member States for systemic issues regarding judicial independence, which had previously been regarded as a matter of only national jurisdiction. Furthermore, the CJEU has been given the power to assess the legality of Regulation No. 2020/2092 (2020). On 16 February 2022, the Court ruled that this system complies with EU legislation, thereby significantly strengthening the legal framework for imposing monetary penalties for violations of the law.

The EU is concurrently drafting non-binding instruments to foster dialogue and collaboration with member states about the law. One of these instruments is the "A new EU Framework to strengthen the Rule of Law" (2014) facilitates a structured conversation between the Commission and the Member State in instances of systematic risks to the law. Three phases comprise the process: the Commission's assessment, recommendations, and supervision of the implementation of those recommendations. Notwithstanding the mechanism's restricted effectiveness, having been utilized only once on Poland in 2016, it has laid the groundwork for more robust dialogue between EU institutions and Member States over the law.

The Cooperation and Verification Mechanism (CVM) is another essential instrument, implemented for Bulgaria and Romania following their EU accession in 2007 (Cooperation and Verification..., 2007). This system facilitates the ongoing assessment of these countries' advancements in judicial reform, anti-corruption efforts, and the combat against organized crime. Despite criticism over its limited efficacy, the CVM has facilitated several beneficial transformations. According to the World Justice Project's Rule of Law Index (2021), Romania enhanced its score from 0.58 in 2015 to 0.63 in 2021.

The EU actively facilitates technical assistance initiatives and the sharing of legal experience among member states. For example, the Justice programme for 2021–2027 has a budget of EUR 305 million and aims to support judicial cooperation and access to justice (Justice programme, 2021). Educational initiatives also play a significant role in promoting EU values. The Erasmus+ project features a distinct Jean Monnet stream that facilitates teaching and research on European integration. Below is a table summarising the key characteristics, advantages, and limitations of each of the mechanisms considered (Table 2).

Table 2. Comparative examination of potential strategies to uphold the law within the EU

Mechanism	Year of implementation	Legal framework	Key features	Advantages	Restrictions
Procedure under Article 7 of the Consolidated Version of the Treaty on European Union (2012)	1997	Consolidated Version of the Treaty on European Union	Two-stage process: preventive and sanctioning	Potentially strong sanctions	Requirement of unanimity
Annual Rule of Law Report	2020	EC initiative	Analysis of all 27 Member States	Regular monitoring	Lack of direct sanctions
Expanded powers of the Court of Justice of the EU	2018	Court practice	Possibility to appeal against national measures	Legal certainty	Limited jurisdiction
EU framework for the rule of law	2014	EC Communiqué	Structured dialogue	Preventive nature	Limited effectiveness
"Cooperation and Verification Mechanism"	2007	EC decision	Special monitoring for Bulgaria and Romania	Targeted approach	Limited application

Notes: The Framework to strengthen the Rule of Law (2014) has been applied only once – to Poland in 2016; EC – European Commission
Source: compiled by the author

The research on alternative disciplinary actions in the EU indicates that the Union has established a thorough toolkit to uphold the law among its member states. Each mechanism under examination possesses distinct traits, advantages, and limits, illustrating the complexity and multifaceted nature of safeguarding the basic principles. The instruments range from stringent sanctions under Article 7 to more subtle kinds of influence, such as educational programs, collectively establishing a multi-tiered framework for the protection of the law. The efficacy of these systems is still debated and requires continuing inspection and improvement.

Discussion

The findings indicate the necessity of balancing the protection of EU values with respect for Member States' sovereignty, alongside the importance of establishing explicit criteria for the implementation of the conditionality mechanism. The legal foundation and validity of the conditionality mechanism align with the conclusions of K. Archick's (2021) study. The challenge of implementing Article 7 arises from the necessity of unanimity, thereby affirming the recognized constraints of this mechanism. Nonetheless, one may contest K. Archick's (2021) assertion concerning the insufficient consideration of other mechanisms for upholding the rule of law, particularly the augmentation of the powers of the EU Court of Justice. This limits the comprehensiveness of its inquiry of the results outlined in the current study.

R. Uitz (2022) considered the mechanism of conditionality more broadly, which is consistent with the findings obtained. However, the conclusions of R. Uitz (2022) can be complemented by emphasising the need to accommodate the specific national features when applying the mechanism of conditionality, which was identified during the analysis. L. Buonanno & N. Nugent (2020) confirmed the identified risk of a worsening rift between the "old" and "new" EU members as a result of financial sanctions. However, one can disagree with their approach regarding the lack of attention to the legal aspects of the problem, which limits the completeness of the analysis compared to the comprehensive approach.

The study found that the Commission and Court of Justice were crucial to the conditionality mechanism's institutional implementation. The results show that these institutions need more institutional capacity to oversee the law in Member States. Enhancing the EU Court of Justice's authority to review state activities that threaten judicial independence was stressed. According to C. Georgiou (2024), it is imperative to agree with the researcher on the need to improve methods for assessing and resolving violations of the law. The assessment of C. Georgiou can be enhanced by underscoring the significance of incorporating fiscal, legal, and political elements in the implementation of the conditionality mechanism. The findings indicate that the European Parliament, European Commission, and Council of the EU must collaborate to guarantee the validity and transparency of decisions on the suspension of budgetary financing. The Parliament's democratic control of financial sanctions is crucial to EU institution balance.

A. Akbik (2022) emphasized the importance of parliamentary scrutiny over the EU's financial structures. However, the researcher did not consider the specifics of the application of financial sanctions within the framework of the conditional mechanism, which limits the possibility of direct comparison of findings. The current analysis revealed that the Parliament involvement in implementing the conditionality mechanism is beyond just economic concerns and includes an evaluation of the effects of sanctions on the law inside Member States. The research conducted by S. Griller (2021) somewhat coincides with the conclusions made concerning the legal foundation of the conditionality mechanism.

The examination of the interaction between national and supranational governance systems regarding the law uncovered a complex network of relationships and possible conflicts. The analysis shows that the conditionality mechanism must be more flexible and adaptable to each Member State's legal and political context. The efficacy of financial sanctions mostly hinges on the EU's capacity to reconcile supranational pressure with the acknowledgment of distinct national characteristics.

The research conducted by D. Šitera (2021) into the influence of Europeanisation on public administration in Central and Eastern Europe enhances the conclusions of the current study. The researcher effectively tackled the intricacies involved in aligning national governance systems with EU standards. However, D. Šitera (2021) did not focus directly on the conditionality mechanism, which limits the possibility of direct comparison of the findings. The current study found particular obstacles related to the implementation of financial sanctions as a mechanism for upholding the law, which extend beyond the basic processes of Europeanisation examined by the researcher.

S. Montaldo *et al.* (2021) perspective on the importance of balancing the efficacy of sanctions with the rights of Member States seems to be well-founded. However, their study covered a wider range of EU sanctions mechanisms, not focusing exclusively on the conditionality mechanism. R.A. Nelson (2022) confirmed the identified challenges on the example of Poland. It is worth agreeing with the researcher regarding the growing seriousness of the discrepancies between the national and supranational levels.

Conclusions

The examination of the legal basis and political ramifications of the cessation of budgetary allocations for specific EU nations, namely Hungary and Poland, uncovered a multifaceted relationship among the tenets of the law, national sovereignty, and institutional discipline within the European Union. An examination of the European Commission's decisions to halt assistance to Hungary and Poland revealed that these actions are grounded on a robust EU legislative framework. This mechanism was created to facilitate the effective management of EU resources and safeguard the financial interests of the Union. Policy makers, both at the national and European level, have expressed different opinions on the feasibility and effectiveness of such measures.

A comprehensive analysis of the consequences of these initiatives revealed their dual nature. They function as a robust mechanism for maintaining the EU's collective principles, including democracy, and human rights. The Commission's decisive actions emphasized its readiness to maintain its fundamental ideals, even if it necessitated the imposition of economic sanctions on member states. This strengthens the EU's position as a supranational entity capable of effectively influencing the internal policies of its member states. On the other hand, such measures could negatively affect the unity of the Union and its democratic legitimacy. They risk exacerbating existing divisions between the "old" and "new" EU members, deepening distrust of Brussels' institutions, and intensifying Eurosceptic movements in the countries subject to sanctions. This could complicate further integration and cooperation within the EU.

An examination of possible alternative disciplinary actions indicated a pressing necessity to establish more adaptable and varied mechanisms to guarantee adherence to common EU regulations. This requirement stems from the diverse political, legal, and cultural traditions of the member states, demanding a more nuanced approach to the law. The participants assessed the possibility of improving communication between EU institutions and national governments, which may involve frequent consultations, the formation of specialized working groups, and mediation mechanisms for dispute resolution. It was also proposed to expand programmes to support reforms in problematic areas, including financial and expert assistance to modernise judicial systems, strengthen anti-corruption measures and improve public administration. An essential element of the new approach could be improved monitoring and early warning systems that would allow potential problems to be identified at an early stage and preventive measures to be taken before the situation reaches a critical level requiring severe sanctions.

Potential avenues for further investigation may encompass a comparative analysis of the implementation of similar measures in other regional associations, an examination of the long-term ramifications of such decisions on integration processes, and the formulation of novel mechanisms to uphold the law within multi-level governance frameworks.

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Conflict of Interest

None.

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