



ALEXANDRU IOAN CUZA
UNIVERSITY of IAȘI



FACULTY OF ECONOMICS
AND BUSINESS ADMINISTRATION



With the support of the
Erasmus+ Programme
of the European Union



TOWARDS NEW PARADIGMS OF EU ECONOMICS: FINANCIAL AND MONETARY MILESTONES

Jean Monnet Module, projet no. 620297-EPP-1-2020-1-RO-EPPJMO-MODULE

Module 1: Economic Fundamentals of European Integration (*Modulul 1: Fundamentele economice ale integrării europene*)



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Administrative tasks



- Complete the online registration form (+ physical).
- Check*/Correct the registration documents: CV and Statement of Motivation (SM).
- Mark your attendance for the Module.

Warm-up Exercise

Who are we?

- On the sticky note you received, write your **name**, the **EU country** you would like to visit and a **personal item** you would like to bring with you in a trip to this country.
- *Come in front of the classroom and stick your note on the map of the European Union according to your chosen country.*
- Present the **3 persons** that spoke before you (with name, chosen country and personal item) and then present yourself and the information you wrote on the sticky note.



At the end, name the EU countries that were not chosen by any of your classroom colleagues.

(individual exercise)

Warm-up Exercise

We hear about the European Union every day on the news or read about it in the newspapers. However, many people are not interested in the EU.

Why do you think this is?

(possible directions)

- The EU is not important to our lives.
- The EU is much too complicated for me.
- I know very little about the EU because the media doesn't report enough about it.
- All the important issues are decided in the Member States rather than Brussels or Strasbourg, so it is enough to get involved with national politics.
- Politics is generally boring.
- Etc.

(individual exercises)

1. European Union: definition, history, purpose and principles

✓ Introduction

- World War II ended in 1945, following a period of devastating destruction and loss of life that originated in Europe. Faced with the imperative of preventing such horrendous events from recurring, European leaders needed to devise an innovative and effective plan.
- Consequently, the concept of a **United Europe** gained significant traction. Today, the group of European nations, often referred to as the **European Union**, represents a remarkable economic and political alliance involving **27** diverse countries, united by a shared objective.
- The foundation of the modern-day European Union was established in the aftermath of World War II, a time when European nations were resolute in their determination to avert the reemergence of such catastrophic conflicts. As a result, the initial measures focused on fostering economic cooperation. Countries that engaged closely with one another were deemed less likely to engage in conflict.
- Remarkably, the European Union has not witnessed any internal wars since 1945, and former adversaries have transformed into steadfast allies..



1. European Union: definition, history, purpose and principles

✓ The idea of 'European Union'

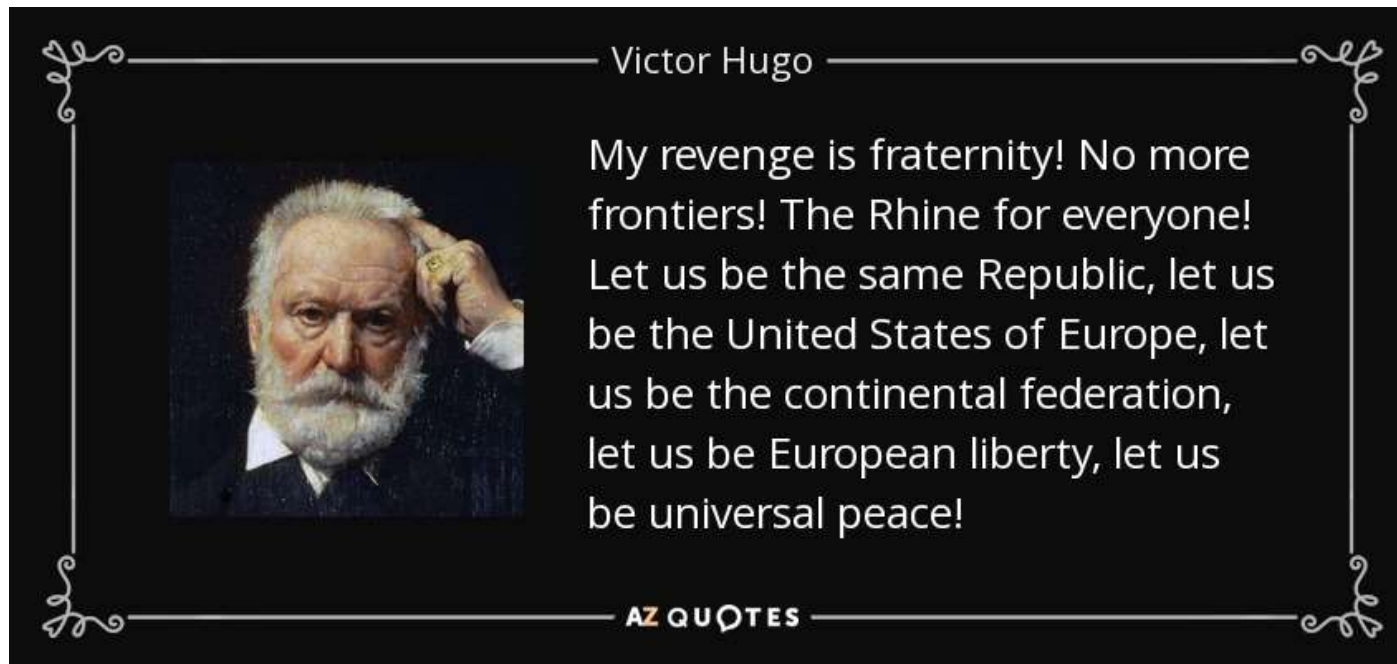
- So far, large areas of Europe had previously been united by empires built on force, such as: the Roman Empire, Byzantine Empire, Frankish Empire, Holy Roman Empire, Ottoman Empire, the First French Empire and Nazi Germany.
- Historically, European territories found a peaceful path to consolidation through dynastic unions, with rarer instances of country-level unions like the Polish–Lithuanian Commonwealth and the Austro-Hungarian Empire.
- During the Congress of Aix-la-Chapelle in 1818, Tsar Alexander, recognized as one of the foremost internationalists of his time, put forward the idea of a lasting European union. He even proposed the establishment of international military forces to assist recognized states in countering violent upheavals.
- Following the harrowing experiences of two world wars, the political atmosphere became increasingly receptive to the notion of international unity as a means to effectively maintain peace in Europe.



1. European Union: definition, history, purpose and principles

☑ The idea of 'European Union'

- Surprisingly, the concept of a 'United States of Europe' was initially introduced not by a political leader but by the renowned French writer, Victor Hugo.
- He envisioned a harmonious '**United States of Europe**' rooted in humanistic principles. Regrettably, this vision was shattered by the devastating conflicts that engulfed the continent in the first half of the 20th century.



1. European Union: definition, history, purpose and principles

☑ The idea of 'European Union'

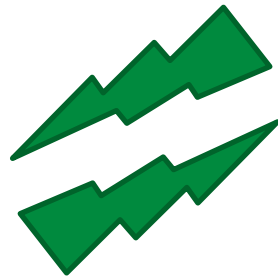
Victor Hugo - Opening Address to the Peace Congress (Paris, August 21, 1849)

A DAY WILL COME when your arms will fall even from your hands! A day will come when war will seem as absurd and impossible between Paris and London, between Petersburg and Berlin, between Vienna and Turin, as it would be impossible and would seem absurd today between Rouen and Amiens, between Boston and Philadelphia. A day will come when you France, you Russia, you Italy, you England, you Germany, you all, nations of the continent, without losing your distinct qualities and your glorious individuality, will be merged closely within a superior unit and you will form the European brotherhood (...). A day will come when the only fields of battle will be markets opening up to trade and minds opening up to ideas. A day will come when the bullets and the bombs will be replaced by votes, by the universal suffrage of the peoples, by the venerable arbitration of a great sovereign senate which will be to Europe what this parliament is to England, what this diet is to Germany, what this legislative assembly is to France. (...)

1. European Union: definition, history, purpose and principles

☑ Birth and growth of the Community/Union

- A Frenchman named **Jean Monnet** devoted considerable thought to preventing future conflicts like **World War II**. He came to the realization that two critical elements were necessary for a country to engage in warfare: **iron** for the production of steel (used in manufacturing tanks, guns, bombs, etc.) and **coal** to supply energy to factories and railways. Europe was rich in both coal and steel resources, which had historically enabled European countries to readily manufacture weapons and engage in armed conflicts.



Europe, from war to peace

- **Jean Monnet** introduced a remarkably audacious concept. His proposal entailed that the governments of France and Germany, and potentially other European nations as well, should no longer individually manage their coal and steel industries. Instead, these industries should be collectively organized by representatives from all participating countries who would convene at a table to engage in discussions and make joint decisions. This collaborative approach would effectively render war between them impossible.

1. European Union: definition, history, purpose and principles

✓ Birth and growth of the Community/Union

- Jean Monnet believed that his plan could indeed be successful if European leaders were willing to give it a chance. He shared his vision with his friend **Robert Schuman**, who served as a minister in the French government. Robert Schuman, recognizing the brilliance of the idea, presented it in a significant speech on **May 9, 1950**.
- This speech not only won over the leaders of France and Germany but also garnered the support of the leaders of Belgium, Italy, Luxembourg, and the Netherlands. They collectively decided to merge their coal and steel industries, establishing a cooperative organization known as the European Coal and Steel Community (ECSC).
- Its primary purpose was to work towards peaceful objectives and aid in the reconstruction of Europe in the aftermath of the war. The ECSC was officially established in 1951.



*International organisation
(1952–2002)*



1. European Union: definition, history, purpose and principles

☑ Birth and growth of the Community/Union

Additional material:

The History of the Idea of Europe: Where are We Now?



*History of Europe –
6013 years in 3 minutes*



Exercise

What do you think about the precursory ideas of a United Europe?

Roman Empire, Byzantine Empire, Frankish Empire, Holy Roman Empire, Ottoman Empire, the First French Empire and Nazi Germany

Chose one idea and make a list of 'for and against' arguments.

(group exercise)

Which side wins?

Arguments for the idea

Are they included in today's EU?

Arguments against the idea

Are they avoided in today's EU?



The precursory ideas are: the Roman Empire, Byzantine Empire, Frankish Empire, Holy Roman Empire, Ottoman Empire, the First French Empire and Nazi Germany.

Exercise

What are the 'pros' and 'cons' for your country to be part of the EU?

Also, what are the 'pros' and 'cons' for EU with regard to the membership of your country?

<i>pros (+)</i>	Country A <i>cons (-)</i>
<i>pros (+)</i>	European Union <i>cons (-)</i>

(group exercise)

Exercise

Form groups of four. Then study, individually, the reading you received with regard to **“The History of the Idea of Europe: Where are We Now?”** by Michael Wintle.

- All the students with reading no. x, discuss the material in similar groups (expert analysis)
- Then, return to your group and present each material that you have read.
- Then, discuss with the rest of the class and with your teachers what have you understood.

Reading no. 1	Reading no. 2
Reading no. 3	Reading no. 4

(individual + group exercise)

1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

1951: The European Coal and Steel Community is set up by the six founding members:

- On **9 May 1950**, the [Schuman Declaration](#) proposed the establishment of a European Coal and Steel Community (**ECSC**), which became reality with the [Treaty of Paris](#) of **18 April 1951**, and came into being in **1952**.
- The establishment of the **European Coal and Steel Community** (ECSC) created a unified market for coal and steel among the six founding countries, namely [Belgium](#), the [Federal Republic of Germany](#), [France](#), [Italy](#), [Luxembourg](#), and the [Netherlands](#). The primary objective, following the aftermath of the Second World War, was to promote peace between Europe's victorious and vanquished nations, fostering a sense of equality and cooperation through shared institutions.

Coal then played the role that oil and natural gas do today— it was the most important energy source. Many people were afraid that there could be further conflict over this raw material. The distribution of coal and the reconstruction of heavy industry were therefore placed under a common authority in which the members of the ECSC were represented. Along with Germany and France, these were Belgium, Italy, Luxembourg and the Netherlands.



1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

1951: The European Coal and Steel Community is set up by the six founding members:

- The underlying principle of the **European Coal and Steel Community** (ECSC) was straightforward: every member country had a voice in the affairs of all the others and was willing to acknowledge that its own decisions could be influenced by them. This mutual commitment meant that none of the member nations could clandestinely build up military capabilities against another, but they could collectively engage in the reconstruction of Europe. Simultaneously, this collaborative effort diminished their mutual apprehensions, fostering a climate of peace in Europe.
- The inaugural President of the ECSC's High Commission was the Frenchman Jean Monnet (1888–1979), a prominent advocate for European integration.

Jean Monnet (r.), President of the High Commission of the ECSC, presents the first block of 'European' steel, so inaugurating the common market for steel in April 1953.



1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

1951: The European Coal and Steel Community is set up by the six founding members:



On 9 May 1950, French Foreign Minister Robert Schuman first publicly proposed the ideas that led to the European Union. So 9 May is celebrated as the EU's birthday.

1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

1957: The same six countries sign the Treaties of Rome, setting up the European Economic Community (EEC) and the European Atomic Energy Community (Euratom)

- A few years later, this principle was extended to the whole economy, through the **European Economic Community (EEC)**. This was established in **1957** by the **Treaty of Rome** and came into effect in **1958**.
- The ‘Six’ then decided, with the **Treaties of Rome** on 25 March **1957**, to set up a European Atomic Energy Community (**Euratom**) and a European Economic Community (**EEC**).
- The latter would involve building a wider common market covering a whole range of goods and services. Customs duties between the six countries were abolished on 1 July 1968 and common policies, notably on trade and agriculture, were also put in place during the 1960s.

In Rome, representatives of the 6 founding countries sign the Treaties of Rome establishing the EEC and Euratom.



1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

1973: The Communities expand to nine Member States and introduce more common policies)

- So successful was this venture that **Denmark, Ireland** and the **United Kingdom** decided to join.
- Thus, the **first enlargement**, from 6 to 9 members, took place in **1973**.
- At the same time, new social and environmental policies were introduced, and the European Regional Development Fund (**ERDF**) was set up in **1975**.
- Consequently, the former enmity among nations transformed into collaboration, and this cooperative effort proved to be remarkably successful.
- Through cooperation, the European Community witnessed remarkable economic advancements. The shared commitment to common objectives allowed for the efficient utilization of resources, the removal of trade barriers, and the establishment of a single market. This led to increased economic productivity, trade, and prosperity for member countries.



1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

1979: The first direct elections to the European Parliament (EP)

- June **1979** saw a decisive step forward, with the first elections to the European Parliament by direct universal suffrage. These elections are held every 5 years.

1981: The first Mediterranean enlargement

- In **1981**, **Greece** joined the Communities, followed by **Spain** and **Portugal** in **1986**. This expansion of the Communities into southern Europe made it all the more necessary to implement regional aid programmes..



1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

1992: The European single market becomes a reality

- The global economic downturn of the early 1980s triggered a period of widespread 'euro-pessimism.' Nonetheless, a renewed sense of optimism emerged in 1985 when the European Commission, led by President Jacques Delors, unveiled a White Paper that outlined a schedule for achieving the **European single market** by January 1, 1993 (with the end of **1992**).
- This ambitious goal was enshrined in the **Single European Act**, which was signed in February 1986 and came into force on 1 July 1987.

1993: The Treaty of Maastricht establishes the European Union (EU)

- The political shape of Europe was dramatically changed when the Berlin Wall fell in 1989.



The fall of the Berlin Wall in 1989 led to a gradual breaking down of old divisions across the continent of Europe.

1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

1993: The Treaty of Maastricht establishes the European Union (EU)

- As a result of these developments, Germany was reunified in October 1990, and democracy began to take root in the countries of Central and Eastern Europe as they liberated themselves from Soviet influence. The Soviet Union, in turn, dissolved in December 1991.
- At the same time, the EEC Member States were negotiating a new treaty, which was adopted by the **European Council** (the meeting of presidents and/or prime ministers) at **Maastricht** in December **1991**.
- By adding intergovernmental cooperation (in areas such as foreign policy and internal security) to the existing Community system, the **Maastricht Treaty** created the European Union (EU). It came into force on 1 November **1993**.

The Heads of State or Government sign the Maastricht Treaty, establishing economic and monetary union.



1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

- Three more countries — **Austria, Finland** and **Sweden** — joined the European Union in **1995**, bringing its membership to 15.
- By then, Europe was facing the growing challenges of globalisation. New technologies and the ever increasing use of the Internet were modernising economies but also creating social and cultural tensions.



The 1997 Treaty of Amsterdam sets the seal on the step-by-step creation of an area of freedom, security and justice.



- In June **1997**, the Amsterdam European Council approved the Stability and Growth Pact, which represented an enduring dedication to maintaining fiscal stability. It enabled the imposition of penalties on any eurozone country whose budget deficit exceeded 3% of their Gross Domestic Product (GDP). The pact was further strengthened in 2011.

1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

2002: The euro comes into circulation

- Meanwhile, the EU was working on its most spectacular project to date — creating a **single currency** to make life easier for businesses, consumers and travellers. On 1 January **2002**, the **euro** replaced the old currencies of 12 EU countries, which together made up the ‘euro area’. The euro is now a major world currency alongside the US dollar.
- During the mid-1990s, the groundwork was laid for the largest-ever expansion of the European Union. Membership applications were submitted by a group of countries, including the six former Soviet bloc nations (Bulgaria, the Czech Republic, Hungary, Poland, Romania, and Slovakia), the three Baltic states that had formerly been part of the Soviet Union (Estonia, Latvia, and Lithuania), one of the former Yugoslav republics (Slovenia), and two Mediterranean countries (Cyprus and Malta).
- The European Union enthusiastically embraced the opportunity to promote stability on the European continent and to extend the advantages of European integration to the emerging democracies. Negotiations commenced in December 1997, and on May 1, 2004, 10 of the candidate countries officially became members of the EU.



1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

2007: The EU has 27 Member States

- **Bulgaria** and **Romania** followed in **2007**.

The EU welcomes its new members, Bulgaria and Romania, by projecting a large image onto the European Commission building in Brussels.



2009: The Lisbon Treaty comes into force, changing the way the EU works

- In order to equip itself for addressing the intricate challenges of the 21st century, the expanded EU recognized the necessity for a more streamlined and efficient decision-making process. A set of new regulations had been outlined in a draft EU Constitution, which was signed in October 2004, aiming to replace all existing treaties.
- However, this proposed constitution faced setbacks when it was rejected by two national referendums in 2005. Consequently, the Constitution was substituted by the Treaty of Lisbon, which was signed on December 13, 2007, and officially came into effect on December 1, 2009.

1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

2012: Nobel Peace Prize

- Although there may sometimes be disputes and major disagreements, the basic principles behind the EU have remained unchanged: **maintaining peace among the Member States, cooperation for mutual benefit and increasingly common external action.**
- The importance of the EU's work for **peace, democracy** and **human rights** in Europe over more than 60 years was recognised by the Nobel Prize Committee in 2012 when it awarded the Nobel Peace Prize to the European Union.
- The EU is the first group of countries in the world to be accorded this honour.



On 10 December 2012, the Nobel Peace Prize was awarded to the European Union in Oslo, Norway.

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2013: The EU has 28 Member States

- **Croatia** joined in **2013**, bringing the EU's membership to **28**.



Welcoming words for Croatia



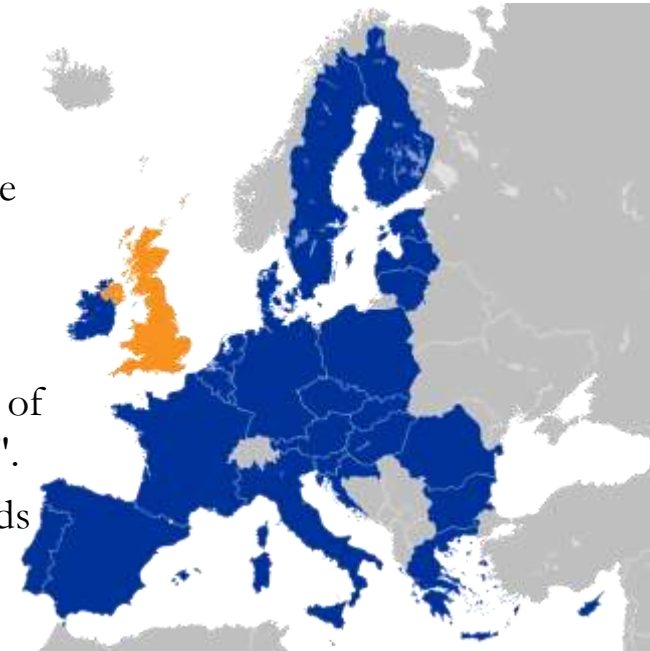
- Croatia's accession to the EU in 2013 marked a significant milestone for both the country and the EU. It represented the culmination of a long and rigorous process of political and economic reforms that Croatia undertook to meet the EU's membership criteria. The accession not only expanded the EU's borders but also symbolized the attractiveness of the European project, as Croatia aspired to embrace the shared values and opportunities of the Union.
- Croatia's entry into the EU also brought about new opportunities for economic growth and strengthened political ties within the region. It contributed to the EU's goal of fostering stability and prosperity in Southeastern Europe, and it demonstrated the transformative power of the EU's enlargement policy. Croatia's membership in the EU has allowed for increased cooperation in various fields, from trade and investment to cultural exchanges and political dialogue, benefiting both Croatia and the EU as a whole.

1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

2020: And then there were **27** Member States

- **Brexit** was the withdrawal of the United Kingdom (UK) from the European Union (EU).
- The UK is the only sovereign country to have left the EU.
- The UK had been a member state of the EU or its predecessor, the European Communities (EC), since 1 January 1973. Following Brexit, EU law and the Court of Justice of the European Union no longer have primacy over British laws. The European Union (Withdrawal) Act 2018 retains relevant EU law as domestic law, which the UK can amend or repeal.
- Withdrawal from the EU is governed by **Article 50** of the Treaty on EU. The article states that any member state can withdraw "in accordance with its own constitutional requirements" by notifying the European Council of its intention to do so.
- The notification triggers a two-year negotiation period, in which the EU must "negotiate and conclude an agreement with [the leaving] State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the [European] Union".
- If no agreement is reached within the two years, the membership ends without an agreement, unless an extension is unanimously agreed among all EU states, including the withdrawing state



1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

Important steps in the creation of EU

+Recap

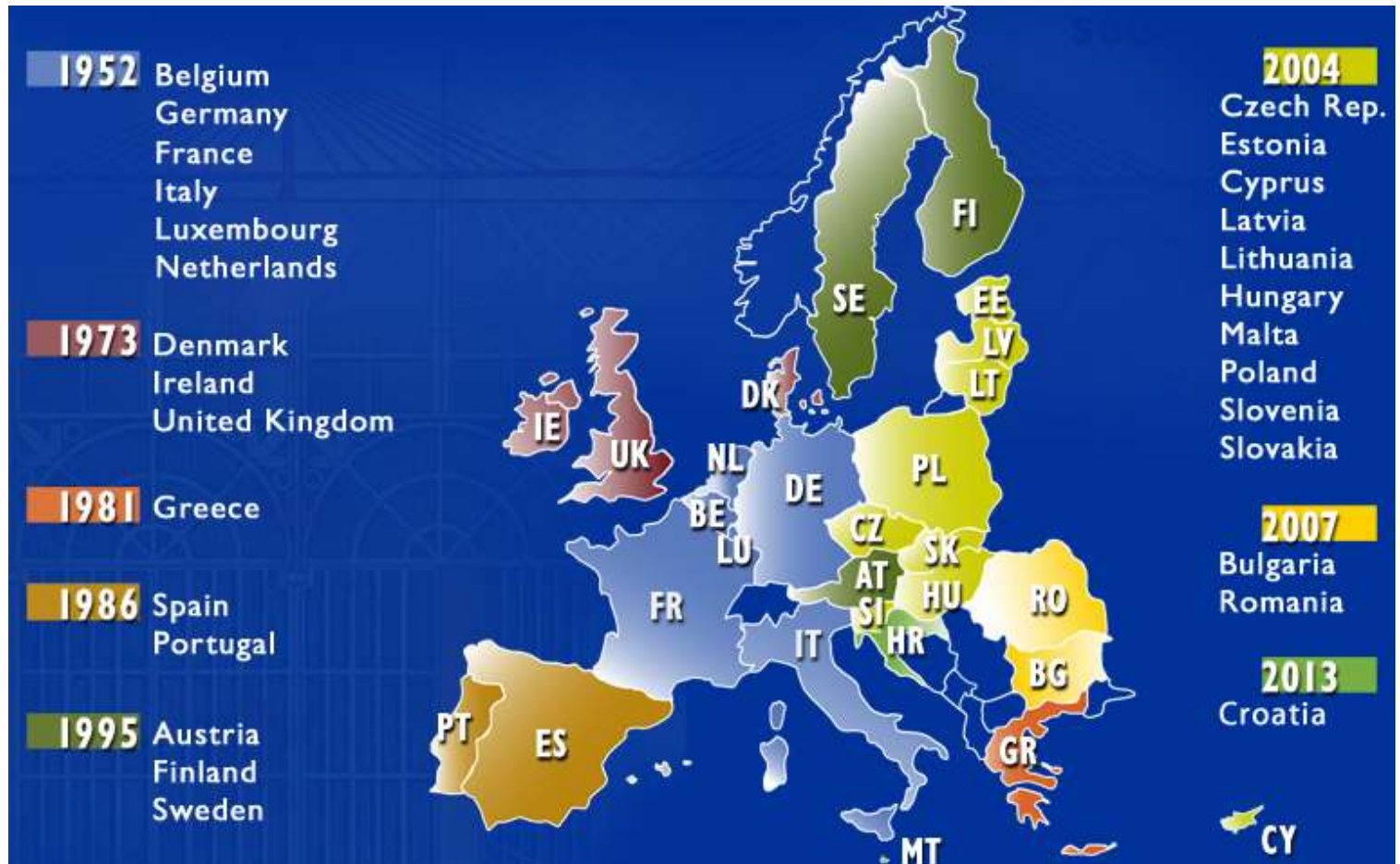


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Enlargement of the EU

+Recap



*EU member states
(1952-2014)*

1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union

The treaties – basis for democratic cooperation built on law

+Recap



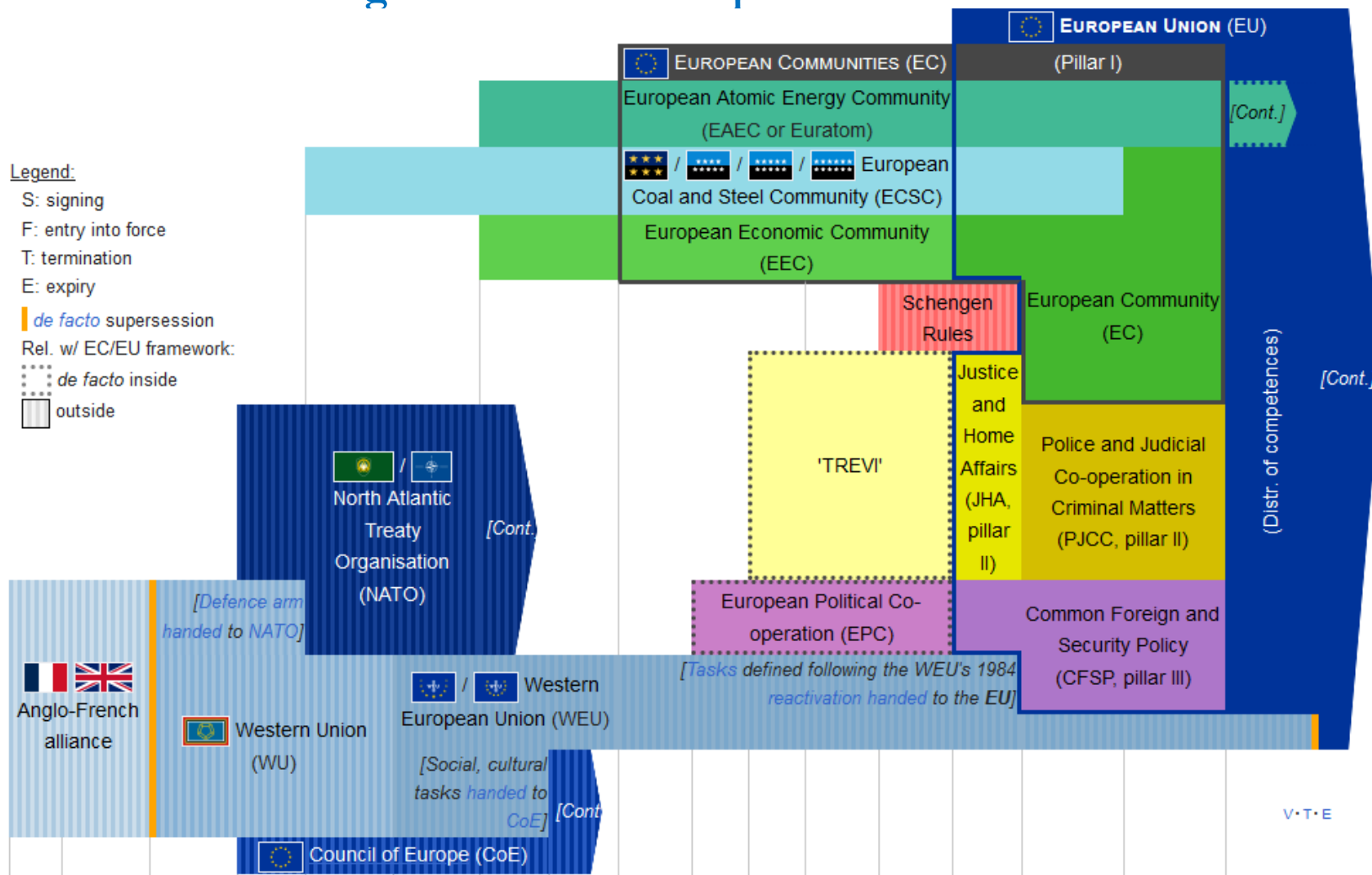
1952	The European Coal and Steel Community
1958	The treaties of Rome: <ul style="list-style-type: none"> • The European Economic Community • The European Atomic Energy Community (EURATOM)
1987	The European Single Act: the Single Market
1993	Treaty on European Union - Maastricht
1999	Treaty of Amsterdam
2003	Treaty of Nice
2009	Treaty of Lisbon

Discussion with prof Alberto Alemanno – The EU treaties

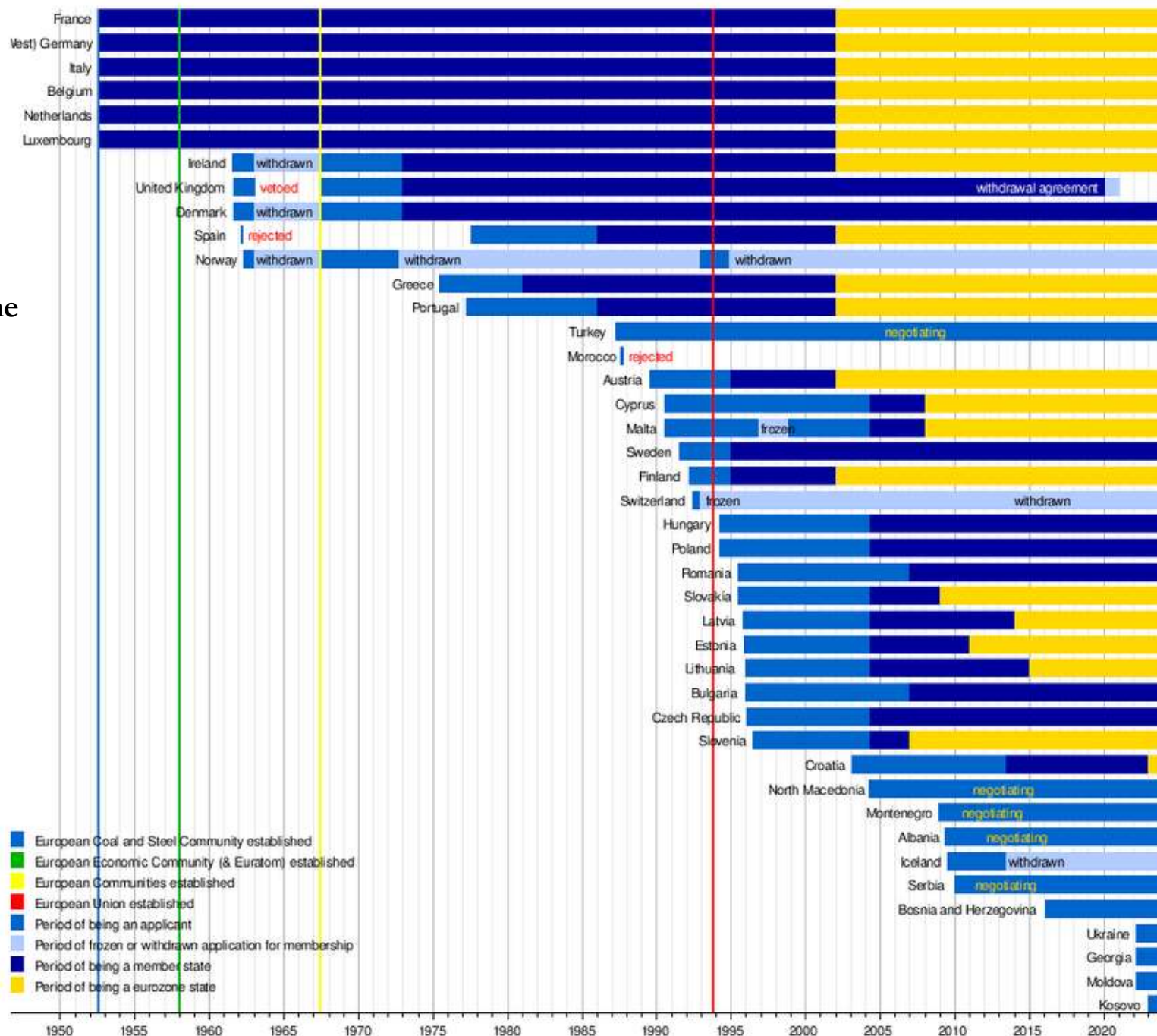


1. European Union: definition, history, purpose and principles

☑ The definition and growth of the European Union



Timeline



Exercise

Work on case: History of the EU in pictures

Match the pictures from the history of the EU to the correct captions.

TO KNOW THE EU

(group exercise)

Warm-up Exercise

History and precursors of the European Union

Discussions

Discussion with prof Alberto Alemanno – The EU treaties



Do you think we need to reform the European Union?

Do you think we need to reform the EU Treaties?



Ponder on questions like:

Are there adequate communication efforts between politicians and the public? Should there be a greater delegation of authority from national governments to EU institutions? Did the European Union handle the Refugee Crisis appropriately? Regarding defense policy, should we emphasize the establishment of a European Union military force, considering recent developments? Is the Schengen Agreement still viable? Should educational institutions place more emphasis on teaching the technical and legislative processes of the European Union? Is there a need for a reevaluation of how the media covers EU-related matters?

1. European Union: definition, history, purpose and principles

☑ The promoters of the communitarian idea

- More than fifty years ago, a group of forward-thinking leaders played a pivotal role in the establishment of the European Union as it exists today. Their determination and commitment were instrumental in shaping the environment of peace and stability we now consider a given.



**Konrad
Adenauer**



**Joseph
Bech**



**Johan W.
Beyen**



**Winston
Churchill**



**Alcide De
Gasperi**



**Walter
Hallstein**



**Sicco
Mansholt**



**Jean
Monnet**



**Robert
Schuman**



**Paul-H.
Spaak**



**Altiero
Spinelli**

1. European Union: definition, history, purpose and principles

☑ The promoters of the communitarian idea

- In contrast to what one might assume, the Founding Fathers were not exclusively seasoned statesmen. Among their ranks were lawyers, entrepreneurs, resistance fighters, and individuals from various backgrounds. Nevertheless, there existed a common thread of unity within this diversity: their shared experiences of the devastating consequences of war and their collective vision for a Europe characterized by peace, unity, stability, and prosperity.
- It is impossible to dissociate some names from the initial stages of European integration:
 - Robert Schuman due to his Declaration on 9th May 1950,
 - Jean Monnet, who was the latter's source of inspiration and first president of ECSC,
 - Konrad Adenauer, the German Chancellor who brought the young FRG into the project and
 - together with Alcide de Gasperi, President of the Italian Council, and also
 - Winston Churchill, who was one of the first to call for a 'United States of Europe'.

**FONDATION ROBERT
SCHUMAN**

(further reading)

1. European Union: definition, history, purpose and principles

☑ The promoters of the communitarian idea



Konrad Adenauer

a pragmatic democrat and tireless unifier



- Konrad Adenauer, the first Chancellor of the Federal Republic of Germany, played a pivotal role in shaping the nation's foreign policy. At the heart of Adenauer's diplomatic efforts was the pursuit of reconciliation with France, a cornerstone of his approach.
- Under his leadership, Germany took significant steps towards European integration and cooperation, including its membership in the Council of Europe in 1951, the establishment of the European Coal and Steel Community in 1952, and its entry into NATO in 1955. Adenauer consistently championed the idea of pan-European collaboration.
- Adenauer firmly believed that European unity was an indispensable foundation for enduring peace and stability. This conviction was symbolized by the Élysée Treaty of 1963, also known as the Treaty of Friendship, which marked a significant milestone in Franco-German reconciliation.
- Konrad Adenauer's profound impact extended to the establishment of a free and democratic society in Germany, a legacy that endures to this day. In recognition of his contributions, he was voted 'The greatest German of all time' by Germans in 2003

1. European Union: definition, history, purpose and principles

☑ The promoters of the communitarian idea



Alcide De Gasperi

an inspired mediator for democracy and freedom in Europe



- Alcide De Gasperi was a proponent of initiatives geared towards the integration of Western Europe. He actively contributed to the implementation of the Marshall Plan and the cultivation of strong economic connections with other European nations. De Gasperi lent his support to the Schuman Plan, which laid the groundwork for the establishment of the European Coal and Steel Community (ECSC), and he played a crucial role in shaping the concept of a common European defense policy.
- The era often referred to as the 'De Gasperi era' witnessed significant achievements in Italy. During this period, Italy underwent a process of reconstruction, including the adoption of a republican Constitution, the reinforcement of internal democracy, and the initial strides toward economic recovery.
- Furthermore, De Gasperi's efforts led to the establishment of the Council of Europe and influenced Italy's decision to participate in the American Marshall Plan and become a member of NATO. His leadership and diplomatic contributions left a lasting impact on the trajectory and development of post-World War II Europe.

1. European Union: definition, history, purpose and principles

☑ The promoters of the communitarian idea



Jean Monnet

the unifying force behind
the birth of the European Union



- Jean Monnet dedicated himself to the cause of European integration.
- He played a pivotal role in shaping the 'Schuman Plan,' which envisioned the consolidation of heavy industry in Western Europe.
- On August 5, 1943, Monnet articulated his vision, stating, "*There will be no peace in Europe if the states are reconstituted based on national sovereignty... The European countries are too small to ensure the necessary prosperity and social development for their people. The European states must come together to form a federation...*"
- In 1943, Monnet became a member of the French Committee of National Liberation, the de facto French government in exile based in Algiers. It was during this time that he began to openly articulate his vision for a united Europe as a means to secure and maintain peace on the continent. Jean Monnet's visionary leadership significantly influenced the post-World War II European integration efforts.

1. European Union: definition, history, purpose and principles

☑ The promoters of the communitarian idea



Robert Schuman

the architect of the European
integration project



- Robert Schuman, a qualified lawyer and the French foreign minister from 1948 to 1952, is renowned for crafting the Schuman Plan, which was made public on May 9, 1950. This date is now widely recognized as the birth of the European Union, as Europe's journey began as a peace initiative.
- Schuman played a pivotal role in shaping the future of Europe when he shared his plan with German Chancellor Adenauer, who promptly recognized the potential for a peaceful and united Europe and endorsed the proposal.
- He remained a staunch advocate for further integration, particularly through the creation of a European Defense Community. In 1958, he assumed the role of the first President of the precursor to the current European Parliament.
- Upon leaving his office, Schuman was honored with the title of 'Father of Europe' by the Parliament in recognition of his instrumental contributions to the European project.

1. European Union: definition, history, purpose and principles

☑ The promoters of the communitarian idea



Winston Churchill

calling for a **United States of Europe**



- Winston Churchill stood among the earliest proponents of a 'United States of Europe.' In the aftermath of the Second World War, he held a firm belief that only a united Europe could provide a lasting guarantee of peace.
- Churchill's overarching goal was to eradicate the deeply rooted European issues of nationalism and conflict once and for all. He firmly asserted that Europe could not afford to perpetuate the bitterness and vendettas born from the wounds of the past. His vision centered on rebuilding a 'European family' founded on principles of justice, compassion, and freedom. He argued that the essential first step was *“to build a kind of United States of Europe. In this way only will hundreds of millions of toilers be able to regain the simple joys and hopes which make life worth living”*.
- Churchill was a trailblazer in advocating European integration as a means to prevent the horrors of two world wars from recurring. He called for the establishment of a Council of Europe to promote this vision and secure a more peaceful and harmonious future for the continent.

1. European Union: definition, history, purpose and principles

☑ The promoters of the communitarian idea

Some inspiring quotes:

“World peace cannot be safeguarded without the making of creative efforts proportionate to the dangers which threaten it.” – Robert Schuman

“History is the sum total of things that could have been avoided.” – Konrad Adenauer

“We must build a kind of a United States of Europe.” – Winston Churchill

“We are not forming coalitions of states, we are uniting men.” – Jean Monnet



What's your view? Make it heard!

<https://www.youtube.com/watch?v=sdxGX8Siivc>

How is the EU important for Romania?

How is Romania important for the EU?

1. European Union: definition, history, purpose and principles

☑ What can the EU do in terms of powers and policies?

- 3 principles determine how and in what areas the EU may act:
 - conferral – the EU has only that authority conferred upon it by the EU treaties, which have been ratified by all member countries
 - proportionality – the EU action cannot exceed what is necessary to achieve the objectives of the treaties
 - subsidiarity – in areas where either the EU or national governments can act, the EU may intervene only if it can act more effectively.
- In certain areas, the EU alone is able to pass laws. The role of member countries is limited to applying the law, unless the EU authorises them to adopt certain laws themselves. In these areas, the EU has what the treaties call **exclusive competences**:
 - customs union
 - competition rules for the single market
 - monetary policy for the eurozone countries
 - trade and international agreements (under certain circumstances)
 - marine plants and animals regulated by the common fisheries policy

1. European Union: definition, history, purpose and principles

☑ What can the EU do in terms of powers and policies?

- In certain areas, both the EU and member countries are able to pass laws. But member countries can do so only if the EU has not already proposed laws or has decided that it will not. In these areas, the EU has what the treaties call **shared competences**:
 - single market
 - employment and social affairs
 - economic, social and territorial cohesion
 - agriculture & fisheries
 - environment
 - consumer protection
 - transport
 - trans-European networks
 - energy
 - justice and fundamental rights
 - migration and home affairs
 - public health (for the aspects defined in Article 168 of the Treaty on the Functioning of the EU)
 - research and space
 - development cooperation and humanitarian aid

1. European Union: definition, history, purpose and principles

☑ What can the EU do in terms of powers and policies?

- In certain areas, the EU can only support, coordinate or complement the action of member countries. It has no power to pass laws and may not interfere with member countries' ability to do so. In these areas, the EU has what the treaties call **supporting competences**:
 - public health
 - industry
 - culture
 - tourism
 - education and training, youth and sport
 - civil protection
 - administrative cooperation
- In certain areas, **special competences** enable the EU to play a particular role or to go beyond what it is normally allowed under the treaties:
 - coordination of economic and employment policies
 - definition and implementation of the Common Foreign and Security Policy
 - the 'flexibility clause', which under strict conditions enables the EU to take action outside its normal areas of responsibility

1. European Union: definition, history, purpose and principles

✓ The limits of the European Union

- These limits are defined by the EU treaties and the principle of subsidiarity, which dictates that decisions should be made at the most appropriate level of governance, whether at the EU level, national level, or regional level. Here are some key limits of the European Union:
 - **Sovereignty of Member States:** The EU is not a federal state but a union of sovereign nations. Member states retain their national sovereignty and authority over matters not delegated to the EU. This means that EU actions cannot infringe on core national powers, such as defense, foreign policy, and taxation.
 - **Limited Competences:** The EU has exclusive, shared, and supporting competences. It can only act within the scope of its competences as defined in the treaties. Matters outside these competences remain under national control.
 - **Subsidiarity:** The principle of subsidiarity ensures that decisions are made at the appropriate level, with the EU acting only when objectives can be better achieved at the EU level rather than at the national or regional level.
 - **National Vetoes:** Some decisions, particularly on critical issues like treaty changes or new member admissions, require the unanimous consent of all member states. This can limit rapid and comprehensive reforms.
 - **EU Treaties:** The EU operates within the framework of its founding treaties, and any changes to its powers or structure require unanimous agreement among member states. Treaty changes can be complex and lengthy processes.

1. European Union: definition, history, purpose and principles

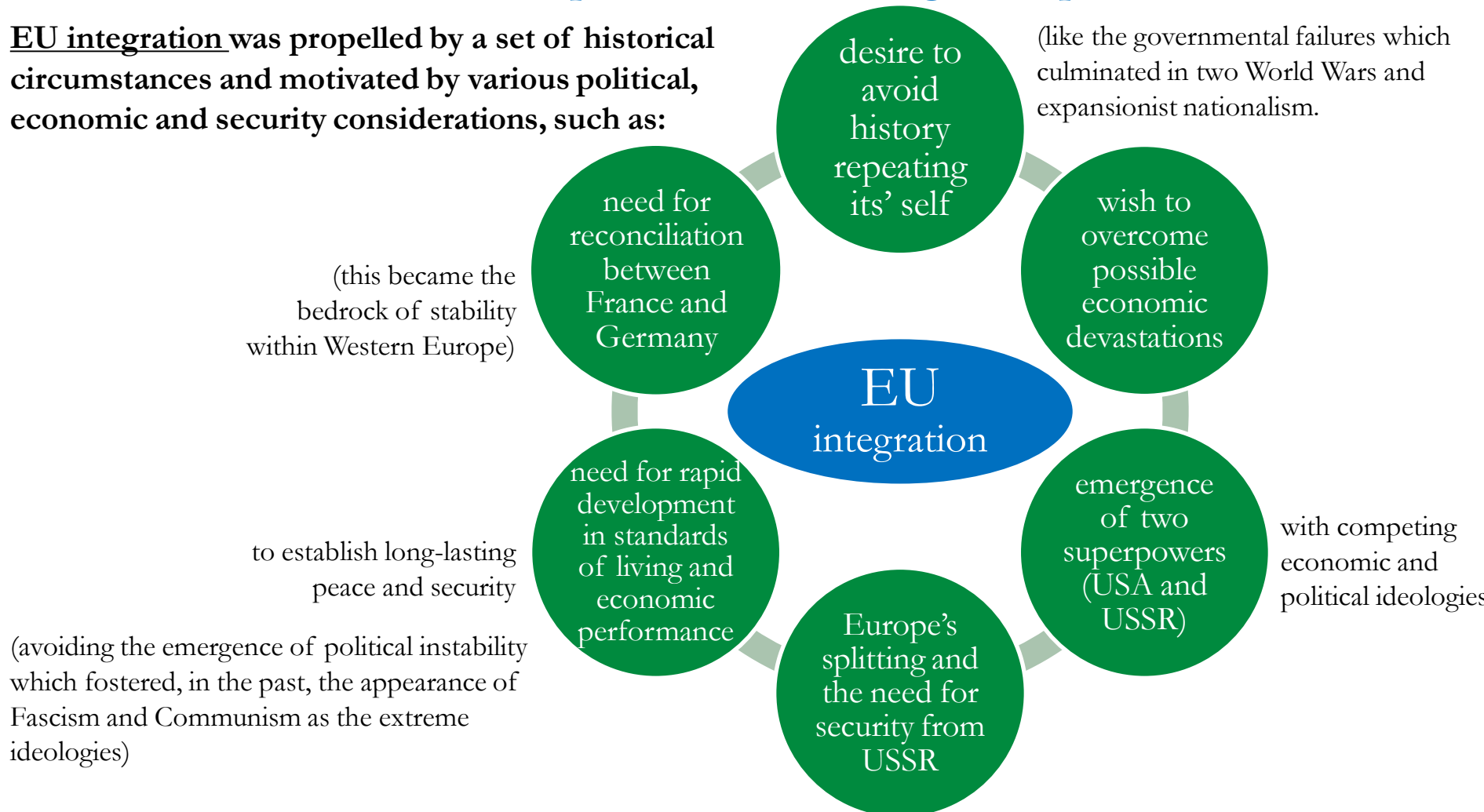
☑ The limits of the European Union

- These limits are defined by the EU treaties and the principle of subsidiarity, which dictates that decisions should be made at the most appropriate level of governance, whether at the EU level, national level, or regional level. Here are some key limits of the European Union:
 - **Democratic Control:** The EU is subject to democratic oversight and accountability. Decisions are made by elected representatives and through various democratic institutions, and member states play a central role in the decision-making process.
 - **Respect for Fundamental Rights:** The EU must adhere to the principles of democracy and the rule of law, as well as respect for fundamental rights, as outlined in the Charter of Fundamental Rights.
 - **Economic Constraints:** Economic and fiscal policies are subject to the realities of global markets and international economic constraints. The EU must adhere to budgetary rules and stability and growth criteria in the Eurozone.
 - **External Factors:** The EU's actions and policies are influenced by global events, international organizations, and the actions of non-EU countries.
 - **Cultural and Linguistic Diversity:** The EU encompasses a wide range of cultures and languages. While it promotes cultural diversity, it can also face challenges in achieving harmonization.
- Read also: <https://www.socialeurope.eu/where-are-the-limits-of-europe>

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The attractiveness and importance of the integration process

EU integration was propelled by a set of historical circumstances and motivated by various political, economic and security considerations, such as:



2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ Origins and development of the European Economic Integration: the impact on growth & welfare

- In contrast to previous utopian endeavors, **European integration** represents a unique historical experiment. It begins with pre-existing nation-states and assembles a supranational entity not through coercion, but rather through the voluntary relinquishment of some national prerogatives.
- The foundation of integration rests upon the **general communitarian interest**, which takes precedence over individual national interests. This perceived sacrifice of national interests is outweighed by the advantages of integration, primarily in the realms of economics and trade. Nonetheless, any Member State retains the freedom to unilaterally withdraw from the Community, irrespective of the integration stage or timeframe.
- The process of integration comprises three facets, each characterized by varying degrees of solidarity: economic integration, social integration, and political integration.

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ Origins and development of the European Economic Integration: the impact on growth & welfare

- **Economic integration** is the process of achieving economic solidarity by forming a complex network of interdependent linkages between economic operators of the participating countries.
- **Social integration** completes economic integration as part of full integration, but will never be totally achieved because people will never feel full solidarity.
- **Political integration** is a consequence of the others and assumes the existence of the decision unit and can be done in two forms: *federal* and *confederal*.

A final territorial integration will assume both economic as well as social and political integration.

(the basic ingredient of any integration form is the elimination of barriers to trade among two or more countries.)

Economic Integration is, i.e., an economic arrangement between different regions marked by the reduction or elimination of trade barriers and the coordination of monetary and fiscal policies. The aim of ***economic integration*** is to reduce costs for both consumers and producers, as well as to increase trade between the countries taking part in the agreement.



Explaining Economic Integration

**-COMMON MARKETS BLOC-
-ECONOMIC UNION-
-MONETARY UNION-**



INVESTOPEDIA

1:35 / 1:39

⏪ ⏩ 🔊 🔇 ⌂ ⚙️ 📺 🖥️ 🗪

<https://www.youtube.com/watch?v=e0ZBw9N6UBs&t=1s>

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The theories and forms of 'economic integration'

Economic Integration it is a complex notion which must be defined with care.

- Pinder (1969): **removal of discrimination** between economic agents of the member countries;
- Kahnert et al.. (1969): process of the progressive **removal of discrimination** that exists along national borders;
- Mennis and Sauvart (1976): process whereby **boundaries** between nation-states become **less discontinuous**, thereby leading to the formation of more comprehensive systems;
- Pelkmans (1984): **elimination of economic frontiers** between two or more economies (Economic frontier: a demarcation line across which the mobility of goods, services and factors is relatively low);
- Balassa (1973): process – the **removal of discrimination** between different states;
- Swann (1996): process or state of affairs that involves the combination of previously separate economies into larger **arrangements**;
- Molle (1991): prograssive **elimination of economic frontiers** between countries
- Tinbergen (1954): **Negative integration** (removal of discriminatory and restrictive institutions and the introduction of freedom for economic transactions) vs. **Positive integration** (the adjustment of existing and the establishment of new policies and institutions endowed with coercive powers);
- Goode (2003): all economies, except those practicing autarky, are to some extent integrated.

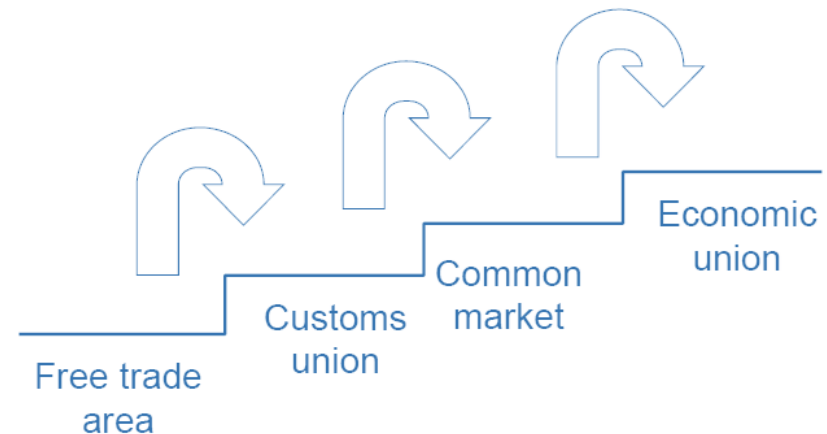
2. The European integration process: historical development, theories, basic concepts and the enlargement process

✓ The theories and of 'economic integration'

Economic Integration can take many forms.

According to Balasaa (1962) there are four different stages of economic integration:

- the first is a Free Trade Area (**FTA**),
- then a Customs Union (**CU**),
- then a Common Market (**CM**),
- and finally an Economic Union.



Panagariya (1998, 2000) argue that the term **PTA**, whether used to stand for *Preferential Trade Area*, *Preferential Trade Agreement* or *Preferential Trade Arrangement*, has an advantage of being wider in that it can be used to describe FTAs, CUs and arrangements involving partial trade preferences.

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The forms of 'economic integration'

Features	Forms	Free trade area (FTA)	Customs Union (CU)	Common Market (CM)	Economic Union (EcU)	Monetary Union (MU)
Free movement of products and services (PTA)		x/ X	X	X	X	X
Common custom tariffs for outside countries			X	X	X	X
Free movement of labor force and capital (4F)				X	X	X
Economic policy coordination					X	X
Unique monetary policies						X

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Preferential Trade Arrangements (PTAs) usually entail lower tariff barriers among participating nations than with non - member nations

- an arrangement between two or more countries in which goods produced within the union are subject to lower trade barriers than the goods produced outside the union.
- the trade arrangement among the eight Muslim countries of the Developing 8 Organization is an example of a PTA (Bangladesh, Indonesia, Iran, Malaysia, Egypt, Nigeria, Pakistan and Turkey).
- The D-8 Preferential Tariff Agreement (PTA) is designed to gradually reduce tariffs and other barriers to trade on specific goods in order to promote intra-trade among D-8 members.



2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Free Trade Agreement (FTA) is a PTA in which member countries do not impose any trade barriers (zero tariffs) on goods produced within the union.

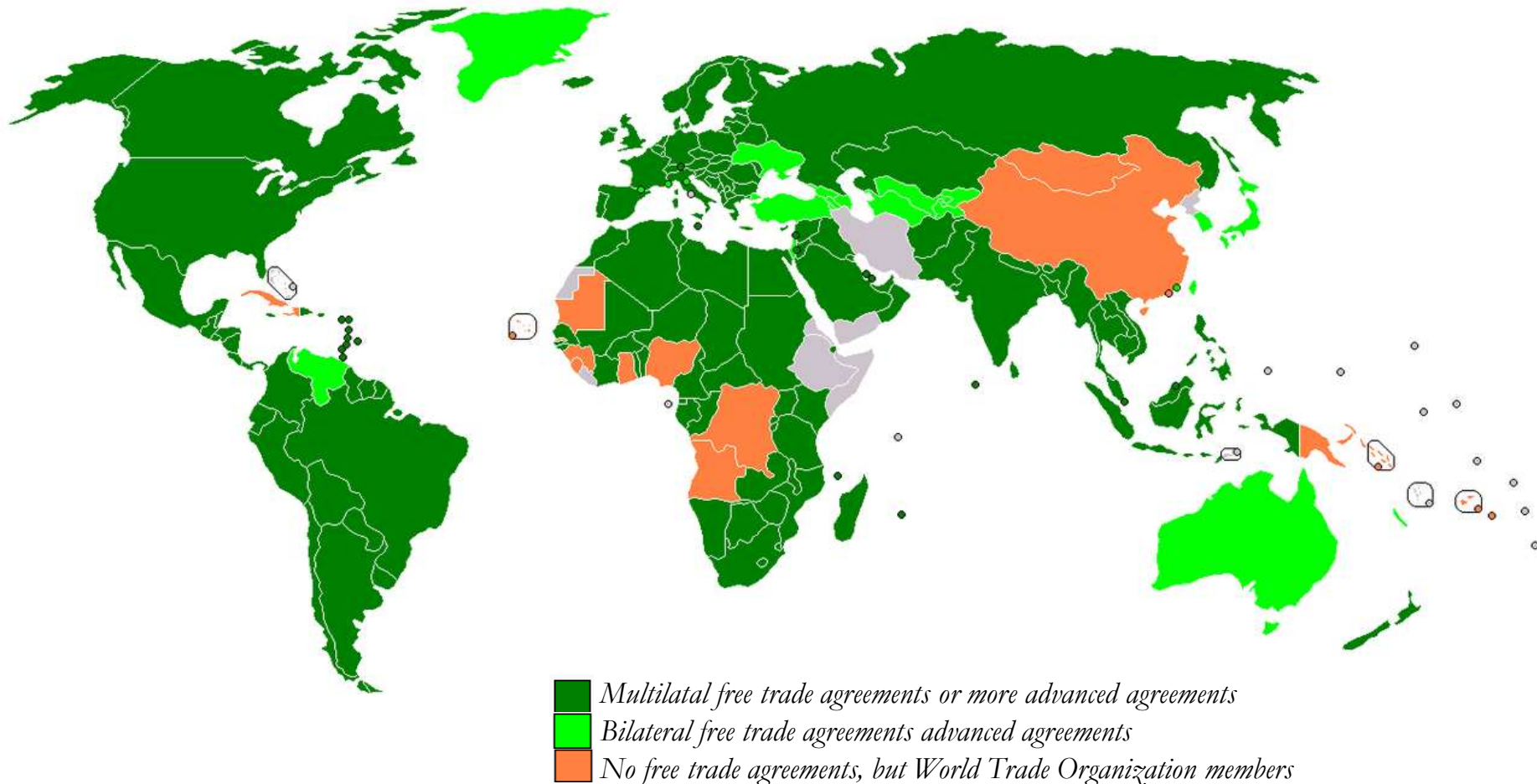
- however, each country keeps its own tariff barriers to trade with non - members.
- this is usually referred to as "trade integration".
- a good example is the North American Free Trade Agreement (NAFTA) formed by the United States of America (USA), Canada, and Mexico in 1993.
- as the U.S.' two largest export markets, Canada and Mexico buy more Made-in-America goods and services than any other countries in the world.



2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Free Trade Agreements (FTAs)



2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Customs Unions (CUs) are FTAs in which member countries apply a common external tariff on a good imported from outside countries.

- this common external tariff can, of course, differ across goods but not across union partners.
- the most famous example is the European Community (EC), formed in 1957.
- purposes for establishing a customs union normally include increasing economic efficiency and establishing closer political and cultural ties between the member countries.



EU's Customs Union (EUCU)
 Eurasian Customs Union (EACU)
 East African Community (EAC)
 West African Economic and Monetary Union (WAEMU)
 Southern African Customs Union (SACU)
 Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC)
 Mercosur Andean Community (CAN)
 Caribbean Community (CARICOM)
 Central American Common Market (CACM)
 Gulf Cooperation Council (GCC)
 Switzerland — Liechtenstein (CH-FL)

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Common Markets (CMs) are CUs which further allows free movement of labor and capital among member nations.

- this is usually referred to as "factor integration" or the first stage towards the creation of a single market.
- at the beginning of 1993, the EU achieved the status of a CM.
- Examples of common markets are: European Economic Area (EEA) or the European Free Trade Association (EFTA)

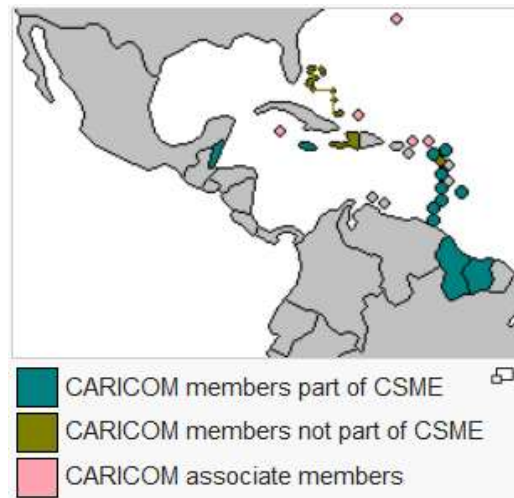


2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

The **Economic Union** is the most advanced type of economic integration, where monetary and fiscal policies of the member states are completely/partially harmonized and sometimes even unified.

- relevant examples are: the European Union (EU), the Caribbean Single Market and Economy (CSME) or the Eurasian Economic Union (EAEU or EEU).

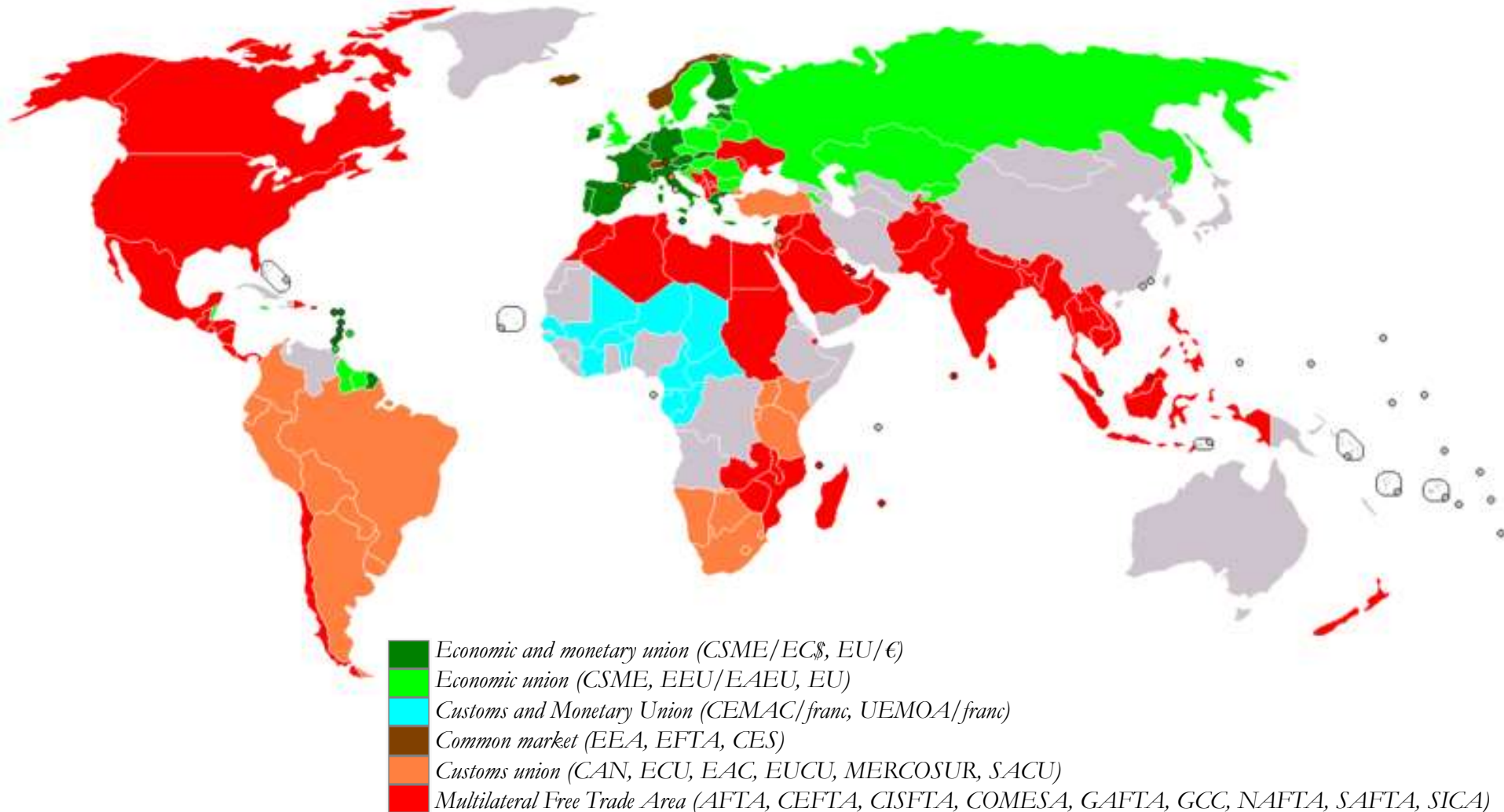


The **Monetary Union** (MU) is an extreme case of an Economic Union.

- a good example for the former is the countries of the EU who use a single currency;
- other examples are: the CARICOM Single Market and Economy, the Eastern Caribbean Currency Union

2. The European integration process: historical development, theories, basic concepts and the enlargement process

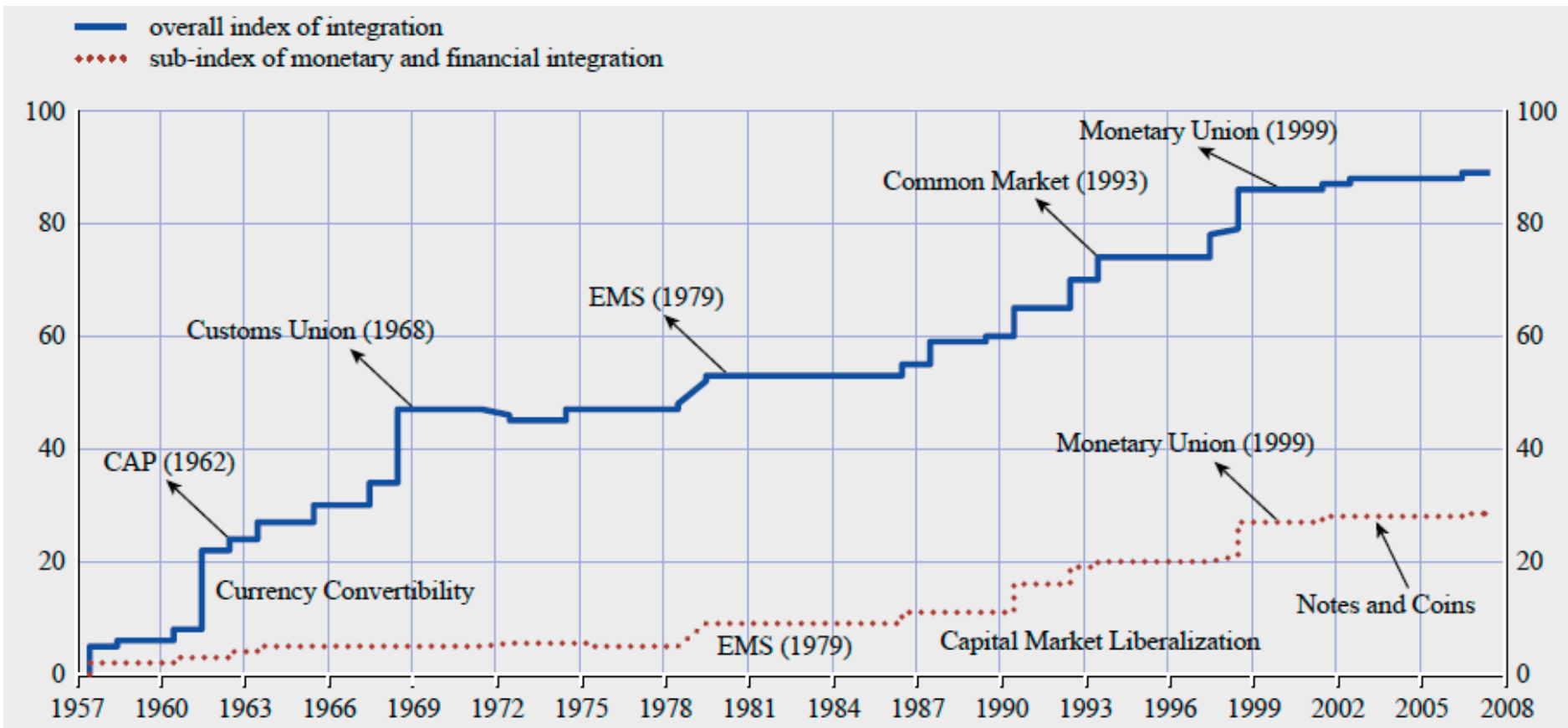
☑ The EU Enlargement process and levels of economic integration



2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Index of regional EU Institutional Economic Integration



2. The European integration process: historical development, theories, basic concepts and the enlargement process

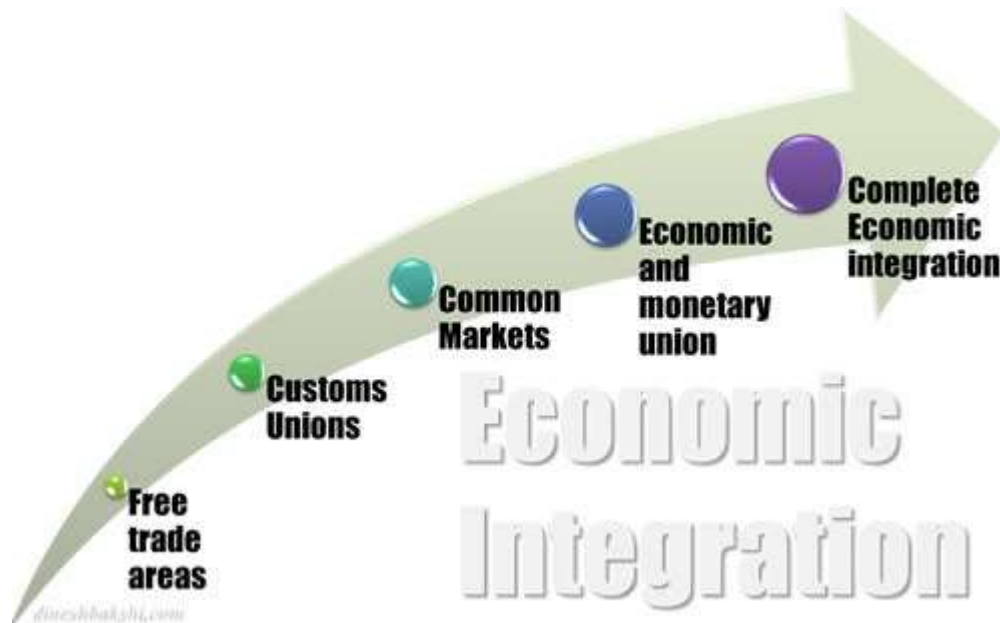
☑ The EU Enlargement process and levels of economic integration

Additional materials:

Theories of Economic Integration.

A Survey of the Economic and Political Literature

Theories of
Economic
Integration



Pros and cons of US free-trade deals



2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

- the EU is open to any European country that fulfils the democratic, political and economic criteria for membership.
- successive enlargements have increased the EU's membership from 6 to 28 countries.
- as of 2013, eight other countries are either negotiating membership or are at different stages of preparation.
- each treaty admitting a new member requires the unanimous approval of all Member States; in addition, in advance of each new enlargement, the EU must assess its capacity to absorb the new member(s) and the ability of its institutions to continue to function properly.
- enlarging the EU has helped strengthen and stabilise democracy and security in Europe and increase the continent's potential for trade and economic growth.



*European Union: new States?
No problem*

<https://www.youtube.com/watch?v=dvn2TQOMeOE>

unveiling internal enlargement



▶ ▶ 🔊 0:02 / 2:00



<https://www.youtube.com/watch?v=GFBNXIFgCP4>

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

E.g.: Turkey

- is a member of NATO with a long-standing association agreement with the EU, applied for European Union membership in 1987.
- given its geographical location and political history, the EU hesitated for a long time before accepting its application (the accession negotiations finally began in 2005).
- some EU countries have expressed doubts as to whether Turkey will or should become a EU member (proposing an alternative arrangement, a 'privileged partnership').
- the EU is Turkey's largest trading partner, this close cooperation with the EU starting around 50 years ago.
- there has been a customs union with Turkey since 1995.



EU enlargement waiting list.

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Other possible member states

- the western Balkan countries, most of which were once part of Yugoslavia, are also turning to the EU to speed up their economic reconstruction, improve their mutual relations (long scarred by ethnic and religious wars) and consolidate their democratic institutions.
- the EU has given 'candidate country' status to the former **Yugoslav Republic of Macedonia**, **Montenegro** and **Serbia**.
- Potential candidates are **Albania** and **Bosnia and Herzegovina**.
- **Kosovo** declared its independence in 2008 and could also become a candidate country, once the ongoing negotiations on its future have been concluded.
- **Iceland**, hit hard by the financial crisis in 2008, applied for EU membership in 2009. Accession negotiations were put on hold in 2013 at the request of the county itself).



EU enlargement. In search of the next Croatia

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Possible
member states



2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Membership conditions

The EU Treaty states that any European country may apply for membership if it respects the EU's democratic values and is committed to promoting them. But specifically, a country can only join if it meets all the **membership criteria**.

- **political** – it must have stable institutions guaranteeing democracy, the rule of law and human rights
- **economic** – it must have a functioning market economy and be able to cope with competitive pressure and market forces within the EU
- **legal** – it must accept established EU law and practice – especially the major goals of political, economic and monetary union.

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The EU Enlargement process and levels of economic integration

Enlargement policy remains focused on the "fundamentals first" principle. The core issues that remain key priorities in the enlargement process are:

- rule of law,
- fundamental rights,
- strengthening democratic institutions, including public administration reform,
- economic development and competitiveness.



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European Commission

European Neighbourhood Policy and Enlargement Negotiations

European Commission > Neighbourhood - Enlargement > Enlargement policy > Conditions for membership

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- EU Neighbourhood Policy
- Enlargement Policy**
 - + Check current status
 - + **Conditions for membership**
 - Steps towards joining
 - From 6 to 28 members
 - + Policy Highlights

Conditions for membership

The EU operates comprehensive approval procedures that ensure new members are admitted only when they can demonstrate they will be able to play their part fully as members. namely by:

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Key documents

- **Enlargement Strategy 2015**
- **Copenhagen criteria**

More...

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The impact of EU integration

The **single market** is the bedrock of economic and social policies when it comes to the main impact of EU integration.

It is a common economic area and provides the four fundamental freedoms, which are:

- the free movement of persons,
- the free movement of goods,
- the free movement of services, and
- the free movement of capital.

Whether we want to go on holiday to another EU country, work there or settle there with or without a job, we have the right to do so. Thus, the **free movement of persons** affects us in many ways.

And when we come back from abroad we can happily bring our purchases with us — just as we can shop in another country over the Internet. That guarantees the **free movement of goods**.

But not only goods but also services can be given and received across borders, thanks to the **free movement of services**.

People who prefer to invest their money in another EU country rather than their own have this option, guaranteed by the **free movement of capital**.

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The impact of EU integration

Free Movement of Goods

The free movement of goods has been a cornerstone of the EU's single market. Its impact includes:

- **Increased Trade:** Removing tariffs and non-tariff barriers has led to a substantial increase in trade among member states. This has expanded market opportunities for producers and led to a wider range of products for consumers.
- **Economic Growth:** The removal of trade barriers has stimulated economic growth by facilitating the exchange of goods. Businesses can access a larger customer base, leading to increased production and job creation.
- **Consumer Benefits:** Consumers have access to a broader selection of products, often at lower prices, due to increased competition and choice.
- **Harmonized Standards:** The EU has harmonized product standards and regulations, ensuring that goods meet consistent quality and safety standards. This has improved consumer confidence.

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The impact of EU integration

Free Movement of Services

The free movement of services has brought about significant changes in the EU's economic landscape:

- ***Business Opportunities:*** Service providers can operate across borders, leading to a broader customer base and increased business opportunities.
- ***Cross-Border Services:*** Citizens can access services more easily in other member states, such as education, healthcare, and financial services.
- ***Technological Advancements:*** The digital single market has further facilitated the provision of online services, contributing to technological advancements and innovation.

2. The European integration process: historical development, theories, basic concepts and the enlargement process

☑ The impact of EU integration

Free Movement of Capital

The free movement of capital has had several effects on the EU:

- **Investment Flows:** The removal of restrictions on capital movements has encouraged cross-border investment within the EU. This has attracted foreign direct investment and promoted economic development.
- **Financial Integration:** The adoption of the euro in the Eurozone countries has streamlined financial transactions, reduced exchange rate risks, and encouraged cross-border investment.

Free Movement of Persons (Labor)

The free movement of people, including workers, has had a profound impact on the EU:

- **Labor Mobility:** EU citizens can work and live in any member state. This has promoted labor mobility, enabling people to pursue employment opportunities in different countries.
- **Economic Growth:** Labor mobility has filled labor market gaps in some countries, contributing to economic growth and development.
- **Skills and Knowledge Transfer:** Workers from different member states bring their skills, knowledge, and cultural diversity to host countries, enriching the workforce.

2. The European integration process: historical development, theories, basic concepts and the enlargement process

✓ The impact of EU integration

The 1957 Treaty establishing the European Economic Community (EEC) enabled the removal of customs barriers among member countries and the adoption of a common customs tariff for non-EEC goods. However, customs duties represented just one facet of protectionism. During the 1970s, various trade barriers impeded the full realization of the common market. These included technical standards, health and safety regulations, currency controls, and national restrictions on certain professional practices, all of which limited the free movement of goods, people, and capital.

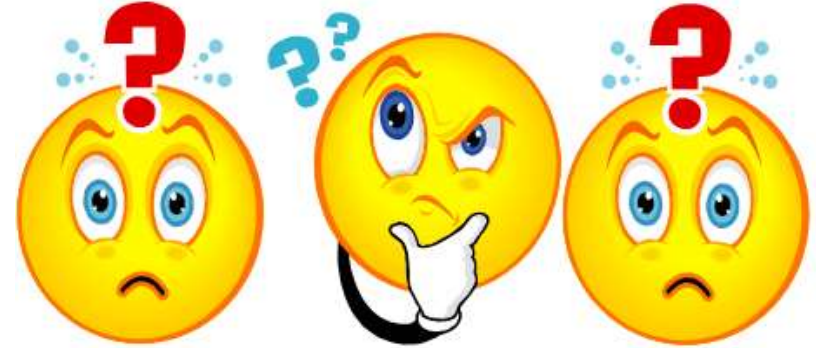
In June 1985, a White Paper outlined a strategy to eliminate all physical, technical, and tax-related obstacles to free movement within the EEC within a seven-year timeframe. The goal was to stimulate increased trade and industrial activity within the "single market," creating a large, unified economic area comparable to the United States.

Eureka: The great Single Market



2. The European integration process: historical development, theories, basic concepts and the enlargement process

Quiz



What do the four freedoms mean for you in practical terms?

Match the examples to the four aspects of the single market and tick the appropriate box.

The answers form a date in DDMMYYYY format. Find out what it is — and what happened on this day (. . / . . /)

Free movement of persons	Free movement of goods	Free movement of services	Free movement of capital
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

What do the four freedoms mean for you in practical terms?

	Free movement of persons	Free movement of goods	Free movement of services	Free movement of capital
Working in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying goods from another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Working for a company in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying property in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Working for a company in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying property in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Working for a company in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying property in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Working for a company in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying property in another EU country	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. The European Union institutional framework



<https://www.youtube.com/watch?v=8Rkwllr912A&t=2s>

Start-up Exercise



European Council



European Commission



Council of Ministers



EU Parliament

https://www.youtube.com/watch?v=APqIcseL_B8

Who does what?

(individual exercises)

Start-up Exercise

Match the EU institution with information in the left and right columns and create sentences.

27 commissioners
705 members
government ministers from each EU state
heads of states or governments of EU member states
Europe's cities and regions
employers, trade Unions and social interest groups
comprises Banks from 20 member states

tasks and responsibilities on particular areas of policy
passes EU laws and oversees EU spending
the presidency is held in turn by each member state for 6 months
overall direction and priorities of the EU
manages the EU monetary policy
EU legislation is interpreted and applied in each EU member state
assures that EU funds are used correctly

European Commission	European Parliament	Court of Justice of the EU
Council of the EU	European Council	European Court of Auditors
Committee of the Regions	European Central Bank	European Economic & Social Committee

Start-up Exercise

Match the EU institution with information in the left and right columns and create sentences.

27 commissioners	1
705 members	2
government ministers from each EU state	9
heads of states or governments of EU member states	3
Europe's cities and regions	4
employers, trade Unions and social interest groups	5
comprises Banks from 20 member states	6

tasks and responsibilities on particular areas of policy	1
passes EU laws and oversees EU spending	2
the presidency is held in turn by each member state for 6 months	9
overall direction and priorities of the EU	3
manages the EU monetary policy	6
EU legislation is interpreted and applied in each EU member state	7
assures that EU funds are used correctly	8

European Commission	1	European Parliament	2	Court of Justice of the EU	7
Council of the EU	9	European Council	3	European Court of Auditors	8
Committee of the Regions	4	European Central Bank	6	European Economic & Social Committee	5

3. The European Union institutional framework

☑ A historical approach of EU institutional integration

- The process of EU institutional integration commenced with the signing of the 1957 Treaty of Rome, which established the EEC (European Economic Community). Initially, the primary goal was to create a Free Trade Area (FTA) and a Customs Union (CU, which was achieved by 1968). Subsequently, it took 25 years to establish a Common Market, although it remained somewhat imperfect, marked by the elimination of non-tariff barriers and the relaxation of restrictions on the movement of factors of production.
- In parallel, significant progress was made in the development of the European Economic Union (Ecu), where national macro and micro-economic policies were coordinated and gradually harmonized in accordance with supranational laws. This harmonization aimed to create a more unified economic framework within the EU.
- Ultimately, in January 1999, the Economic and Monetary Union (EMU) was launched, leading to the establishment of the euro as the single currency for participating member states.

— overall index of integration
 ♦♦♦♦ sub-index of monetary and financial integration

*Index of regional EU
 Institutional Economic
 Integration*



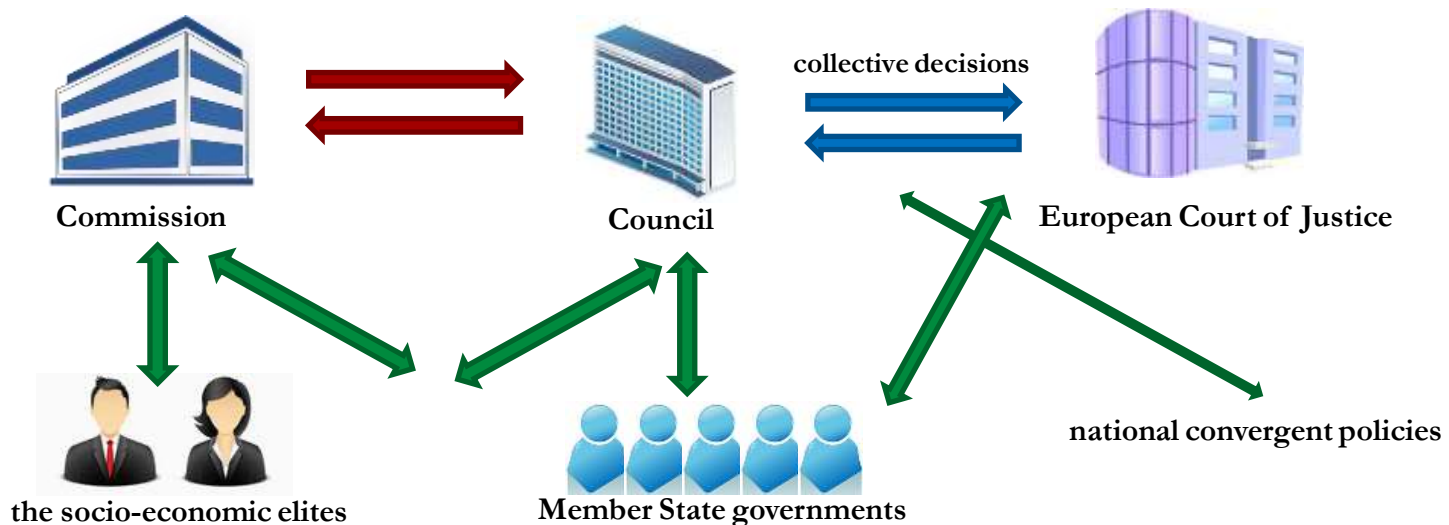
3. The European Union institutional framework

✓ A historical approach of EU institutional integration

During the process of EU institutional integration, several models have been proposed:

1. The partnership model of Jean Monnet

- providing a systematic partnership between the representatives of the EU Member States, the socio-economic elites (representatives of the companies) and European officials (within the Commission).
- the partnership is achieved through a tandem between the Commission and the Council (**separation of powers, division of powers**).
- the European Court of Justice watched over the legal framework of this partnership.
- this model lasted until 1965 (the first community identity crisis).

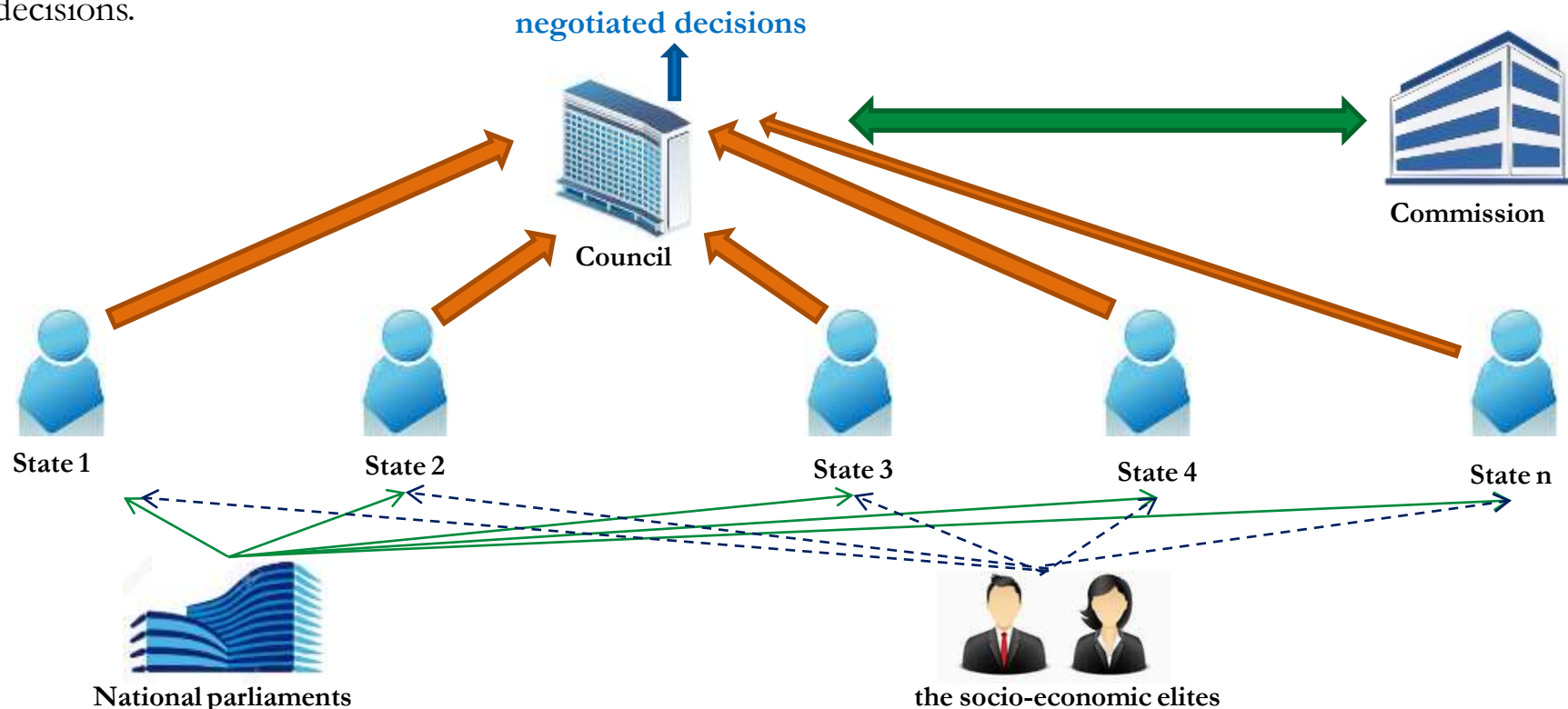


3. The European Union institutional framework

☑ A historical approach of EU institutional integration

2. De Gaulle's method of collective negotiation

- In 1965, Charles de Gaulle observed a significantly increased level of autonomy within the Commission.
- Following numerous delays, the eight Member States eventually arrived at the "Luxembourg compromise," acknowledging the prerogative of individual national states to engage in negotiations regarding collective decisions.



3. The European Union institutional framework

☑ A historical approach of EU institutional integration

2. De Gaulle's method of collective negotiation

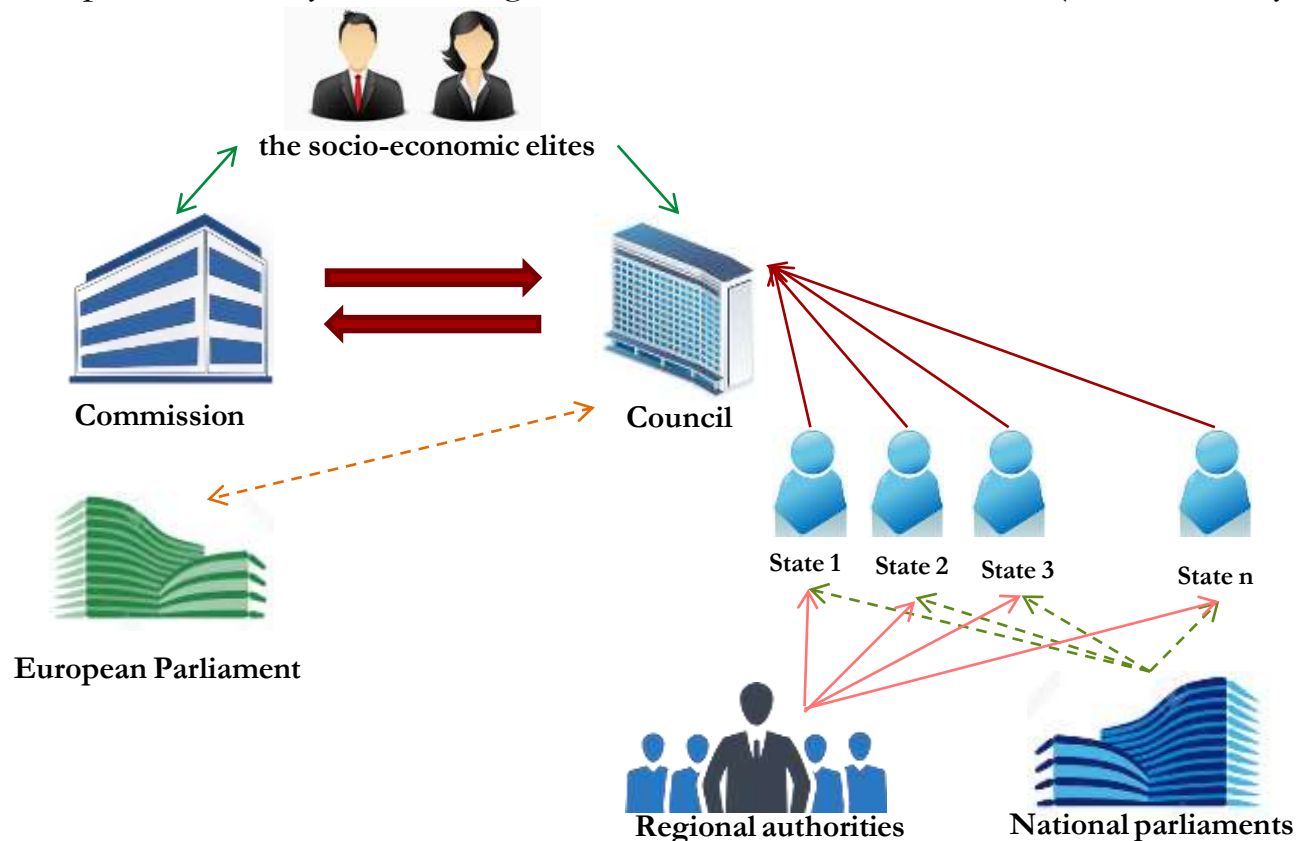
- The favorable outcome of this model is that it gave rise to a system of negotiation and dialogue that persists today, exemplified by the use of sub-committees.
- However, this development also led to the emergence of the somewhat derogatory term "comitology," which is associated with the bureaucratic aspects of the Community.
- Shared decision-making, on the other hand, was decentralized to the national level.
- Additionally, this approach led to policy segmentation by sector.

3. The European Union institutional framework

☑ A historical approach of EU institutional integration

3. The method of co-optation or of the Single Act

- known also as the “cooption method”, this method provides a simplification of the relations, returning to the initial partnership, but with a system of negotiation with the Member States (introduced by De Gaulle).



3. The European Union institutional framework

☑ A historical approach of EU institutional integration

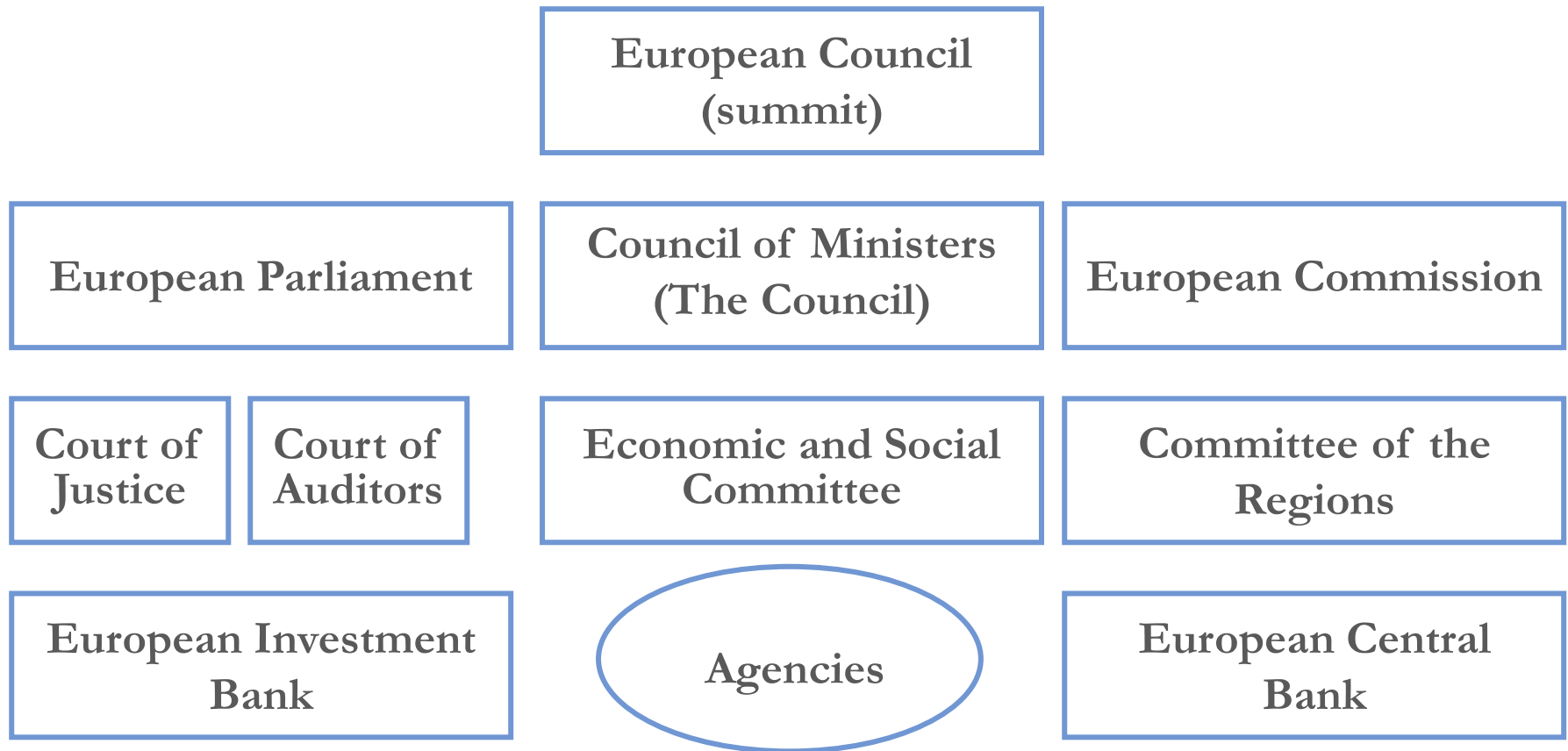
4. The consensual method

- Following the enlargements in the 1970s and 1980s and in light of the oil crises during the 1970s, there was a pressing demand for the reform of EU institutional structures.
- The initial step in this process involved abandoning the Gaullist approach of unanimous decision-making, which granted significance to each country's individual vote, and transitioning to the consensus method of decision-making.
- The present institutional framework, as we know it, was established through the Maastricht Treaty of 1992.
- This treaty introduced a single legal framework for the three Communities (ECSC, EEC, and Euratom). Furthermore, it introduced two crucial pillars aimed at safeguarding the sovereignty of Member States: common security and justice, along with internal policies.



3. The European Union institutional framework

☑ The distribution of power

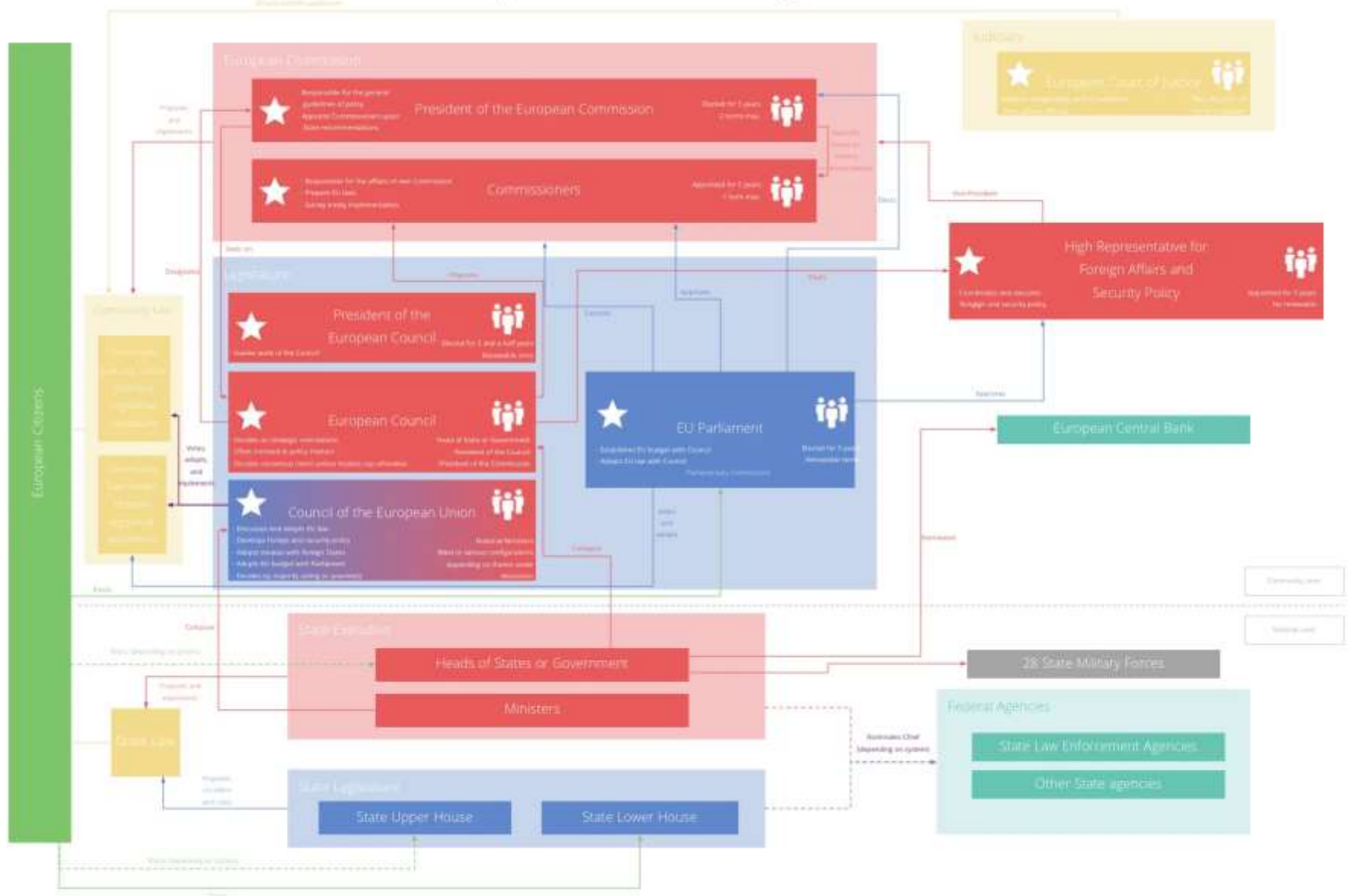


3. The European Union institutional framework

☑ The distribution of power

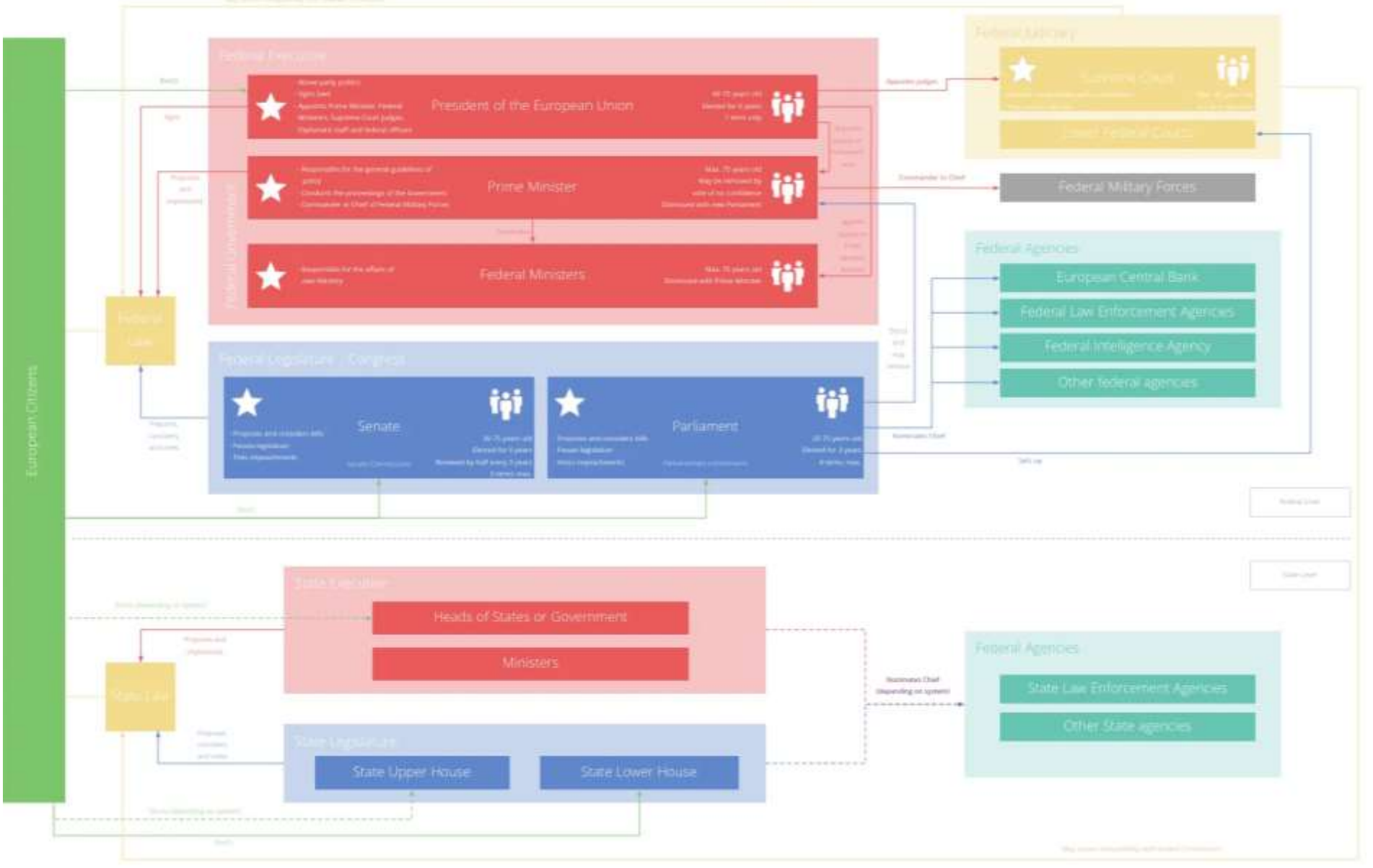


European Union - Current Organisation



European Union - Federal Organisation

Not obligatory to follow this
to include additional information of your
own choice with respect to the
content of the course



3. The European Union institutional framework

☑ The structure, functions and interactions of the main European institutions

The three key players of the European Union



The European Parliament
- voice of the people

Roberta Metsola,
President of the
European Parliament



**The European Council
and the Council**

- voice of the Member
States

Charles Michel, President of
the European Council



The European Commission
- promoting the common
interest

Ursula von der Leyen, President
of the European Commission

*The three key players of
the European Union*



3. The European Union institutional framework

- ☑ The structure, functions and interactions of the main European institutions



<https://www.youtube.com/watch?v=BUMyJwCMzSI&t=4s>

3. The European Union institutional framework

☑ The structure, functions and interactions of the main European institutions

European Council / Council of the European Union

- Establishes the overall political direction and priorities of the EU.
- It does not function as one of the EU's legislative bodies, thus it does not engage in the negotiation or adoption of EU laws.
- Following each meeting, it issues 'conclusions' that capture the key messages derived from the discussions and assess the decisions made, including their follow-up.
- Traditionally, it shapes the EU's policy agenda by adopting 'conclusions' during European Council meetings, pinpointing areas of concern and proposing actions to be taken.
- Its members comprise the Heads of State or Government from each Member State, as well as the President of the European Council and the President of the European Commission.
- While consensus is the preferred decision-making approach, specific cases outlined in the EU treaties may require decisions by either unanimity or qualified majority.



*Members of the
European Council*

*Charles Michel,
President*



3. The European Union institutional framework

☑ The structure, functions and interactions of the main European institutions

A confusion of Councils: which is which?

It is easy to become confused about which European body is which — especially when very different bodies have very similar names, such as the following three ‘Councils’.

The European Council (Council of the EU)

Consist of the all the EU Heads of State or Government, its President and the EC President. It is the highest level policymaking body in the European Union.

The Council (Council of Ministers)

Consists of government ministers from all the EU countries. The Council meets regularly to take detailed decisions and to pass European laws.

The Council of Europe

It is an intergovernmental organisation which aims to protect human rights, democracy and the rule of law. It was set up in 1949 and one of its early achievements was to draw up the European Convention on Human Rights. The Council of Europe now has 47 Member States, including all EU countries, and its headquarters are in Strasbourg.



The EU Council explained



The Council of Ministers explained



The Council of Europe explained



▶ ⏪ 🔊 0:04 / 3:37 • Intro >



<https://www.youtube.com/watch?v=mxPjYjdKEAk>



<https://www.youtube.com/watch?v=K-cRJr7mWw4>

TLDR EXPLAINS:

WHAT IS THE COUNCIL OF EUROPE?

▶ ▶ 🔊 0:01 / 9:31 • Intro >



<https://www.youtube.com/watch?v=HUri44h85Yw>

3. The European Union institutional framework

☑ The structure, functions and interactions of the main European institutions

European Parliament (EP)



It is the **elected body** that represents the EU's citizens and has **three main roles**.

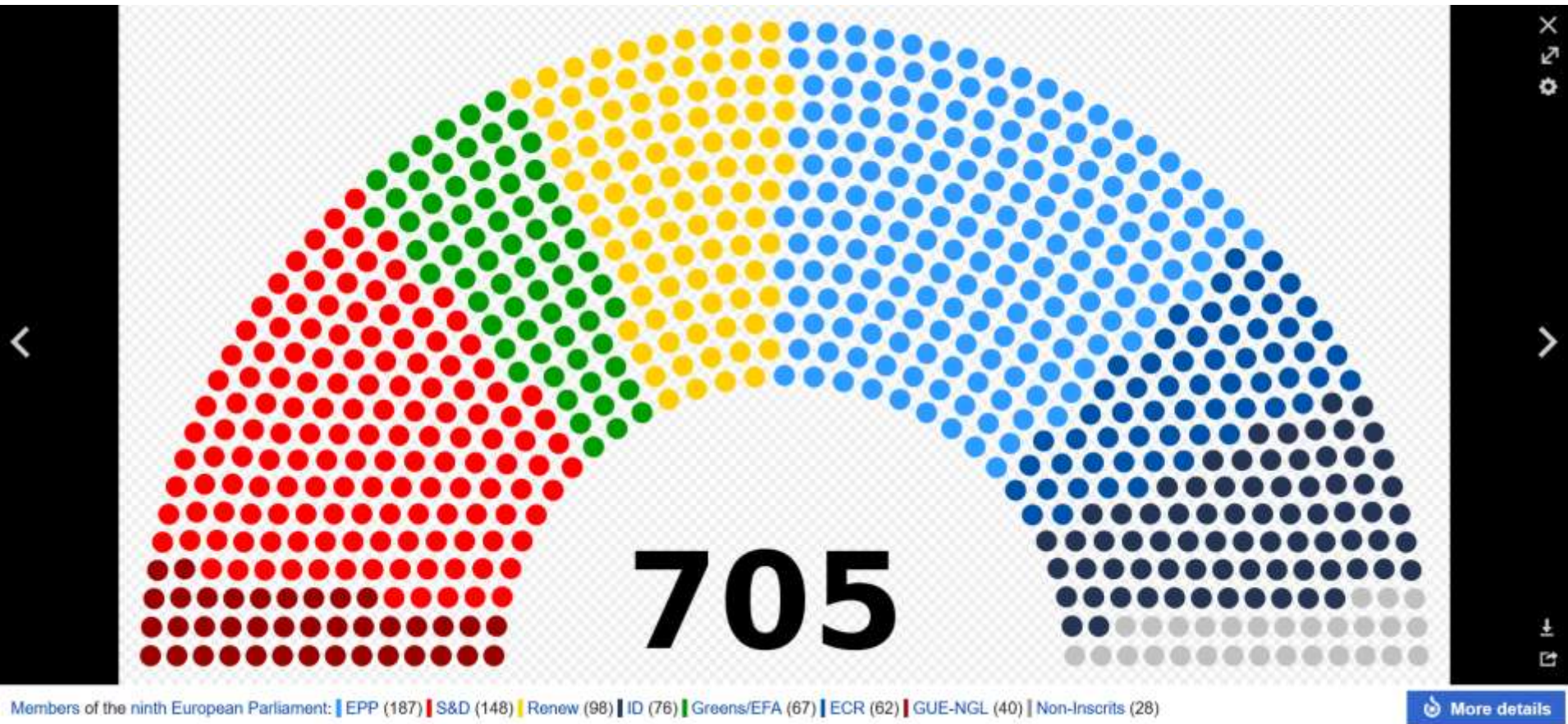
1. The European Parliament shares the authority with the Council to legislate and pass laws. Its status as a directly elected body is instrumental in ensuring the democratic legitimacy of European law.
2. It holds the responsibility of democratically supervising all EU institutions, most notably the Commission. This includes the power to approve or reject the appointment of the President of the Commission and Commissioners and the authority to censure the Commission as a whole.
3. It shares jurisdiction with the Council regarding the EU budget, thereby exerting influence over EU expenditures. Following the budget process, it can either endorse or reject the budget in its entirety.
4. Comprising 705 members, known as Members of the European Parliament (MEPs), who are directly elected through universal suffrage.
5. While the official seat of the European Parliament is in Strasbourg, France, the institution also maintains two additional places of operation: Brussels and Luxembourg.

*Roberta Metsola,
President*



*A Short Guide to the
European Parliament*

3. The European Union institutional framework



3. The European Union institutional framework

☑ The structure, functions and interactions of the main European institutions

European Parliament (EP)



9th European Parliament | edit |

Group ^[9]	Sub-parties	Leader(s)	Est.	MEPs 2019 ^[10]	Brexit change	MEPs 2020 ^[11]
European People's Party (EPP)	European People's Party (EPP)	Manfred Weber ^[12]	2009	182 / 751	-0 +5	187 / 705
Progressive Alliance of Socialists and Democrats (S&D)	Party of European Socialists (PES)	Iratxe Garcia ^[13]	2009	154 / 751	-10 +3	147 / 705
Renew Europe (Renew)^[14]	Alliance of Liberals and Democrats for Europe (ALDE) ^[15] European Democratic Party (EDP)	Dacian Cioloș ^[16]	2019	108 / 751	-17 +7	98 / 705
Identity and Democracy (ID)^[17]	Identity and Democracy Party (ID Party)	Marco Zanni ^[18]	2019	73 / 751	-0 +3	76 / 705
Greens-European Free Alliance (Greens-EFA)	European Green Party (EGP) European Free Alliance (EFA) European Pirate Party (PPEU) Volt Europa (Volt)	Ska Keller Philippe Lamberts ^[19]	1999	74 / 751	-11 +4	67 / 705
European Conservatives and Reformists (ECR)	European Conservatives and Reformists Party (ECR Party) European Christian Political Movement (ECPM)	Raffaele Fitto Ryszard Legutko	2009	62 / 751	-4 +3	61 / 705
European United Left-Nordic Green Left (GUE-NGL)	Party of the European Left (PEL) Nordic Green Left Alliance (NGLA) Now the People! (NTP!) Animal Politics EU (APEU)	Manon Aubry Martin Schirdewan	1995	41 / 751	-1 +0	40 / 705
Non-inscrits	Alliance for Peace and Freedom (APF) Initiative of Communist and Workers' Parties (INITIATIVE)	-	-	57 / 751	-30 +2	29 / 705

The 73 UK MEPs left in January 2020, and 36 additional MEPs were drawn from the remaining member states bringing the total to 705.

*The European
Parliament explained*





▶ ▶| 🔊 0:04 / 3:05 • Intro >



<https://www.youtube.com/watch?v=I1DITO-PHac>

3. The European Union institutional framework



☑ The structure, functions and interactions of the main European institutions

The European Commission (EC)

It is the **EU's executive body**, represents **EU's interests** as a whole and its main roles are to:

1. Propose legislation, which is subsequently adopted through the co-legislative process involving the European Parliament and the Council of Ministers.
2. Ensure the enforcement of European law, with the option to seek assistance from the Court of Justice of the EU when necessary.
3. Establish objectives and priorities for action, delineated annually in the Commission Work Programme, and work toward their implementation.
4. Oversee and implement EU policies and the budget.
5. Act as the representative of the Union beyond European borders, including negotiations of trade agreements between the EU and other countries.
6. Headquartered in Brussels, with some of its services located in Luxembourg.
7. Maintain Representations in all EU Member States and 139 Delegations worldwide.



*The College of EU
Commissioners*



*The European
Commission explained*

*Ursula von der Leyen,
President*





<https://www.youtube.com/watch?v=H824RAPUOlC>

3. The European Union institutional framework

☑ The structure, functions and interactions of other institutions and advisory bodies

The Court of Justice – upholding the law

27 independent judges, one from each EU country

- Rules on how to interpret EU law
- Ensures EU countries apply EU laws in the same way



3. The European Union institutional framework

☑ The structure, functions and interactions of other institutions and advisory bodies

The European Ombudsman

Emily O'Reilly
The European Ombudsman

- Investigates complaints about poor or failed administration by the EU institutions
- For example: unfairness, discrimination, abuse of power, unnecessary delay, failure to reply or incorrect procedures
- Anyone in the EU can make a complaint



3. The European Union institutional framework

☑ The structure, functions and interactions of other institutions and advisory bodies

The European Court of Auditors – getting value for your money

27 independent members

- Checks that EU funds are used properly
- Can audit any person or organisation dealing with EU funds



3. The European Union institutional framework

- ☑ The structure, functions and interactions of other institutions and advisory bodies

The European Central Bank – managing the euro



Christine Lagarde
President of the Central Bank



- Ensures price stability
- Controls money supply and decides interest rates
- Supervises that banks are safe
- Works independently from governments

3. The European Union institutional framework

☑ The structure, functions and interactions of other institutions and advisory bodies

The European Economic and Social Committee – voice of civil society

344 members

- Represents trade unions, employers, farmers, consumers and so on
- Advises on new EU laws and policies
- Promotes the involvement of civil society in EU matters

The Committee of the Regions – voice of local government

329 members

- Represents cities and regions
- Advises on new EU laws and policies
- Promotes the involvement of local government in EU matters

3. The European Union institutional framework

☑ The structure, functions and interactions of other institutions and advisory bodies

EU Public Prosecutor's Office

- The European Public Prosecutor's Office will be an independent body of the Union responsible for investigating, prosecuting and bringing to judgment crimes against the financial interests of the Union (e.g. fraud, corruption, cross-border VAT fraud above 10 million euros).
- In that respect the EPPO shall undertake investigations, and carry out acts of prosecution and exercise the functions of prosecutor in the competent courts of the Member States.



3. The European Union institutional framework

☑ The structure, functions and interactions of other institutions and advisory bodies

European Cybersecurity Industrial, Technology and Research Competence Centre

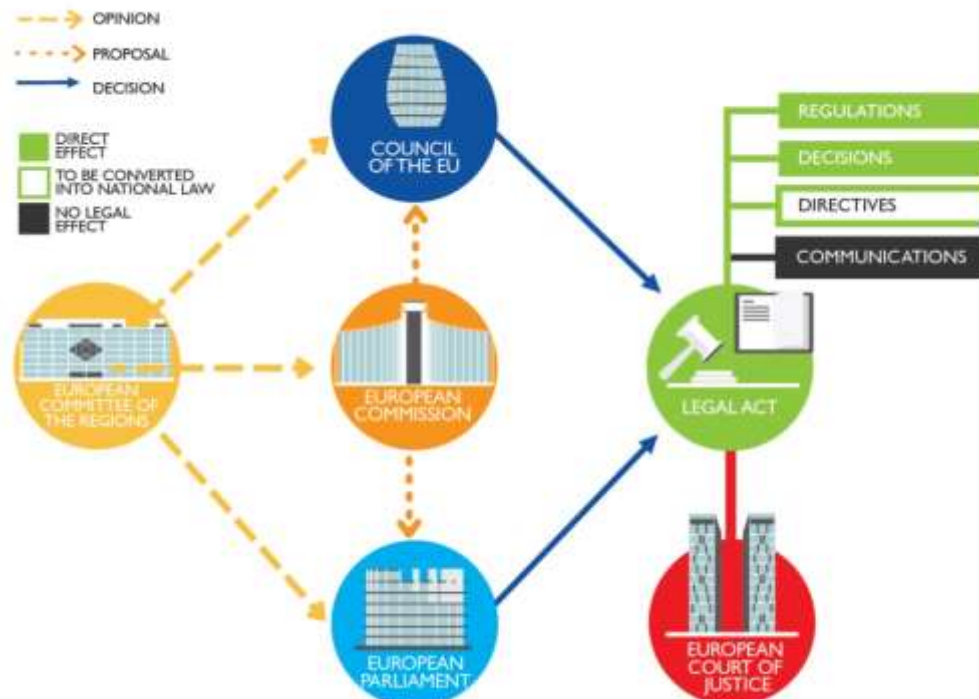
- ...will work together with a network of national coordination centres designated by member states.
- The new Centre will play a key role in helping secure the digital infrastructure so many of us use every day for work and leisure, as well as information systems and networks in vital areas such as health, transport, energy, financial markets and banking systems.
- It will also bolster the global competitiveness of the EU's cybersecurity industry, SMEs in particular, and strengthen our leadership and strategic autonomy in the cybersecurity domain.

3. The European Union institutional framework

☑ The decision making process within the EU institutional framework

EU decision-making involves three main institutions:

- the **European Parliament**, which represents the EU's citizens and is directly elected by them;
- the **European Council**, which consists of the Heads of State or Government of the Member States;
- the **European Commission**, which represents the interests of the EU as a whole.



In principle, the **European Commission** proposes new laws, but it is the **Council** together with the **Parliament** that adopts them. Before proposing legislation, the **Commission** takes stock of existing laws and conducts an impact assessment. It must also consult stakeholders and other institutions for their views and seek the opinions of national parliaments and governments.

3. The European Union institutional framework

☑ The decision making process within the EU institutional framework

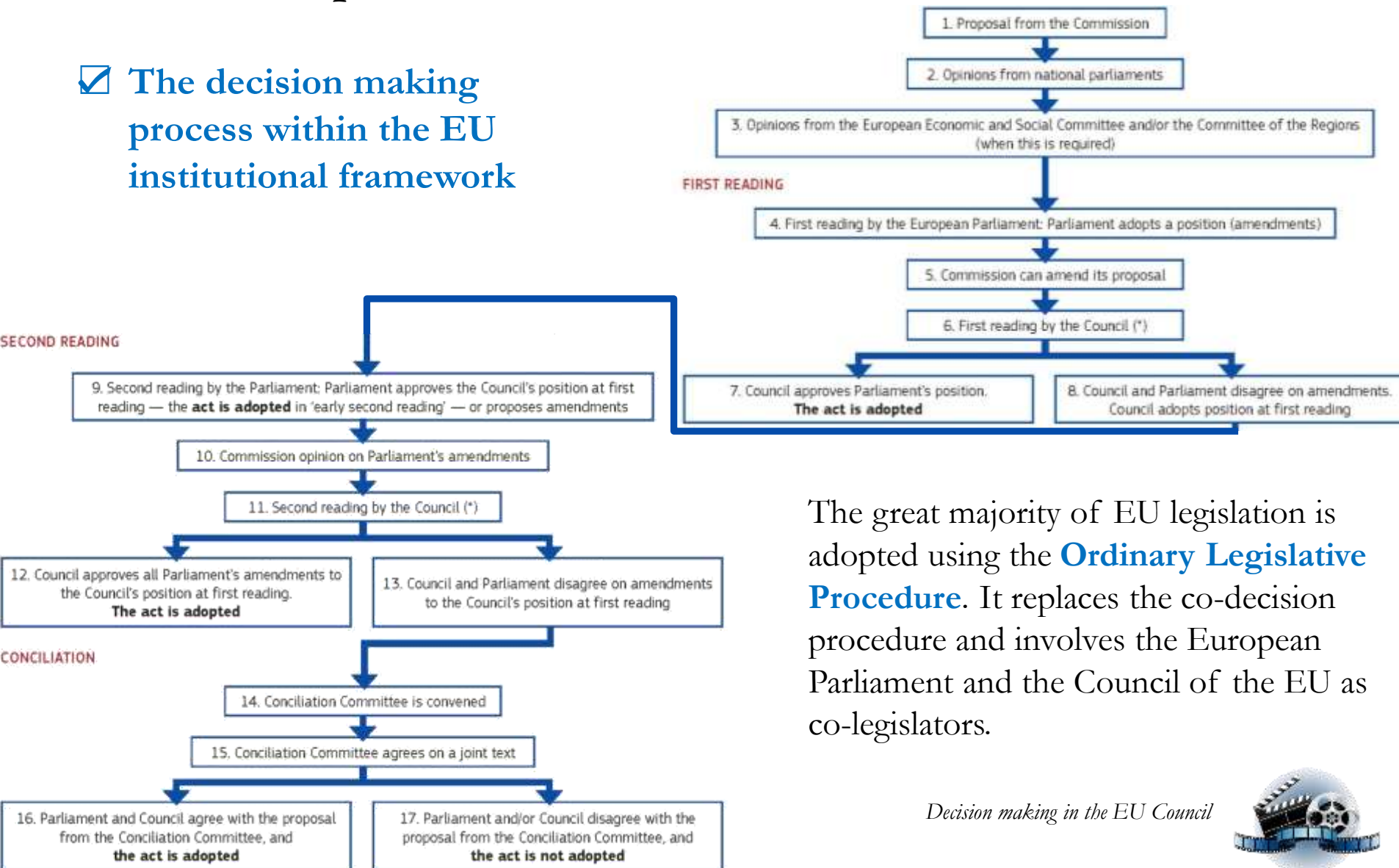
EU law is based on **primary legislation**, mainly laid down in the *Treaty on the EU* (TEU) and the *Treaty of the Functioning of the EU* (TFEU). EU **secondary legislation** includes legal acts.

There are several types of legal acts which are applied in different ways.:

1. **regulations** – it is a law that is applicable and binding in all Member States directly. It does not need to be passed into national law by the Member States although national laws may need to be changed to avoid conflicting with the regulation.
2. **directives** – it is a law that binds the Member States, or a group of Member States, to achieve a particular objective. Usually, directives must be transposed into national law to become effective. Significantly, a directive specifies the result to be achieved: it is up to the Member States individually to decide how this is done.
3. **decisions** – it can be addressed to Member States, groups of people, or even individuals. It is binding in its entirety. Decisions are used, e.g., to rule on proposed mergers between companies.
4. **recommendations** and **opinions** have no binding force.

3. The European Union institutional framework

✓ The decision making process within the EU institutional framework



The great majority of EU legislation is adopted using the **Ordinary Legislative Procedure**. It replaces the co-decision procedure and involves the European Parliament and the Council of the EU as co-legislators.

Decision making in the EU Council





<https://www.youtube.com/watch?v=CT7WCL85yQU>

3. The European Union institutional framework

☑ The decision making process within the EU institutional framework

Special legislative procedures are available depending on the subject of the proposal. They replace the former consultative, cooperation and assent procedures.

- in the **Consultation Procedure**, the Council is required to consult Parliament on a proposal from the Commission, but is not required to accept Parliament's advice. This procedure is only applicable in a few areas, such as internal market exemptions and competition law.
- in the **Consent Procedure**, Parliament may accept or reject a proposal, but may not propose amendments. This procedure can be used when the proposal concerns the approval of an international treaty that has been negotiated. In addition, there are limited cases where the Council and the Commission, or the Commission alone, can pass legislation.
- as their name indicates, these procedures deviate from the ordinary legislative procedure and they therefore constitute exceptions.

European laws explained



3. The European Union institutional framework

Additional materials:

Your guide to the EU institutions



How does the EU work



EU Treaties, legislation, institutions and decision-making

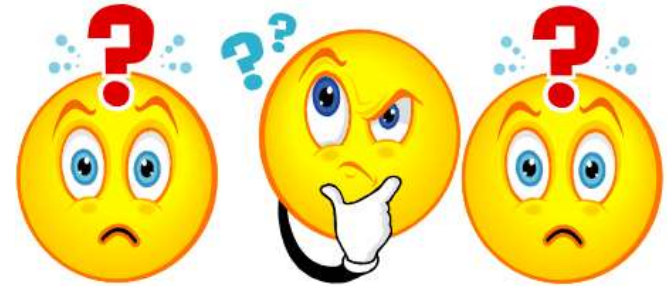


Voting system in the EU Council



Exercise

Work on **Case –**
Who does what in the EU?



That was a lot of institutional background, but you have to know who is responsible for what in the EU. Take the test to see whether you have been paying attention. Put a cross in the box against the institution(s) that matches the description.

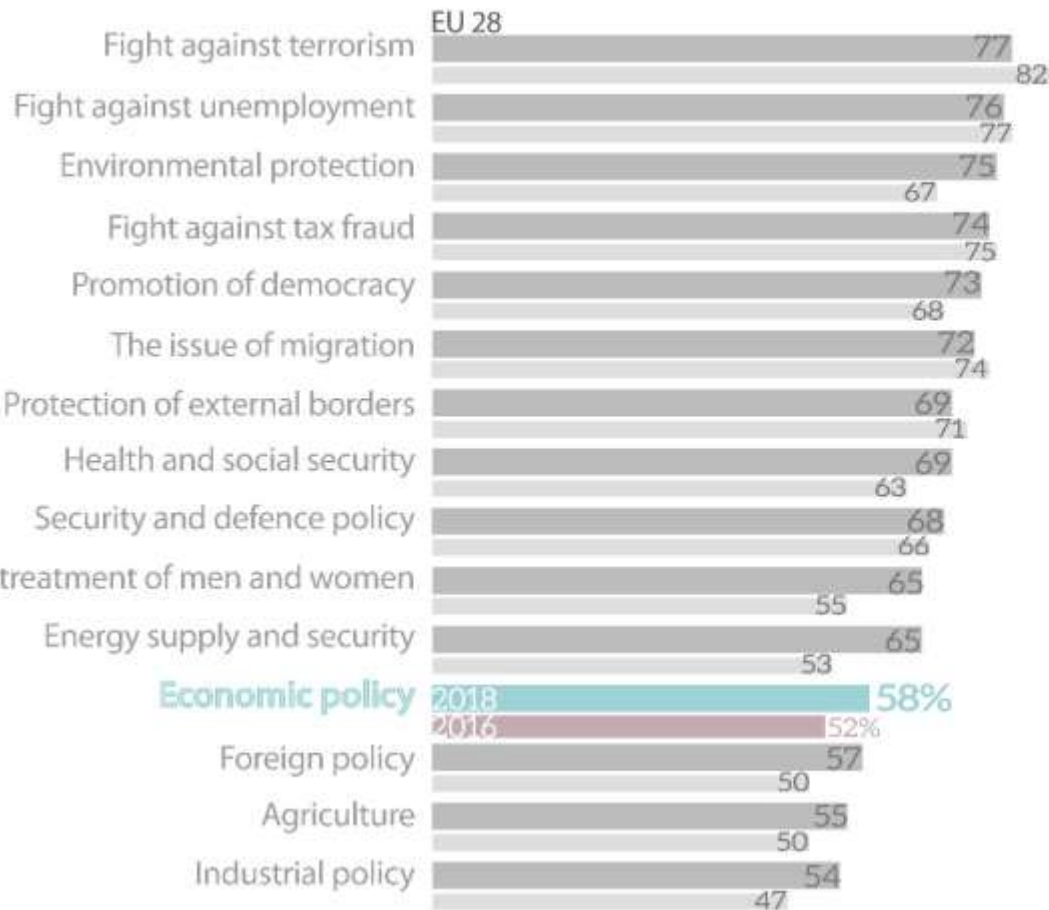
Description	European Council	Council of the European Union	European Parliament	European Commission	European Court of Justice	European Central Bank	European Court of Auditors
Description 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Description 2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The bodies of the European Union

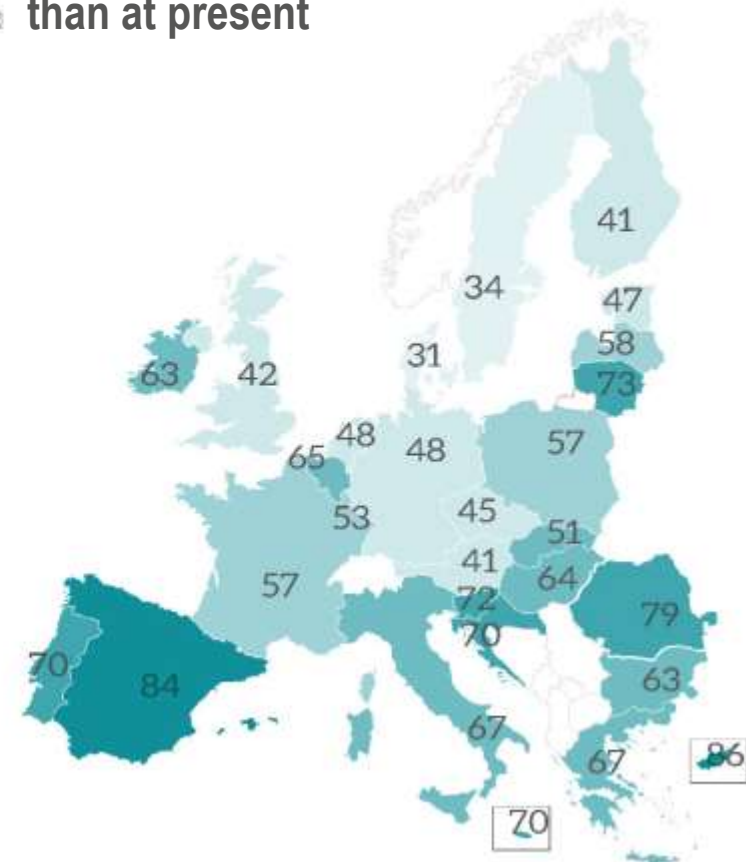


(team exercises)

4. Economic Policies in the European Union



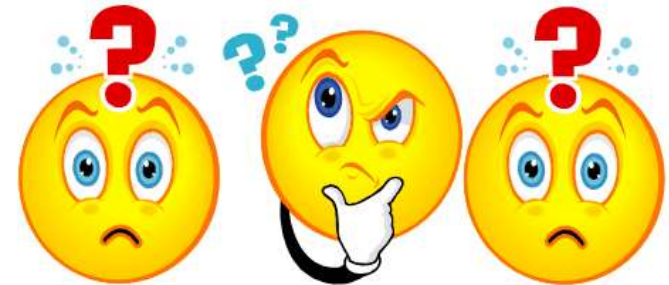
Percentage of respondents who would like the EU to intervene more than at present



Data source: Eurobarometer 85.1 - 2016; 89.2 - 2018.

Exercise

Work on **Case study – Who does what in the EU?**



That was a lot of institutional background, but you have to know who is responsible for what in the EU. Take the test to see whether you have been paying attention. Put a cross in the box against the institution(s) that matches the description.

Description	European Council	Council of the European Union	European Parliament	European Commission	European Court of Justice	European Central Bank	European Court of Auditors
Description 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Description 2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Extra **Case study no. 9 – The bodies of the European Union**



(team exercises)

Start-up Exercise

What problems should the EU solve through its common policies?

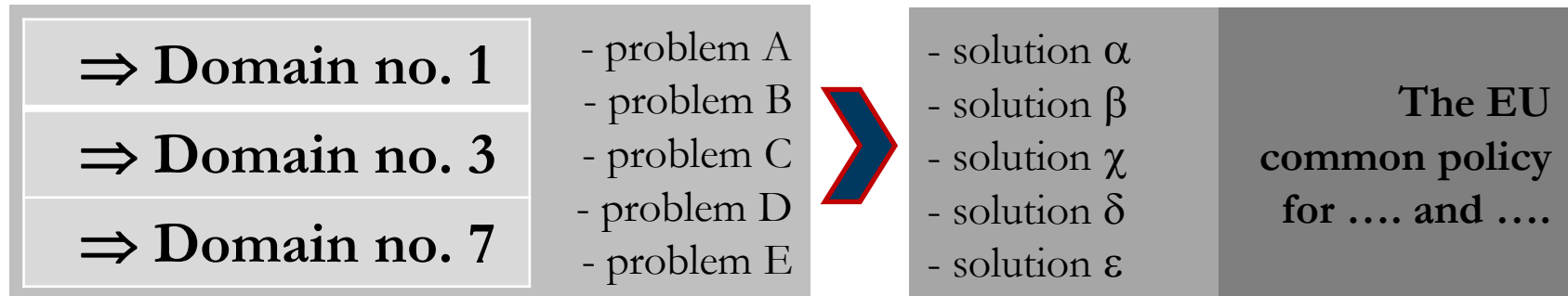
Make a list with the domains – at least 10 – where the EU should intervene. Write them down. Identify 2 critical and 8 less critical domains.

⇒	⇒
⇒	⇒
⇒	⇒
⇒	⇒
⇒	⇒

Start-up Exercise

What problems should the EU solve through its common policies?

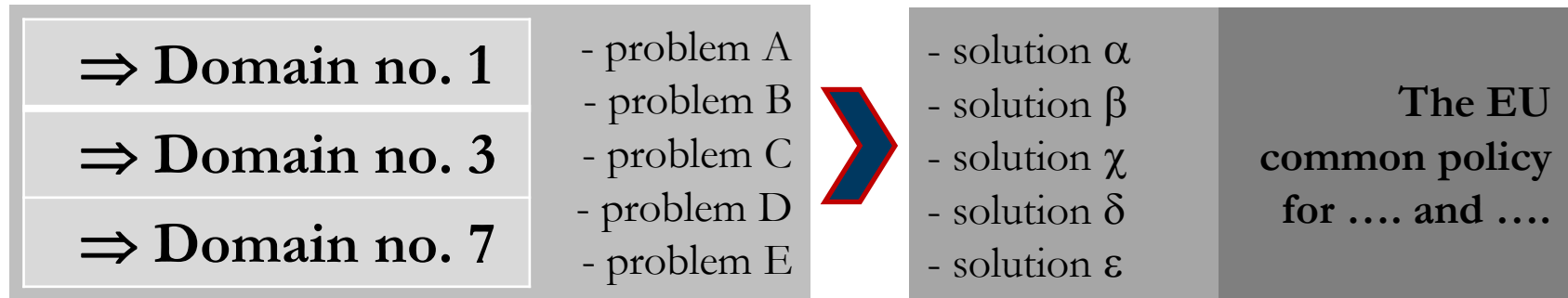
Pair up on domains, identify the main problems and propose solutions that could be dealt with by an EU common policy.



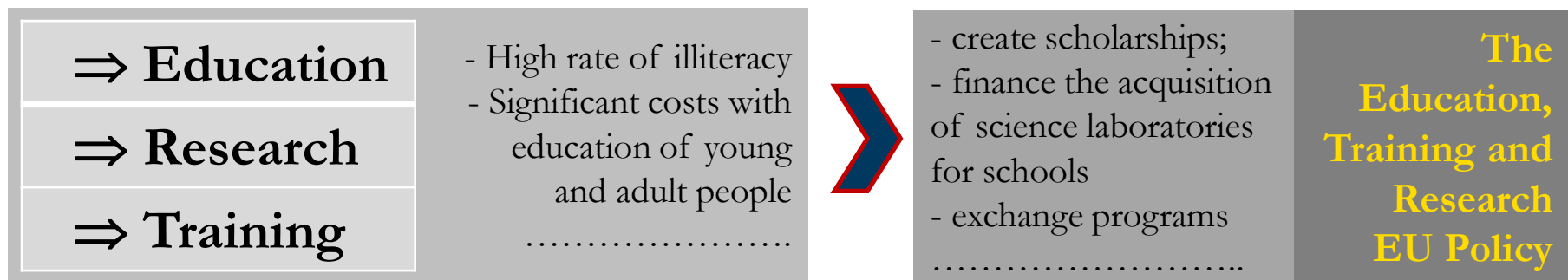
Start-up Exercise

What problems should the EU solve through its common policies?

Pair up on domains, identify the main problems and propose solutions that could be dealt with by an EU common policy.



Example



4. Economic Policies in the European Union

✓ Introduction

- the process of **European integration** is unequal, from one sector to another. There are such areas where the European Union has wider powers and there are other sectors where EU's powers are limited; **harmonized action** is therefore needed to create a leverage effect that makes it possible to obtain better results (*via* EU policies).
- over the years the European Union has developed a **set of policies**, - to implement across all sectors of the economy - that complement the single market, covering many different fields and allowing for varying degrees of harmonisation, ranging from genuine common policies to simple cooperation.
- the EU policies are the **lines of action** the European Community decides to follow in certain areas in order to achieve the general objectives it has set; these are very often areas that closely affect the lives of the EU's citizens, and also businesses.
- some of the EU policies (*the common agricultural policy, competition policy*) date back to the foundation of the European Community, while other policies emerged over time as the result of closer co-operation and coordination among Member States (*environmental policy, cohesion policy, energy policy*).

4. Economic Policies in the European Union

✓ Introduction

- while some sectors of the EU still function under the **intergovernmentalism** model, others are subject to the **supranationalism** model.
 - with **supranationalism**, institutions and policies supersede the power of their national equivalents; supranational policies are implemented as political programs that replace their national equivalents.
 - **intergovernmentalism** minimizes the creation of new institutions and policies, and conducts European integration through cooperation between national governments. This approach is illustrated in the realm of *foreign policy*; the EU does not have a foreign minister or a secretary of state, as there is no EU foreign policy worth speaking of, unless all the member state governments agree on an issue.

Supranationalism	Intergovernmentalism
<ul style="list-style-type: none"> • Integration through creation of new institutions and policies which rise above their national origins and the sovereignty of member states 	<ul style="list-style-type: none"> • Integration through cooperation between national governments which does not imply the creation of new institutions
<ul style="list-style-type: none"> • A relevant example is the EU's Single currency 	<ul style="list-style-type: none"> • A relevant example is the EU foreign policy

4. Economic Policies in the European Union

☑ Introduction

- depending on the degree of EU's involvement in the policy, some policies are known as 'common' (such as the Common Agricultural Policy, Trade Policy, Transport Policy), completely replacing national policies, while others are just adjacent to national policies.
- EU policies are the result of the common EU institutions, but their implementation falls into the responsibility of State Members.

P.S.:

The EU has a **Common Foreign and Security Policy** (CFSP), but it does not deal with defence

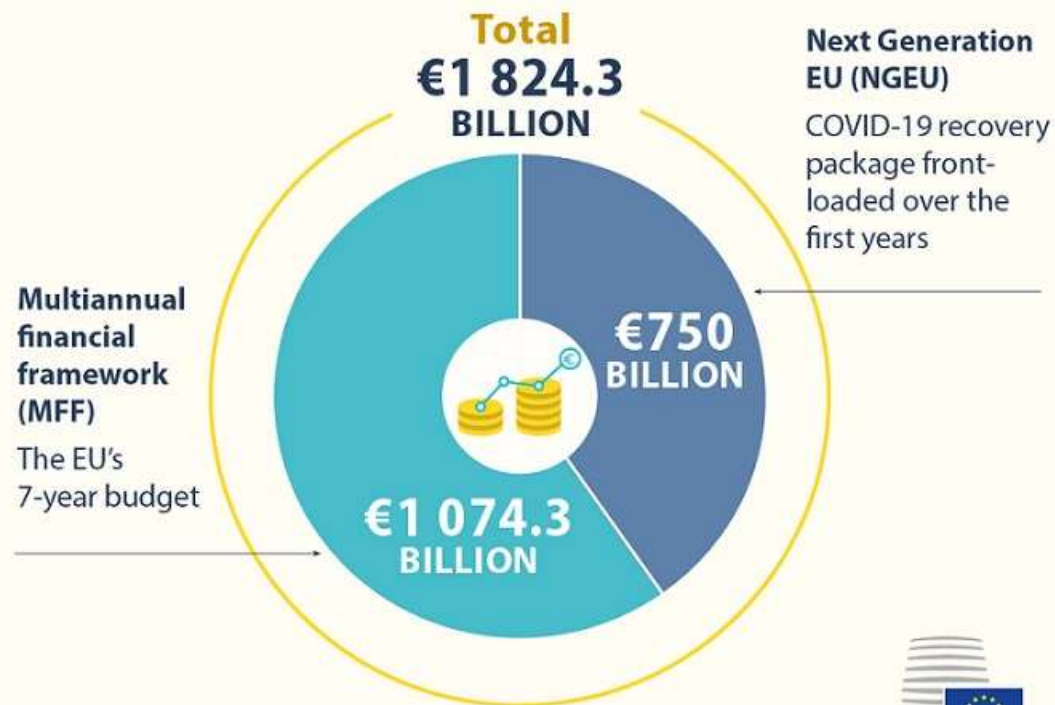
4. Economic Policies in the European Union

☑ Introduction

- Regional and cohesion policy
- **Common agricultural policy (CAP)**
- Common fisheries policy
- **Environment policy**
- Consumer protection and public health
- **Transport and tourism policy**
- **Energy policy**
- Trans-European Networks in transport, energy and telecommunications
- Industrial policy and policy
- **Social and employment policy**
- **Tax policy**
- An area of freedom, security and justice
- Culture, education and sport

4. Economic Policies in the European Union

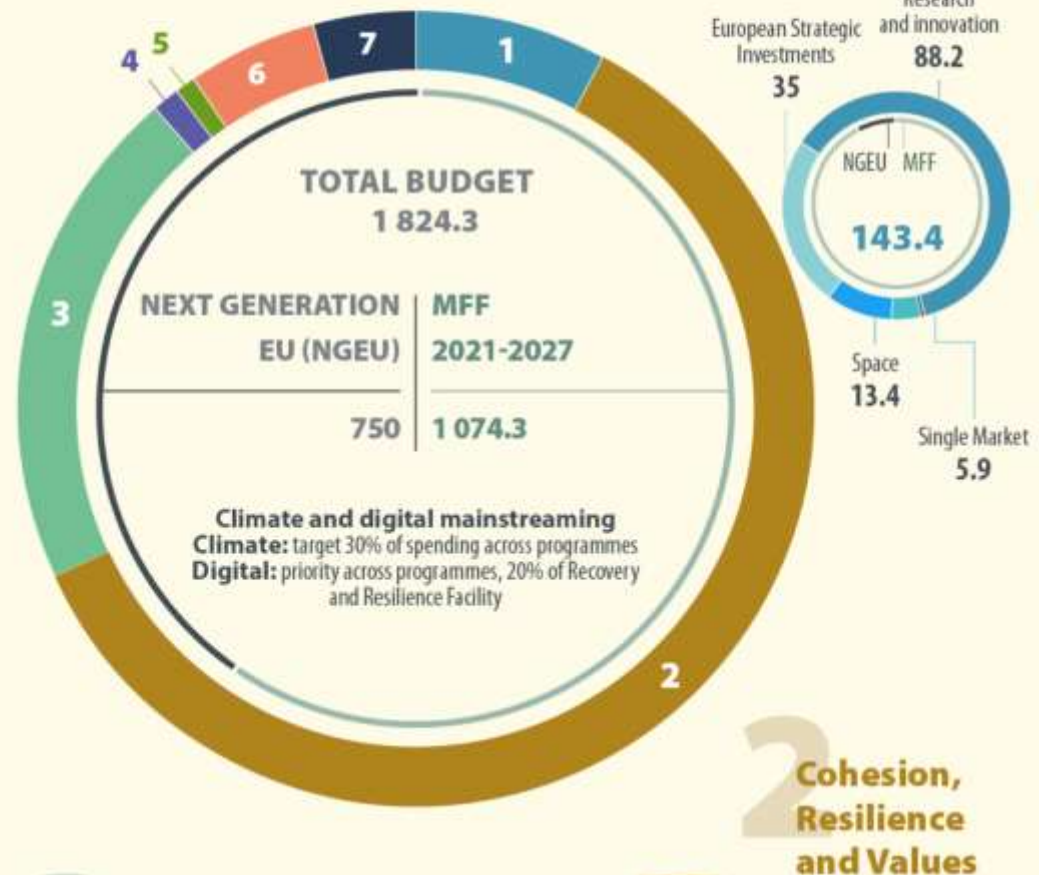
EU budget 2021-2027 and recovery plan



Multiannual financial framework 2021-2027 and Next Generation EU

EU expenditure for 2021-2027

All amounts in € billion (2018 prices)



<https://www.consilium.europa.eu/ro/policies/the-eu-budget/long-term-eu-budget-2021-2027/>

4. Economic Policies in the European Union

In the European Union (EU), although **economic policy** falls within the remit of each Member State, there is, nevertheless, multilateral coordination of economic policies between individual countries. The global financial crisis and the European sovereign debt crisis put this framework severely to the test. Partly as a result, recovery in the EU was slower than recovery in the United States, and was not achieved equally by all Member States. Furthermore, it has to a large extent been based on accommodative fiscal and monetary policies that only partly hide underlying signs of fiscal or financial fragility in some countries.

To remedy this, the European institutions began a twofold process in 2011:

- initiatives were taken to strengthen the current framework for economic governance and banking supervision in the euro area while, in parallel,
- discussions began on possible ways to reduce the economic divergences between Member States, provide incentives for risk reduction and risk-sharing, render the governance process more transparent and ensure democratic accountability.

In this latter area, several initiatives – that did not require changes to the EU Treaties – were taken between 2015 and 2017.

4. Economic Policies in the European Union

In summer 2017, discussions on deepening the policy framework for economic and monetary union (EMU) intensified. This process, which was advocated in the Five Presidents' Report (the presidents of the main EU institutions) and should be completed by 2025, is now being considered at Member State level.

The current state of play points towards two main policy preferences, dividing Member States into two groups: those that prioritise risk-sharing measures (such as France), and those that argue instead for further risk-reduction initiatives (for example, Germany).

This lack of consensus has so far meant that the European Council has not been able to reach a breakthrough.

4. Economic Policies in the European Union

In the EU, economic policy is the remit of each individual Member State. While there is no proper economic policy conducted at EU level, multilateral coordination of economic policies between countries takes place to promote economic and social progress for the EU and its citizens. This framework for coordination has been modified significantly since the crisis which exposed its weaknesses. It is still in the process of reforming nowadays.

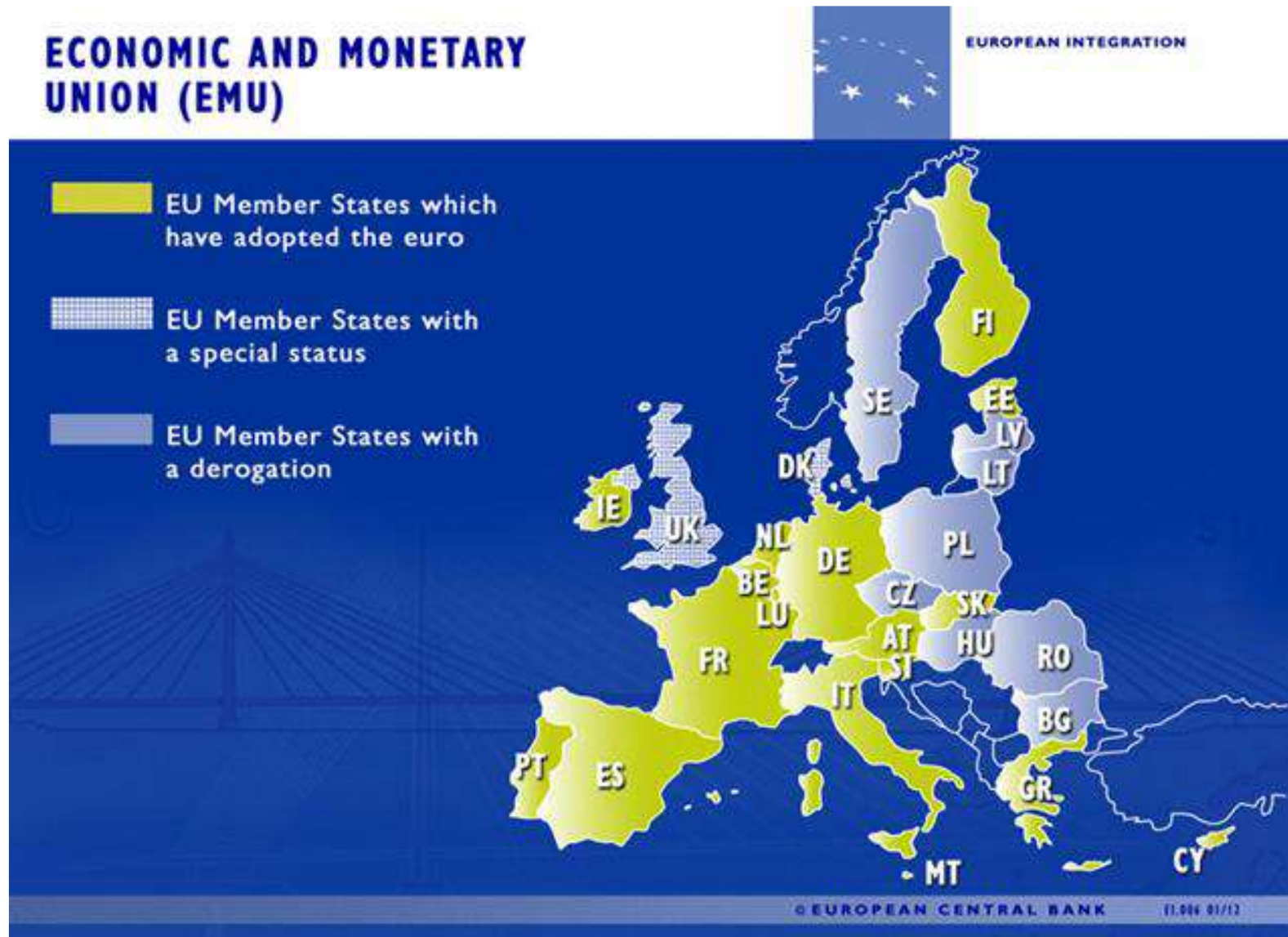
The areas subject to the EU economic governance are financial, fiscal, and macroeconomic issues, crisis management, macro-financial supervision, and investments.

The European policy framework for economic governance is the economic and monetary union (EMU).

The EMU was first set out in detail in the Maastricht Treaty in 1992 and began formally on 1 January 1999 with 11 Member States.

The monetary union now comprises the 19 member states whose currency is the euro while the economic union concerns all 28 countries.

4. Economic Policies in the European Union



4. Economic Policies in the European Union

Within the EMU there is no single institution responsible for economic policy. Instead, the responsibility is divided between Member States and the EU institutions. The main actors in EMU are:

- The European Council which sets the main policy orientations;
- The Council of the EU which coordinates EU economic policy-making and decides whether a Member State may adopt the euro;
- The 'Eurogroup' which coordinates policies of common interest for the euro-area Member States;
- The Member States who set their national budgets within agreed limits for deficit and debt, and determine their own structural policies involving labour, pensions and capital markets;
- The European Commission which monitors performance and compliance;
- The European Central Bank (ECB) which sets monetary policy, with price stability as the primary objective and act as central supervisor of financial Institutions in the euro area;
- The European Parliament which shares the job of formulating legislation with the Council, and subjects economic governance to democratic scrutiny in particular through the new Economic Dialogue.

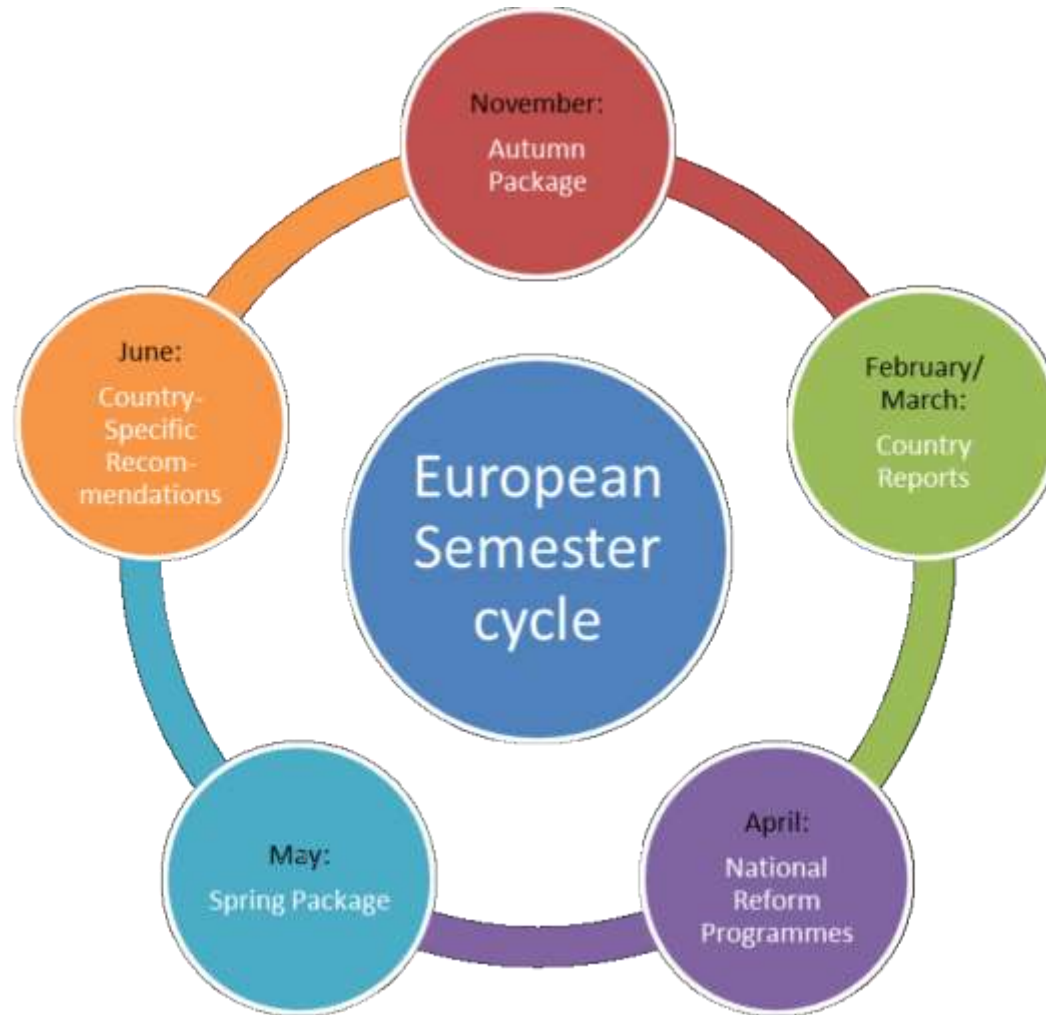
4. Economic Policies in the European Union

Until 2011, economic policy coordination was mainly based on consensus, without legally enforceable rules. The scope of economic coordination was wide, and different forms of cooperation could be implemented, depending on the extent to which the cooperation agreement involved was binding.

The crisis exposed fundamental problems and unsustainable trends in many European countries, and made it clear that the EU's economies are strictly interdependent. Greater economic policy coordination across the EU was considered necessary in order to address problems and boost growth and job creation in the future.

The European Semester of economic and budgetary coordination was created in 2011 as a strengthened framework for policy coordination between member states. The European Semester is a nine-months period each year during which the Member States' budgetary, macroeconomic and structural policies are coordinated. The aim is to ensure that all policies are analysed and assessed together and that new policy areas such as macroeconomic imbalances and financial issues, are included.

4. Economic Policies in the European Union



4. Economic Policies in the European Union

Economic and monetary union

Discussions

What do you think are the advantages of a of single currency?

What about the disadvantages?

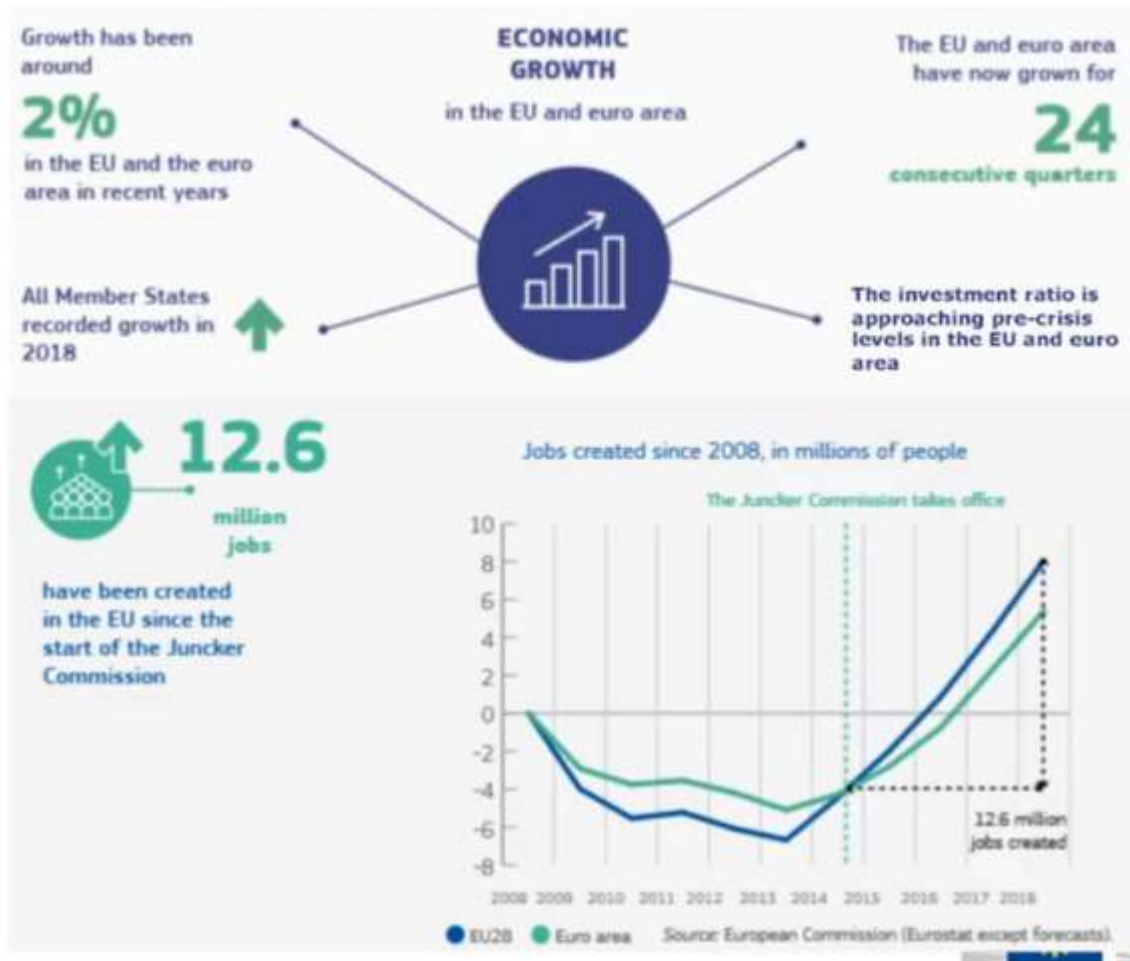
Let's discuss them in the classroom!



<https://www.youtube.com/watch?v=SwsxJ4PSpO0>

4. Economic Policies in the European Union

✓ Promoting economic recovery



4. Economic Policies in the European Union

✓ Ending austerity and promoting a flexible approach to fiscal rules



4. Economic Policies in the European Union

✓ Preserving the integrity of the euro

- *All countries under assistance programme (Ireland, Portugal, Cyprus, Greece), successfully completed it and are back to growth*
- *"Grexit" was avoided in 2015*
- *Two countries joined the euro: Latvia (2014) and Lithuania (2015) and two more are in the process of joining (Croatia and Bulgaria)*



3/4 EA citizens support the euro: highest level ever recorded

5



4. Economic Policies in the European Union

While we did a lot, not everything was achieved..

- *Growth has returned but it is neither sustainable, nor inclusive: risk of the "1% economy"*
- *Despite the end of austerity, public debt is still high and fiscal rules remain pro-cyclical*
- *The euro has survived but the architecture remains incomplete:*
 - **Banking/capital markets union**
 - **Fiscal union**
 - **Focus on inter-governmentalism**

4. Economic Policies in the European Union

Negative legacy of the crisis years that still needs to be addressed



Loss of trust between Member States (creditors vs debtors)



Reliance on the *ultima ratio* approach



Inward-looking Europe

4. Economic Policies in the European Union

Themes for action in the next 5 years

1. Inclusive and sustainable growth



2. Deepening EMU

3. A geopolitical Commission

4. Economic Policies in the European Union

Key actions for inclusive and sustainable growth



European Green Deal

- 3-pillar approach: fiscal, regulation, and investment/finance
- InvestEU



Sustainable Development Goals

- Refocus the European Semester to integrate the Sustainable Development Goals



New industrial policy

- Mission-driven
- Ensure economic sovereignty through key enabling technologies

4. Economic Policies in the European Union

Key actions for deepening EMU



Economic surveillance

- Review of economic and budgetary surveillance



Market discipline and a safe asset

- Overcome creditors/ debtors divide
- How to build consensus?



Complete banking and capital markets union

- European Deposit Insurance Scheme
- Break the sovereign-bank loop



A stabilisation tool for the euro area

- EU unemployment (re-)insurance scheme
- Budget Instrument for Competitiveness and Convergence

4. Economic Policies in the European Union

Key actions on the global dimension



Preserve global governance

- Avoid a G 1+1 world
- We hear a demand for Europe



Stronger influence with partner countries

- Develop bilateral dialogues with key countries alongside rules-based multilateral approach



A geopolitical Commission

- More strategic external action
- All Commissioners will evaluate the external consequences of their actions

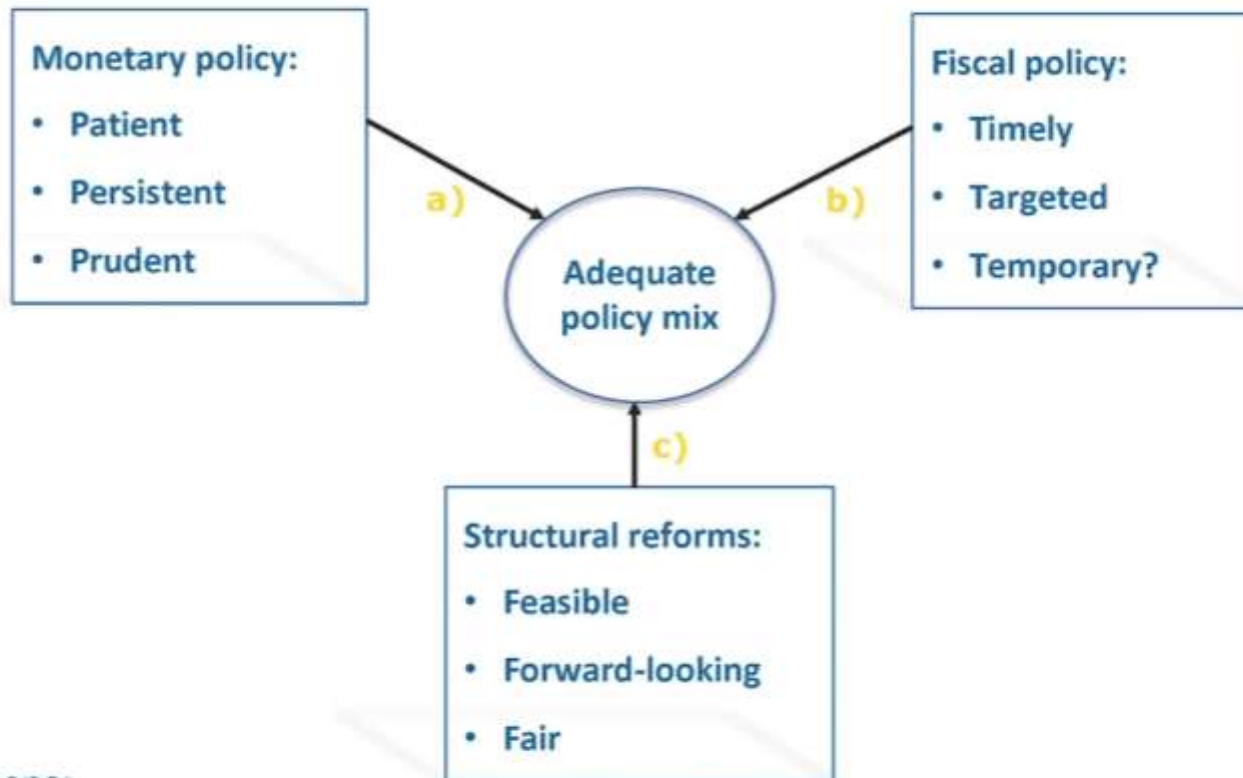


International role of the euro

- Key for economic sovereignty
- No short-cut: deeper EMU needed

4. Economic Policies in the European Union

Addressing both short-term and long-term challenges in the Fall



Questions:

- Can monetary policy achieve internal and external equilibrium alone?
- Time to shift from a neutral to expansionary fiscal stance?
- What positive incentives for structural reforms?



5. Current developments in the European Union

☑ The EU economy during COVID-19 pandemics



<https://www.youtube.com/watch?v=KyRKU2DePO0&t=57s>

5. Current developments in the European Union

☑ The EU economy during COVID-19 pandemics

#coronavirus crisis EU economic response



€524 bn

National measures taken under the flexibility of EU budgetary rules (general escape clause)



€100 bn

SURE - EU funding for short-time work schemes



€70 bn

Direct EU budget support



€2,553 bn

National liquidity measures, including schemes approved under temporary, flexible, EU State aid rules



€240 bn

European Stability Mechanism Pandemic Crisis Support for Member States



€200 bn

EIB - European Investment Bank Group financing for businesses

Total: €3.7 trillion

The ECB has launched the €1,350 bn Pandemic Emergency Purchase Programme



5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics

1 Ensuring solidarity in the Single Market



Medical equipment and medicines

National measures must pursue the primary objective of health protection in a spirit of European solidarity and cooperation. The Commission is taking necessary steps to ensure adequate supply of protective equipment and medicines across Europe.



Aviation

The Commission is proposing targeted legislation to temporarily alleviate airlines from their slot usage obligations under EU law.



Tourism

The Commission is liaising with Member States, international authorities and key EU professional associations to monitor the situation and coordinate support measures.

5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics

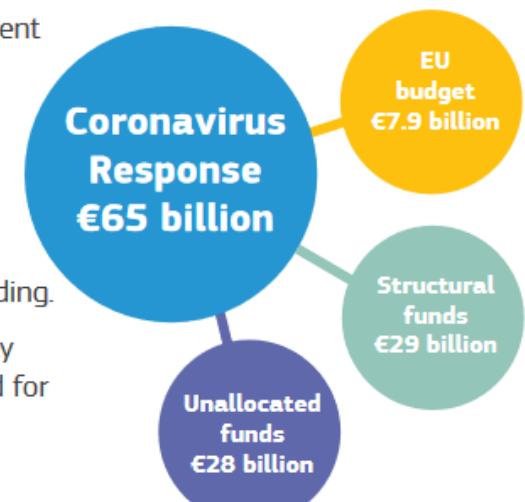
2 Mobilising the EU budget and the European Investment Bank

- **Liquidity measures to help hard-hit SMEs.**
- The Commission will make available **€1 billion** in an EU budget guarantee to the European Investment Fund (EIF) via the European Fund for Strategic Investments (EFSI).
- With the backing of the EU budget guarantee, the EIF will provide liquidity and guarantees to banks, mobilising **€8 billion** in working capital financing. This will help **at least 100,000 SMEs** and small mid-caps.
- Credit holidays (delayed repayments of loans) to help affected companies alleviate the strain on their finances.

The Coronavirus Response Investment Initiative

The Commission proposes to direct **€37 billion** under European Structural Investment Fund (ESIF) to fight the Coronavirus crisis. This involves relinquishing this year its obligation to request refunding of unspent pre-financing for ESIF currently held by Member States. This amounts to **€7.9 billion** from the EU budget which Member States will be able to use to supplement **€29 billion** of structural funding across the EU. This will effectively increase the amount of investment in 2020. Additional **€28 billion** of as of yet unallocated structural funds should be fully eligible for fighting the crisis thereby providing Member States with the needed sources of funding.

As part of this, the Commission is proposing to extend the scope of the EU Solidarity Fund by also including a public health crisis within its scope, to mobilise it if needed for the hardest hit Member States. Up to **€800 million** is available in 2020.



5. Current developments in the European Union

☑ The EU economy during COVID-19 pandemics



3 State aid

The main fiscal response to the Coronavirus will come from Member States' national budgets. EU State aid rules enable Member States to take swift and effective action to support citizens and companies, in particular SMEs, facing economic difficulties due to the COVID-19 outbreak.

The Commission has put in place all necessary procedural facilitations to enable a swift Commission approval process of State aid notification.

4 Liquidity to the Banking Sector

The EU framework allows national governments to provide, where appropriate, in the form of state guarantees, support to banks, if they themselves experience difficulties in accessing liquidity – which is not currently the case.

5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics

5 Flexibility of the European Fiscal Framework

The Commission will apply the full flexibility of the EU fiscal framework to help Member States address the crisis. Specifically, it will:

- Accommodate exceptional spending to counter the Coronavirus when assessing compliance with the EU fiscal rules.
- Adapt the fiscal efforts required from Member States, taking into account their country-specific situations in case of negative growth or large drops in activity.

The Commission stands ready to propose to the Council that the Union institutions activate the general crisis clause to accommodate a more general fiscal policy support.

5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics



5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics



Limitarea răspândirii virusului



ÎNCHIDEREA TEMPORARĂ A FRONTIERELOR EXTERNE ALE UE

restricție privind
călătoriile neesențiale
către UE



GESTIONAREA FRONTIERELOR

introducerea de
„culoare verzi”
pentru produsele
esențiale



EVALUĂRI ALE RISCURILOR PENTRU POPULAȚIA UE

realizate de Centrul
European de Prevenire
și Control al Bolilor
(ECDC)



COORDONARE SĂPTĂMÂNALĂ

între UE, experți
și statele membre
prin mecanismul integrat
pentru un răspuns politic
la crize (IPCR)

5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics



Asigurarea furnizării de echipamente medicale

Achiziții publice comune

- Echipamente de protecție
- Ventilatoare mecanice
- Kituri de testare

Reglementarea exporturilor de produse esențiale din UE

Creșterea producției cu ajutorul industriei europene



Mecanismul de protecție civilă al UE

- Trimiterea de echipe medicale și livrarea de materiale către țările care au nevoie de ele
- O nouă rezervă europeană comună de echipamente medicale de urgență
- Centrul de coordonare a răspunsului la situații de urgență, pentru a coordona sprijinul 24/7

5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics



Promovarea cercetării pentru tratamente și vaccinuri



**FONDURI DE CERCETARE
ȘI SPRIJIN FINANCIAR**
pentru conceperea de
tratamente și vaccinuri

220 DE MILIOANE EUR



**O PLATFORMĂ DE DATE
PRIVIND COVID-19**

pentru colectarea rapidă și
schimbul de date disponibile
provenite din cercetare



**FONDURI PENTU IMM-URI
ȘI STARTUPURI**

în vederea unor soluții
inovatoare

164 DE MILIOANE EUR

5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics



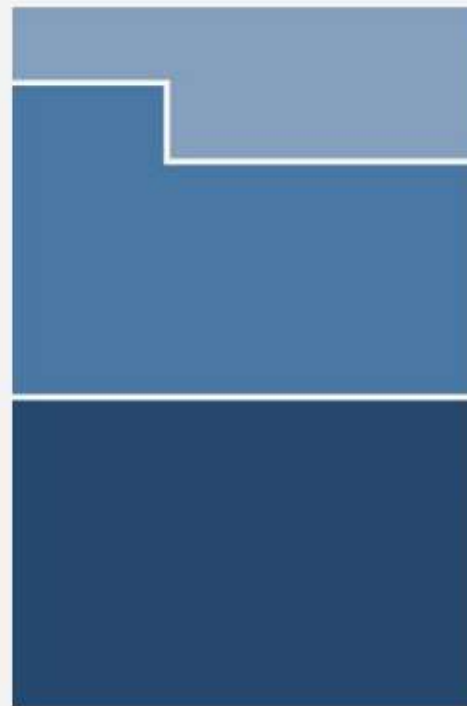
Sprijinirea locurilor de muncă, a întreprinderilor și a economiei



540

DE MILIARDE EUR

Pachet de sprijin
pentru locuri de
muncă și lucrători,
întreprinderi și statele
membre



100 DE MILIARDE EUR

Sprijin pentru atenuarea riscurilor
de șomaj într-o situație de urgență
(SURE)

200 DE MILIARDE EUR

Fond de garantare paneuropean
pentru împrumuturi acordate
întreprinderilor (Banca Europeană
de Investiții)

240 DE MILIARDE EUR

Sprijin pentru statele membre
în contextul crizei provocate de
pandemie (Mecanismul european de
stabilitate)

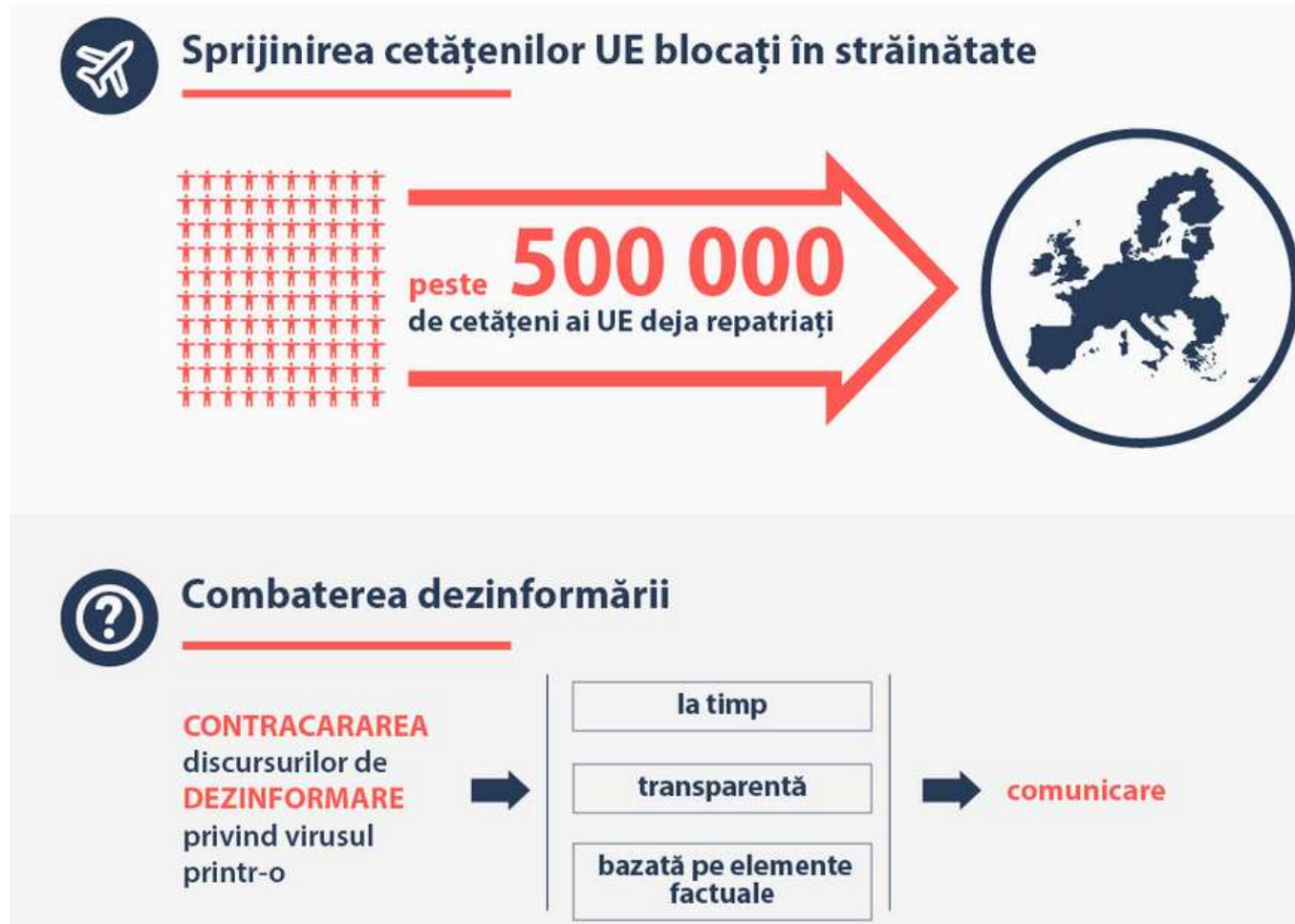
5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics



5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics



5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics

- Asigurarea de lichidități pentru firmele din domeniul turismului, în special pentru întreprinderile mici
- Salvarea de locuri de muncă, prin asistență financiară de până la 100 de miliarde EUR acordată prin instrumentul SURE.
- Popularizarea ofertelor locale și promovarea turismului și a Europei ca destinație turistică sigură



Contribuții
10 % din
PIB-ul UE



2,4 milioane
de
întreprinderi,
din care 90 %
sunt
IMM-uri



Lider global
cu 40 % din
sosirile
internaționale



85 % din
europeni își
petrec
vacanța de
vară
în UE



0,56 EUR din
valoarea
adăugată
pentru fiecare
1 EUR generat
de
turism



12 % din forța de muncă
disponibilă



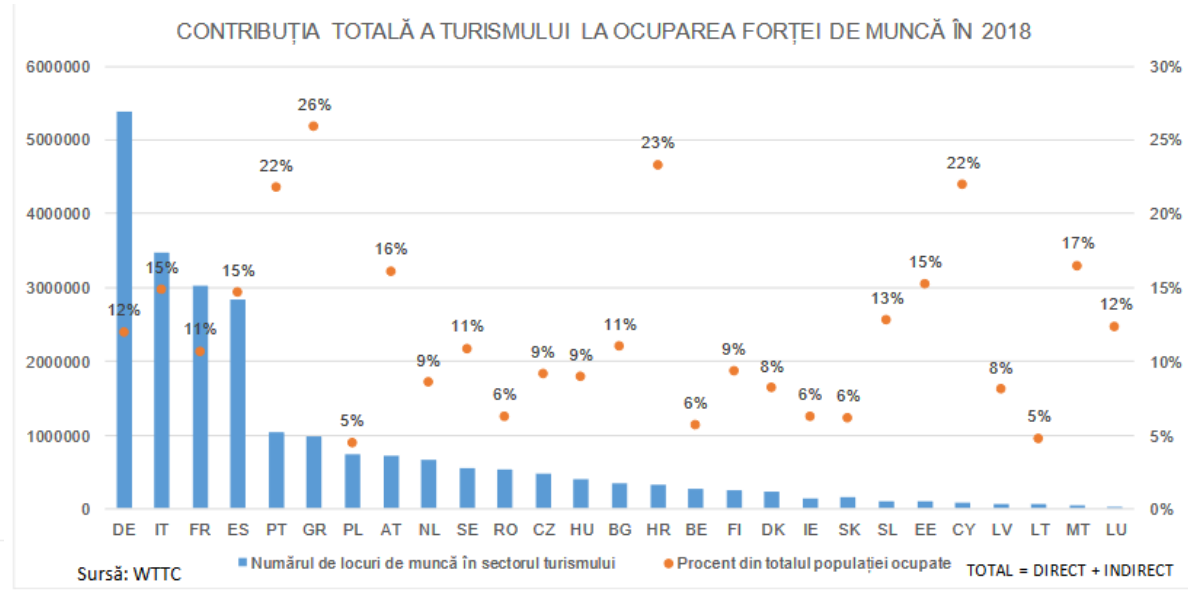
23 milioane de
de locuri de muncă directe
și indirecte



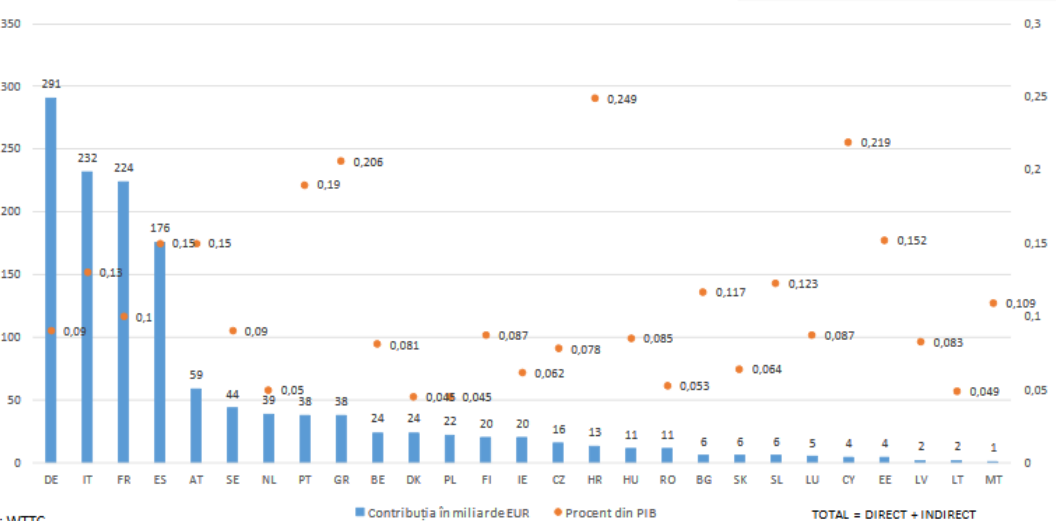
37 % dintre lucrătorii din
sectorul turismului
au sub 35 de ani

5. Current developments in the European Union

☑ The EU economy during COVID-19 pandemics



CONTRIBUȚIA TOTALĂ A TURISMULUI LA PIB ÎN 2018



5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics



5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics

- Septembrie - Consiliul sprijina 17 state membre cu fonduri în valoare de 87,9 miliarde EUR din Instrumentul european de sprijin temporar pentru atenuarea riscurilor de șomaj într-o situație de urgență (SURE). Fondurile vor contribui la protejarea locurilor de muncă și a lucrătorilor afectați de pandemia provocată de coronavirus.
- 13 noiembrie - Comisia a prezentat Consiliului o propunere de decizie privind acordarea unui sprijin financiar de 2,5 miliarde EUR Irlandei, în cadrul Instrumentului SURE. Sprijinul financiar total propus prin Instrumentul SURE ajunge astfel la 90,3 miliarde EUR, sumă acordată unui număr de 18 state membre.



5. Current developments in the European Union

✓ The EU economy during COVID-19 pandemics

Domeniile în care acționează Comisia



Sănătate publică



Locurile de muncă și economia



Călătorii



Gestionarea crizei și solidaritatea



Cercetare și inovare



Soluții digitale



Combaterea dezinformării



Sprijin de urgență



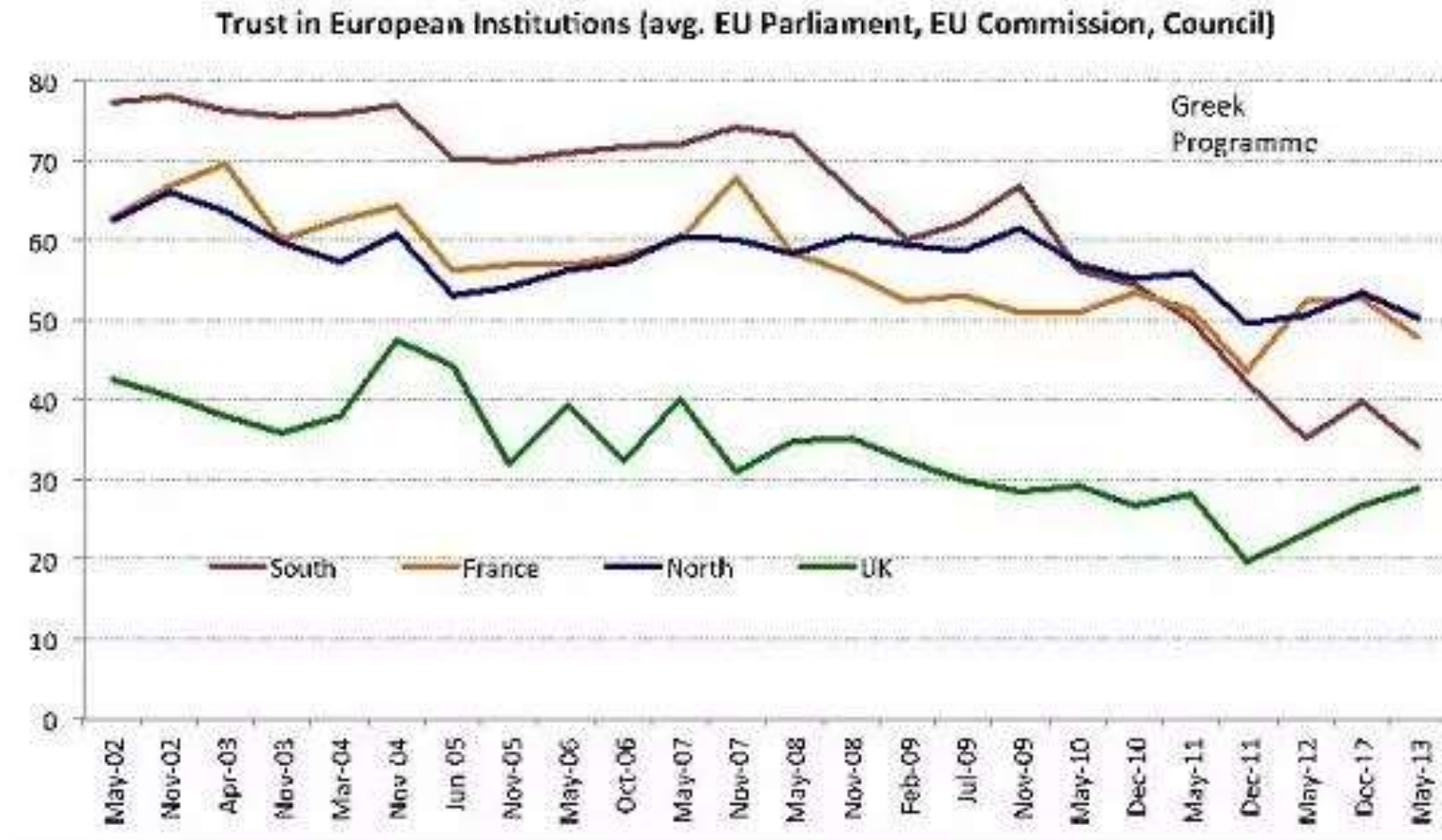
Răspunsul Comisiei



Transport

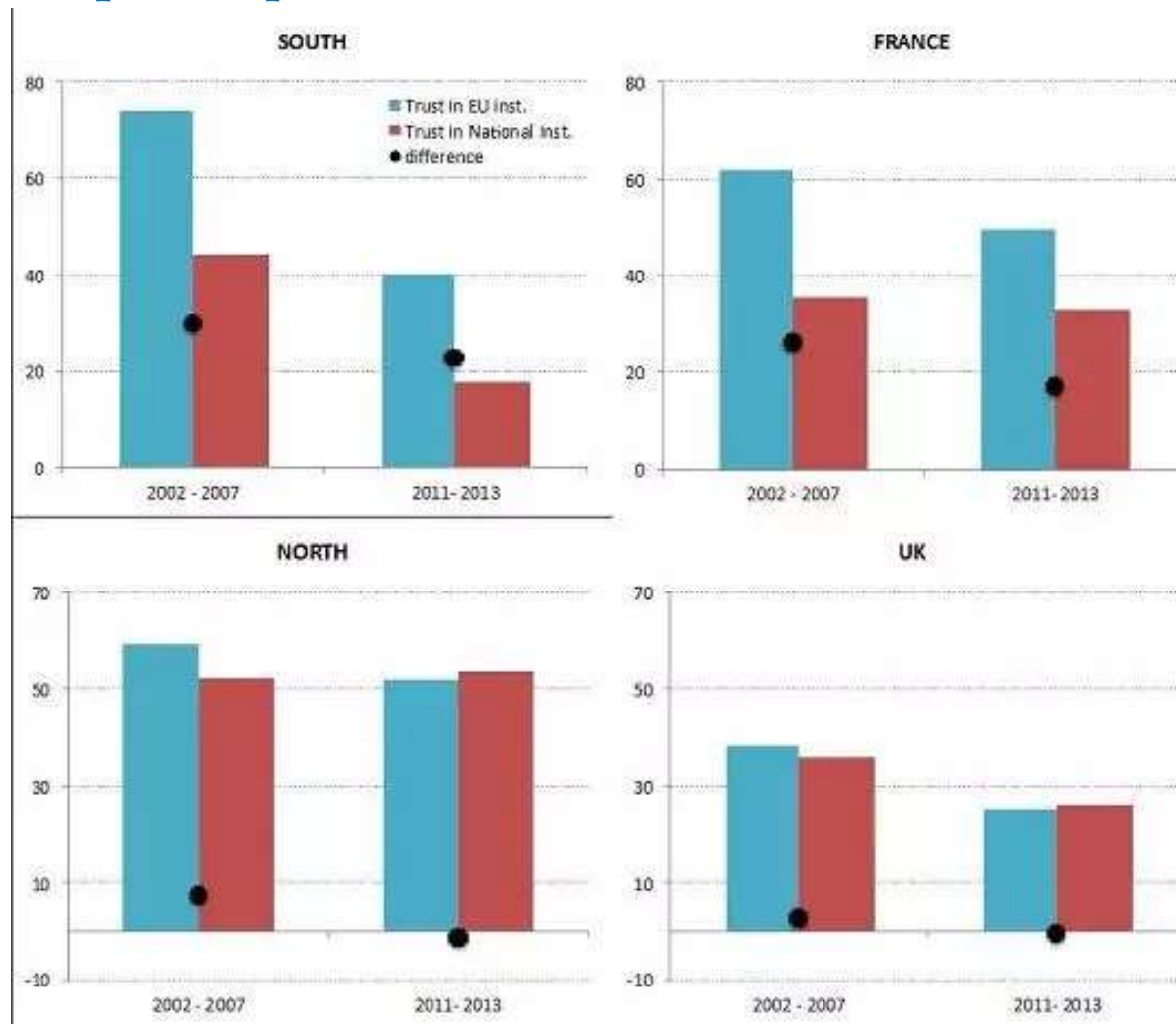
5. Current developments in the European Union

☑ Is there a path to political union?



5. Current developments in the European Union

☑ Is there a path to political union?



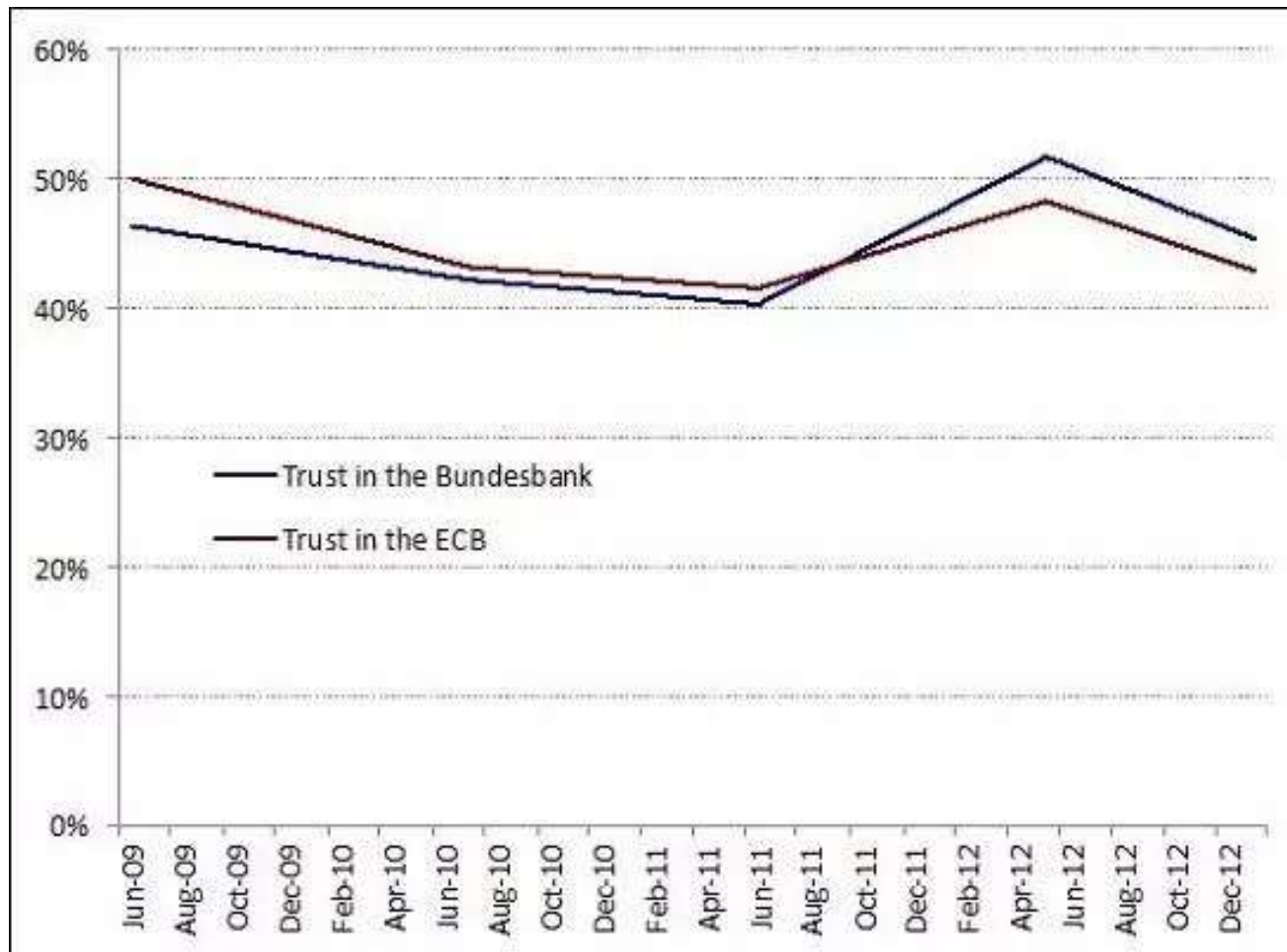
5. Current developments in the European Union

☑ Is there a path to political union?



5. Current developments in the European Union

☑ Is there a path to political union?



5. Current developments in the European Union

☑ EU promotes growth and employment: Europe 2020 and Smart Growth Agenda



<https://www.youtube.com/watch?v=6nMVZWtcFHw>

5. Current developments in the European Union

☑ The inner and outer effects of Brexit



<https://www.youtube.com/watch?v=wO2lWmgEK1Y>

5. Current developments in the European Union

- ✓ The inner and outer effects of Brexit



https://www.youtube.com/watch?v=Jj_qvzw-Z8U

5. Current developments in the European Union

- ☑ The implications of the refugee crisis on the EU and its relations



<https://www.youtube.com/watch?v=12FT7cOLaZ4>

Exercise

Do you think this policy is right?

Which of the opinions below do you agree with?

	Completely agree	Partly agree	Slightly disagree	Completely disagree
The EU should only reduce its harmful emissions if others do so.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The EU should achieve its targets whatever happens.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The EU should set itself still more ambitious targets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We should not let the discussion drive us crazy. If it gets a couple of degrees warmer, that's not so tragic.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>