



The European Union:

Origins
Development
Structure and
Institutions
Contemporary
Challenges



The single market: freedom of choice



Four freedoms of movement:

- goods
- services
- people
- capital

The single market has led to:

- significant reductions in the price of many products and services, including airfares and phone calls
- more choice for consumers
- 2.8 million new jobs
- **Reduction/elimination of tariffs!**



24 official languages



Български

Čeština

dansk

Deutsch

eesti keel

Ελληνικά

English

español

français

Gaeilge

hrvatski

Italiano

latviešu

valoda

lietuvių

kalba

magyar

Malti

Nederlands

Polski

português

Română

slovenščina

suomi

svenska



'Schengen' 1985

- No police or customs checks at borders between most EU countries
- Controls strengthened at the EU's external borders
- More cooperation between police from different EU countries
- Buy and bring back any goods for personal use when you travel between EU countries



The euro – a single currency for Europeans

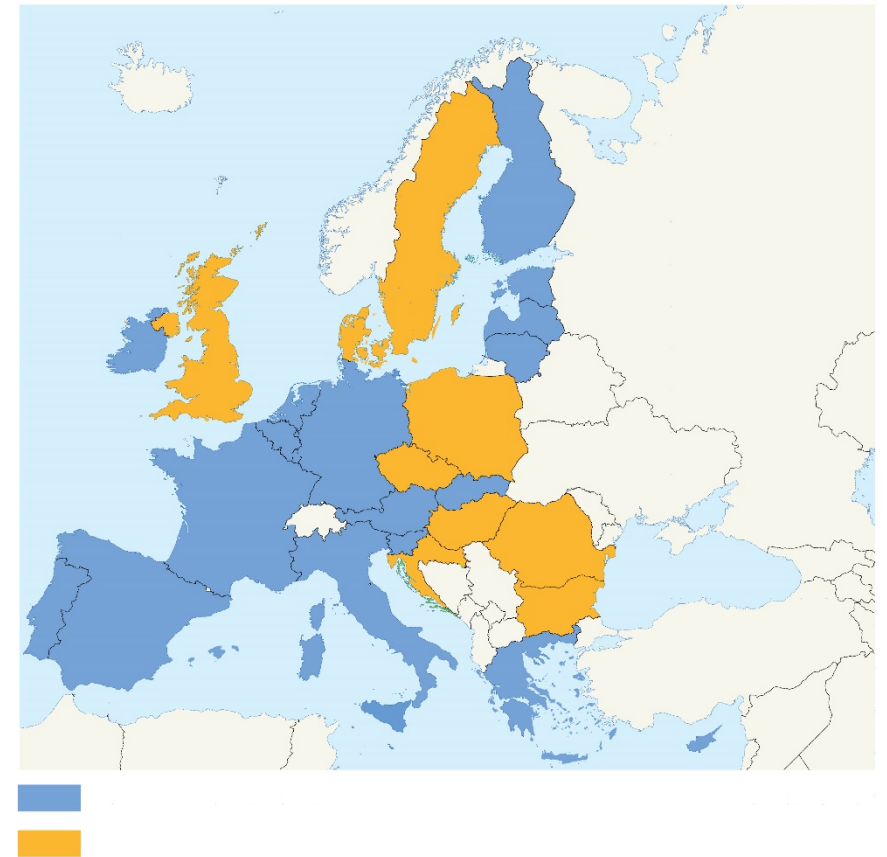


Why the euro?

- Low fluctuation risk and foreign exchange cost
- More choice and stable prices for consumers
- Closer economic cooperation between EU countries

Can be used everywhere in the euro area

- Coins: one side with national symbols, one side common

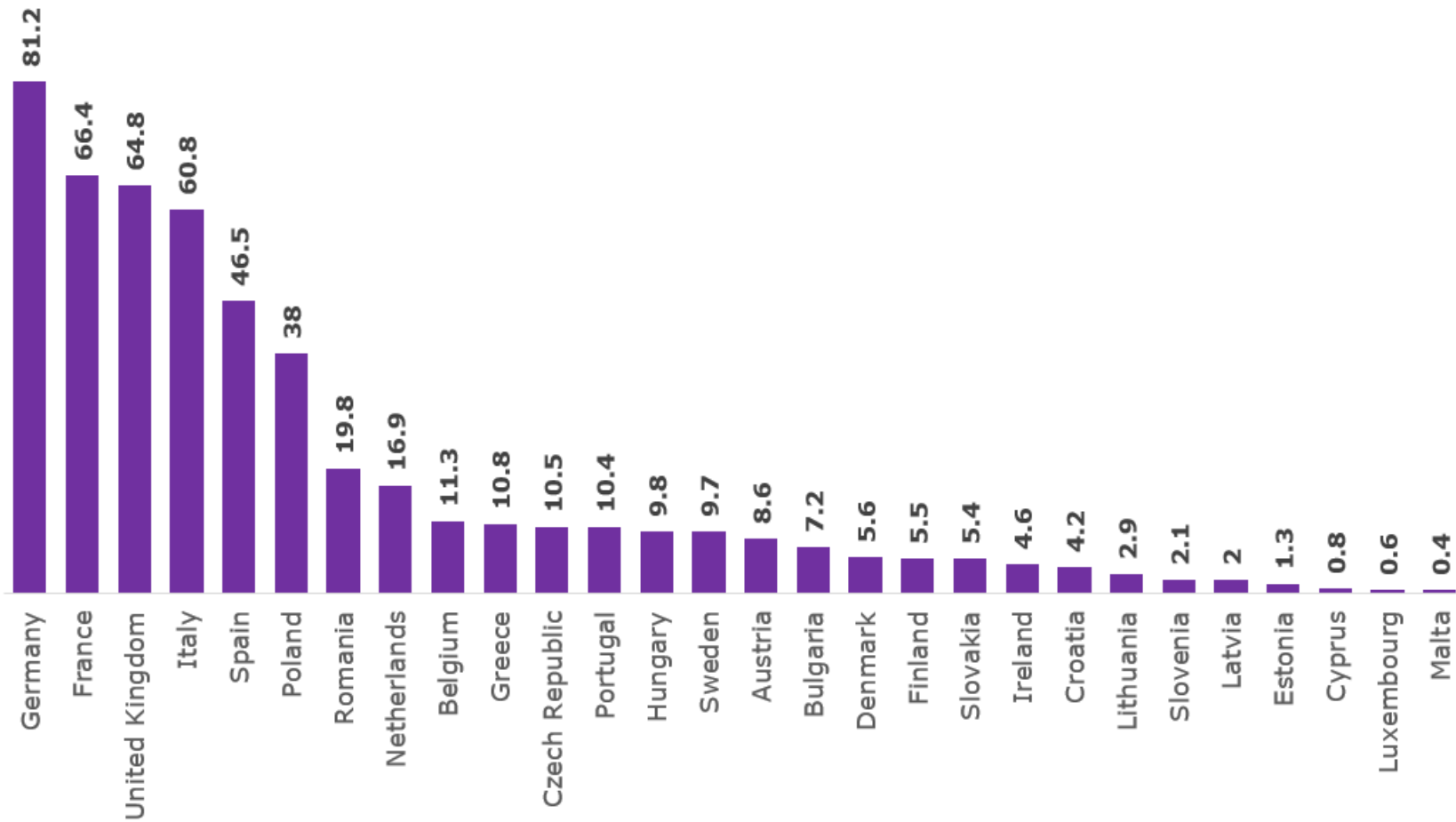


How many people live in the EU?



Population in millions (2015)

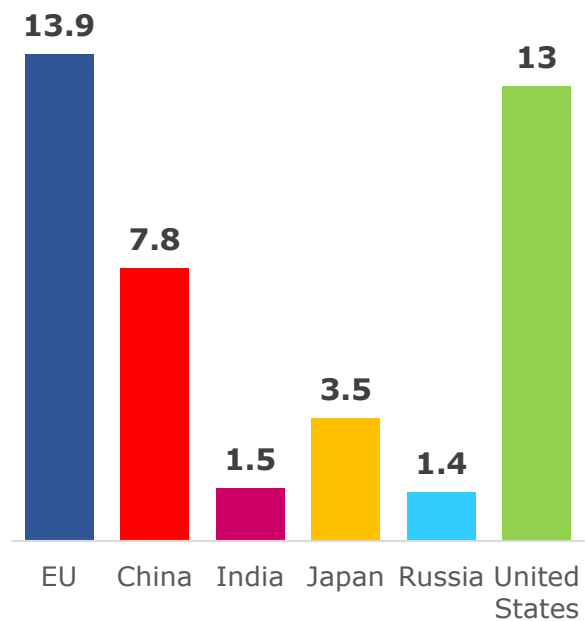
508 million in total



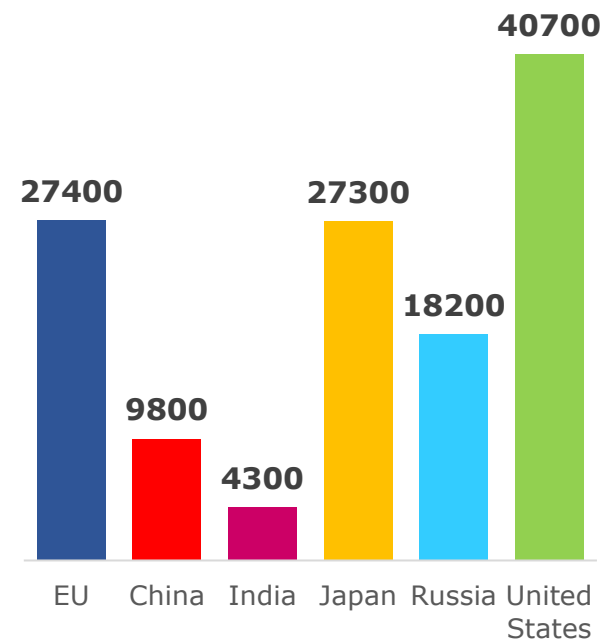
How rich is the EU compared to the rest of the world?



Size of economy:
GDP in trillions of euro (2018)



Wealth per person:
GDP per person (2018)

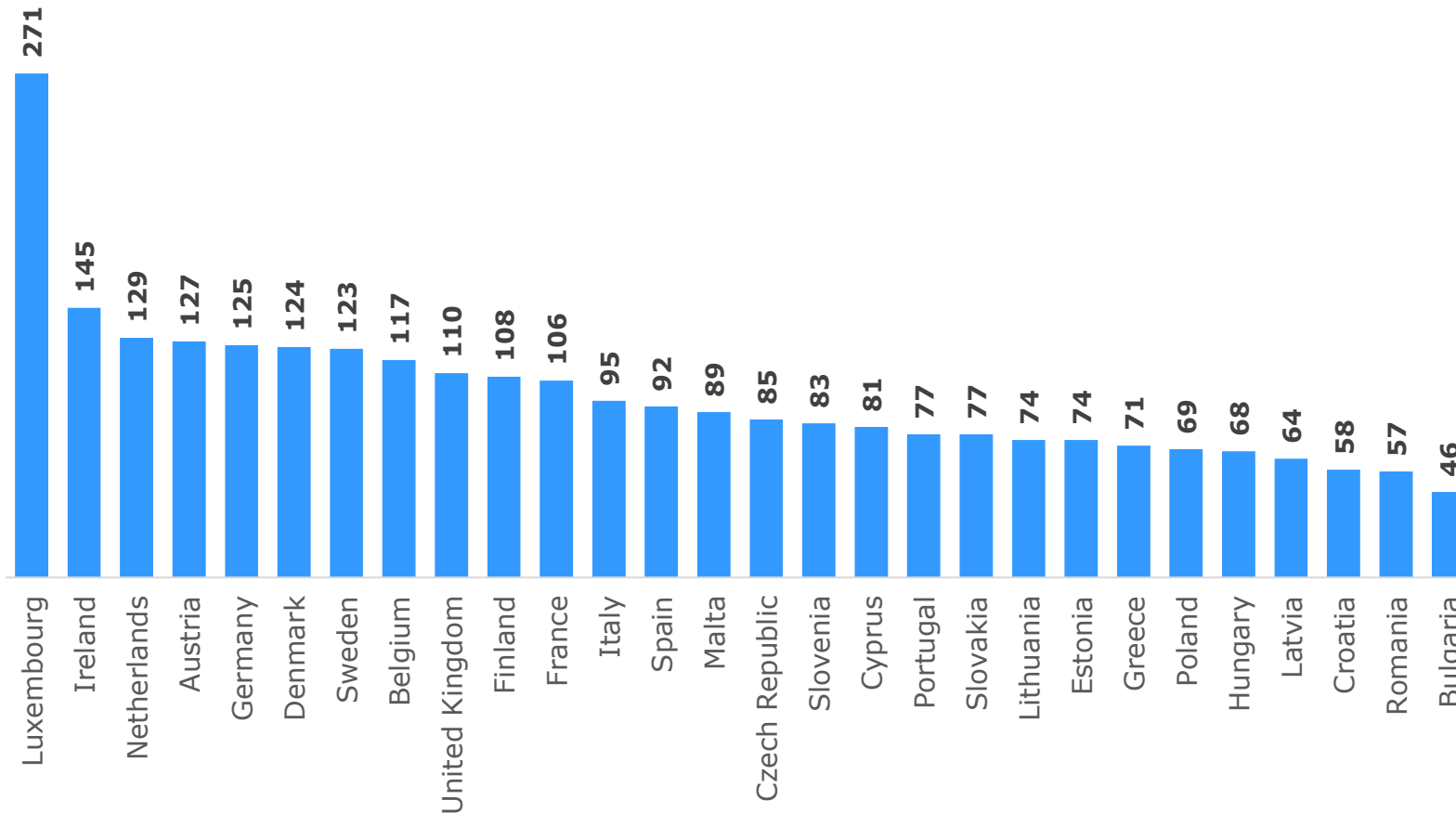


GDP per inhabitant: the spread of wealth



GDP per inhabitant (2018)

Index where the average of the 28 EU countries is 100



Early post-WWII period

- Climate for radical change
 - War toll (60-78M deaths, thirteen 9/11s per day)
 - Refugees, hunger, disease
 - Economic setback (Germany GDP 1907, France 1891, Austria 1886)
- **The question:** How can Europe avoid another world war?
 - Strip Germany of its industry
 - Convert to communism
 - **Generate tighter integration of European nations**

Key Concepts

- **Federalism:** a voluntary association of three or more independent states willing to yield a substantial measure of national sovereignty (“supranationalism”) for the mutual benefit of all. A “**United States of Europe**.” Supporters: France, Germany. Hint: Think US Constitution.
- **Intergovernmentalism:** loose league of “cooperation among sovereign states” on limited matters of mutual interest. Member states retain autonomy on matters of national interest. Fear of centralized power. A “**Europe of States**.” Supporters: UK, central & eastern European states. Hint: think Articles of Confederation



Jean Monnet and other leaders with the first "European" ingot of steel

1951:

First Steps: European Coal and Steel Community

- The aim: to secure peace among Europe's victorious and defeated nations and bring them together as equals, cooperating within shared institutions. "To make war not only unthinkable, but materially impossible." How: regulate industrial production under common management.
- Based on a plan by French Foreign Minister Robert Schuman.
- 6 founding countries (Belgium, Federal Republic of Germany, France, Italy, Luxembourg, Netherlands – signed a treaty to run heavy industries (coal and steel) under common management.



1951

Founding Members

Belgium
France
Germany
Italy
Luxembourg
Netherlands





Signing of the Treaty of Rome

ToGEthe®

SINCE 1957



European Union
50th Anniversary

1957:

Beyond Coal & Steel: The Treaty of Rome

- The six founding countries expanded cooperation to other economic sectors, creating the European Economic Community (EEC) – or “common market.”
- European Atomic Energy Community EURATOM: ensure use of nuclear energy for peaceful purposes.
- **1967: ECSC + EEC + EURATOM = European Community (EC)**



The "Club" Expands 1973: First Enlargement

Denmark
Ireland
United Kingdom

(9)



Snags and Speed Bumps: Europessimism, 1972-85

- « Empty chair » crisis
- Failure of monetary integration
- Oil shocks and « stagflation »
- Slowdown of trade integration
- « Technical barriers » to free trade (tariffs by another name)



1981: Second Enlargement

Greece

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Schengen Agreement, 1985





1986: Third Enlargement

Portugal
Spain

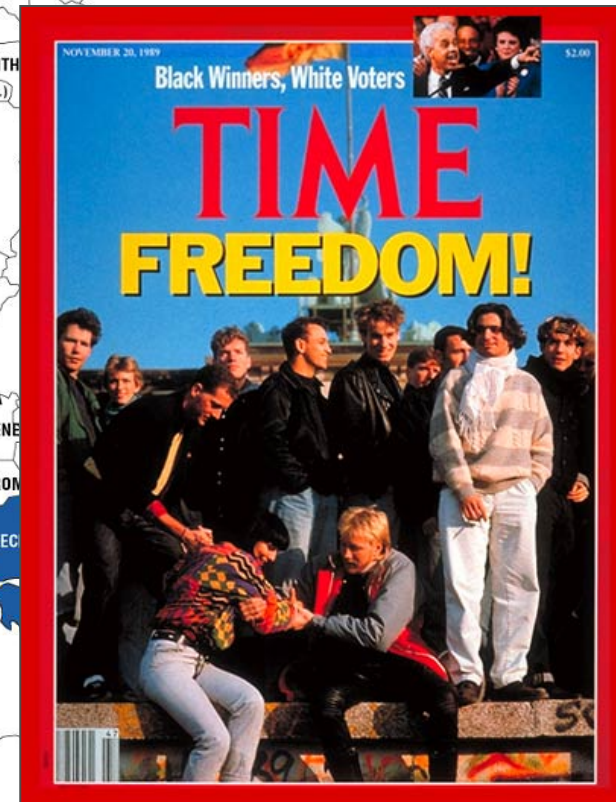
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November 1989

***Fall of the
Berlin Wall
sets the
stage for
unifying
Europe and
further EU
enlargement***





Maastricht Treaty, 1992: A Giant Leap Forward

- Officially established the European Union
- Laid foundation for adoption of the euro €
- Established conditions countries must meet to adopt euro (inflation, deficit/debt/GDP ratios, interest rates)
- Established conditions countries must meet to join EU (**market economy, democracy & rule of law, ability to implement & enforce EU laws**)



1995: Fourth Enlargement

Austria
Finland
Sweden

(15)

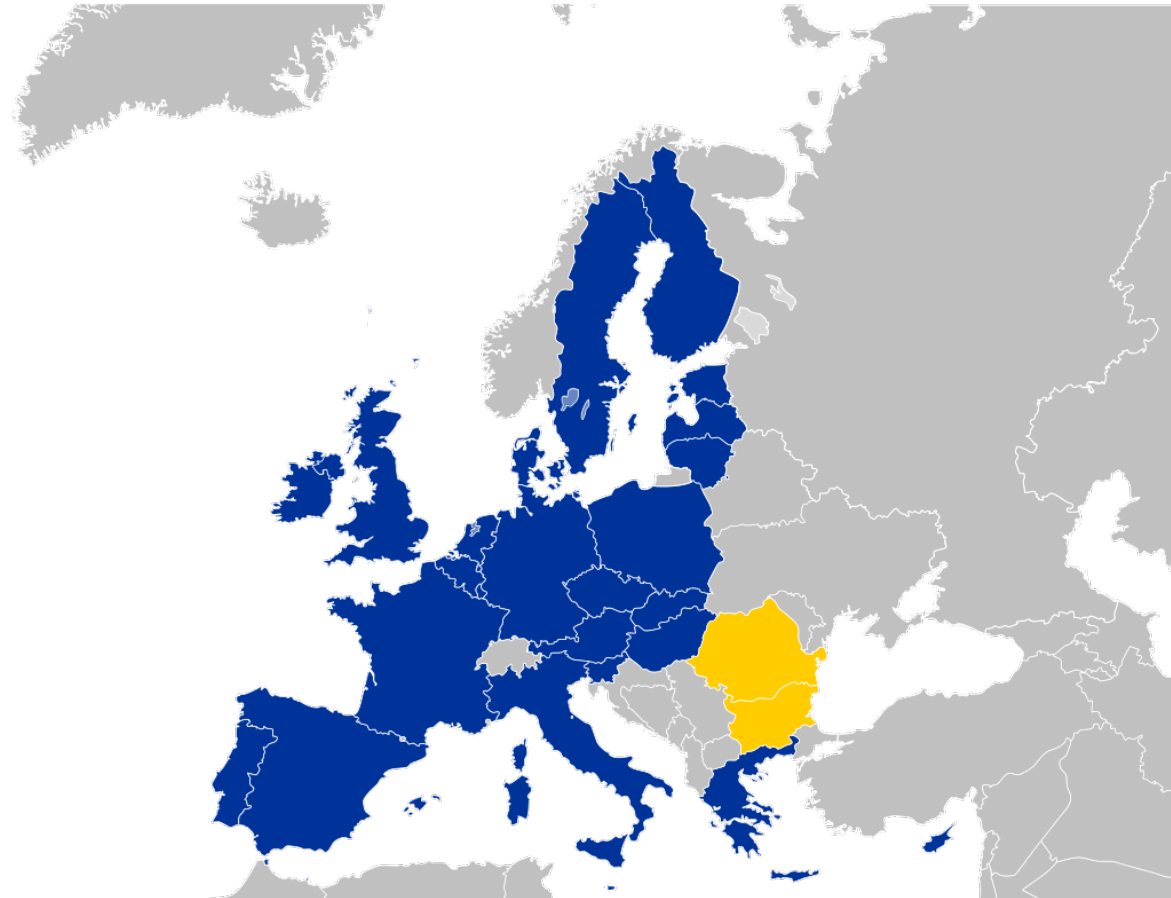


Cyprus
Czech Republic
Estonia
Hungary
Latvia
Lithuania
Malta
Poland
Slovakia
Slovenia

A map of Europe and its surrounding regions, with countries labeled in black text. The map shows the Atlantic Ocean to the west, the Mediterranean Sea to the south, and Russia to the east. Major landmasses like Africa and Asia are partially visible at the bottom and right edges. The map is a simple outline with no internal borders or features.



Sixth enlargement, 2007: Bulgaria and Romania





Who's knocking at the door?

- Albania
- Bosnia/Herzegovina
- Kosovo
- Macedonia
- Montenegro
- Serbia
- Turkey



Membership in Eurozone (E), Schengen (S), GPI Rank

Austria	E	S	3	Italy	E	S	38
Belgium	E	S	21	Latvia	E	S	31
Bulgaria			26	Lithuania	E	S	36
Croatia			27	Luxembourg	E	S	NR
Cyprus	E		62	Malta	E	S	NR
Czech Rep.		S	7	Netherlands	E	S	23
Denmark		S	5	Poland	E	S	32
Estonia	E	S	33	Portugal	E	S	4
Finland	E	S	15	Romania			24
France	E	S	61	Slovakia	E	S	22
Germany	E	S	17	Slovenia	E	S	11
Greece	E	S	79	Spain	E	S	30
Hungary		S	17	Sweden		S	14
Ireland	E		10	United Kingdom			57

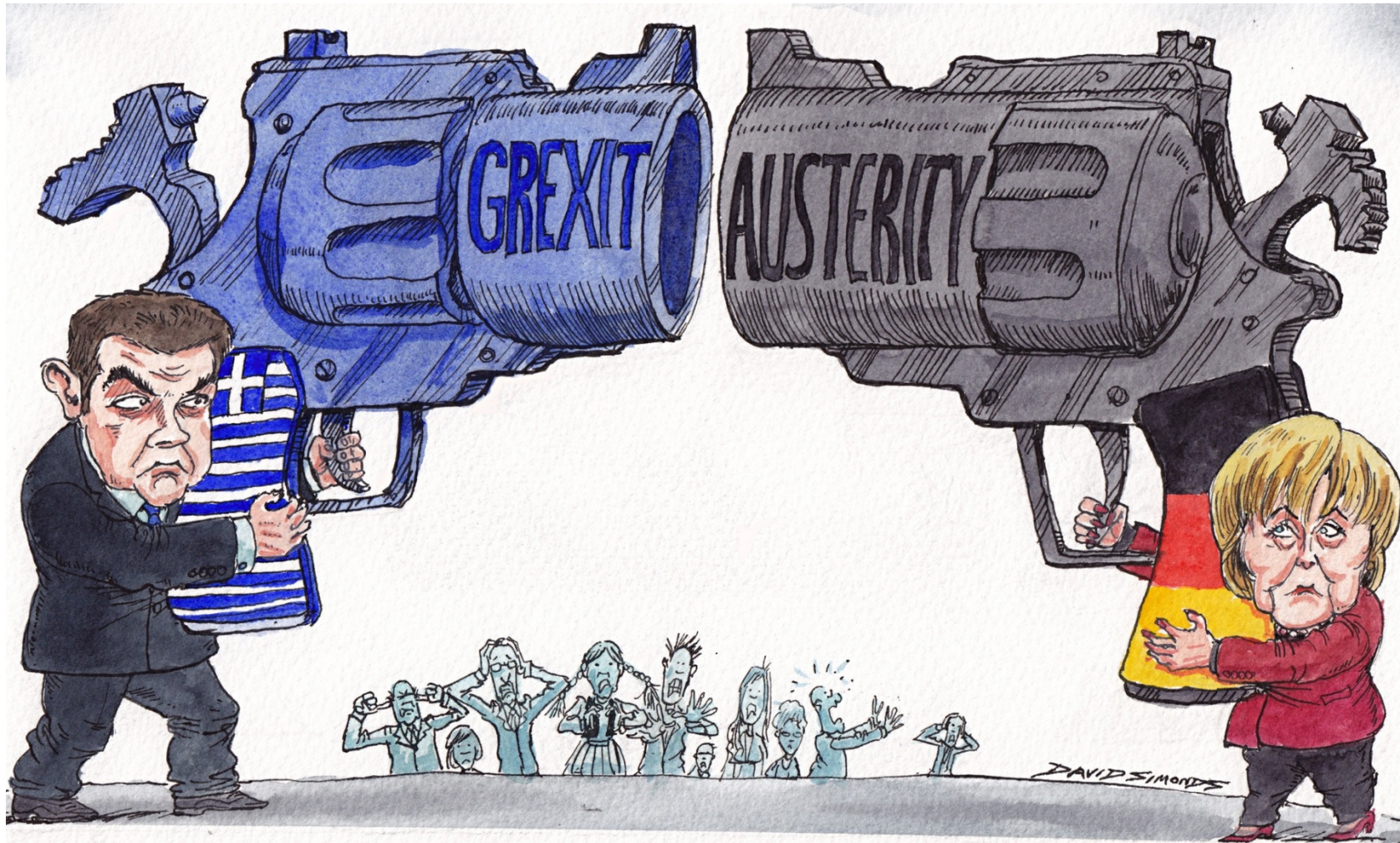
Interlude: The Great Recession and the Sovereign Debt Crisis, 2008-?



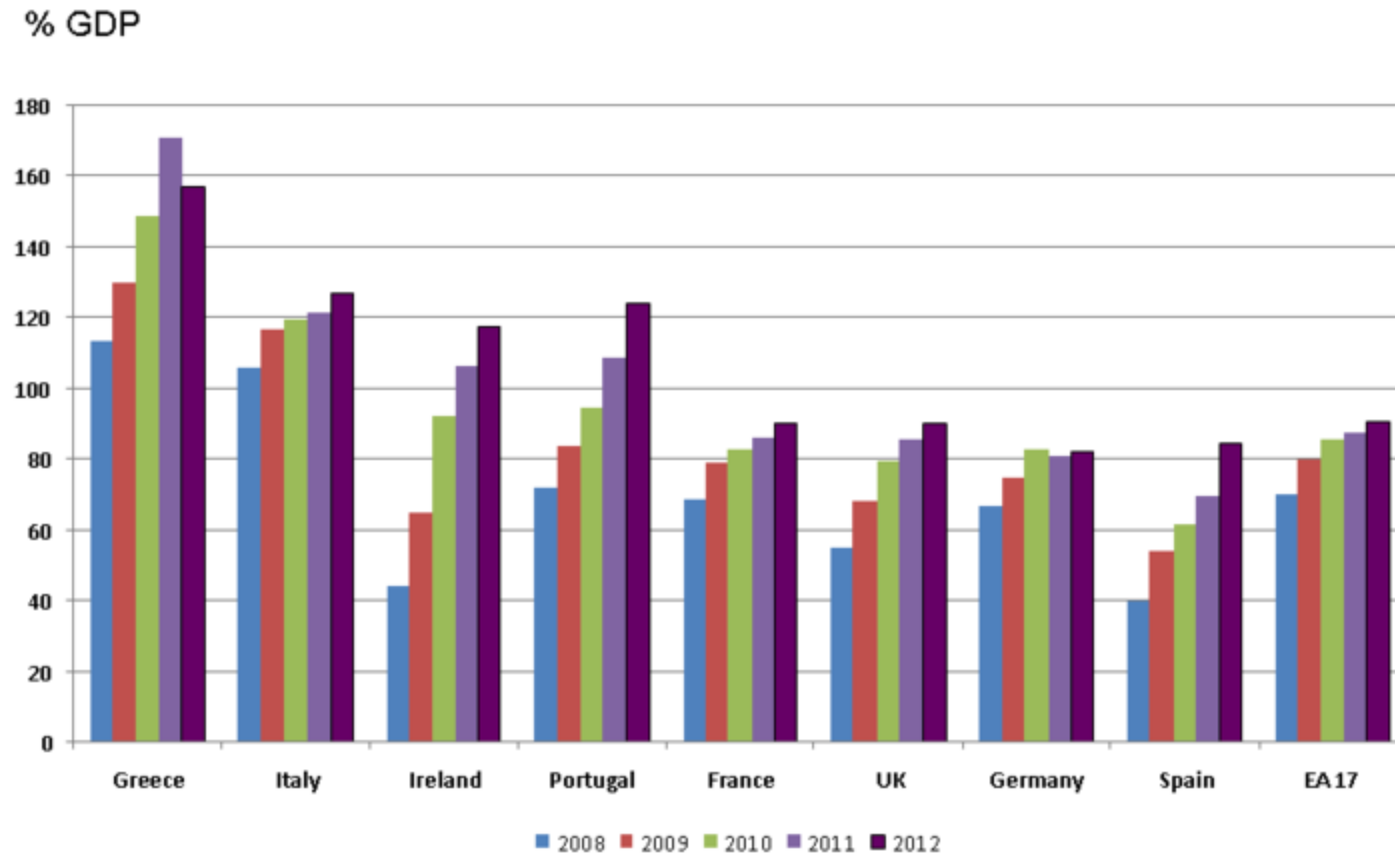
The Greek Debt Crisis, 2009 - ?







Debt to GDP Ratio for Selected European Countries

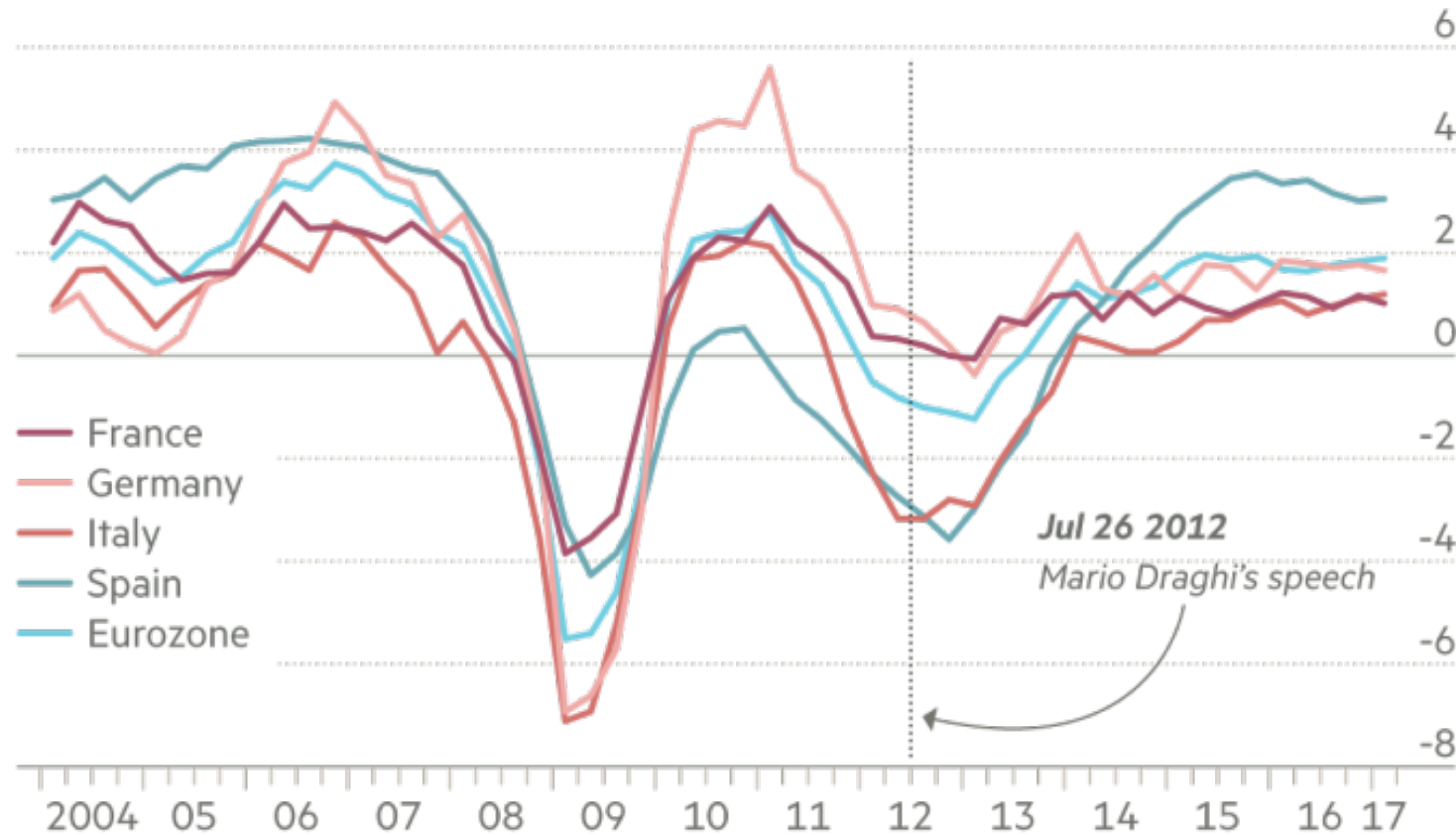


Mario Draghi, President of ECB



The effect of three little words

The recovery was slow, but it is real
Annual change in real GDP (%)



Sources: Fidelity International; Haver

FT

The EU institutions



Ursula Von der Leyen, President of the European Commission



How EU laws are made



Citizens, interest groups, experts: discuss, consult



Commission: makes formal proposal



Parliament and Council of Ministers: decide jointly



National or local authorities: implement



Commission and Court of Justice: monitor implementation



Decides EU laws and budget together with the Council of Ministers
Democratic supervision of all the EU's work

Number of members elected in each country

Austria - **18**

Belgium - **21**

Bulgaria - **17**

Croatia - **11**

Cyprus - **6**

Czech Republic - **21**

Denmark - **13**

Estonia - **6**

Finland - **13**

France - **74**

Germany - **96**

Greece - **21**

Hungary - **21**

Ireland - **11**

Italy - **73**

Latvia - **8**

Lithuania - **11**

Luxembourg - **6**

Malta - **6**

Netherlands - **26**

Poland - **51**

Portugal - **21**

Romania - **32**

Slovakia - **13**

Slovenia - **8**

Spain - **54**

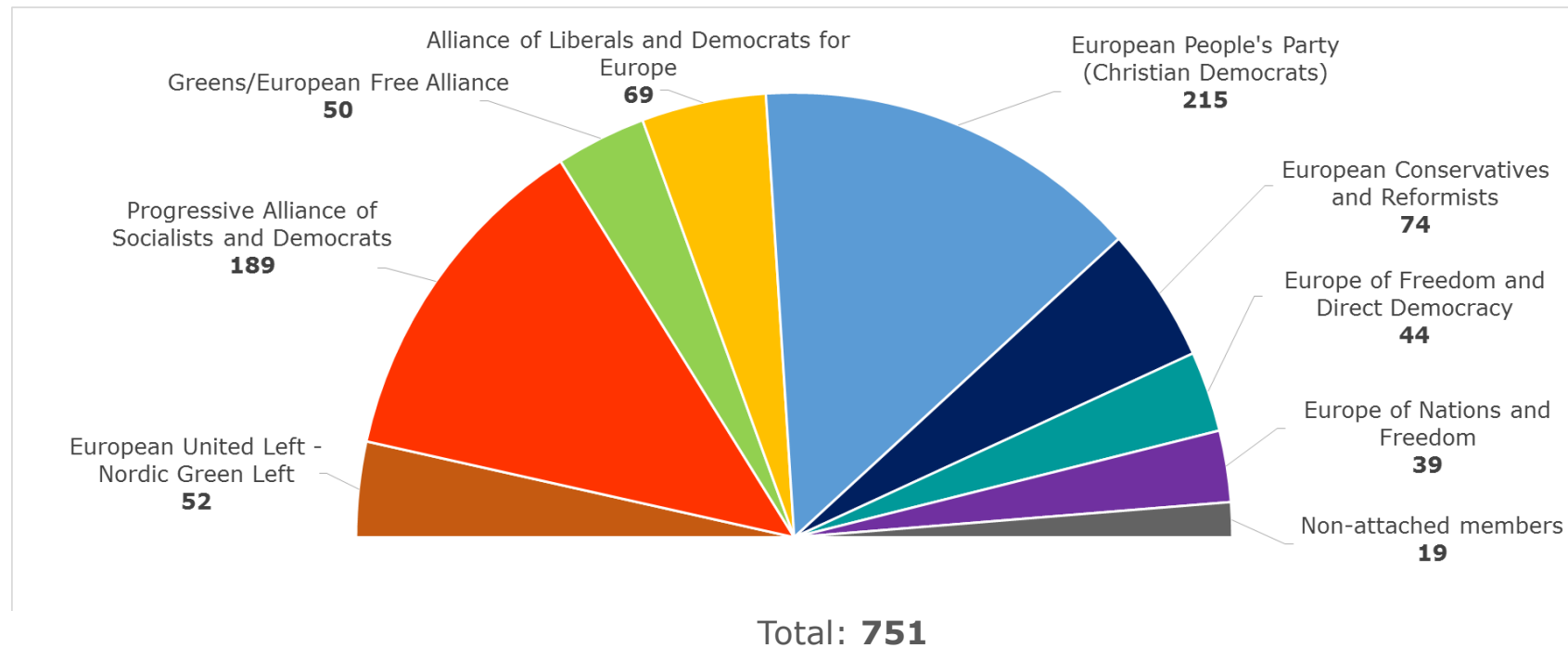
Sweden - **20**

United Kingdom - **73**

Total - 751



Number of seats in the European Parliament per political group (December 2019)







Ongoing Challenges

- Brexit
- Rise of nationalist anti-EU ("Euro-skeptic") political parties (e.g., France, Italy)
- Trump's "America First" foreign policy
- Migration
- Democracy "backslides" (Hungary, Poland)
- Resurgent Russia
- Terrorism



Future Prospects: Five Scenarios

- Dissolution
- A two-track/two-speed Union
- A more intergovernmental arrangement
- Deeper, tighter integration
- Muddling through