Handbook on the European Union

Erasmus+ KA3 – policy-making – titled
"Teachers4Europe: Setting an Agora for Democratic Culture" 2018-2022

Presa Universitară Clujeană

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PART I. INTRODUCTION:
Origins and the emergence of the European Union

This first section of **A Handbook to the European Union** aims at explaining the origins of the European Union (EU) from a broader historical perspective pegged to some important political moments in European politics, and the emergence of the European Union from an economic cooperation platform to a political union.

Subsequently, it will seek to sketch the evolution of the European Union through a technique based on compilation and process tracing, extracted from the visionary leaders that inspired the creation of the European Union we live in today as well as EU's core objectives, values and mission.

MAP 1 The European Union© www.europa.eu

I.1. What is the European Union?

The European Union (EU) is a family of liberal-democratic countries which are acting collectively thorough an institutionalized system of decision making. The EU changed the character and definition of Europe, bringing to the region the longest uninterrupted peace in its recorded history. By building a single market and developing common policies in a wide range of different areas, the EU has brought fundamental changes to the way Europe functions, the way it is seen by others, and the way others work with Europe.

The **European Union** represents a conglomerate of states that have formed "a unique economic and political union… [which today] together cover much of the continent"[1]. Set up "in the aftermath of the Second World War"[2], today's Union, after the exit of the United Kindom, comprises **27 countries** that closely cooperate in a variety of fields in order to pursue their goals and values.
Although the initial goal was "to foster economic cooperation"[3], namely through trade that would prevent conflicts throughout the continent, the EU has extended its commitment to more than just economic cooperation[4]. In other words, member states of the EU attach great importance to a welter of other goals and values.

The flag of the European Union.
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Therefore, today's **goals of the EU** include, in contingent order, the following:

1. "promote peace, its values and the well-being of its citizens";
2. "offer freedom, security and justice without internal borders";
3. "sustainable development based on balanced economic growth and price stability, a highly competitive market economy with full employment and social progress, and environmental protection";
4. "combat social exclusion and discrimination";

[1]European Union, "The EU in brief" [https://europa.eu/european-union/about-eu/eu-in-br ief_en], 1 July 2019.
[2] *Ibidem.*
[3] *Ibid.*
[4] For further reference, see *Ibid.*

5. "promote scientific and technological progress";
6. "enhance economic, social and territorial cohesion and solidarity among EU countries"; respects its rich cultural and linguistic diversity";
7. "establish an economic and monetary union whose currency is the euro"[5].

In the same time, **EU also remains committed to respect and protect** human dignity, freedom - as citizens have "the right to move and reside freely within the Union" as well as individual freedoms (i.e. "respect for private life, freedom of thought, religion, assembly, expression and information"[6]) that are enshrined not

The 27 Member States of the EU.
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only in the Charter of Fundamental Rights of the EU[7], but also in the Lisbon Treaty[8]; democracy -, equality, rule of law and human rights[9].

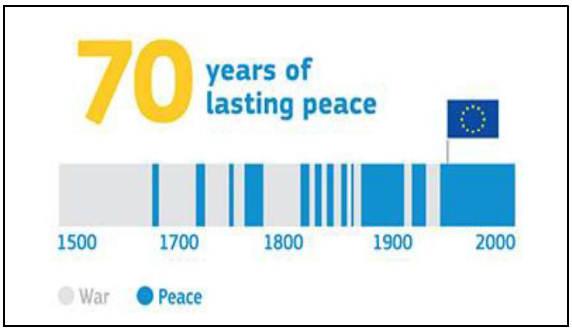
It is important to bear in mind the fact that "the unique feature of the EU is that, although the Member States all remain sovereign and independent states, they have decided to pool some of their 'sovereignty' in areas where it makes sense to work

[5] For reference in regard to points 1 through 8, please consult *Ibid.*
[6] *Ibid.*
[7] For further reference, see Charter of Fundamental Rights of the European Union, Official Journal of the European Union, 2016/C 202/02, [https://eur-lex.europa.eu/legalcontent/E N/TXT/HTML/?uri=CELEX:12016P /TXT&from=EN/], 1 July 2019.
[8] For further reference, see the consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union, Official Journal of the European Union 2016/C 202/01, [https://eur-lex.europa.eu/legal-content/ EN/TXT/HTML/?uri=CELEX:12016ME/TXT&from=EN], 1 July 2019. This Treaty is also known as the Lisbon Treaty (Please refer to section I.3. The Evolution of the European Union).
[9] For further reference, see *Ibid.*

together"[10]. Thus, "Member States delegate some of their decision-making powers to the shared institutions they have created, so that decisions on specific matters of common interest can be made democratically at EU level"[11].

Generally estimating, **decisions at the level of EU are taken primarily by several institutions** that are the following: "the European Parliament, which represents the EU's citizens and is directly elected by them"[12] (See Section II.3.), "the European Council, which consist of the Heads of State or Government of the EU Member States"[13] (See Section II.2.), "the Council, which represents the governments of the EU Member States"[14] (See Section II.2.), and "the European Commission, which represents the interests of the EU as a whole"[15] (See Section II.1.)

There are **more EU bodies and institutions** within the European institutional framework, though their role is not as central to the decision making process in the EU (See Chapter II for further reference).



"70 years of lasting peace" in Europe.
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Furthermore, **citizens** across Member States of the EU, since 1957[16], **have benefited in a many aspects**. These are related to, for example, the way **citizens travel** across the EU or the way they **use their mobile and various other online services**. In other words, the EU protects, "in the event of delays or cancellations"[17], the rights of citizens "travelling by plane, train, boat or bus, [and] are entitled to fair treatment"[18]. The understanding of **<fair treatment>** assumes compensations, for example.

[10] Directorate-General for Communication (European Commission), "The European Union. What it is and what it does", [https://public ations.europa.eu/en/publicationdetail/-/publication/715cfcc8-fa70-11e7-b8f5-01a a75ed71a1/language-en], 2 July 2019.
[11] *Ibidem.*
[12] *Ibid.*
[13] *Ibid.*
[14] *Ibid.*
[15] *Ibid.*
[16] European Union, "What the EU does for its citizens", [https://europa.eu/european-union/abo ut-eu/what-the-eu-does-for-its-citizens_en], 2 July 2019.
[17] *Ibid.*
[18] *Ibid.*

Additionally, regardless of the geographical position within the EU, citizens are entitled to stream online services and use their mobiles with "the knowledge that… **personal data is [strictly] protected** under EU law"[19].

However, one of the greatest achievements of the EU is connected to **peace and security**, since "Central and western Europe has never known so long a period without war"[20]. As a result, "the EU is the most successful peace project in human history and has been awarded the Nobel Peace Prize"[21].

The 2012 Nobel Peace Prize was awarded to the EU for its commitment and work towards preserving peace across the European continent.
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Other achievements of the EU are related to the market - the EU is **"the world's most highly developed and open marketplace"[22]**, based on "4 key freedoms, which enable you and other citizens to:

1. live or work in any EU country,
2. move your money,
3. sell good without restrictions,
4. provide services on the same basis"[23] -, environmental and food standards, consumer benefits, support from businesses, or protection "against the downsides of globalisation"[24].

Highlights
The European Union (EU) is a family of liberal-democratic countries which are acting collectively thorough an institutionalized system of decision making. The EU changed the character and definition of Europe, bringing to the region the longest uninterrupted peace in its recorded history. By building a single market and developing common policies in a wide range of different areas, the EU has brought fundamental changes to the way Europe functions, the way it is seen by others, and the way others—United

[19] *Ibid.*
[20] *Ibid.*
[21] *Ibid.*
[22] *Ibid.*
[23] *Ibid.*
[24] *Ibid.*

States, China—work with Europe.

There are at least five ways to conceptualize the EU: as an international organization, a regional integration association, a political system in its own right, a unique entity, or something that exhibits and combines all four of these.

Questions to Consider

- What does it mean for you to be an EU citizen?
- Who and what determines the EU boundaries?
- Why does the EU have 24 working languages?
- Do you consider that Turkey should be part of the EU?
- Is the EU a political or territorial project?

Active links for classrooms:

European Toolkit for Schools: https://www.youtube.com/watch?v=i3yjLBTTQpU

Game: https://webdoc.sciences-po.fr/Mooc-Europe-2014/S2P7web-UK/#intro

The European Union explained: https://www.youtube.com/watch?v=O37yJBFRrfg

History of EU: https://www.youtube.com/watch?v=xRwZyDTdCAc

Further Reading

Haas, Ernst B. *The Uniting of Europe: Political, Social, and Economic Forces, 1950–1957*. Stanford, CA: Stanford University Press, 1958. Reprinted, Notre Dame, IN: Universityof Notre Dame Press, 2004.

Hix, Simon, and Bjørn Høyland. *The Political System of the European Union*. 3rd ed.London: Palgrave Macmillan, 2011.

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I.2. How was the European Union formed?

The European Union, as defined by the Maastricht Treaty (1993)[25], is the result of a succession of political, economic and social events. The origins of this succession dates back to 1945, in the immediate vicinity of the Second World War.

The Fathers of Europe:

Jean Monnet (1888–1979) was an entrepreneur who spent many years in public service, notably during the two world wars. Born in Cognac in western France, Monnet worked for his family business before becoming an adviser to the French government during World War I, then working for the League of Nations. After the war he worked as a financier for an American investment bank, reentering public service during World War II. He was involved in postwar planning in France and was the architect of the Monnet Plan, a five-year strategy for investment and modernization. He became first President of the High Authority of the ECSC, from which he resigned in 1955.

Robert Schuman (1886–1963) had an altogether different career. Born to French parents in Luxembourg, he was raised in the province of Lorraine (which had been annexed by Germany in 1871 but was returned to France in 1918), attended university in Bonn, Munich, Berlin, and Strasbourg, and served in the German army during World War I. After the war he was elected to the French parliament and spent much of his time dealing with the legal problems of Alsace-Lorraine. He refused to serve in the French Vichy government during World War II, instead becoming an outspoken critic of German policy in Alsace-Lorraine. Schuman was imprisoned by the Gestapo, but he escaped and then worked for the French underground.

Photos: The Founding Fathers of the EU: Jean Monnet and Robert Schuman. ***Sources*:** Photo of Jean Monnet © European Union, 1967/1958.

[25] For further reference, see European Union, "The history of the European Union", [https://europa.eu/european-union/about-eu/history_en#1945-1959], 2 July 2019.

Historians of European integration tend to divide the history of the EU into seven phases, closely connected to one another. As a result, we can identify the following:

1945-1959: "A peaceful Europe - the beginnings of cooperation"[26]

Due to the "frequent and bloody wars between neighbours, which culminated in the Second World War", leaders from six countries laid the foundations of a platform that could unite the continent "economically and politically in order to secure lasting peace"[27]. In this approach, the **European Coal and Steel Community** (1950)[28] has been established by Belgium, France, Germany, Italy, Luxembourg and the Netherlands.

Despite these accomplishments, Europe experienced "a cold war between east and west"[29], and witnessed how "protests in Hungary against the Communist regime are put down by Soviet tanks in 1956"[30].

Congruently, the Treaty of Rome that created the European Economic Community (also known as the 'Common Market') was signed in 1957, in Rome[31]. The Coal and Steel Community becomes, thence, the predecessor of the European Economic Community.

1960-1969: "A period of economic growth"[32]

The first results of the benefits entailed by the cooperation between countries under the European Economic Community have become palpable. Counties in the Community did not charge "custom duties" while trading "with each other", and this led to "a good period for the economy"[33]. Agricultural produce revealed a "surplus [due to the] joint control over food production…"[34]

1970-1979: "A growing Community - the first enlargement"[35]

By 1973, the number of Member states rose "to nine", when Denmark, Ireland and the United Kingdom joined the Union[36].

Furthermore, Europe experiences throughout this period some challenges as the Arab-Israeli war resulted "in an energy crisis and economic problems in Europe"[37]. However, the end of the Salazar regime in Portugal (1974) and "the death of General Franco of Spain"[38] (1975) created some space for EU affairs to intensify and expand throughout the

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[26] *Ibidem.*
[27] *Ibid.*
[28] For further reference, see *Ibid.*
[29] *Ibid*
[30] *Ibid.*
[31] For further reference, see *Ibid.*
[32] *Ibid.*
[33] For further reference, see *Ibid.*
[34] *Ibid.*
[35] *Ibid.*
[36] For further reference, see *Ibid.*
[37] *Ibid.*
[38] *Ibid.*

continent. It is also the period when the European Parliament became more prominent in European politics, since 1979 was the first occasion when citizens directly elected their representatives, for the first time[39].

One last significant event that marks this period is the beginning of "the fight against pollution", with EU adopting "laws to protect the environment, introducing the notion of <the polluter pays> for the first time"[40].

1980-1989: "The changing face of Europe - the fall of the Berlin Wall"[41]

Before the events that shaped Europe in 1989, it is important to note that Greece (1981), Spain and Portugal (1986) raised the number of Member States to 12[42]. It is also the moment when the Single European Act was signed; a document that created the <Single Market>[43].

In the same time, later in the year of 1989, "the Berlin Wall is pulled down" which led not only to the reunification of Germany in 1990, but also to the fall of communism in Europe[44].

1990-1999: "A Europe without frontiers"[45]

The 1990's represent one of the most accomplished period in the history of European integration. Hence, in 1993 the <Single Market> "is completed with the four freedoms of movement of goods, services, people and money"[46]. It is also when the Maastricht Treaty on the European Union was signed, together with the Treaty of Amsterdam (1999)[47].

Simultaneously, Austria, Finland and Sweden (1995) joined the EU, the Schengen (a name given by a small village in Luxembourg) was created, "gradually [allowing] people to travel without having their passport checked at the borders"[48].

It is the moment when many of the newly democratic states of central and eastern Europe started negotiating their accession to the EU, while citizens became more concerned on "how to protect the environment"[49], "how Europeans can act together when it comes to security and defence matters"[50], while "millions of young people [started to] study in other countries"[51].

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[39] For further reference, see *Ibid.*
[40] *Ibid.*
[41] *Ibid.*
[42] For further reference, see *Ibid.*
[43] For further reference, see *Ibid.*
[44] For further reference, see *Ibid.*
[45] *Ibid.*
[46] *Ibid.*
[47] For further reference, see *Ibid.*
[48] *Ibid*.
[49] *Ibid*.
[50] *Ibid.*
[51] *Ibid.*

2000-2009: "Further expansion"[52]

This period is marked by the adoption of the euro as a new, single currency for many European countries. The fight against crime topped the agenda of the EU during this period, especially as a result of the 9/11 attacks in New York and Washington[53].

Moreover, two waves of accession have been completed: the first, in 2004, when the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia joined the EU, and the second, in 2007, with Bulgaria and Romania following the same path[54].

Lastly, a more modern EU has been shaped when the Treaty of Lisbon, "ratified by all EU countries"[55], entered into force in 2009, paving the way for a EU "with modern institutions and more efficient working methods"[56].

2010-today: "A challenging decade"[57]

According to the same experts and historians, today's agenda of the EU still revolved around climate change, for example, having "leaders agree to reduce harmful emissions"[58]. Discussions that polished this agenda also revealed efforts to establish a <Banking Union> "to ensure safer and more reliable banks"[59] throughout the EU, while "a new security policy is established in the wake of the annexation of Crimea by Russia"[60]. However, it is significantly to point out that, in 2012, the EU is awarded the Nobel Peace Prize as well as the fact that Croatia became the 28th Member State, in 2013[61].

Highlights

Although unity and cooperation had often been suggested as a solution to Europe's long history of conflict, a peaceful European community was really only possible after World War II. The main legacy of the war was a fundamental reordering of the international system into a new bipolar world dominated by the United States and the Soviet Union.

The U.S. played a critical role in the new European drive toward unity.

Recognition of the relative decline of Europe's power also led its governments to seek a greater degree of cooperation that would lead eventually to political and economic integration and a common European identity.

A first step toward these goals was taken with the creation of the European Coal and

[52] *Ibid.*

[53] *Ibid.*

[54] For further reference, see *Ibid.*

[55] *Ibid.*

[56] *Ibid.*

[57] *Ibid.*

[58] *Ibid.*

[59] *Ibid.*

[60] *Ibid.*

[61] For further reference, see *Ibid.*

Steel Community (ECSC), which pulled down some national tariff barriers and subsidies while creating a set of supranational governing institutions.

Questions to Consider

- Why was the EU formed after World War II?
- Why did Jean Monnet and Robert Schuman emphasize the Franco-German relationship in their ideas about a future European community?
- Why was the last decade (since 2010) was labeled as a “challenging” one?
- How do you see the next decade for the EU integration?

Active links for classrooms:

The official website of the European Union: https://europa.eu/european-union/index_en

The Founding Fathers of the EU: https://www.youtube.com/watch?v=FNaDYM7zGY0

The Schuman Declaration: https://www.youtube.com/watch?v=pzhpA7_-1oA

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I.3. The evolution of the European Union

The evolution of the European Union represents a complex assessment of history and politics. Having determined in the previous section the historical evolution, it is the following section that confines a legal and institutional perspective on the evolution of the European project. In this way, the treaties that created the EU and polished its functionality are thoroughly being described in this section.

The Treaty of Paris
(18 April 1951)

Also known as the Treaty establishing the European Coal and Steel Community, it entered into force on 23 July 1952 and expired on 23 July 2002. The purpose of the Treaty of Paris was to create a strong interdependence in the industries of coal and steel, in order for countries to no longer be able to exploit these industries into creating and supporting armed forces.

The aftermath of the Second World War heavily influenced the context of this Treaty as it sought to create stability, ease the political tensions and improve the economy of the continent and the respective countries.

The Treaties of Rome
(25 March 1957)

Two treaties were signed on 25 March 1957, entering into force by the 1 January 1958. - the Treaty establishing the European Economic Community (EEC) and the Treaty establishing the European Atomic Energy Community (EAEC or Euratom). [62]
The European Economic Community represents a strong extension of integrating Europe for the sake of expanding economic cooperation, more broadly speaking.

One of the major reasons that whirls around this treaty is that participating countries desired "an ever closer union among the peoples of Europe"[63] and became more aware of the benefits entailed by a close cooperation.

The Merger Treaty - Brussels Treaty
(8 April 1965)

Entering into force on 1 July 1967, the Brussels Treaty aimed to shape European institutions into a more efficient pattern. In other words, the Treaty created today's main EU institutions, such as the Commission and the Council to serve the already-established European Communities.

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[62] European Parliament. Treaty of Rome https://www.europarl.europa.eu/about-parliament/en/in-the-past/the-parliament-and-the-treaties/treaty-of-rome

[63] European Union, Treaty establishing the European Economic Community and related instruments (EEC Treaty), Document 11957E, [https://eur-lex.europa.eu/legal-content/EN/TXT /?uri=CELEX:11957E], 3 July 2019.

However, it was repealed by the Treaty of Amsterdam in the years to come.

The Single European Act
(17/28 February 1986)

Signed in two difference locations - first in Luxembourg on 17 February 1986, and second in The Hague on 28 February 1986, the Single European Act came into force on 1 July 1987. Its main purpose was to adjust the Union's institutions for Portugal's and Spain's accession as well as to increase the efficiency of the decision making process for the single European market.

Additionally, the Single European Act brought an extension to the voting rule in the Council, shaped cooperation procedures and gave the Parliament more power.

Treaty on the European Union: Maastricht Treaty
(7 February 1992)

The most important treaty of today's EU, signed in 1992, came into force on 1 November 1993. The Maastricht Treaty had the objective to prepare the Union for its monetary policy and introduced elements of a political union, namely those related to foreign and domestic affairs or EU citizenship.

This Treaty, more substantially, introduced the co-decision procedure, giving the Parliament, once again, more power within the dimension of decision making processes at EU level. Also, innovative forms of cooperation between the inter-institutional and supranational frameworks were integrated within the Union by the Treaty of Maastricht as to furbish a coherent policy of defence, justice, domestic affairs and others.

Treaty of Amsterdam
(2 October 1997)

Entering into force on 1 May 1999, the Treaty of Amsterdam amended some previous treaties and consolidated them in order to conceal a more transparent mechanisms of taking decisions at EU level, specifically by increasing the practice of the ordinary legislative procedure.

Overall, the Treaty prepared, on the sidelines, the integration of new Member States and reformed to some extent the EU institutions.

Treaty of Nice
(26 February 2001)

The Treaty of Nice, succinct, yet extremely pragmatic, fundamentally changed the methods for composing the European Commission and redefined the voting system in the Council of the EU. This was important to the continuation of reform within the framework of EU institutions and to the enlargement overtures of the EU for the sake of reaching a more efficient formula of cooperation and integration.

The Treaty of Niece entered into force on 1 February 2003, in preparation of the largest wave of accession to the EU.

Treaty of Lisbon
(13 December 2007)

Signed in late 2007, entering into force on 1 December 2009, the Treaty of Lisbon is today's most important Treaty that regulated the EU. Being, thus, the fundamental source of law within the acquis communautaire (or the Community acquis), Lisbon Treaty determines the EU to be more democratic and efficient in addressing commonly global issues that directly have an impact on EU's citizens.

Some of the main changes brought to the EU by virtue of this Treaty include allowing the Parliament to gain more power, changing the voting procedures in the EU Council, introducing the initiative of citizens as well as a permanent President of the European Council, together with a new European diplomatic service, the European External Action Service, supervised by the High Representative for Foreign Affairs and and Security Policy.

Lisbon Treaty clarifies, nonetheless, the distribution of power within the EU, especially those which belong to the EU itself, those which are to be retained by Member States, and those which are co-shared by both. Lastly, the values and goals as well as the EU Charter of fundamental rights of the EU are integrated in the Treaty of Lisbon in order to attain a more robust approach of understanding the functionality of the EU.

Chronologically debating, the evolution of the EU could also be traced through some relevant dates and actors. More narrowly, the implications of EU integration addressed peripheral events, that could include the following:

June 1947: **Marshall Plan**
The United States set up an economic aid plan to stimulate the recovery of Europe after the War. However, this plan created division, since countries of central and eastern Europe could not have benefited from this due to their regimes and connection to the Soviet Union.

(Continuance on next page)

(*Continuance from page 8)*

October 1947: Benelux
Belgium, the Netherlands and Luxembourg established a politico-economic union and formal intergovernmental cooperation.

March 1948: Brussels Treaty Organisation
Belgium, France, Luxembourg, the Netherlands, and the United Kingdom established a collective institution that addresses issues of self defence and matters of collaboration in the economic, social and cultural dimensions.

April 1948: Organisation for European Economic Cooperation (OEEC)
Today known as the Organisation for European Cooperation and Development (OECD), this intergovernmental institution has been established with the role to supervise the distribution of the funds associated with the Marshall Plan. Countries that were originally taking part in OEEC were: Austria, Belgium, Denmark, France, Greece, Ireland, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and the United Kingdom.

January 1949: Council for Mutual Economic Assistance (COMECON)
As a response to the OEEC, the Soviet Union, alongside their satellite states of central and eastern Europe, created COMECON. Its named had changed to <Council for Mutual Economic Assistance> (CMEA), though this organisation has been dismantled in 1989, once communism had fallen in the region.
Countries that participated in COMECON/CMEA were: Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania.

April 1949: North Atlantic Treaty Organisation (NATO)
Due to the divided nature of Europe between west and east, several countries joined into creating NATO, a defence organisation aimed to respond to the security threads of the continent.
Countries that established NATO are: Belgium, Canada, Denmark, France, Luxembourg, the Netherlands, Norway, Iceland, Italy, Portugal, the United Kingdom and the United States. Later on, Greece and Turkey joined (in 1952) as well as West Germany (in 1955).

May 1949: Council of Europe
In the aftermath of The Hague Congress, European states decided to set up an intergovernmental body that would tackle social, economic, cultural and political cooperation across the continent.
Founding countries include: Belgium, Denmark, France, Luxembourg, the Netherlands, Norway, Ireland, Italy, Sweden and the United Kingdom. In the later years, Austria, Greece, Iceland, West Germany and Turkey joined the Council of Europe. (Nota Bene: This institution is different from the Council of the European union.)

(Continuance on next page)

May 1950: <u>European Coal and Steel Community (ECSC)</u>

Under the auspices of the Schuman Plan and the Treaty of Paris, ECSC represented an economic union in the industries of coal and steel that fostered a supranational union through the creation of a High Authority. Its founding members, known more widely as <the original six> (i.e. Belgium, France, Italy, Luxembourg, the Netherlands, West Germany and the United Kingdom) represent today the original founding Member States of the EU (which became Western EU throughout 1954-1956).

Founding Treaties:

Treaty of Paris (1951) establishing the European Coal and Steel Community

Treaties of Rome establishing the European Economic Community and Euratom (1957)

Maastricht Treaty on European Union (1992)

In 1993 the Maastricht treaty on European Union committed the EC to the creation of a single currency, a common citizenship, and a common foreign and security policy and gave new powers over law and policy to the EC institutions. It also made the EC part of a broader new entity called the European Union.

Amending treaties:

In 1987 the Single European Act (SEA) led to the elimination of almost all remaining barriers to the movement of people, money, goods, and services among the twelve member states.

In 1998 and 2003 the treaties of Amsterdam and Nice built on these changes, fine-tuned the powers of the institutions, and helped prepare the EU for new members from Eastern Europe.

An attempt was made in 2002–2004 to provide focus and permanence by replacing the accumulated treaties with a European constitution. But the finished product was lengthy, detailed, and controversial. The European leaders reached agreement in 2007 to draw up a new treaty based on much of the content of the failed constitution.

The resulting Treaty of Lisbon fundamentally reformed several of the EU's institutions and attempted to give more coherence to the Union's policies, even while avoiding the language and trappings of a constitution that had been unpopular with many EU citizens.

Institutions:

The European Commission. Based in Brussels, this is the executive and administrative branch of the EU, responsible for developing new EU laws and policies and for overseeing their implementation.

The Council of the EU. Also based in Brussels, this is the major decision-making body of the EU, made up of government ministers from each of the member states. Working with the European Parliament, the Council makes the votes that turn Commission proposals into European law.

The European Parliament. Divided among Strasbourg, Luxembourg, and Brussels, the members of the European Parliament are directly elected to five-year terms by the voters of the member states. Although it cannot introduce proposals for new laws, Parliament can discuss Commission proposals, and it has equal powers with the Council of Ministers over adoption.

The European Court of Justice. Based in Luxembourg, the Court interprets national and EU law and helps build a common body of law that is uniformly applied throughout the member states. It bases its decisions on the treaties, which in some respects function as a constitution of the EU.

The European Council. This is less an institution than a forum, consisting of the political leaders of the member states. They meet at least four times per year to make broad decisions on policy, the details of which are worked out by the Commission and the Council of the EU.

The European Central Bank. ECB manages the euro and frames and implements EU economic and monetary policy. Its main aim is to keep prices stable, thereby supporting economic growth and job creation.

The European Court of Auditors. It mainly audits EU revenue and expenditure, to check EU funds are correctly raised, spent, achieve value for money and accounted for. It also reports suspected fraud, corruption or other illegal activity to the European Anti-Fraud Office (OLAF).

Questions to Consider

- What are the most prominent symbols of the EU?
- In what ways does the EU today challenge the nation-states?
- How helpful is the federalist model (U.S., Brazil) in understanding the political system of the EU?
- How would you interpret the following quotations?

  "I would like us to say 'no' to unhealthy nationalism and 'yes' to enlightened patriotism. We should never forget that the patriotism of the XXI century is two-fold, both European and national and they are not mutually exclusive."

  "Europe and its nations must move forward as one. To love Europe is to love its nations. To love your nation, is to love Europe. Patriotism is a virtue. Unchecked nationalism is both riddled with poison and deceit." [Source:

European Commission President Jean-Claude Juncker, Annual State of the Union, address to the European Parliament in Strasbourg, Sept 12 2018 https://af.reuters.com/article/commoditiesNews/idAFL5N1VY18P]

- Who can join the EU?

Active links for classrooms:
https://europa.eu/european-union/index_en
Address given by Margaret Thatcher (Bruges, 20 September 1988): https://www.cvce.eu/obj/address_given_by_margaret_thatcher_bruges_20_september_1988-en-5ef06e79-081e-4eab-8e80-d449f314cae5.html
The Bruges Group. [London]: Bruges Group, [18.09.2002]. Copyright: (c) The Bruges Group - All rights reserved.
Angela Merkel's speech at the British Parliament on 27th February 2014: http://www.parliament.uk/documents/addresses-to-parliament/angela-merkel-address-20130227.pdf
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PART II. UNDERSTANDING EU'S INSTITUTIONS: An integrative framework

This second section of **A Handbook to the European Union** highlights the framework of EU's institutions. In this train of thoughts, details upon the main EU bodies and institutions are conferred, and include the European Commission, the European Council/the Council of Ministers, and the European Parliament.

Beyond doubt, behind these main institutions, there are more that aggregate EU's integrative framework, as displayed in the above table, such as the European Central Bank or the Court of Justice.

II.1. The European Commission

The European Commission (EC) is the EU institution that possesses the exclusive right to initiate legislation in the EU. The EC has also an important role in policing this legislation, implementing and enforcing it as well as a significant role in representing the Member States of the EU throughout the world. Overall, EC's role is to represent and promote the generic interest of the European Union, including here concretising the EU budget, for example[64].

Photo: The College of Commissioners, 2019–2024 ***Source:*** © European Union, 2019. EC-Audiovisual Service/ https://ec.europa.eu/commission/commissioners/2019-2024_en

[64] For further reference, see *Ibid.*

Established in 1958 and based in Brussels, the EC is composed of a team of commissioners, also referred to as the <College of Commissioners>, one member of the College selected from each country of the EU. Despite this allocation of seats in the College, the Commissioners themselves do not represent the national interest of a particular Member State, but rather the common objectives and interests of the Union. It is, in other words, an independent executive and political institution of the EU that, essentially, besides initiating legislation, also implements those decisions taken by the European Parliament and the Council of the EU[65]. Nonetheless, its official seat is not only in Belgium's capital, since the EC has offices in Luxembourg as well as representations in all of the EU Member States and in many other capitals around the world.

The EC is organised into a welter of departments, known as Directorates-General (DGs), each of which is responsible for a specific policy area. DGs staff include lawyers, economists, interpreters and many more in order to determine the EC to become more effective in policy implementation and overall functioning[66].

Beyond the potential of the Commission to play the most prominent role in agenda setting, including at macro and micro levels, its everyday role in policy initiation and drafting measures, alongside its dependencies upon outside interests, make it the most important single arena for EU interest representation. Typically, the affairs of a particular interest may be affected by a number of different functional units within the EC[67]. Therefore, it is the departments that remain the most competent within a field, and thus their size vary greatly in the EC, with the largest policy directorate being DG External Relations. Historically, smaller DGs with wide ranging policy briefs have struggled to hold their own.

In brief, the EC works according to several principles, such as strategic planning or collective decision making. In this case, strategic planning implies that the President of EC "defines the policy direction for the Commission, which enables the Commissioners together to decide strategic objectives, and produce the annual work programme"[68]. On the other hand, collective decision making implies the concept of collective responsibility. Thus, "all Commissioners are equal in the decision-making process… [as well as] accountable for these decisions"[69]. Every EC is appointed for a five year term, within six months of each election to the European Parliament. The European Council, acting by a qualified majority, shall propose to the European Parliament a candidate for President of the Commission. This candidate shall be elected by the European Parliament by a majority of its component members.

The dominating figure in the Commission is the President, the person who—at least until the Treaty of Lisbon created a President of the European Council—comes closest

[65] For further reference, see *Ibid.*
[66] For further reference, see *Ibid.*
[67] For further reference, see *Ibid.*
[68] For further reference, see *Ibid.*
[69] For further reference, see *Ibid.*

to being able to claim to be leader of the EU. The President is technically no more than a **first among equals** and can be outvoted by other commissioners, but he or she is one of the most visible of the “leaders” of the EU institutions, and—as with prime ministers in parliamentary systems— holds a trump card in the form of the power of appointment: the ability to distribute portfolios is a potent tool for patronage and political influence.

Serving a renewable five-year term, the President of the Commission oversees meetings of the College, decides on the distribution of portfolios, represents the Commission in dealings with other EU institutions, represents the EU at meetings with national governments and their leaders, and is generally responsible for ensuring that the Commission gives impetus to the process of European integration. As such, the President, since 2010, giving a **“State of the Union”** speech to the EP in Strasbourg.

Photo: Ursula von der Leyen © European Union 2019 – Source:
https://www.flickr.com/photos/european_parliament/48298862026/

In addition, the Council, in agreement with the Commission President, adopts a list of candidate commissioners, one for each member state. The new Parliament then interviews and gives its opinion on the entire <College of Commissioners>. If approved, the new EC can officially start work. This process usually takes place for several months, right after elections to the European Parliament.

The EC remains politically answerable to the European Parliament, which has the power to dismiss it by adopting a motion of no confidence. The Commission attends all sessions of the Parliament, where it must clarify and justify its policies. It also replies regularly to inquiries imposed by Members of the European Parliament (MEPs).

In its role to propose new legislation, the EU is responsible for drafting proposals for the new legislation, which is then presented to the Parliament and the Council. These proposals must aim to defend the interests of the EU and its citizens, and not those of specific countries or industries. Before making any proposals, the EU must be aware of the new situations and problems developing across the continent and must consider whether EU legislation is the best way to deal with them. Therefore, the EC is permanently in touch with a wide range of interest groups. It is also obliged to consult the two advisory bodies, namely the Economic and Social Committee (composed of employers and representatives of the trade unions), and the Committee of the Regions (composed of local and regional authorities). Additionally, the EC seeks to acknowledge the opinion of national governments and parliaments. After this whole process, the EC will then proceed with the proposal, unless it believes that a particular problem could be solved in another manner, more efficiently, either at national, regional or local level. This principle that configures dealing with issues at the lowest possible level is known as the <subsidiary principle>. Despite this, if the Commission reaches the conclusion that EU legislation is needed to implement corrections and solve the issue in cause, then it will proceed to draft a proposal that it believes will eventually deal with the problem and solve it for satisfying the widest possible range of interests and actors.

As regards the implementation of EU policies and the budget, the EC is responsible for managing these two, adopted by the Parliament and the Council. Most of the actual work and spending of the budget, in reality, is done by national and local authorities, yet the EC is responsible for supervising these processes. An example in this regard could be the competition policy. The EC monitors cartels and mergers, and ensures that EU countries do not subsidize their industries in such a way as to distort competition. Programmes in this regard, managed by the EC, include <Interreg> and various other <Urban> programmes, creating thus cross-border partnerships between the regions of Europe, and helping regenerate cities and declining urban areas. Other similar programmes include the <Community Framework Programme> for research in a wide European context, or the <Erasmus> programme for student exchanges.

The EC handles the budget under the attention of the Court of Auditors. Both institutions aim at ensuring good financial management. As a result, only if the European Parliament is satisfied with the annual report of the Court of Auditors it will grant the EC discharge for implementing the budget.

Also known as <The Guardian of the Treaties>, the EC, together with the Court of Justice, is responsible for an equal application and uniform distribution of EU law in all Member States. If the EC discovers that a particular Member State does not comply with the EU law, not meeting thus its legal obligation, the EC takes steps to put the situation forward through a procedure entitled <the infringement procedure>. This procedure involves sending the Member State an official letter with the relevant, pertinent arguments of the EC as to how that particular Member State is not obeying the European law, and sets a deadline for the government of that country to send a detailed report to the EC. In case this procedure fails to put things in the right place, the EC then refers the matter to the Court of Justice, which eventually has the power to impose penalties. The Court's judgements are binding to the Member State as well as to the European institutions.

European Union Law

Regulations. These are the most powerful EU legislative tools. Usually fairly narrow in intent,

they are often designed to amend or adjust an existing law. A regulation is binding in its entirety on all member states and directly applicable in the sense that it does not need to be turned into national law.
Directives. These are binding on member states in terms of goals and objectives, but it is left up to the states to decide how best to achieve those goals. Most focus on outlining general policy goals, while some are aimed at harmonization. The governments of the member states must tell the Commission what they plan to do to achieve the goals of a directive.
Decisions. These are also binding and can be aimed at one or more member states, at institutions, and even at individuals. They are usually fairly specific in intent and have administrative rather than legislative goals.
Recommendations and Opinions. These have no binding force, so it is debatable whether or not they have the effect of law. They are used mainly to persuade or to provide interpretation on the application of regulations, directives, or decisions.
Green papers are discussion papers on specific policy areas, addressed to interested parties and designed to elicit their input. Recent topics have included energy efficiency, promoting healthy diets and exercise, European policy on illegal drugs, public access to EU documents, and a tobacco-free Europe.
White papers contain official proposals for Community policies and actions, and they usually follow a green paper. A recent example was the 2012 white paper on pension systems across the member states.

Lastly, the EC is an important mouthpiece for the EU on the international stage. Because all countries are represented in a uniform manner, the EC has the absolute role to represent the EU in international forms, such as the World Trade Organisation (WTO). Additionally, the EC has the responsibility to negotiate agreements on behalf of the Union, one example in this regard being the Cotonou Agreement - an international document that lays out the terms of aid and trade partnership between the EU and developing countries in Africa, the Caribbean and the Pacific. A dense but thorough collection looking at the Commission, its relations with other institutions, and its work in key policy areas.

Highlights:

The most supranational of the EU's institutions, the Commission performs executive and bureaucratic functions within the EU.

Is the executive-bureaucratic arm of the EU, responsible for generating new laws and policies, overseeing their implementation, managing the EU budget, representing the EU in international negotiations, and promoting the interests of the EU as a whole.

The College of Commissioners operates much like a cabinet in a parliamentary system, with commissioners having significant authority over their portfolios, or areas of policy responsibility, and a President acting as the first among equals for the entire college.

Questions to Consider

- Who were the Presidents of the European Commission?
- Why was Jean-Claude Juncker called Mr. Euro?
- Ursula van der Leyen is the first female President of the Commission. Will this fact bring any change in the perception of the Commission?
- Who are the European Commissioners in the present cycle which were nominated by their national governments?

Active links for classrooms:
https://ec.europa.eu/info/index_en – Commission and Delegation of the European Union to the United States
https://ec.europa.eu/unitedkingdom/ -Representation in United Kingdom

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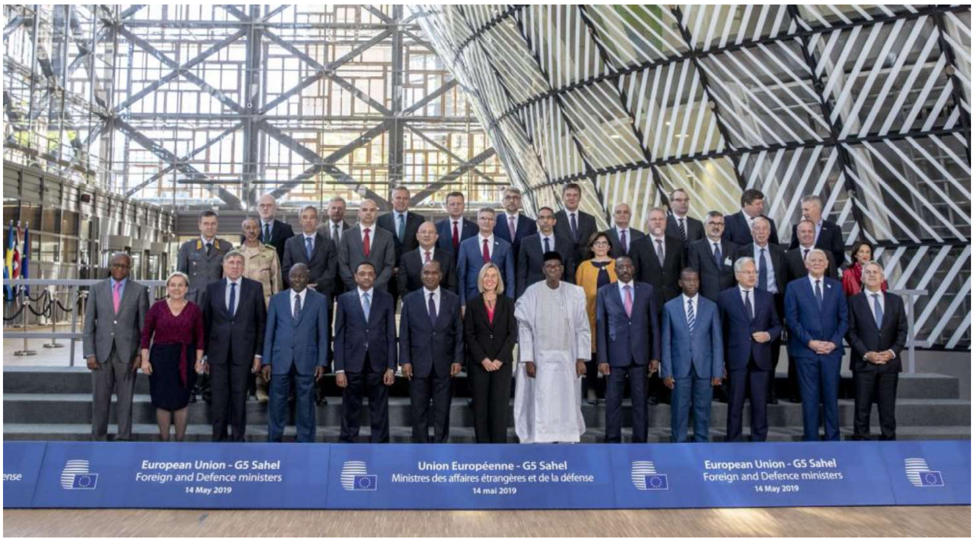
II.2. The European Council and the Council of Ministers

The European Council, or the Council of the EU, is also one of EU's main decision-making bodies. Similar to the European Parliament, the Council was set up by the basic treaties of the EU throughout the 1950s.



Meeting of the Council of Ministers: Foreign Affairs Council (Defence)
Family photo with G5 Sahel Ministers on 14 May 2019 in Brussels
European Union
© www.newsroom.consilium.europa.eu

It represents Member States, and its meetings are attended by one minister from each of the EU's national governments. Which ministers attend which meeting depends on what topic or subjects are on the agenda. As such, if the Council discusses environmental issues, the meeting will then be dedicated to the environmental Minister of each Member State, and will be referred to as the <Environmental Council>. EU's relations with the rest of the world are dealt, for further reference, by the <General Affairs and External Relations Council>. However, this Council configuration also has a wider responsibility for generic-policy related issues, thus its meetings are attended by whichever Minister or, for example, State Secretary each government chooses to send as representative.

Altogether, there are nine different Council configurations, that are: General Affairs and External (Foreign) Relations; Economic and Financial Affairs (ECOFIN); Justice and Home Affairs; Employment, Social Policy, Health and Consumer Affairs; Competitiveness (Internal Market, Industry and Research); Transport, Telecommunications and Energy; Agriculture and Fisheries (AGRIFISH); Environment; or Education, Youth and Culture. It is important to bear in mind the fact that the Council, regardless of these configurations, remains one, single institution of the European Union. Each Minister in the Council is empowered to commit his/her government to certain decisions and policies. This being said differently, the minister's signature on a declaration or document is representative of the signature of a whole government.

Furthermore, each minister in the Council is responsible in front of his/her national parliament as well as to the citizens that the parliament represents. This ensures a democratic legitimacy of the Council's decisions.

The Council of the EU, generally estimating, has six different key responsibilities. These include:

(1.) to pass EU law, in a variety of field, jointly with the European Parliament;

(2.) to coordinate the broad economic policies of the Member States of the European Union;

(3.) to conclude international agreements between the EU and one/more state or international organisations;

(4.) to approve the EU's budget, jointly with the European Parliament;

(5.) to develop EU's Common Foreign and Security Policy, based on guidelines set by the European Council;

(6.) to coordinate the cooperation between national courts and police forces in criminal matters.

Most of these responsibilities related to the Community domain, precisely in areas of action where Member States have decided to pool their sovereignty and delegate decision-making powers to the EU institutions. This domain is acknowledged as the first pillar of the EU. Although the last two responsibilities remain related largely to areas in which the Member States have not delegated their powers, but they simply prefer to work together towards positive resolutions. This practice is known as <intergovernmental cooperation> and it covers the second and third pillars of the EU (i.e. CFSP and police and judicial cooperation in criminal matters).

Much of the EU's legislation is adopted by the Council and the Parliament. As a rule, the Council only acts on a proposal from the Commission, whereas the Commission normally has the responsibility for ensuring that EU legislation, once adopted, is correctly applied.

Moreover, the Council concludes each year a number of agreements between the EU and non-EU countries as well as with international organisations. These agreements may cover broad areas such as trade, cooperation, development, or could even deal with specific subjects, such as textiles, fisheries, science, technology, transport etc. Therefore, this ensures a balanced representation, together with the EC, of the European Union on the international stage.

Other examples in this regard is the coordination of the EU budget. If the Council and the Parliament do not agree on the budget, the rules allow the Council to take the final decision on a principle known as compulsory expenditure. This implies mainly agricultural expenditure and expenses arising from international agreements with non-EU countries, while the Parliament has the last word on non-compulsory - expenditure and the final approval of the budget as a whole.

The Council, through the participation of the Member States, is developing a Common Foreign and Security Policy (CFSP), despite the fact that foreign policy, security or defence matters, broadly speaking, remain under the independent control of each Member State. However, these have not pooled their sovereignty in these areas, thus the Parliament and the EC play only a limited role here. EU countries, on the other hand, have much more to gain by working together on a welter of issues, and the Council here is the main forum in which inter-governmentalism and cooperation takes place. In order for the EU to enable an effective response to international crises, for example, the Council decided in 1999 to create a <Rapid Reaction Force> in the EU, composed of up to 60.000 military personnel that could be deployed within 60 days and kept active in operation for at least one year. This will is not a <European army>, since the purpose is to carry out actions pertaining to

The seat of the EP in Strasbourg (France)
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humanitarianism, rescues, peacekeeping and other crisis management tasks. Furthermore, in order for the EU to provide political control and strategic direction in a crisis, the Council, in 2000, decided to establish new permanent political and military structures under its umbrella. These new structures are the Political and Security Committee, the EU Military Committee and the EU Military Staff composed of military experts, seconded to the Council Secretariat by the Member States.

Drugs, terrorism, international fraud, trafficking in human beings and the sexual exploitation of children are all problems of great concern to European citizens. They are cross-border criminal activities, and only cross-border co-operation can tackle them effectively. If Europe is to do so, and to give all its citizens equal access to civil justice throughout the EU, then the national courts, police forces, customs officers and immigration services of all EU countries have to work together. They have to ensure, for example, that a court judgment delivered in one EU country in a divorce or child custody case is recognised in all other EU countries; that the EU's external borders are effectively policed; that customs officers and police exchange information on the movements of suspected drugs traffickers or people smugglers; that asylum seekers are assessed and treated in the same way throughout the EU, so as to prevent "asylum shopping". Issues such as these, collectively known as "Justice and Home Affairs" (JHA), are dealt with by the Ministers for Justice and of the Interior, acting collectively as the Justice and Home Affairs Council.

How is the Council's work organised?

In Brussels, each EU member state has a permanent team ("representation") that represents it and defends its national interest at EU level. The head of each representation is, in effect, his or her country's ambassador to the EU. These ambassadors (known as "permanent representatives") meet weekly within the Permanent Representatives Committee (COREPER). The role of this committee is to prepare the work of the Council, with the exception of agricultural issues, which are handled by the Special Committee on Agriculture. COREPER is assisted by a number of working groups, made up of officials from the national administrations.

The Council Presidency

The Presidency of the Council rotates every six months. In other words, each EU country in turn takes charge of the Council agenda and chairs all the meetings for a six-month period, promoting legislative and political decisions and brokering compromises between the member states.

Year	*First Half*	*Second Half*
2014	Greece	Italy
2015	Latvia	Luxembourg
2016	Netherlands	Slovakia
2017	Malta	UK
2018	Estonia	Bulgaria
2019	Austria	Romania
2020	Finland	

If, for example, the Environment Council is scheduled to meet during the second half of 2019, the Council will be chaired by the Finnish Minister for the Environment, since Finland is holding the Council Presidency until 31 December 2019.

The General Secretariat

The Presidency of the Council is assisted by the General Secretariat, which prepares and ensures the smooth functioning of the Council's work at all levels. In 1999, Javier Solana was appointed Secretary-General of the Council. He serves also as the High Representative for the Common Foreign and Security Policy - a capacity from which he contributed on behalf of the Council to draft and implement political decisions.

Highlights:

The Council of the EU (known more usually as the Council of Ministers, and sometimes referred to simply as the Council) is the forum in which national government ministers meet to make decisions on EU law and policy.

The Council performs legislative as well as some executive functions and can be

considered to be something of an upper house of parliament for the EU.
Council decision-making remains remote and opaque to EU citizens.

Questions to consider:

- What kind of institution is the Council? Is it intergovernmental or supranational?
- Do big states overweight small states in power resources and influence in the council? How?
- In what matter does the council perform both legislative and executive functions in the EU?

Active links for classrooms:

https://www.consilium.europa.eu/en/european-council/ - European Council
https://ec.europa.eu/libraries/index_en.htm - Library
https://op.europa.eu/en/search-by-theme?p_p_id=portal2012searchExecutor_WAR_portal2012portlet_INSTANCE_JSGqfvP2APNP&p_p_lifecycle=1&p_p_state=normal&facet.collection=EUPub&facet.theme=L&language=en&startRow=1&resultsPerPage=50&SEARCH_TYPE=SIMPLE& - Environment — Ecology related open access publications

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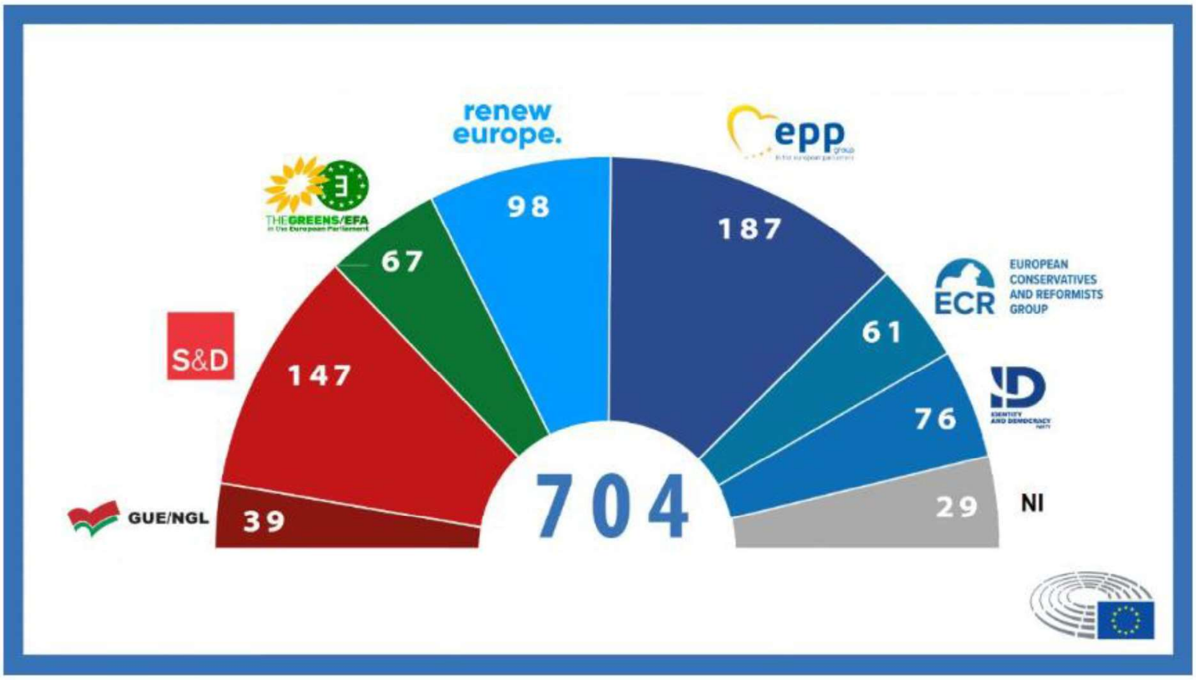
II.3. The European Parliament

The members of the European Parliament (MEPs) sit not in national blocks, but in wide European political groups that bring together all the main political parties operating in the EU Member States. The Parliament's origins date back to the 1950s and the founding treaties. Since 1979, MEPs have been directly elected by the citizens they represent. Parliamentary elections are held every five years, and every EU citizen who is registered as a voter is entitled to vote. Therefore, Parliament expresses the democratic will of the Union's approximate 374 million citizens (eligible to vote), and it represents their interests in discussions with the other EU institution.



Graph: Seat distribution by political group. @ European Parliament 2021
https://www.europarl.europa.eu/news/en/headlines/eu-affairs/20190612STO54311/parliament-starts-new-term-with-seven-political-groups

Following Brexit the European Parliament counts 705 members.
One of the seats allocated to Spain has yet to be filled, so there are currently 704 sitting MEPs.

Where is Parliament based?

The European Parliament works in France, Belgium and Luxembourg. The monthly plenary sessions, which all MEPs attend, are held in Strasbourg (France), also known as the Parliament's <seat>. Parliamentary committee meetings and any additional plenary sessions are held in Brussels (Belgium), whilst Luxembourg is home to the administrative offices (the "General Secretariat").

What does Parliament do?

Parliament has three main roles:

(1.) It shares the power, with the Council, to legislate. The fact that is a directly-elected body helps guarantee the democratic legitimacy of European law.

MEPs voting at Strasbourg's EP
© www.thebureauinvestigates.com

(2.) It exercises democratic supervision over all EU institutions, and in particular the Commission. It has the power to approve or reject the nomination of Commissioners, and it has the right to censure the Commission as a whole.

(3.) It shares, with the Council, authority over the EU budget and can therefore influence EU spending. At the end of the procedure, it adopts or rejects the budget in its entirety. Thus, we can differentiate the following:

The power to legislate

The most common procedure for adopting (i.e. passing) EU legislation is "co-decision". This places the European Parliament and the Council on an equal footing and the laws passed using this procedure are joint acts of the Council and Parliament. It applies to legislation in a wide range of fields. On a range of other proposals, the Parliament must be consulted, and its

approval is required for certain important political or institutional decisions. The Parliament also provides impetus for new legislation by examining the Commission's annual work programme, considering what new laws would be appropriate and asking the Commission to put forward proposals.

The Parliament exercises democratic supervision over the other European institutions. It does so in several ways. First, when a new Commission is to be appointed,

Parliament interviews all the prospective new members and President of the Commission (nominated by the member states). They cannot be appointed without Parliament's approval.
Second, the Commission is politically answerable to Parliament, which can pass a "motion of censure" calling for its mass resignation. More generally, Parliament exercises control by regularly examining reports sent to it by the Commission (general report, reports on the implementation of the budget, the application of Community law, etc.).

Moreover, MEPs regularly ask the Commission written and oral questions. The members of the Commission attend plenary sessions of Parliament and meetings of the parliamentary committees, maintaining a continual dialogue between the two institutions.

Photo: Jean-Claude Juncker addresses the European Parliament in his “State of the Union” speech, 2015. ***Source:*** © European Union.

Parliament also monitors the work of the Council

MEPs regularly ask the Council written and oral questions, and the President of the Council attends the plenary sessions and takes part in important debates. Parliament works closely with the Council in certain areas, such as common foreign and security policy and judicial co-operation, as well as on some issues of common interest such as asylum and immigration policy and measures to combat drug abuse, fraud and international crime. The Council Presidency keeps Parliament informed on all these subjects.

The European Parliament can also exercise democratic control by examining petitions from citizens and setting up temporary committees of inquiry. Finally, Parliament provides input to every EU summit (the European Council meetings). At the opening of each summit, the President of Parliament is invited to express Parliament's views and concerns about topical issues and the items on the European Council's agenda.

The EU's annual budget is decided jointly by Parliament and the Council of the European Union. Parliament debates it in two successive readings, and it does not come into force until it has been signed by the President of Parliament.

Parliament's Committee on Budgetary Control (COCOBU) monitors how the budget is spent, and each year Parliament decides whether to approve the Commission's handling of the budget for the previous financial year. This approval process is technically known as "granting a discharge".

The work of the EP is divided into two main stages: Preparing for the plenary session. This is done by the MEPs in the various parliamentary committees that specialise in particular areas of EU activity. The issues for debate are also discussed by the political groups. The plenary session itself. Plenary sessions, attended by all MEPs, are normally held in Strasbourg (one week per month) and sometimes in Brussels (two days). At these sessions, Parliament examines proposed legislation and votes on amendments before coming to a decision

on the text as a whole. Other items on the agenda may include Council or Commission "communications" or questions about what is going on in the European Union or the wider world.

Highlights:

The European Parliament (EP) is one of the legislative bodies of the EU, sharing responsibility with the Council of the EU for debating, amending, and voting upon proposals for new EU laws.

The EP consists of 751 Members of the European Parliament (MEPs) elected to renewable five-year terms, with seats divided among the member states based on population. It is headed by a President elected by its members and has a number of standing and special committees.

The EP has won new powers over the years, and while it still lacks some of the defining features of a legislature, changes in the treaties have made it an equal legislative partner to the Council of the EU.

Most of the EP’s handicaps stem from the unwillingness of the governments of the member states to surrender their powers of lawmaking or to give up their grip on decision making in the Council of the EU.

Questions to consider:

- Are MEPs European politicians, national one or both?
- Are European Parliament elections a waste of time and money?

- Why has the European Parliament failed to capture the interest of EU voters? What more could be done to strengthen its link with EU citizens?

Active links for classrooms:
https://www.europarl.europa.eu/ep-live/en/schedule - European Parliament EPTV (Weekly schedule of events to be live streamed)
https://multimedia.europarl.europa.eu/en/ - European Parliament Multimedia Centre
https://www.european-elections.eu/ - Election website

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II.4. The Union's Judicial System

The judicial branch of the European Union comprises the Court of Justice, the Court of First Instance and the "judicial panels".

Photo: Court of Justice of the European Union, Luxembourg Source:
© 2019 European Court Experts.

The Court of Justice of the European Union (CJ) is the judicial arm of the EU. Its charge is to rule on the "constitutionality" of all EU law; to rule on conformity with the treaties of any international agreement considered by the EU; to give rulings to national courts in cases in which there are questions about EU law; and to rule in disputes involving EU institutions, member states, individuals, and corporations. It consists of twenty-eight judges appointed for six-year renewable terms of office. As the workload of the Court has increased, so subsidiary courts have been created: a Court of First Instance (now called the General Court) was set up in 1989 to deal with less complicated cases, and the EU Civil Service Tribunal was set up in 2004 to deal with disputes involving EU institutions and their staff.

The contribution of the Court to European integration has been critical because without a body of law that can be uniformly interpreted and applied throughout the EU, the Union would have little authority, and its decisions and policies would be arbitrary and inconsistent. By working to build such a body of law, the Court of Justice—perhaps the most purely supranational of the major EU institutions—has been a key player in promoting integration.

The supremacy of European law was confirmed with a dispute that broke in 1967 over the issue of human rights. The EEC Treaty had said nothing about human rights, a reflection once again of how little authority the member states were prepared to give up to the EEC and how focused they had been on economic integration. In October 1967 the German Constitutional Court argued that the EEC had no democratic basis because it lacked protection for human rights and that the Community could
not deprive German citizens of the rights they had under German law. The Court of Justice refuted this in Nold v. Commission, in which it established that "fundamental rights form an integral part of the general principles of law."

The EU Charter of Fundamental Rights

An example of the manner in which a Court ruling can have broader policy implications is offered by the issue of human rights. The European Convention on Human Rights was adopted in 1950 by the Council of Europe in order to protect human rights and basic freedoms. Although all EC/EU member states signed the convention, there was support for the idea of the EC/EU developing its own charter of human rights, the idea being not to change the list of rights so much as to make them more visible to Europeans.

New impetus was offered in 1996 when the Court of Justice ruled that the treaties did not give the EU the power to accede to the convention. On German initiative, agreement was reached on the drawing up of the charter at the Cologne European Council in June 1999. A sixty-two-member Convention was established, consisting of representatives of the member states, the European Parliament, and national legislatures. It had its first meeting in December 1999 and produced a draft that was formally adopted in December 2000.

The Charter contains some 54 articles divided into seven titles.

- The first title (Dignity) guarantees the right to life and prohibits torture, slavery, the death penalty, eugenic practices and human cloning. Its provisions are mostly based on the ECHR, although Article 1 closely reflects Article 1 of the German Basic Law.
- The second title (Freedoms) covers liberty, personal integrity, privacy, protection of personal data, marriage, thought, religion, expression, assembly, education, work, property and asylum.
- The third title (Equality) covers equality before the law, prohibition of all discrimination including on basis of disability, age and sexual orientation, cultural, religious and linguistic diversity, the rights of children and the elderly.
- The fourth title (Solidarity) covers social and workers' rights including the right to fair working conditions, protection against unjustified dismissal, and access to health care, social and housing assistance.
- The fifth title (Citizen's Rights) covers the rights of the EU citizens such as the right to vote in election to the European Parliament and to move freely within the EU. It also includes several administrative rights such as a right to good administration, to access documents and to petition the European Parliament.
- The sixth title (Justice) covers justice issues such as the right to an effective remedy, a fair trial, to the presumption of innocence, the principle of legality, non-retrospectivity and double jeopardy.
- The seventh title (General Provisions) concerns the interpretation and application of the Charter.[70]

[70] For further reference, see *Charter of Fundamental Rights of the European Union*: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:12012P/TXT

The charter has been signed by all EU member states but is more a “solemn declaration” than a legally binding document. It would have been incorporated into the European constitution, in spite of concerns from some EU member states that it would have created new legal obligations that would erode national sovereignty and that it was more appropriate to have some of the issues dealt with by elected political leaders rather than unelected judges. However, it was not officially incorporated into the Lisbon treaty but rather “solemnly proclaimed,” albeit given the “same legal value as the treaties” according to Article 6.

Structure of CJ

The Court has five main elements: the judges, the President of the Court, the advocates general, the General Court, and the EU Civil Service Tribunal.

The Court of Justice has twenty-eight judges, each appointed for a six-year renewable term of office. About half come up for renewal every three years, so terms are staggered. Theoretically, the judges have always been appointed by common accord of the member state governments, so there is no national quota and there is no “Spanish seat” or “Slovenian seat” on the Court.

The CJ is the supreme legal body of the EU: its decisions are final, and it is the final court of appeal on all EU laws. As such, it has played a vital role in determining the character of the EU and in extending the reach of EU law. For example, when the Community slipped into a hiatus in the late 1970s and early 1980s, the Court kept alive the idea of the Community as something more than a customs union. It has been particularly involved in cases relating to the single market

Example

Of all the cases made by the Court regarding the single market, few were more fundamental than those establishing the principle of mutual recognition, under which a product made and sold legally in one member state cannot be barred from another member state.

The roots of the issue go back to a 1979 case arising out of a refusal by West Germany to allow imports of a French black currant liqueur, Cassis de Dijon, because its alcohol content (15–20 percent) was below the German minimum for fruit liqueurs (25 percent). The importer charged that this amounted to a “quantitative restriction on imports,” which was prohibited under the Treaty of Rome. The Court of Justice agreed, ruling that alcoholic beverages lawfully produced and marketed in one member state could not be prohibited from sale in another on the grounds that they had a lower alcohol content. Although this established the principle of mutual recognition, it did not prevent challenges fromoccurring.

The core goal of the Court is to help build a body of common law for the EU that is equally, fairly, and uniformly applied throughout the member states. It does this by interpreting EU treaties and laws and in some cases taking responsibility for directly applying those laws. EU law takes precedence over the national laws of member states when the two come into conflict but only in areas in which the EU is active (that is, has "competence") and the member states have given up powers to the EU. The Court, for example, does not have powers over criminal and family law; it has made most of its decisions on the kinds of economic issues in which the EU has been most actively involved and has had less to do with policy areas in which the EU has been less active, such as education and health.

Highlights:

The least well known of the EU institutions, the Court of Justice of the European Union is the judicial arm of the EU, responsible for interpreting the meaning of the treaties and for resolving disputes between the member states, EU institutions, and individuals affected by EU law.

The Court consists of twenty-eight judges appointed for six-year renewable terms by common accord of the member states, headed by a President and assisted by eight advocates general who are charged with reviewing cases as they come to the Court and delivering independent opinions. Below this, there is also the General Court, which serves as the first point of decision on less complicated cases, and the EU Civil Service Tribunal, which rules on cases involving disputes between EU institutions and their employees.

The Court can be considered the unsung hero of European integration: well-respected and relatively uncontroversial, the Court has created a body of law that is uniformly interpreted and applied throughout the EU and has issued judgments that, together, have greatly facilitated the integration process.

Questions to consider:

- Analyze the first article of the Charter of Human Rights, related human dignity.
- Is the Court of Justice a political body?
- How many women judges had been appointed?

Active links for classrooms:

https://curia.europa.eu/jcms/jcms/j_6/en/ - The Court of Justice of the European Union

https://www.youtube.com/watch?time_continue=8&v=mlNoq7Kn6I4&feature=emb_logo - What has the Court of Justice done for me?

https://www.youtube.com/watch?v=ORgVOYEw2Eo - Interpreting and effective advocacy at the Court of Justice of the EU

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PART III. GOVERNING VECTORS OF THE EUROPEAN UNION

This third section of the **Handbook of the European Union** explores the role of Euro, identification and assessment of the budget of the EU, its enlargement policies and the process of policy-making. It is a depiction of technical aspects of the EU.

Although the European Coal and Steel Community (ECSC) was an important step toward creating an economic union, it was limited in possibility. Accordingly, leaders of the ECSC signed the Treaty of Rome, which had as its intent a fuller economic integration of its member states and the creation of a single market. Rome also created institutions that continue to be used, in modified forms, in today's EU.

The EU went through several rounds of enlargement, taking in the UK, Ireland, and Denmark in the 1960s, and Greece, Portugal, and Spain in the 1980s. Yet movement toward deeper integration slowed during the 1970s.

The European project received new impetus with the creation of the European Monetary System (EMS), which aimed to coordinate macroeconomic policies and regulate exchange rates, and the Single European Act (SEA), which had as its goal the completion of the single market. This treaty set the stage for even further economic and political integration that would come with the Maastricht treaty in 1992.

The fall of the Berlin Wall and the end of the Cold War led to new rounds of expansion of the EU, taking the EU farther north and – most significantly — farther east. The post–Cold War era has also brought significant deepening —the euro, far-reaching institutional changes, and a more independent and vigorous foreign policy.

Nevertheless, the inability of the EU to take more decisive action in the wake of both a severe financial crisis in the eurozone and an unprecedented refugee crisis exposed the limits of elite-led efforts to move the Union toward further integration.

III.1. The EURO

The Treaty of Rome of 1957 based Europe's reconstruction on the gradual development of a borderless common market involving the free movement of goods, services, people and capital between participating countries. From the 1960s and 1970s, the idea of an economic and monetary union (EMU) — in other words, a highly integrated single market with a single monetary policy and a single currency — became a new and recurring European ambition against the backdrop of a weak US dollar, oil crises and currency instability.

Economic and monetary union (EMU). By adopting the 1992 Treaty on European Union, EU governments agreed to launch the EMU. Its goal was to complete the single market, establish the European Central Bank (ECB) and deliver a stable single currency by the end of the century.

Euro banknotes and coins were introduced as a new single currency in 2002, replacing national currencies — like the French franc, the German deutschmark and the Spanish peseta — in 12 European countries.

Today, the number of EU countries participating in the euro ('euro area' or 'eurozone' countries) has grown from 12 to 18.

Map Eurozone
Source: European data News Hub
https://www.ednh.news/eu-ministers-strike-shaky-compromise-on-eurozone-budget/

Highlights:

In order to work effectively, the economic and monetary union relies on all EU countries, especially those in the euro area, to comply with commonly agreed rules. In particular that includes keeping their public finances in order — in other words, ensuring an appropriate balance between spending and income in national budgets.

Questions to consider:

Why do we need the economic and monetary union and the euro?

Quotation for further discussions:

"A well-functioning economic and monetary union and a strong and stable euro are the foundations for growth and jobs in Europe." Olli Rehn, European Commission Vice-President for Economic and Monetary Affairs and the Euro, *apud* EC, *Economic and monetary union and the euro*, 2014. Available: http://europa.eu/pol/index_en.htm

Active links for classrooms:

The European Central Bank (ECB) and the Eurosystem: https://www.youtube.com/watch?v=TAlcFwGIQBg

The European Commission explaining the economic and financial crisis: https://www.youtube.com/watch?v=0B3zNcFYqj0

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III.2. European Budget

A budget of an entity, generally, is a statement of planned incomings and expenditures for some future period, generally one year. This is usually accompanied by a statement of actual receipts and expenditures for the previous year. The budget is a package that includes, in this certain case, all the government's tax and spending plans together. Its surplus means that the total government receipts exceed total spending, while a budget deficit means that spending exceeds receipts.

A balanced budget implies that income and spending are equal. The budget constraint refers to the necessity that expenditure must stay within limits set by the ability to finance it. The finance may come from the income, from the assets already held or from borrowing; loans are to be obtainable only if lenders believe that they are sufficiently likely to be repaid.

Why does the EU need a general budget?

Since the revenues from the common external tariffs are the property of the EU, the methods for collection and disposal have to be the collective responsibility of this group of economically integrated countries. And, as we already know, the EU's activity is developed through joint institutions that need to be financed, while promoting the common policies within the framework of EU need financing. The EU has laid down a set of rules (more precisely, by virtute of Articles 268-280 of the Amsterdam Treaty) to be followed with regard to the preparation and administration of the budget. The first of these is one which, since 1957 has distinguished the EU budget from the national budgets, namely through the fact that revenues and expenditures must be in balance.

The 1957 Treaty that established the European Economic Community , it had been decided that the new organisation was to be funded by national contributions and the Member States that were the paymasters until the Community would possess its <own resources>, especially from custom duties.

National contributions were carried within national budgets, voted through by national parliaments. The change to a Community endowed with its own resources was difficult and slow. Thus, The replacement of national contributions by independent revenues was agreed at the Hague Summit in December 1969 and done by two instruments adopted in Luxembourg in April 1970: a Council Decision and the Treaty of Luxembourg that endowed the Community with customs duties and a percentage of VAT.

The EU has a very strict procedure and timetable to be followed for the adoption of the budget for each financial year, especially since the financial year begins on 1 January and ends on 31 December.

Before 1 July, each EU institution has to draw up its expected expenditure for the budget year. According to the Article 272, the Commission is to produce a Preliminary Draft Budget (PDB) not later than 1 September of the year preceding that of the implementation. This document is based on estimates of each EU institution's expenditures together with revenue estimates.

The symbol of the European signal currency in front of the European Central Bank in Frankfurt (Germany). Nine out of the 28 Member States are not using euro as their national currency.
© www.cnbc.com

The presentation of the document should be made to the Council which must receive it no later than 1 September of the year preceding the budget year. If the Council wants to make changes to the Preliminary Draft Budget, it must consult the Commission, and where necessary, as well as other institutions.

Acting by qualified majority vote (QMV), the Council adopts a Draft Budget that is then forwarded to the European Parliament (EP) no later than 5 October of the same year. The EP has forty-five days to complete its first reading of the Draft Budget. The budget becomes final if either the EP approves the budget or simply has no formal complaints on it. However, the EP is entitled to propose modifications to compulsory expenditure, that is expenditure emanating from the Treaties (legal commitments, as stipulated in Article 272.4), if they get absolute majority of votes cast, and amendments to non-compulsory expenditure supported by the majority of its members. Within those forty-five days, the Draft Budget with the modifications or amendments should be sent back to the Council.

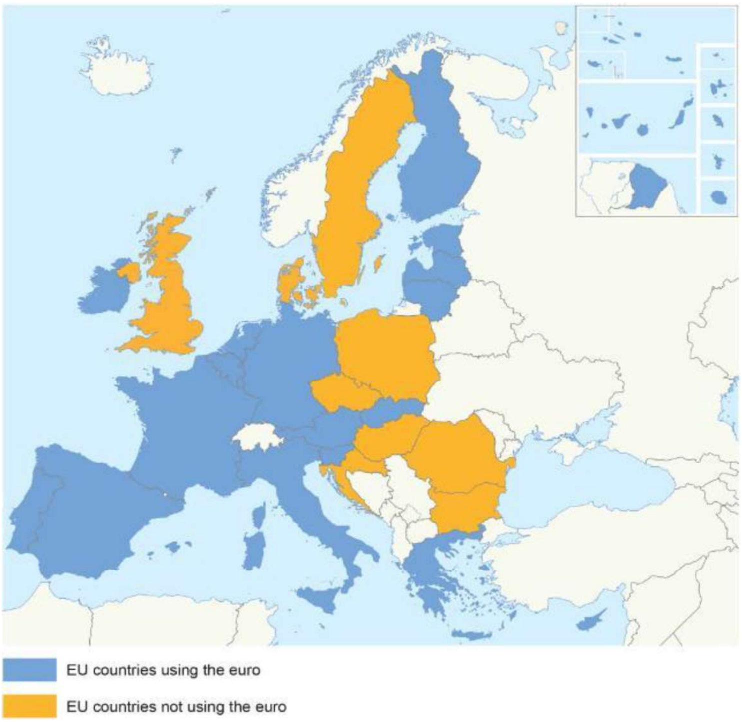
It is important to notice that EP's control over non-compulsory expenditure is limited to increased within a so-called 'margin of maneuver', which is equal to half the 'maximum rate of increase'; a percentage determined each year in the beginning of budgetary procedure by the Commission (Article 272.9), depending on the level of economic growth, inflation and government spending.

The Council has fifteen days to complete its second reading of the Draft Budget. If, within the period of fifteen days, the Council has not modified any of the EP's amendments, and has accepted all EP's modifications, the budget becomes final. The Council has the obligation to inform the EP of the positions that it has taken over the amendments and modifications. However, the Council has the final word on compulsory expenditure, but returns the Draft to the EP, for the second reading also indicates its position on the amendments to non-compulsory expenditure.

After its second reading of maximum fifteen days, the EP has the final word on non-compulsory expenditure within the limits agreed, thus adopts or rejects the budget.
If the budget is adopted, the EP President is to declare that the budget has been finally adopted and signs it into law. Despite this, as the case may be, if there are important justifications, the EP may, by the majority vote of its members and 60% of the votes cast, reject the Draft Budget and require a re-submission of a new Draft.

If there is no agreement on the budget by the end of December, the Article 273 of the Amsterdam Treaty is to be applied. This states that <If, at the beginning of a financial year, the budget has not been voted, a sum equivalent to no more than one-twelfth of the budget appropriations of the preceding financial year may be spent each month in respect of any chapter or other subdivision>. Therefore, we may say that the Community operates on the basis of a system called 'provisional twelfths', until the agreement is reached between the budgetary authorities.

The Commission has the responsibility for implementing the budget. The Court of Auditors is entitled to draw up an annual report covering the year in question, this report being the main instrument for the EP to decide whether or not to give a discharge to the Commission in respect to the implementation of the budget. This discharge is normally given in the second year after the year in question.



The euro zone: Countries in blue participate in the single currency area of the EU.
© www.ec.europa.eu

Expenditures and Revenues

The EU budget expenditures are grouped as follows:

1) compulsory or non-compulsory expenditures:

a) compulsory expenditures have priority claim and emanate from commitments undertaken under the Treaties, such as: price support provided by the European Agricultural Guarantee and Guidance Fund (EAGGF), and foreign aid to third countries.
b) non-compulsory expenditures arise from the operational areas of the EU budget, such as: European Regional Development Fund (ERDF), and the European Social Fund (ESF).

2) payment or commitments appropriations:

a) payment appropriations define expenditure to be actually incurred during the financial year under consideration. Part of the payment may be in settlement of the of commitments made previously.
b) commitment appropriations define the ceiling on resources to be pledged in the current financial year. Part of the payment of commitment appropriations may be spread over the subsequent years.

3) operational or administrative expenditures:

a) operational expenditures, such as expenses of EAGGF, ERDF, grants;
b) administrative expenses – staff salaries, costs of providing information about EU's activity etc.

The EU budget provides also for a miscellaneous collection of minor expenditures. As a result, budget has been limited to a maximum of 1.27% of EU Gross National Product until 2006, playing a significant role in the transfer of resources between the Member States.

The EU has its own independent and clearly defined revenue sources, so that the Member States pay to the EU what actually they are entailed to pay for. This principle of <own resources> was adopted after the Council Decision of April 1970, being fully replaced in 1980 with the previous system which was entirely based on the national contributions determined basically in accordance with the member nations' relative economic strength.

The revenues are collected by the appropriate national authorities of the Member States which are allowed to retain 25% (starting on 1 January 2001) of the revenues collected as a charge for their services in favour of EU. The main categories of revenues are agricultural and sugar levies, customs duties, VAT, and income taxation.

Highlights

Parliament has joint powers with the Council of the EU for confirming the EU budget, so that between them the two institutions are the budgetary authority of the EU. Parliament meets with the Council biannually to consider a draft developed by the Commission and to discuss possible amendments. It can ask for changes to the budget, it can ask for new appropriations for areas not covered (but it cannot make decisions on how to raise money), and ultimately— with a two-thirds majority—it can completely reject the budget, which it has done only three times so far (in 1979, 1982, and 1984). A draft budget is normally introduced by the Commission in April each year and—following meetings between the Council and the Commission—is adopted in July, then sent to the EP for two readings. Only when Parliament has adopted the budget (usually in December) and it has been signed by the President of the EP does it come into force.

Schengen Area

Unfulfilled by the lack of progress on opening borders, representatives from France, Germany, and the Benelux states met in June 1985 near the Luxembourg town of Schengen and signed an agreement allowing for free movement of people among signatory states. A second agreement was signed in 1990, and borders were opened in 1995. Twenty-six European countries are now fully participating members of the agreement: all EU member states except Britain, Bulgaria, Croatia, Cyprus, Ireland, and Romania, along with Iceland, Liechtenstein, Norway, and Switzerland. Britain has claimed concerns about the difficulty that an island state faces in controlling illegal immigration, while Ireland has stayed out mainly because it has a passport union with Britain. Travel between Britain and Ireland and the rest of "Schengenland" is virtually unrestricted but is subject to stronger controls if needed, and new receiving areas have been created to scrutinize travelers between Schengen and non-Schengen states.

The agreement has resulted not only in passport-free travel for EU citizens (and the requirement of only a single visa for noncitizens), but also the end of all but security checks at airports for flights among signatory states, the drawing up of rules for asylum seekers, cross-border rights of surveillance and hot pursuit for police forces, the strengthening of legal cooperation, and the creation of the Schengen Information System, which provides police and customs officials with a database of undesirables whose entry into Schengenland they want to control. Schengen countries are allowed to reimpose border patrols for short periods in cases of particular need, as Portugal did during the 2004 European Football Championship and as France did following the terrorist attacks in Paris in November 2015. More concerning for the future of Schengen has been the reimposition of border checks in Denmark and the temporary reimposition of controls in several other EU states, such as Sweden and Slovenia, in the wake of the refugee crisis and the terrorist attacks.

Questions to consider:

Which countries are currently in the eurozone?

What are the positive benefits the Schengen agreement to EU citizens?

What are the costs of the Schengen agreement?

Despite some severe problems in the eurozone, why do the member states remain enthusiastic about the euro?

Active links for classrooms:

The European Central Bank (ECB) and the Eurosystem: https://www.youtube.com/watch?v=TAlcFwGIQBg

Financial crisis: https://www.youtube.com/watch?v=0B3zNcFYqj0

EU economic and financial affairs: http://ec.europa.eu/economy_finance/index_en.htm

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III.3. Perspectives on EU enlargement

From its earliest stages, the European Community hoped to embrace the whole of Europe. The Preamble to the Treaty of Rome stipulates that <*The High contracting parties, determined to lay in the foundations for an even-closer union among the peoples of Europe, resolved to ensure the economic and social progress of their countries by common action to eliminate the barriers which divide Europe… and calling upon the other peoples of Europe who share their ideal to join their efforts*>.

Congruently, Robert Schuman stated in 1963 what later was considered to be a fast-moving targets strategy towards enlargement. Thus, <*We must build the united Europe not only in the interest of the free nations, but also in order to admit the peoples of Eastern Europe into this community if, freed from the constraint sunder which they live, they want to join and seek our moral support We owe them the example of a unified, fraternal Europe. Every step we take along this road will mean a new opportunity for them. They need our help with the transformation they have to achieve. It is our duty to be prepared*>.

These visionary words point out the strategic vision of European integration that has existed from the very beginning of the project itself. Later on, same ideas are to be found, for example, in Article 49 of the Treaty on the European Union which notes that <*Any European State which respects the principles set out in Article 6 (1) may apply to become a member of the Union*>. This Article 6 stipulated the foundation of the EU, namely <the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States>.

In approaching the issue of enlargement, the basis has been laid in The Hague communiqué of 1969 which reiterated the desire of the six founding countries <In so far as the applicant States accept the Treaties and their political aims, the decisions taken since entry into force of the Treaties and the options adopted in the sphere of development...>. These principles of accepting the Treaties, the acquis, and the political aspirations of the members have remained fundamental for all those years. The new members have had to accept the existing system. In the past the enlargement has been linked to reforms in the institutions and movement to new policy areas (in 1973, the enlargement lead to introduction of a regional policy).

In a similar train of thoughts, the principle of enlargement has gained several core understanding, depending on the angle we are analyzing from. Thus, we can distinguish horizontal and vertical enlargement (NATO related), widening and deepening (EU related). These could be explained through the fact that vertical, in this context, refers to the mission profile of the enlargement vector, while horizontal is linked to geographical arguments. On the other hand, widening depends on the scope of its economic and other powers, since economic liberalisation, common regulation and policies, and of the commitments and prohibitions of the Member States are linked to the opposite term, namely deepening.

Wave of enlargements and enlargement provisions include, more particularly, the following ascertainments:

- 1957: Treaty of Rome (The European Economic Community), signed by West Germany, France, Italy, Belgium, the Netherlands and Luxembourg.
- 1973: United Kingdom, Denmark, Ireland join the Community.
  Winston Churchill explained that Britain's relationship with Europe <can be expressed by prepositions, but the prepositions "with" but not "of" – we are with them but not of them>. The UK started the negotiations with some of other non-EEC states (Austria, Denmark, Norway, Portugal, Sweden, Switzerland, or Finland (an associate member in 1961)) and they founded the European Free Trade Association (EFTA) in January 1960. On 31 July 1961, UK decided to apply for EC membership. The negotiations were brought to an end by de Gaulle's unilateral 'non' in January 1963 and in November 1967 (his objections were not to the terms, but to the prospect of French hegemony in EEC being challenged).
- Ireland became an EC member because of its long-standing free trade with the UK and of the expected benefits of the CAP. Ireland quickly exploited EC membership initiating an aggressive campaign for FDI as a <gateway to Europe>.
- Denmark joined the EC (Copenhagen applied for membership after the UK, in 1961), first of all to safeguard its agricultural exports to the UK, although its interdependence with Germany was likely to have played a role as well. Furtherance, Denmark along with the UK, has been consistently one of the most skeptical Member States.
- The Southern or Mediterranean Enlargement: Greece (joined in 1981, after having signed in 1961 the Association Agreement, and applied to the Union for membership in June 1975), and Portugal and Spain (1986).
  Portugal experienced a dictatorship from 1932 to 1974 and, because of its strategic positions, it became a founder member of NATO. Trade dependence on the UK was crucial to the extent that the British decision of 1961, pressured Portugal to negotiations on trade links with the ECC. Thus, in July 1972, Portugal signed a vital free trade agreement with the ECC (that eliminated of tariff barriers to exports from Portugal by July 1977 and some concessions on agricultural exports). Portugal applied for membership in March 1977 , four months before Spain, and the Treaty of Accession was signed in June 1985.
  Spain, on the other hand, had been excluded for many years because of the nature of its regime (too close to the Axis powers). In 1962, Spain sought an association agreement with the EC. However, in 1970 Spain signed only a preferential trade agreement (free trade), but this was had only been a commercial arrangement for EEC which formally lapsed in 1973. The real turning point was the death of General Franco, in November 1975. As a result, in July 1977, the first post-Franco government applied for ECC membership.

These expansions were not without difficulties, but the problems were dealt with by having extended periods of transition in sensitive areas and by having explicit arrangements to assist in the structural development of disadvantaged regions, which is the case of Portugal. Even at that stage, it was clear that the process of enlargement presented problems for the CAP, which was the major area of expenditure in the EU.

- 1 January 1995: Austria, Finland and Sweden (The Northern Dimension of the European Union) joined the Union. With the accession of Finland and Sweden, the land area of EU grew by 33.3%, while the population grew by only 4%. These new Member States were also seen as highly developed market economy (GDP per capita of more than 20,000 Euros at the time), as well as representing positive Nordic values that include equality, transparency and the welfare state. The new states brought new ideas in terms of strategic issues: they were well-known Cold War neutrals (the beginning of the accession negotiations in 1993 was the same moment with the ratification process of the Treaty of Maastricht, which had introduced a Common Foreign and Security Policy into the EU).
- Norway has twice negotiated accession and has twice experienced accession-rejection in a referendum. The voters are said to value their independence, which is relatively recent in their history, thus Norwegians would like a strong sovereign control over their oil resources and fish stocks.
- 1 May 2004: Eastern Enlargement (Czech Republic, Hungary, Poland, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Cyprus, Malta). Although in a way every enlargement is unique, this one can be claimed as a more special than any previous one. The market institutions, incentives and attitudes – often taken for granted in mature market economies – had to be reinvented or developed. Other unique features of the accession were often said to be the level of development of these countries, and the large share of the working population in agriculture (when Portugal and Greece applied for EU membership their levels were hardly more advanced than most of the candidates).

Also, the Eastern Enlargement is different from the previous enlargements in many other ways. The specificity of the Eastern Enlargement can be attributed not only to the intensive pre-accession strategy developed by the EU, but also due to the following factors:

a. The large number of candidates and potential candidates (10, in total);
b. Geopolitical implications of the envisaged enlargement (e.g. relations with Turkey as a candidate country, relations with the former USSR, in particular Russia);
c. The effect of enlargement on the EU in terms of its institutions and decision-making processes, as a whole etc.

As for the impact of this enlargement, the economic size of new countries is roughly equal to 5% of the GDP of the EU-15, so it is difficult to imagine that such a small addition could cause a significant impact in the short/medium run.
There was a great sensitivity about potential immigration into the EU, following the membership (due to income disparities)..

The 10 association agreements liberalize trade in goods completely, except in agriculture. The economic impact of the Europe Agreements is difficult to evaluate as in the absence of demand in Central Europe, suppliers massively shifted to the EU markets, often at low price in order to survive. The deepening of intra-industry trade is almost entirely vertical with the Central Europe specializing on the lower quality segments.

The Copenhagen Criteria 1993

- **Political criteria:** The applicant country must have achieved stability of its institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.
- **Economic criteria:** It must have a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the EU.

This criteria of the adoption of the aquis is related to membership, including adherence to the aims of political, economic and monetary union. The only explicit condition for the EU was whether it had or not capacity to absorb new members

Key points in this Eastern Enlargement were that all candidates were associated to the EC. The association agreements signed with the countries of Central and Eastern Europe (CEECs), and with Cyprus and Malta were not conceived as pre-accession agreements. The only such agreement able to claim this status is that of 196 between the EC and Turkey.

In 1993, the EU reoriented its approach. Thus, the 1993 Copenhagen European Council declared that the EU could enlarge if political and economic conditions were satisfied (hence the criteria known today as <Copenhagen Conditions>). In this manner, European agreements became pre-accession instruments.

Applications for EU membership

Between 1994 and 1996 ten CEECs applied for EU membership, along with the previous ones of Turkey (in 1987), and Cyprus and Malta (in 1991).

At the 1994 Essen European Council, the pre-accession strategy was formally launched, and it included structured dialogue, approximation of laws, and opening up European Community.

Programmes and Agencies

Consolidation and intensification of pre-accession strategies revolves, firstly, around the Accession Partnership that has set the priorities for each candidate and brought all the various forms of EU assistance under one single framework. Candidates, for their part, provide National Programmes for the Adoption of the Acquis (NPAAs) and report to the Commission on how these programmes are being applied. Secondly, the Annual Progress Reports that comprise yearly evaluations by the Commission and concentrate mainly on what has concretely been achieved for the transposition of the aquis in the candidate country and, most importantly, indicate what progress has been made and what still has to be accomplished in building up administrative and judicial capacity to implement and apply the aquis. Lastly, the matter of enhanced pre-accession aid, through various financial instruments such as PHARE, ISPA, SAPARD, and conditionality have also been added to the pre-accession strategies. All these have been set up by the EU in the aftermath of the enlargement waves and EU's experience in this matter. Countries, hence, can become better prepared to adjust to the acquis, even after their accession.

Interaction between pre-accession and accession negotiations

The countries that have applied and are today regarded as official candidates to the EU include:

- **Albania** (applied for the EU membership in April 2009 and received the candidate status in June 2014). Today's progress still depends on the fight against corruption, organised crime, the reform of the judicial system and constructive and sustainable political dialogue between the government and the opposition.
- **The Republic of North Macedonia** (declared a candidate country in December 2005).
- **Montenegro** (submitted application for the EU in December 2008 and has been granted candidate status in December 2010).
- **Serbia** (declared a candidate country in December 1999).
- **Turkey** (declared a candidate country in December 1999).
- Other potential candidates that have a clear prospect of joining the EU in the future include **Bosnia and Herzegovina** and **Kosovo**. However, neither of them have been granted candidate status, only individual Stabilisation and Association Agreements.

Benefits of EU Enlargement

Enlargement waves have added more than 75 million people to the EU, in rapidly growing economies, to the common market, while economic reforms have paved the way to growth and improved employment not only in new Member States, but also in candidate states.

In addition, the enlargement waves extended the zone of peace, stability and prosperity in Europe as well as stabilizing democracies in Central and Eastern Europe. Quality of life as new Member States adopt EU policies for protecting the environment and fighting against crime, drugs and illegal immigration all represent domains that have been improved overall. Nonetheless, enlargement has strengthened the Union's role in world affairs in terms of foreign and security policy, trade policy, and the other fields of global governance.

Year	*Member States*	*Cumulative Population*
1952	Belgium, France, Italy, Luxembourg, Netherlands, West Germany	160 million
1973	Britain, Denmark, Ireland	233 million
1981	Greece	249 million
1986	Portugal, Spain	322 million
1990	East Germany (via German reunification)	339 million
1995	Austria, Finland, Sweden	379 million
2004	Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia	470 million
2007	Bulgaria, Romania	500 million
2013	Croatia	504 million

Table: Growth of the European Union Population @ European Union

Highlights:

The European Coal and Steel Community (ECSC) was an important step toward creating an economic union.

EU went through several rounds of enlargement, taking in the UK, Ireland, and Denmark in the 1960s, and Greece, Portugal, and Spain in the 1980s.

The movement toward deeper integration slowed during the 1970s

The Single European Act (SEA) had as its goal the completion of the single market. This treaty set the stage for even further economic and political integration that would come with the Maastricht treaty in 1992.

Creating the single biggest market and trading bloc in the world, the SEA brought specific changes:

- ✓ The Community was given responsibility over new policy areas, such as the environment, research and development, and regional policy.
- ✓ New powers were given to the European Court of Justice.
- ✓ Legal status was given to meetings of heads of government under the European Council and to Community foreign policy coordination.
- ✓ Parliament was given more power relative to the Council of Ministers.
- ✓ Banks and companies could do business and sell their products and services throughout the Community.
- ✓ Protectionism became illegal.

Changes to the Treaties: Amsterdam and Nice

More Enlargement: Looking East between 1994 to 2013 and 2019

Questions to consider:
In terms of its power, how has the EU evolved over the years?
Why has the European Parliament failed to capture the imagination of EU voters?
What more could be done to strengthen its psychological link with EU citizens?
What is your opinion, will the EU expend to the West Balkans?

Active links for classrooms:
A Brief Summary of the history of European Union enlargement: https://www.youtube.com/watch?v=RE6QgoykLZU
Europe: From WWII To Today's European Union: https://www.youtube.com/watch?v=xRwZyDTdCAc&t=153s
Enlargement of the European Union How does it work ?: https://www.youtube.com/watch?v=1TaTkh4767k

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III.4. EU policy-making: from functionality to pragmatism

Most public policy within the EU continues to be made at the member-state level. However, in a growing number of areas — including various economic, foreign, and social policies — decisions are made at the EU level.

The classical elements of the public policy cycle are agenda setting, formulation, legitimation, implementation, and evaluation. For a variety of reasons, all of these stages of the policy cycle are more complex within the EU than they are for nation states.

The EU has its own budget, although this is far smaller than most national budgets and must be balanced each year. The major source of revenue for the EU is contributions from its member states; its major expenditures include development funds for poorer regions of the EU and agricultural subsidies for EU farmers.

Who Sets the European Agenda?

The pluralist approach argues that policy making is divided into separate arenas influenced by different groups and that government is ultimately the sum of all competing interests in a society. The most important of these groups in the EU system is the member states themselves, but pluralists usually think in terms of more specific interests. Thus farmers exert influence through their defense of the Common Agricultural Policy, and environmental interest groups have successfully lobbied the Commission and Parliament and have occasionally used the EU to bypass their own national governments.

The state approach argues that the major source of policies is the environment in which policy makers find themselves, and that the government itself, rather than external social interests, is the locus of agenda setting. The EU is state centric in that the setting of the EU agenda has been determined in large part by the nature of integration. EU leaders made a conscious decision to sign the Single European Act, for example, which meant the EU had to become involved in a wide variety of new policy areas and to deepen its authority in policy areas in which it was already involved.

Understanding European economic integration

Integration represents a way of organising the relationship among the participating countries; it is a process through which two or several national markets are united, in order to form a single market. A substantial definition of negative integration, the reversed to the positive one, is based on eliminating the barriers to free trade, by denying the obstacles and the institutions that stop trade liberalisation. On the other hand, positive integration represents the process of transferring the sovereignty prerogatives to the supranational institutions, and of creating supranational institutions; the positive integration refers to the political integration.

There are six degrees of integration. The advantages and disadvantages of each degree of integration implies:

- Free trade Areas:
  - ✓ The partners abolish tariffs on mutual trade;
  - ✓ Each partner determines its own tariff on trade with non-partner countries.
  - ✓ Disadvantage: possibility of detouring the higher tariffs, by importing the goods via a country of the free trade area with lower tariffs.

- Custom Unions:
  - ✓ Intra-union free trade;
  - ✓ Common external tariff.

- Common Market:
  - ✓ Custom Union and its extension;
  - ✓ Provisions to encourage trade and integration through the free mobility of factors of production and the harmonization of trading standards and practices.

- Economic Union (or single market):
  - ✓ Common market and its extension;
  - ✓ Harmonization in the areas of general economic, legal and social policies, and the development of union-wide policies.
  - ✓ Disadvantage: given the existence of several national currencies, the exchange risk for the trade partners was important.

- Monetary Union:
  - ✓ Economic union and its extension;
  - ✓ A common currency and a common monetary policy.

- Political Union – the last degree of integration:
  - ✓ Monetary Union and its extension;
  - ✓ The submersion of separate national institutions.

Why was it necessary to transfer from a custom union to an economic union?

The disadvantages of a custom union, following the intensification of intra EU trade (75% of the EU trade is intra-European trade) is connected to the following statement: In 1985, the barriers to movement were associated with the restrictions on market access (including here customs formalities between EU member states, different national technical standards, foreign exchange controls, distortions of competitive conditions, indirect taxes, subsidies, merger regulations, or the airline cartel). Also, different national approaches to market functioning played a role in this regard due to trade marks, the company law, the prudential regulation of banks, or the professional qualifications.

The first two barriers have been eliminated by the eradication of offending practices. The last barrier has been eliminated by the harmonization of national regulations to a less restrictive or interventionary-level (the mutual recognition by member states of each other's regulations).

In 1987, the existing barriers to intra-EU trade were connected to technical standards and regulations, administrative barriers, frontier formalities, freight transport regulations, value added taxes differences, capital market controls, or government purchasing restrictions.

On the other hand, the improvement in intra-EU trade fostered mutual recognition for different standards, reduction of administrative barriers, reduction of custom formalities, removal of restrictions on transportation, removal of restrictions on capital flows, harmonization on value-added taxes rates, or liberalisation on government purchasing (not yet very effective).

Advantages and Disadvantages of EMU

In a general sense, we can assert that EMU provides net benefits for the Euro area as a whole, though the allocation of those benefits depends on how the different Member States and their agents adapt to the new situation. As advantages of EMU, we can mention, among others, the costs decrease in transactions with the countries of the euro zone, reduction of the degree of uncertainty among the currencies of each nation with respect to the exchange rate (as it should improve the quality of the information with which consumers as well as companies can take decisions), greater prices transparency when all goods will be labelled in Euros (which will provoke an increase in the level of competition in the single market), promotion of economic integration (which results in some European finances becoming more efficient), greater price stability, the single currency (which is an international reserve currency, unless the European Central Bank maintains inflation under control; this will contribute to greater economic efficiency and advantages in foreign policy and common security as well as with co-operation in areas such as justice and home affairs).

As a rule, we can state that the main objective of EMU is to obtain prices stability. It can have large benefits for companies that are able to control their production costs, for the Public Administrations, (since with the control of the deficit, fiscal pressure will decrease). For consumers, they will sense an increase in the number of products and services with lower prices due to greater competition, and for whom it will be more inexpensive to request credit and to travel to the countries of the Euro zone as they will not have to face up to the cost of changing their currencies. However, together with the advantages, some disadvantages also are observed in EMU such as: the impossibility of carrying out monetary policies at a domestic level as each state, on an individual bases, will be not be able to alter the exchange rates to answer the temporary economic crisis, nor modify unilaterally the national interest rates), requirement to limiting substantially the use of expansive fiscal policies at a domestic level, and the probability of the existence of unemployment problems in some zones that will be difficult to combat due to the loss of sovereignty in monetary policy, requiring some form of transfer between the richest zones and the most disadvantaged areas of EMU, in an attempt to achieve a sense of convergence among the members states, basically through the Cohesion Funds.

The benefits of the Euro

There are a number of clear benefits to having a single European currency which can also be seen as the major motivations behind the creation of the Euro. These include, but are not limited to the following:

- ✓ Practical benefits for citizens: traveling with the euro;
- ✓ Single market: reaping the full benefits of the EU's single market;
- ✓ Single financial market: benefits for savers and lenders;
- ✓ Macroeconomic framework: benefits of a single currency to the economy as a whole;
- ✓ Europe's role in the world: advantages for Europe's international role;
- ✓ Political integration: benefits related to the wider process of integration

Furthermore, practical benefits for citizens: traveling with the Euro could be summarized through the fact that citizens can travel more easily within the Euro area without the hassle of exchanging currencies every time they cross a border, and are better able to compare prices, since they can use their own currency anywhere in the Euro area. Traveling outside the Euro area is also easier since the Euro is an international currency and, therefore, widely accepted in many places outside the Euro area, particularly in tourist destinations.

Single market: reaping the full benefits of the EU's single market

A single currency is a natural complement to the EU's single market, allowing it to function more efficiently and making it more conducive to growth, through:

- ✓ Elimination of exchange rate fluctuations: this provides a more stable environment for trade within the euro area by reducing risks and uncertainties for both importers and exporters, who previously had to factor currency movements into their costs;
- ✓ Independent research suggests that the euro has already fostered significant growth in trade within the euro area;
- ✓ Businesses are better able to plan their investment decisions because of reduced uncertainties;
- ✓ Elimination of the various transaction costs related to the exchange and/or the management of different currencies due to elimination of exchange rate fluctuations. Examples include: the costs resulting from foreign exchange operations themselves, i.e. buying and selling foreign currencies; hedging operations intended to protect companies from adverse exchange rate movements; cross-border payments in foreign currencies, which are typically more expensive and slower than domestic operations; management of several currency accounts, which complicates currency management and internal accounting systems.
- ✓ Price transparency: consumers and businesses can compare prices of goods and services more easily when always expressed in the same currency;
- ✓ Enhanced competition: easier price comparisons foster competition and hence lead to lower prices in the short to medium run. Consumers, wholesalers and traders can buy from the cheapest source, thus putting pressure on companies trying to charge a higher price. Companies can no longer charge the highest price each national market will bear;
- ✓ More opportunities for consumers: the single currency makes it simpler for consumers to travel and to buy goods and services abroad, particularly when coupled with the progress of e-commerce;
- ✓ More attractive opportunities for foreign investors: a large single market with a single currency means investors can do business throughout the euro area with minimal disruption and can also take advantage of a more stable economic environment.

Single financial market: benefits for savers and lenders

A single currency zone opens up huge opportunities for both capital suppliers (savers and investors), and capital users (private or corporate borrowers and issuers of equity capital):

- ✓ The euro helps provide a single market for financial operators (i.e. banks, insurers, investment funds, pension funds, etc.)
- ✓ At the same time, small and fragmented national capital markets evolve into a larger, deeper and more liquid financial market. This is beneficial to both savers and lenders.
- ✓ Savers benefit from a wider and more diversified offer of investment and saving opportunities. Investors can spread their risks more easily, and have an appetite for riskier ventures.
- ✓ Private and corporate borrowers as well as equity issuers benefit from better funding opportunities because money is easier to raise on capital markets.

Macroeconomic framework: benefits of a single currency to the economy, as a whole

The economic and Monetary Union (EMU) is based on the establishment of a sound and healthy macroeconomic framework (stable conditions for the economy as a whole), which is notably characterised by price stability (this is the primary objective pursued by the European System of Central Banks (ESCB), which operates in full independence), sound public finances (the Maastricht Treaty sets out a number of requirements in order to avoid that Member States run excessive levels of government deficits or excessive levels of government debt relative to GDP. The Stability and Growth Pact, moreover, prescribes that Member States should have budget balances close to balance or in surplus over the medium term), low interest rates (the level of interest rates benefits from low inflation expectations, improved control of government debt (which allows for improved borrowing possibilities for private companies) and the increased size of euro securities markets, which improves liquidity. In addition, the elimination of exchange rate fluctuations has a positive impact on intra-European trade and a further downward impact on the level of interest rates), incentives for growth, investment and employment. Overall, price stability, sound public finances and low interest rates constitute ideal conditions to foster economic growth, investment and employment creation within the Euro area.

Subsequently, the shelter from external shocks represent other arguments for a confined panorama towards understand the EMU, because of the important size of the euro area economy and the fact that the majority of its trade takes place inside this area (between 50 and 75% depending on the country concerned). Hence, the Euro area is far better equipped than the previous national currencies to withstand external economic shocks or fluctuations in the external exchange rate vis-à-vis the US dollar and other major currencies.

The euro is also becoming a major transaction currency, enabling a significant proportion of European exports and imports to be invoiced in Euros.

Europe's role in the world: advantages for Europe's international role

Having a single currency and an economic and monetary union strengthens Europe's role in international forums and organisations, such as the International Monetary Fund, the World Bank and the Organisation for Economic Co-operation and Development. As one of the world's currencies, the Euro is taking on an important role as an international investment and reserve currency. The Euro has already become a major currency in which to borrow money: issues of international securities denominated in euro now rival Dollar issues. The use of the euro in international trade is also expanding, reflecting Europe's weight in the world economy.

A single currency makes Europe a strong partner to trade with and facilitates access to a genuine single market for foreign companies, who will benefit from lower costs of doing business in Europe. The option of pricing goods and commodities in euro (such as oil and metals for example) will become more attractive over time.

Additionally, there is a layer of political integration that adds benefits to the wider process of integration as the Euro is a symbol of common identity, shared values and the success of European integration in bringing the peoples and nations of Europe together. It acts as a stimulus to further integration by showing that common action by Member States can bring widespread benefits to all those who take part.

The static and the dynamic effects of a custom union

<u>A. The static effects:</u>

i. Trade creation occurs when some domestic production in a nation that is a member of the customs union is replaced by lower-cost imports from another member nation. Assuming that all economics resources are fully employed before and after formation of the custom union, this increases the welfare of member nations because it leads to greater specialization in production based on comparative advantage. A trade-creating customs union also increases the welfare of nonmembers because some of the increase in its real income (due to its greater specialization in production) .

ii. Trade diversion occurs when lower-cost imports from outside the customs union are replaced by higher cost imports from a union member. This results because of the preferential trade treatment given to member nations. Trade diversion, by itself, reduces welfare because it shifts production from more efficient producers outside the customs union to less efficient producers inside the union. Thus, trade diversion worsens the international allocation of resources and shifts production away from comparative advantage.

B. The Dynamic Effects: i. rising investments; ii. economies of scale; iii. increasing competition; iv. improvement in economic organization; v. technical progress; vi. improvement in human capital.

Highlights:

The lack of institutional openness and accountability has been largely debated:

The European Parliament is the only directly elected EU body, but most of the power lies with the Commission and the Council of the EU, neither of which has much direct public accountability. At the heart of the problem is the democratic deficit, or the gap between the powers transferred to the EU institutions and the ability of European citizens to influence the decisions they make.

Meetings of the European Council, the Council of the EU, and the College of Commissioners are typically closed to the public.

The citizens of Europe have no direct input into the process by which the President of the Commission or members of the College of Commissioners are chosen, and Parliament lacks the power of confirmation over individual commissioners or over judges in the Court of Justice.

The governments of the member states often make key decisions without a national vote.

Questions to consider:

What distinctive features of public policy making in the EU make this more challenging?

What do the various categories of expenditures from the EU budget say about policy priorities within the EU?

Active links for classrooms:

EU policy and implementation: https://www.youtube.com/watch?v=4GPLHuh3NKc

Law-making in the EU: https://www.youtube.com/watch?v=clmSKbV5Z9w

The European Union's Cohesion Policy: https://www.youtube.com/watch?v=qv6NUiQD3hg

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