

EU CHALLENGES IN THE PROCESS OF GLOBALISATION

Academic Year 2011-2012

Module 2 (II)

EUROPE-EU: past, present & future

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European Union: Milestones in the European integration process:

- n A unique case of International relations
- n A Search between integration and diversity

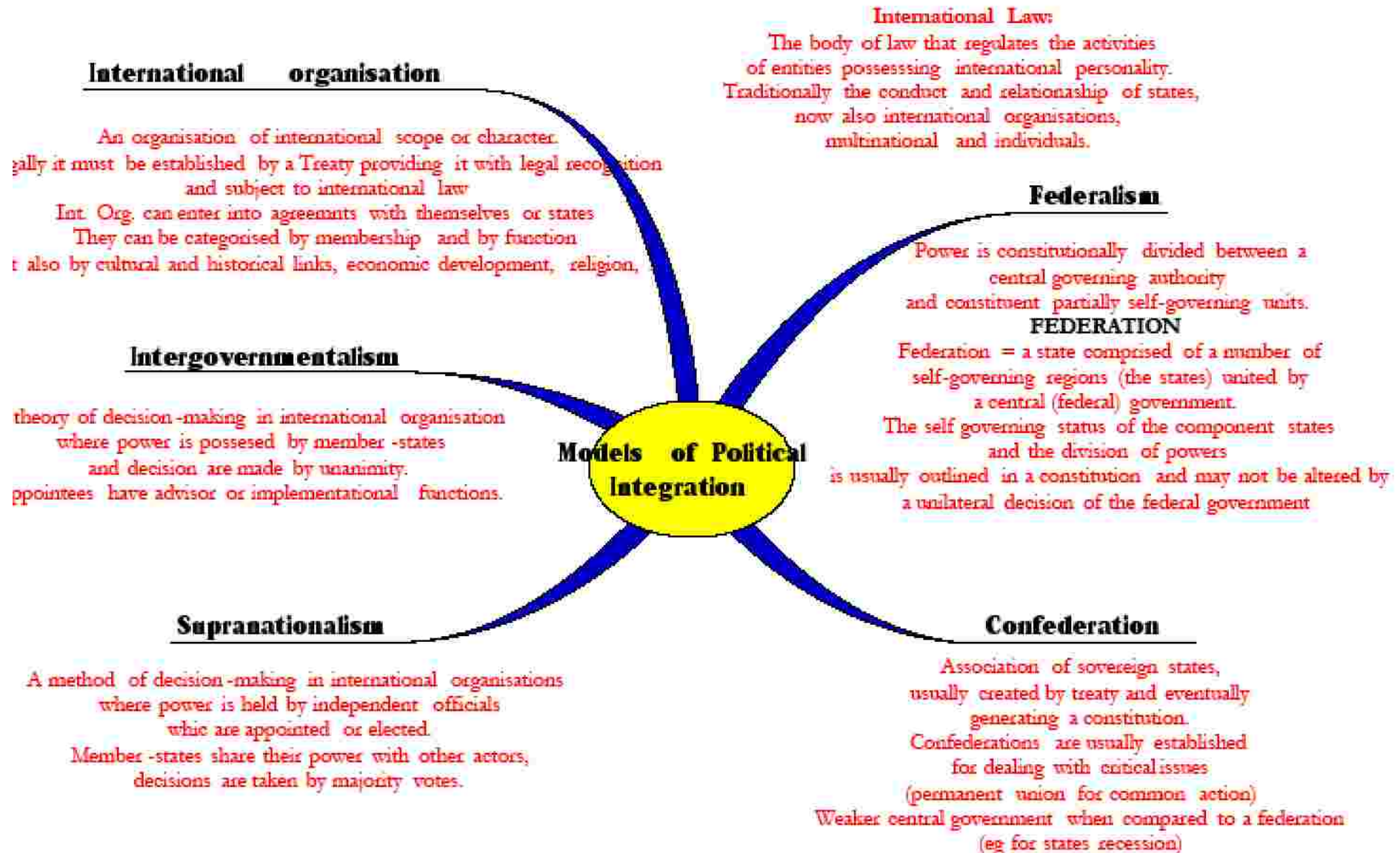


The International Relations Theory: Theoretical Approaches

- n Points of departure: broad understanding of Europe
- n Provides conceptual models to analyse international relations
- n Each theory is a simplified representation of the reality
- n Realist vs liberal theories
- n Positivist/rationalist (state-level analysis) vs post-positivist/reflective theories (widened analysis)

Study of European Relations in IR Theory: Theoretical Approaches

- **Broad theories since early 20th century**
 - Federalism (Federation vs. Confederation)
 - Functionalism (E. Haas) based on common interests
 - Internationalism: cooperation between states (UN, IMF, World Bank, OECD, EU, ...)
 - Transnationalism: cooperation between international actors beyond national boundaries (multinational corporations, Green Peace)
 - Pluralism: cooperation between various actor and levels respecting diversity
- **Political Theories shaping actual European integration**
 - Neo-functionalism: theory of regional integration (JM approach to European integration): 3 mechanisms: positive spillover, transfer of power, technocratic automaticity
 - (European) Intergovernmentalism: states are the primary actors of integration (UN, UNESCO, OECD, Council of Europe, ... (S. Hoffmann, A. Moravcsik)
 - (European) Supranationalism: transfer of decision-making power for specific sectors: an executive and a legal/institutional dimensions (J. Weiler)



Current approaches of EU Political Integration

- n Governance approach: EU as a polity
 - EU as an experiment in non-hierarchical, public-private, multi-level and deliberative governance: shift of authority
 - EU is reshaping identities, preferences
 - n Rational Choice theory + Costructivism
 - n (sociological & historical) Institutionalism (80s & 90s)
 - n Intergovernmentalism vs federalism
- >Not a single theory explains EU integration

HISTORY OF EUROPEAN INTEGRATION

I. The Origins 1919-1939: the early modest attempts

- n Pan-European Movement (Coudenhove Kalergi): *“Europe as a political concept does not exist. ... The European question will only be solved by means of the union of Europe’s nations...” (1923): United States of Europe*
- n *The League of Nations (Aristide Briand): a Federation of European nations based on solidarity and economic prosperity (A European Federal Union): “I believe that a sort of federal bond should exist between the nations geographically gathered as Europe countries... Evidently the association will take place mainly in the economic domain...” (1929)*

II. The Origins 1945-1957

Europe after WW II:

A peaceful Europe: the beginnings of cooperation

1. From the end of the war to Schuman Declaration (1945-1950)

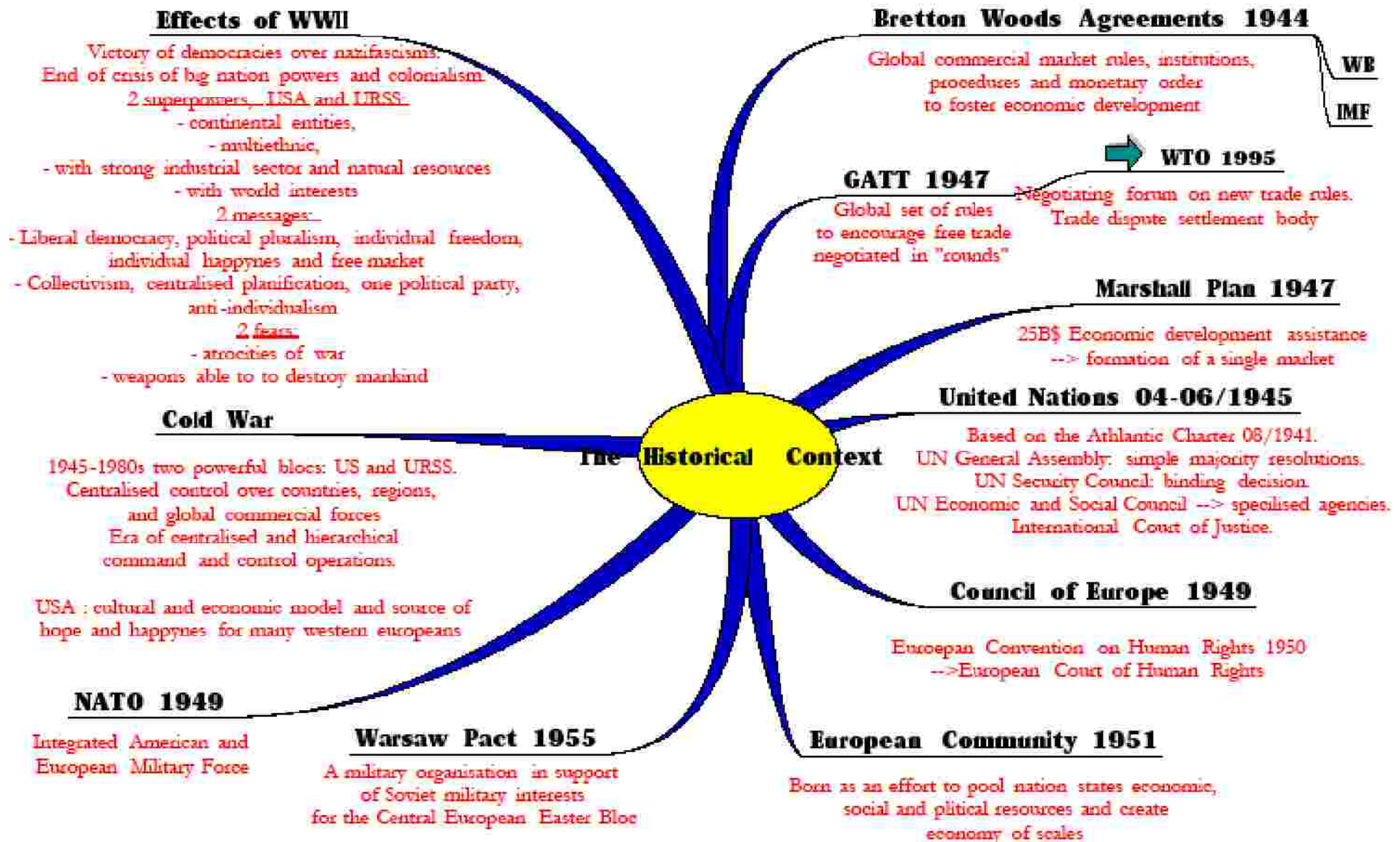
1.1. Aftermath WWII

- Context: total confusion and dramatic consequences: economic, political and cultural challenges;
- political and social instability
- Growing rivalry between the two superpowers
- Awareness: pro-European movements and supporters of federalism: The Hague Congress (May 1948) > European Movement
- Pioneer phase: new orientation to European integration > Winston Churchill (1946)

1.2. Marshall Plan:

- OEEC (1948): condition for Marshall Fund (Truman doctrine)
- Benelux (1948)
- Pact of Brussels (West European Union) (1948)
- NATO (1949)
- Council of Europe (1949)

“I wish to speak to you today about the tragedy of Europe. (...) Yet all the while there is a remedy which, if it were generally and spontaneously adopted by the great majority of people in many lands, would as if by a miracle transform the whole scene, and would in a few years make all Europe, or the greater part of it, as free and as happy as Switzerland is today. What is this sovereign remedy? It is to recreate the European Family, or as much of it as we can, and to provide it with a structure under which it can dwell in peace, in safety and in freedom. We must build a kind of United States of Europe. (...) The first step in the recreation of the European Family must be a partnership between France and Germany“ (Winston Churchill, Speech at Zurich University, 19/09/1946)



II. The Origins 1945-1957

Europe after WW II:
the beginnings of cooperation

2. From the Schuman Declaration to the Treaty of Rome (1950-1957): major developments

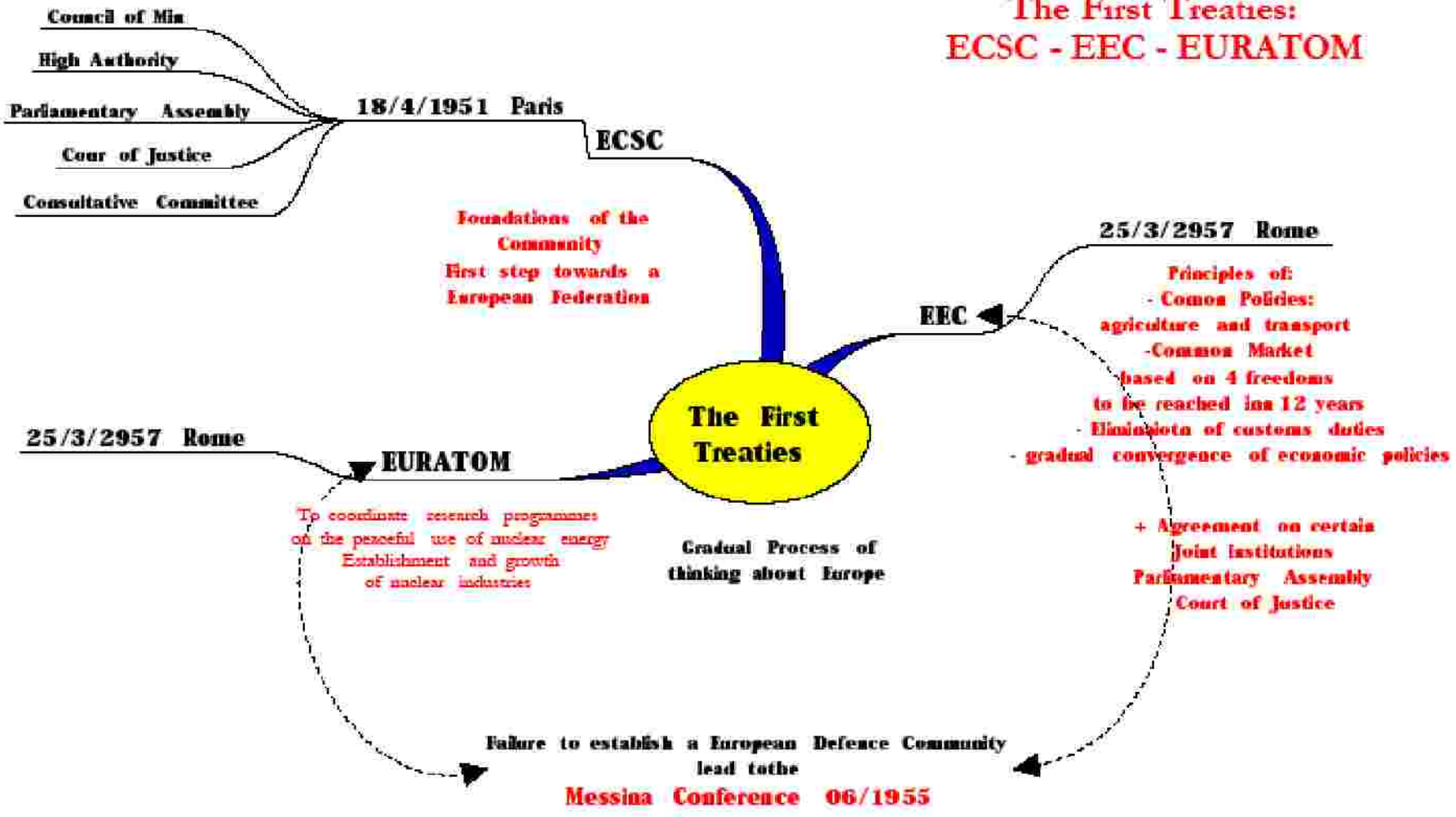
- n Foundation of European Community: Robert Schuman & Jean Monnet (Speech 9 May 1950)
- n ECSC: transfer of sovereignty: A functional cooperation: power with the High Authority, Treaty of Paris (1951)
- n Failures:
 - European Defence Community: Plan Pléven (1954)
 - European Political Community
- n Conference of Messina (1-2 June 1955)

“Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity. The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany. Any action taken must in the first place concern these two countries. With this aim in view, the French Government proposes that action be taken immediately on one limited but decisive point. It proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, within the framework of an organisation open to the participation of the other countries of Europe. The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe (...)” (Robert Scvhuman, 9th May 1950)

III. The European Community/EU: Treaty of Rome

- n Treaty of Rome: 25 March 1957 Euratom & EEC
- n Content:
 - Common Market: a customs union
 - CAP (+ EAGGF)
 - Some common policies
 - ? realistic and gradualist (JM) approach
- n Institutions: Commission-Council of Ministers; General Assembly, ESC, Court of Justice
- n Conclusion: the first Treaties: ECSC-EEC-Euratom

**The First Treaties:
ECSC - EEC - EURATOM**



European Community/EU:

Progress of a unique process of integration

- n Reason: longing for peace, inspired by vision and political willingness (1945-1949)
- n The creation of the European Communities: common interests (9/05/1950- 25/03/1957)
- n From Customs Union to a Common Market (1960s-1980s)
- n From an Economic (internal) Market to European Union (1990s)
- n From Enlargement to

Phases of EC/EU integration process

characterised by a mixture of economic and political developments

- n 1960-1969: a period of economic growth
- n 1970-1979: a growing Community
- n 1980-1989: the changing face of Europe (fall Berlin Wall, Single European Act)
- n 1990-1999: A Europe without frontiers (Treaty Maastricht, Schengen Agreement, Treaty of Amsterdam, Euro)
- n 2000-today: A decade of further expansion, crisis and paradoxes

The 1960's: period of economic growth

- n Start of the CAP
- n ACP agreement (1963): international agreement with former colonies
- n Realisation of the Customs Union (1968)
- n Student riots in Paris (May 1968)

The 1970's: a growing Community

- The Hague Conference (Dec. 1969): widening vs deepening
- Exchange Rate Mechanism (ERM) (1972): maintain monetary stability
- Arab-Israeli war (1973)
- Energy crisis
- End of dictatorships in Spain (1975) and Portugal (1974)

n Euro Sclerosis (1970's):

§ Causes:

§ Top meeting in Paris (dec 1974):

§ Tindemans Report

§ ERDF (1974)

§ Positive developments:

§ Lome Convention I, II; III & IV (1975-1989)

§ Direct European elections (1979)

§ First enlargement (1973): 6 + 3 (Denmark, Ireland and UK)

1980's

The changing face of Europe:

Context:

- Solidarnosc
 - Enlargement: 9 + 1 (Greece/1981) + 2 (Spain & Portugal/1986)
 - Launching of the Erasmus programme (June '87)
 - Fall of the Berlin Wall (1989) + German unification
1. Single European Act (1986)
 - Objectives: creation of a European market without frontiers
 - Changes:
 2. The Road toward the European Union (1986-1992)

1990's: A Europe without frontiers

Content

- n Completion of Single Market (1993)
- n Treaty of Maastricht (1992)
- n Enlargement: 12 +3 (Austria, Finland & Sweden/1995)
- n Schengen Agreement (1995)
- n Latest Treaties: Amsterdam (1997) and Nice (2000)

The Treaty of the European Union (7/2/1992): The Treaty of Maastricht

Article 2 of TEU: *“This treaty marks a new stage in the process of creating an ever closer union among the peoples of Europe...”*

Three pillar structure:

1st Pillar: European Communities: Community dimension

§ Institution of a Citizenship of the Union

§ EMU + Euro: phased process

§ Social and economic cohesion: Cohesion Fund (1994)

§ Increase in EU competences + programmes

§ Institutional changes: increased competences of EP

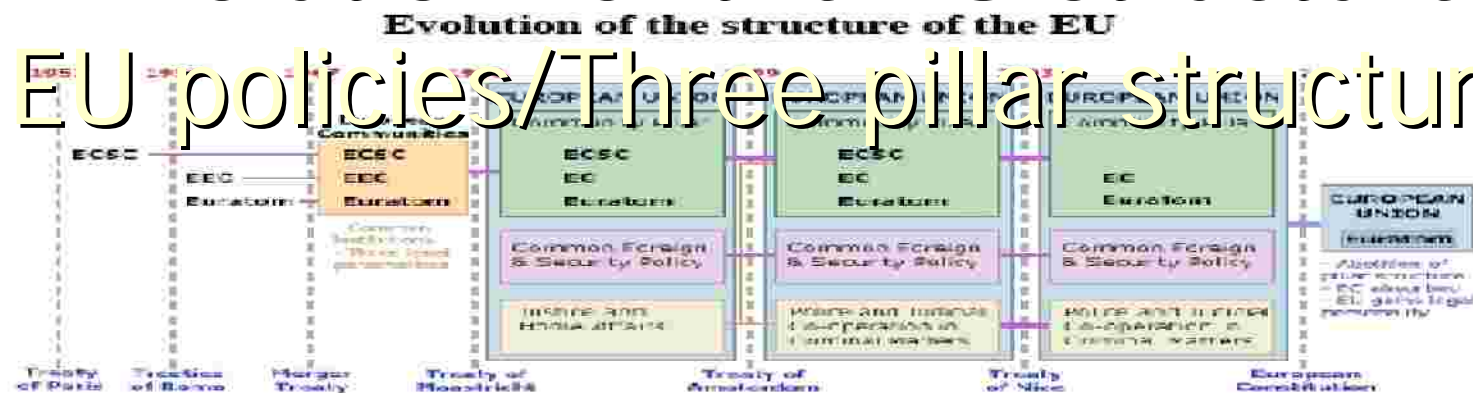
2nd Pillar: Common Foreign and Security Policy

3rd Pillar: Police and Judicial Co-operation in Criminal Matters

Different balance between supranational and intergovernmental principles (i.e. procedures of taking decisions and competences of Community institutions)

Evolution of the EU structure

EU policies/Three pillar structure



EU Policies/Pillars

1 st Pillar: Community Pillar	2 nd Pillar: Common Foreign & Security Policy	3 rd Pillar: Police and Juridical Cooperation in Criminal Matters
<ul style="list-style-type: none"> - Customs Union and Single market - Common Agricultural Policy - Common Fisheries Policy - EU competition law - Economic and Monetary Union - EU-Citizenship - Education and Culture - Trans-European Networks - Consumer protection - Healthcare - Research (e.g. Sixth Framework Programme) - Environmental law - Social policy - Asylum policy - Schengen treaty - Immigration policy 	<p><u>Foreign policy:</u></p> <ul style="list-style-type: none"> - EU battle groups, European Rapid Reaction Force - Peacekeeping - Human rights - Democracy - Foreign aid <p><u>Security policy:</u></p> <ul style="list-style-type: none"> - European Security and Defence Policy 	<ul style="list-style-type: none"> - Drug trafficking and weapons smuggling - Terrorism - Trafficking in human beings - Organized crime - Bribery and fraud.
Treaties		

1990's

The Schengen Agreement (26/3/1995): a passport free area:

The Schengen area: from 7 signing to actually 25 European countries

- n Some countries are part of the European Union, but do not belong to the Schengen area: the United Kingdom and Ireland.
- n Two other countries, Norway and Iceland, are not part of the European Union, but are part of the Schengen area



The Schengen area: an area of free movement of **persons**

- n In accordance with the Schengen Convention of 14 June 1985, the 25 States, which are members thereof, have abolished checks on persons at the time of crossing of their internal borders. Hence the checks on persons are only carried out at the time of crossing of the external border of a member State, which then acts on behalf of all of the other States of the Schengen area.
- n The Schengen Convention has implemented uniform rules of entry in all the Member States. In order to be granted entry in the Schengen area, the nationals of the European Economic Area (EEA) must present a valid identity card or a valid - or expired - passport less than five years old.
 - > Free travel without any passport control at the frontiers
 - > Elimination of the obligation to obtain residence permission

1990's

Treaty of Amsterdam (2/10/1997): a complement to TEU

Context:

Content:

1. Freedom, security and justice (Article 6 of TEU):
inclusion of Social Charter
2. The Union and the citizen: developing the concept of citizenship of the EU
3. Common foreign policy: establishment of a new post: High representative for the CFSP (Javier Solana)
4. The Reform of the European institutions:
 - further strengthening of competences of EP
 - Introducing concept of closer cooperation

Article 6 of TEU

n *“The Union is founded on 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. The Union shall respect fundamental rights, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms signed in Rome on 4 November 1950 and ... as general principles of Community law (...)”*

The Treaty of Nice

December 7-9 2000

signed 26/02/2001

1. Reform of the decision-making process:

- qualified majority system as general rule
- Strengthening competences president EC
- Reduction of Commission members
- Re-weighting MS voting power

2. The Charter of Fundamental Rights of the EU

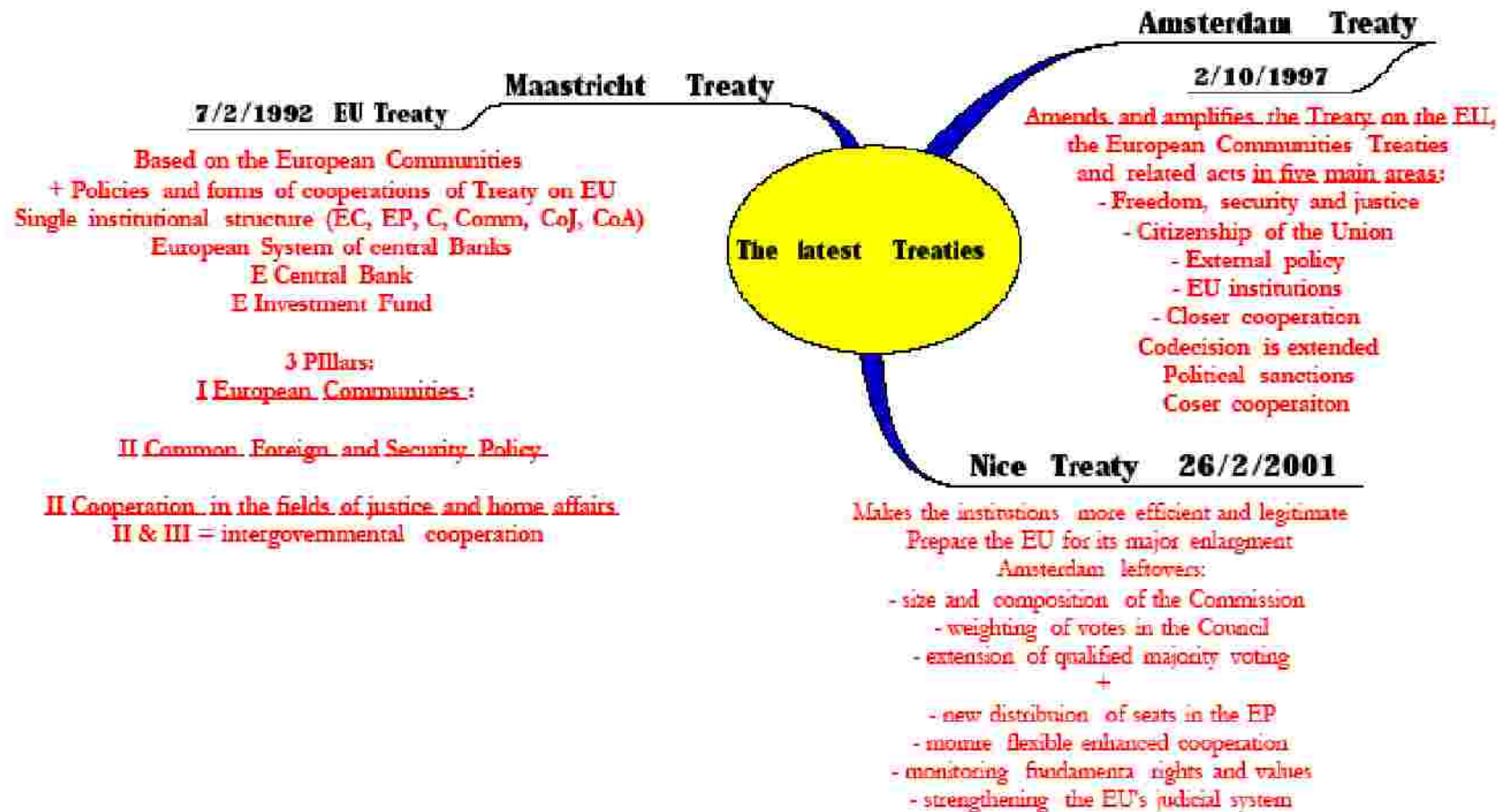
- Draft version (Biarritz 1999)
- Formal adoption and legal status linked to the negotiations on the "Treaty establishing a Constitution for Europe"

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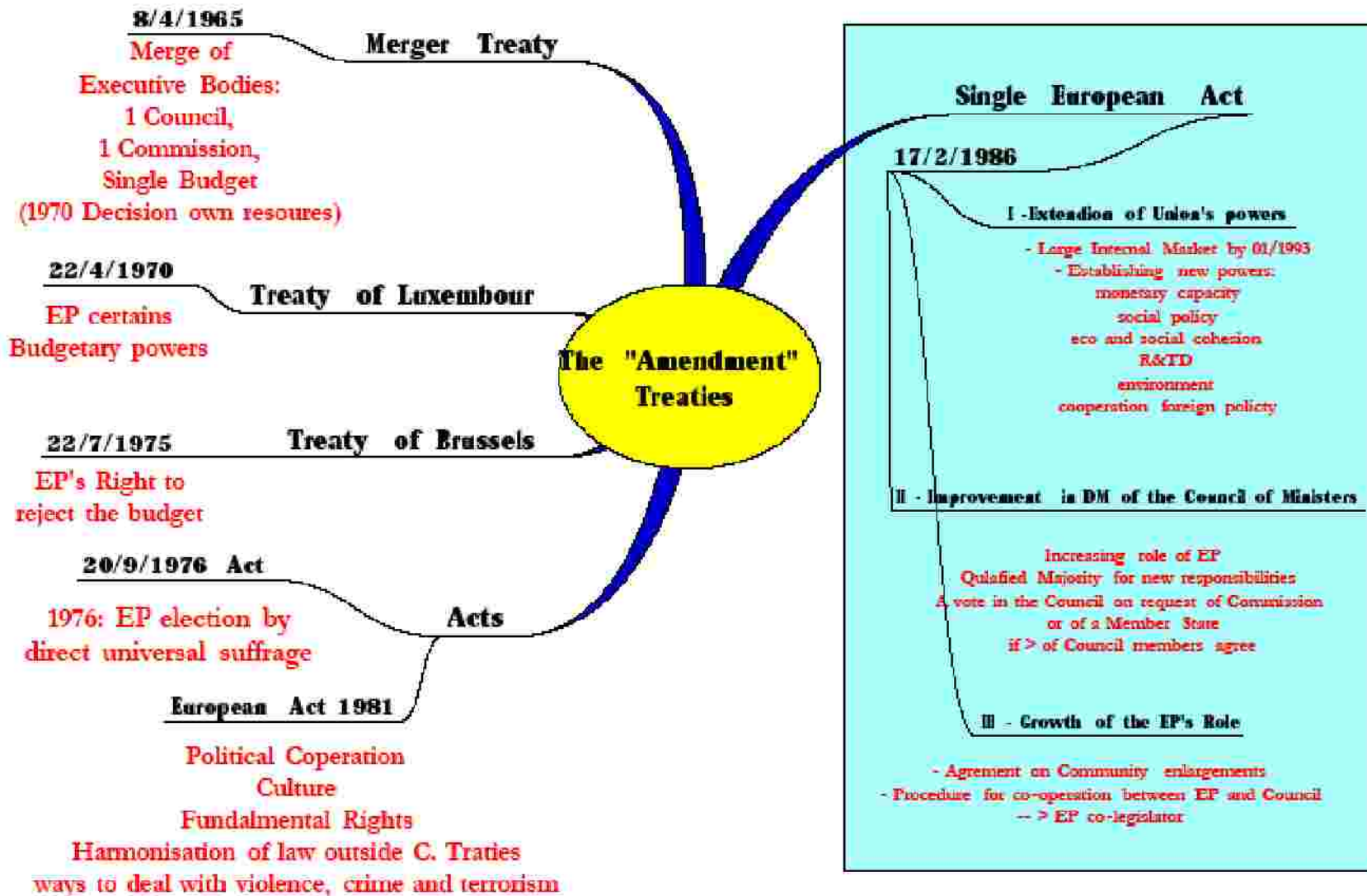
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The Latest Treaties Maastricht - Amsterdam - Nice



Amendment Treaties: Merger - Single European Act



2000-today:

A decade of further expansion, crisis and paradoxes

Late developments: various steps

Context:

- 11/09/2001
- Laeken Declaration (14-15 December 2001)
- Historical enlargement: 15 + 10 (2004) + 2 (2007)

1. European Convention
2. Constitutional Treaty
3. 2003-2004 Intergovernmental Conference (IGC)
4. Reflection period
5. Reform Treaty (Lisbon): 18/10/2007

1. European Convention

- n Laeken European Council (14-15/12/2001): “Laeken Declaration on the future of the EU”:
 - “The Union needs to become more democratic, more transparent and more efficient” , needs to resolve 3 basic challenges and proposes a development “towards a Constitution for European citizens”
- n Convention (03/2002- 07/2003): Valéry Giscard d’Estaing (president) + G. Amato & J-L Dehaene (vice-presidents):
 - Plan: Maintaining and strengthening the institutional triangle: Parliament, Council & Commission
 - Working methods and groups: listening, studying & proposing
 - Composition

Assessment:

- Structured draft using the “Convention method”
- Crucial stage in the building of EU

2. Constitutional Treaty: key elements

- n “Treaty establishing a Constitution for Europe” is a single text replacing all existing Treaties and gives the EU a single legal personality
- n Merge of the three pillars
- n Convention method
- n Exit clause
- n Simplification of legal instruments: framework laws (legislative acts), regulations & decisions (implementing acts) and recommendations & opinions (non-binding acts)

2. Constitutional Treaty Issues

- n Institutional changes: president of the EU, etc
- n Definition of Qualified majority (= 55% of MS representing 65% of EU population) and unanimity voting (taxation, social policy, CFSP)
- n Enhanced cooperation in defence and CFSP
- n EMU: Ecofin Council
- n Freedom, security and justice: Community method
- n Increased transparency

3. The Intergovernmental Conference (IGC) 2003-2004

- n Conducted by the Heads of State or Government assisted by the Ministers of Foreign Affairs + EP
- n Treaty was signed in Rome on 29/10/2004 by 25 +3 (Bulgaria, Romania, Turkey)
- n Ratification crisis: in France (29/5/2005) and the Netherlands (1/06/2005) citizens rejected the Constitution in a referendum

4. "Reflection Period"

Context: "Europe no longer makes people dream" (JC Juncker)

Issues at stake:

1. The Constitutional Treaty: different options
2. Better Communication by the Commission:
 - § Plan D for democracy, dialogue and debate
 - § White paper on European Communication
3. Citizens' agenda: focus on "Europe of results"

5. Reform Treaty

- n Background: Berlin Declaration (EU's 50th anniversary, 25/3/2007)
- n EU summit 21-23 June 2007: agreement on the outlines of a new EU Treaty put forward by German Chancellor Angela Merkel
- n Latest & next steps

5. Reform Treaty

n Issues kept:

- Double majority (55 % of MS and 65% of EU population)
- Extending qualified majority
- Permanent Council presidency
- High Representative of the EU for Foreign Affairs:
 - § a stronger foreign policy representative
- Reducing number of Commissioners from 27 to 15
- Single legal personality (merger 3 pillar structure)
- Strengthening national parliaments
- Exit clause

5. Reform Treaty

§ Items dropped

- Constitution label
- Reference to the symbols and anthem
- Full text of the Charter of Fundamental Rights replaced by a short cross reference with the same legal value (human rights apply to EU laws)
- Reference to free and undistorted competition

§ New elements

- Reference to new challenges such as climate change and energy solidarity
- Applying new opt-in/out options

5. Reform Treaty

- n New Treaty signed on October 18, 2007 in Lisbon
- n Ratification period: two referenda in Ireland, Poland and Slovakia
- n Follow-up:
 - Nomination of president of the EU & High Representative for Foreign Affairs
 - Composition of European Commission

6. EU crisis

- n European or global crisis
- n The Future of the Eurozone
- n Weak vs strong EU members
- n North vs South
- n Public deficits
- n Growth vs Saving
- n Solidarity vs national/regional self-interest

European Council (26/10/2011)

- n Writing off 50 % of Greek debt to avoid Greek default
- n Euro rescue fund > European financial Stability Facility
- n Increase of the key capital of banks
- n Special investment instrument to attract new investor countries

EU 2020 Strategy

European Commission's Working Document

"Consultation on the future EU2020 Strategy" (December 2009)

The priorities of the EU2020 strategy are:

- n achieving a sustainable social market economy
- n becoming a smarter and greener economy.

Specific challenges for education and training:

- n strengthening the social embeddedness of education (i.e. rethinking the role of university in knowledge and research generation in society).
- n the development of competences and skills adapted to the needs of an emerging new economy and society.
 - >deepening the European Area of Higher Education
 - >building a European Area of Knowledge
 - > Horizon 2020

Europe 2020 indicators

<http://epp.eurostat.ec.europa.eu>

Employment (eu2020_em)

- _ Employment rate by sex, age group 20-64

Research and Development

- _ Gross domestic expenditure on R&D (GERD)

Climate change and energy

- n _ Greenhouse gas emissions, base year 1990
- n _ Share of renewable energy in gross final energy consumption
- n _ Energy intensity of the economy
- n _ Primary energy consumption

Education

- n _ Early leavers from education and training by sex
- n _ Tertiary educational attainment by sex, age group 30-34

Poverty and social exclusion

- n _ People at risk of poverty or social exclusion
- n _ People living in households with very low work intensity
- n _ People at risk of poverty after social transfers
- n _ Severely materially deprived people

EU 2020 Strategy

- n Europe 2020 is the EU's growth strategy for the coming decade: in a changing world the EU to become a smart, sustainable and inclusive economy.
- n These three mutually reinforcing priorities should help the EU and the Member States deliver high levels of employment, productivity and social cohesion.
- n Concretely, the Union has set five ambitious objectives - on employment, innovation, education, social inclusion and climate/energy - to be reached by 2020.

The 5 targets for the EU in 2020

n 1. **Employment**

- 75% of the 20-64 year-olds to be employed

n 2. **R&D / innovation**

- 3% of the EU's GDP (public and private combined) to be invested in R&D/innovation

n 3. **Climate change / energy**

- **greenhouse gas emissions 20%** (or even **30%**, if the conditions are right) **lower than 1990**
- **20% of energy from renewables**
- **20% increase in energy efficiency**

n 4. **Education**

- **Reducing school drop-out rates below 10%**
- **at least 40% of 30-34-year-olds completing third level education**

n 5. **Poverty / social exclusion**

- **at least 20 million fewer people in or at risk of poverty and social exclusion**

Flagships initiatives (2010)

Europe has identified new engines to boost growth and jobs by **7 flagship initiatives**.

Within each initiative, both the EU and national authorities have to coordinate their efforts so they are mutually reinforcing.

n **Smart growth**

- Digital agenda for Europe
- Innovation Union
- Youth on the move

n **Sustainable growth**

- Resource efficient Europe
- An industrial policy for the globalisation era

n **Inclusive growth**

- An agenda for new skills and jobs
- European platform against poverty

Horizon 2020

EU Framework Programme for Research & Innovation

- n The financial instrument implementing the Innovation Union,
- n a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness, creating new growth and jobs in Europe.
- n Running from 2014 to 2020 with an €80 billion budget
- n Horizon 2020 provides major simplification through a single set of rules: it combines all research and innovation funding currently provided through the Framework Programmes for Research and Technical Development, the innovation related activities of the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT)

Report

The future of the Economic and Monetary Union

Tommaso Padoa-Schioppa group (Notre Europe)

Major challenges :

- n Preventing large and persistent EMU heterogeneities;
- n Making the EMU fiscal framework more sustainable and resilient to 'self-fulfilling solvency' crises;
- n Breaking the nexus between national banks and national sovereigns with the establishment of an appropriate EMU framework for banking supervision and resolution.

Proposals :

- n Completing and fostering the single market in order to allow the real exchange rate channel to work more effectively;
- n Rebalancing fiscal rights and fiscal duties in the common currency area, in particular through the creation of a European Debt Agency which would serve as normal financing instrument for an amount of 10% of GDP to all countries but would also ensure adequately priced access to sovereign financing in crisis times;
- n Creating an automatic cyclical stabilisation fund outside the EU budget, to alleviate the effects of endogenously-generated EMU cyclical divergences;
- n Creating an euro area banking union, composed by a euro area banking supervision authority with micro-prudential powers and a euro area agency inspired by the US Federal Deposit Insurance Corporation (FDIC), combining the function of a banking resolution agency and a deposit guarantee scheme.

EUROPEAN INSTITUTIONS: tasks, organisation, etc.

INSTITUTIONAL TRIANGLE

- n Council of the European Union
- n European Parliament
- n European Commission

Court of Justice

Court of First Instance

Court of Auditors

CONSULTATIVE ENTITIES

- n Economic and Social Committee
- n Committee of the Regions

European Central Bank

Ombudsman

Agencies

EUROPEAN LEGAL ORDER

1. Principles and Logic of the EU Legal Order
2. Actors of the EU Decision Making
3. EU Decision Making Process
4. Sources of the EU Legal Order:
Legislative instruments
5. Three pillar structure

1. Principles and Logic of the EU Legal Order

n Working of the EU

n Community law & Community legal order

Institutional set-up: autonomous and uniform

n Legal Terms:

- Subsidiarity: to bring decision making as close to the citizens as possible
- proportionality: to choose the proper intensity and form for the specific legal act

2. Actors of the EU Decision Making

- n EU actors

- n EU Member States

- n Organised Interests: lobby groups & NGOs

- n External Actors: Non-EU MS & Global Actors

3. EU Decision Making Process

Policy idea:

Legislative Act: proposal by Commission

Implementation:

Review:

Procedures and Modes

- n Consultation
- n Co-operation
- n *Co-decision*
- n Assent

Voting:

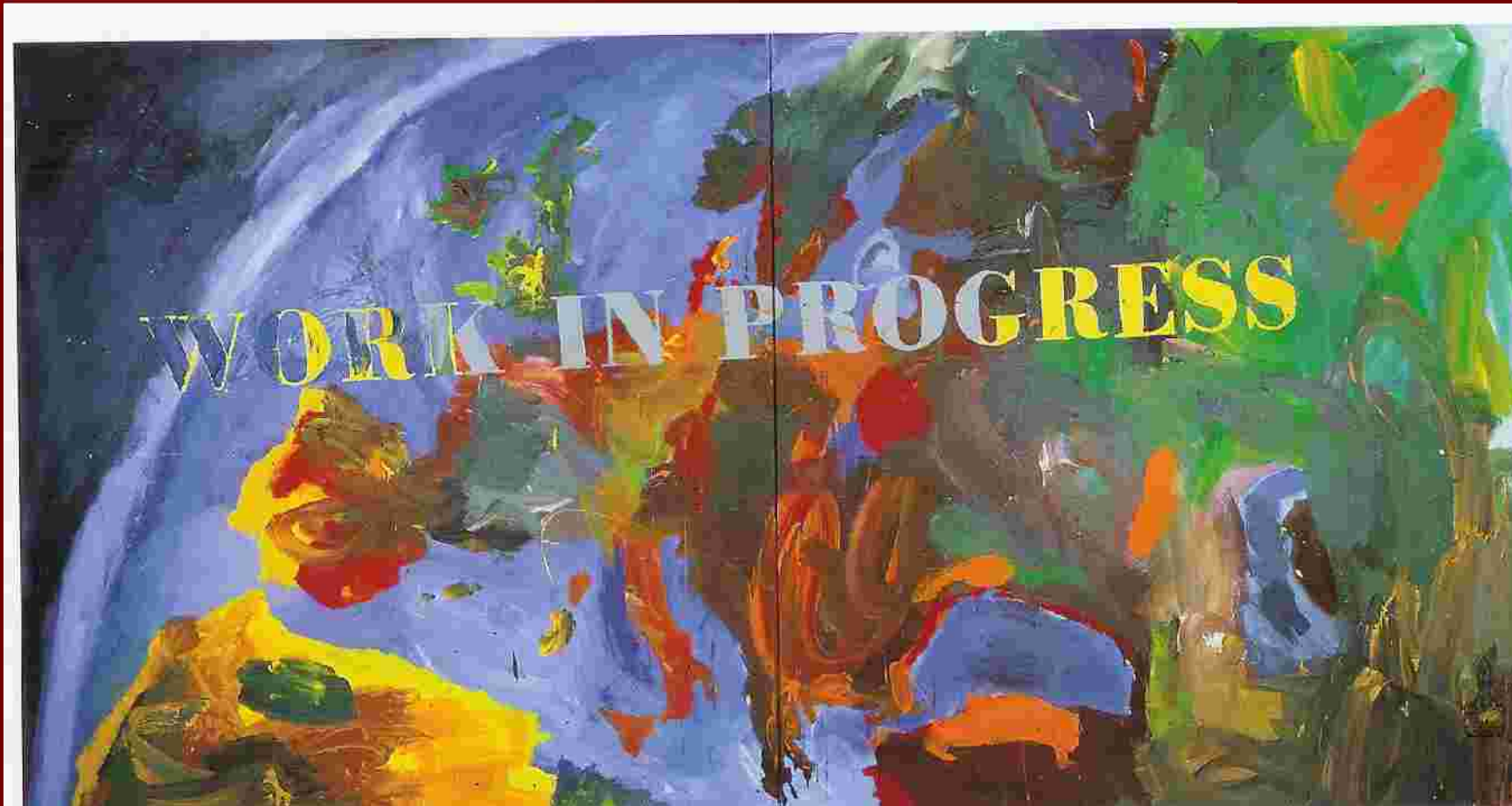
- n Unanimity
- n Simple Majority
- n *Qualified Majority/re-enforced QMV*

4. Sources of the EU Legal Order

- **Legislative Basis**: Primary legislation: The Treaties: ground rules of the EU: Funding treaties, amendments treaties, enlargement treaties
- **EU Legislative Instruments**: Secondary legislation (Art. 249 EC)
 - § **Regulation**: directly applicable, binding in its entirety in all Member States, no further legislative action required
 - § **Directive**: sets legislative objectives: Member States decide how a directive is translated into national laws; binding as to the common aim
 - § **Decision**: fully binding on those (individual) Member States to whom it is directed
 - § **Recommendation/ opinion**: non-binding suggestion and/or declaration (but: political pressure)
- **And**: non-formal instruments (resolutions, communications, green papers, inter-inst. Agreements etc.) ...OMC

Conclusion: Identity of the EU

- A new political entity, the third largest governing institution in the World, and a new commercial force in the World (Rifkin 2004)
- A (mix of) intergovernmental and supranational union of 27 European countries ...a *sui generis* institution
- An autonomous entity somewhere in between an international organization and an association of States (Borchardt, 2000)



Europe's future developments: an ongoing and long lasting process