

European Governance: Recent developments

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Introduction

- European Governance: towards one European government. Why?
- Europe: nation-states or a federation
- Europe: step by step -> progress by treaty
- Europe in problems
- How EU is going to solve these problems
- All countries are responsible for the improvement of the global economy

The European Union: 500 million people – 28 countries



Member states of the European Union
Candidate countries

Enlargement: from six to 28 countries

1952



1973



1981



1986



1990



1995



2004



2007



Why one Europe?!

- After the 2nd World War France, Germany, Italy, Belgium, Luxemburg & the Netherlands want no more war in Europe.
- Escape from the extreme forms of nationalism which had devastated the continent
- First step in the direction of one federation of Europe
- France: Europe of Nation-States (De Gaulle)

The treaties – basis for democratic cooperation built on law

1952

The European Steel and Coal Community

1958

The treaties of Rome:
The European Economic Community
The European Atomic Energy Community (EURATOM)

2009

Treaty of Lisbon

1987

The European Single Act: the Single Market

2003

Treaty of Nice

1999

Treaty of Amsterdam

1993

Treaty of European Union – Maastricht

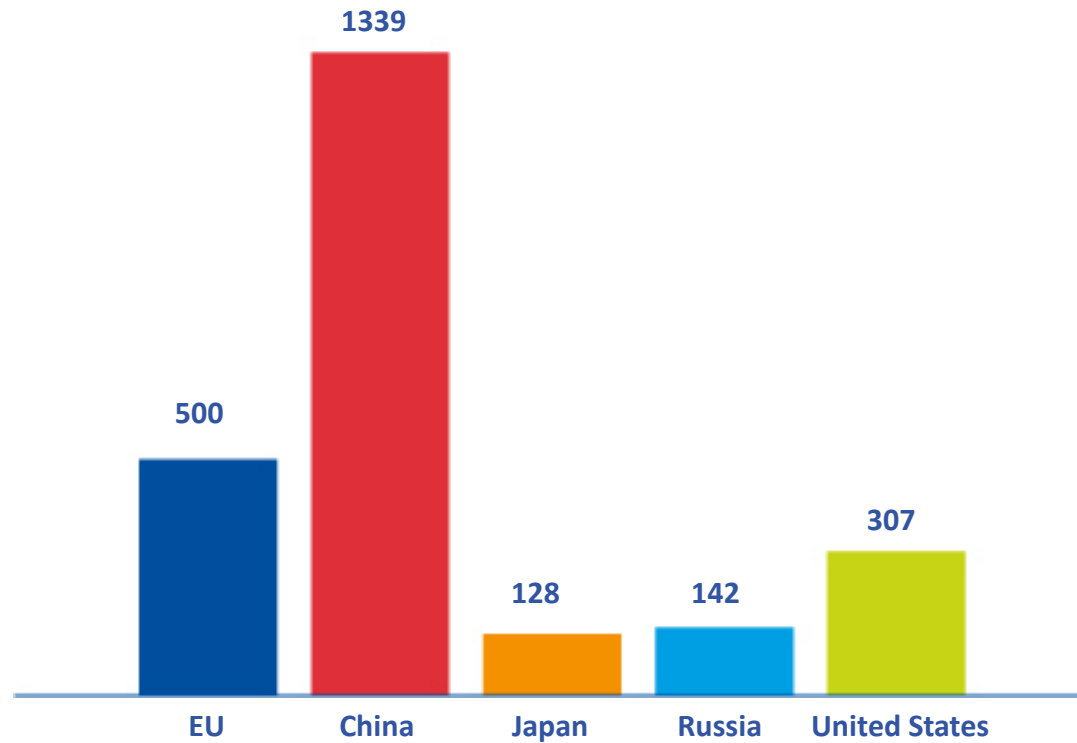


Progress: treaty by treaty

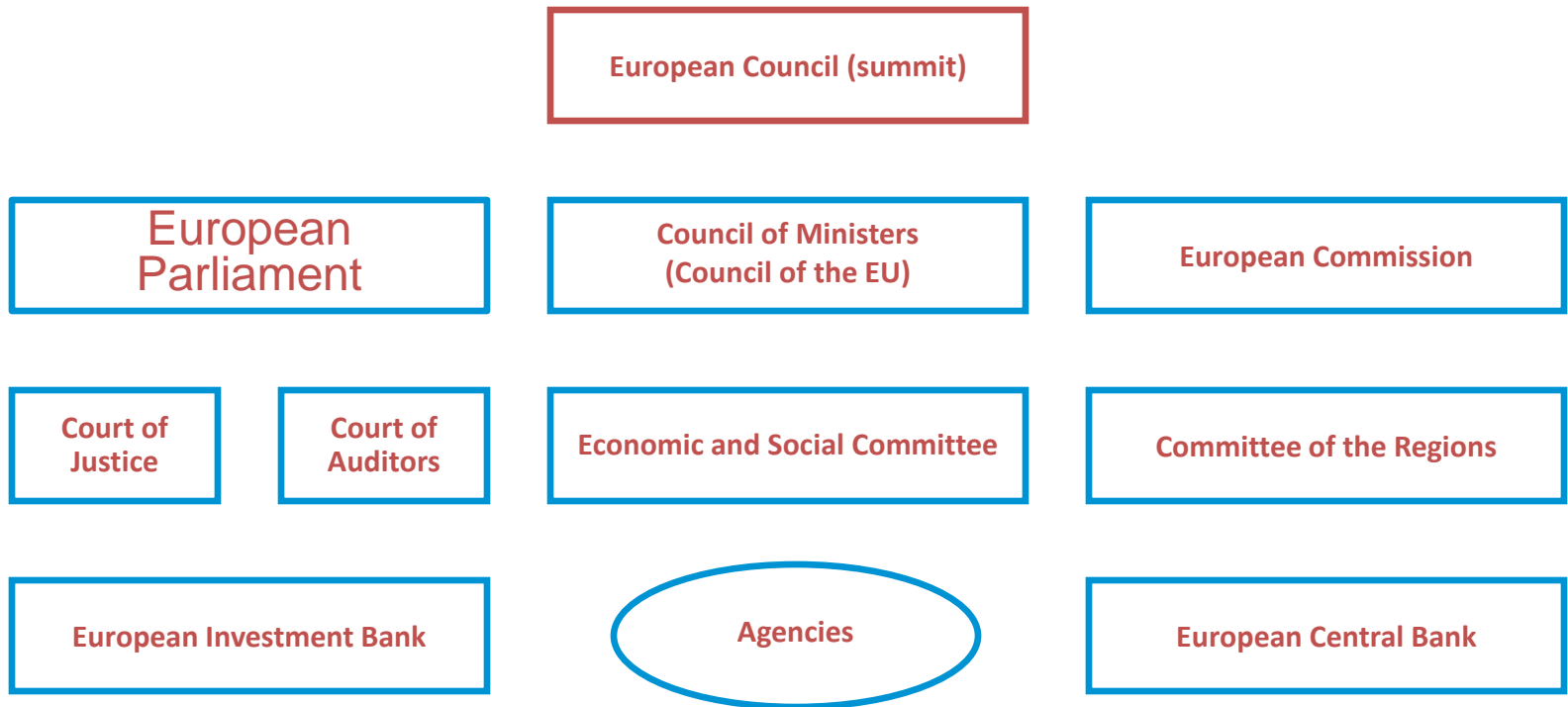
- Treaty of Paris (1952): EC&SC
- Treaty of Rome (1958): EEC & Euratom
- European Single Market (1987)
- Treaty of Maastricht (1993): European Union
- Treaty of Amsterdam (1999): more power EU
- Treaty of Nice (1993): 10 more members
- Treaty of Lisbon (2009): more institutional changes (immigration)
- Treaty on Stability, Coordination & Governance (TSCG, 2012/3)

EU population in the world

Population in millions, 2009



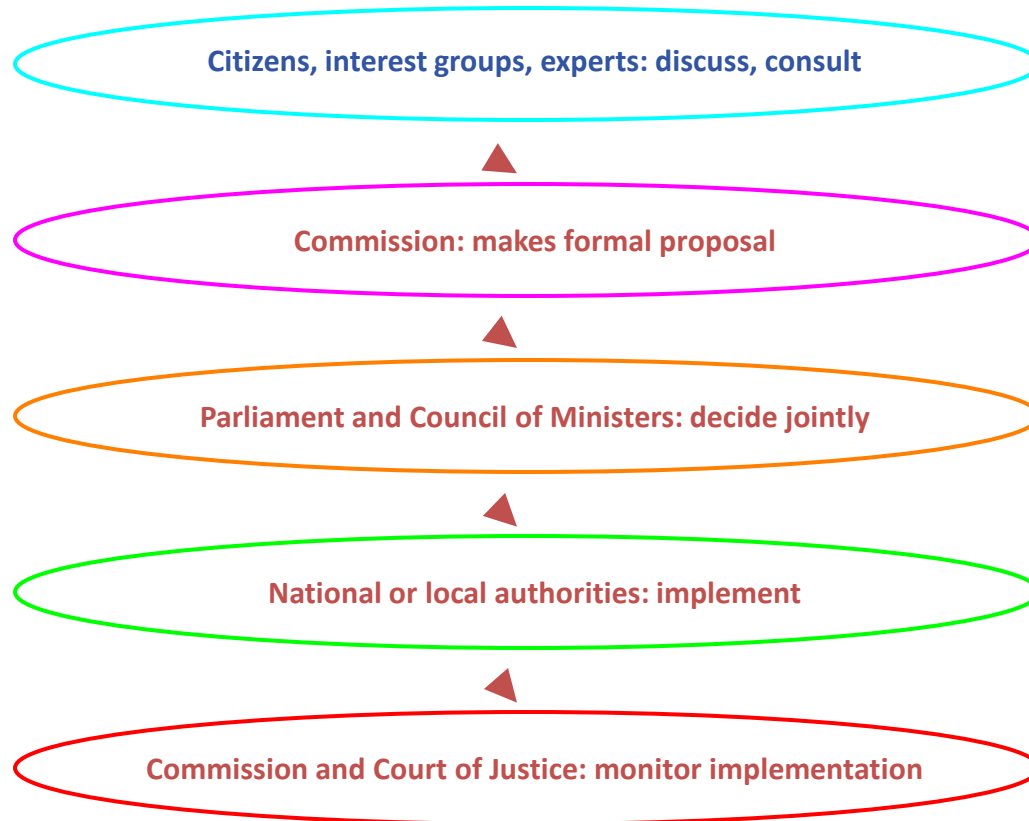
The EU institutions



European Institutions

- European Council of National Leaders
- Council of the EU (National ministers)
- European Commission (28 members)
- European Parliament (736 members, directly elected by the European people, every 5 years since 1979)
- European Court of Justice
- European Court of Auditors

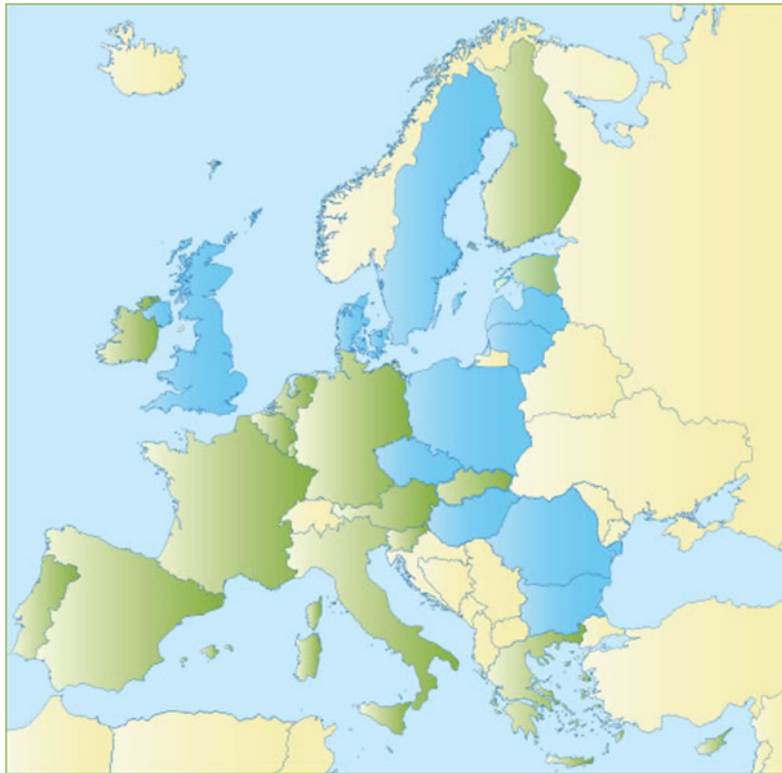
How EU laws are made



Stability-& Growth Pact (1997)

- Reference value for
 - Government deficit is 3% GDP
 - National debt is 60% GDP
- Sanctions via excessive deficit procedure
- The Pact, spoiled by France & Germany(2003)
- This good weather scenario didn't work
- Now: tighter surveillance by EC of national economic & financial policies

The euro – a single currency for Europeans



Can be used everywhere in the euro area

- ▶ **Coins:** one side with national symbols, one side common
- ▶ **Notes:** no national side

- EU countries using the euro
- EU countries not using the euro

Eurocrisis consequent on budgetary deficits & state -debt

- Unrest on the financial markets
- Lower ratings for banks and countries
- Higher interest-rates for weak countries
- Big differences between North and South Europe, economically & culturally
- How long is the North able and willing to support the South?
- Speech ECB-President Draghi ends the crisis

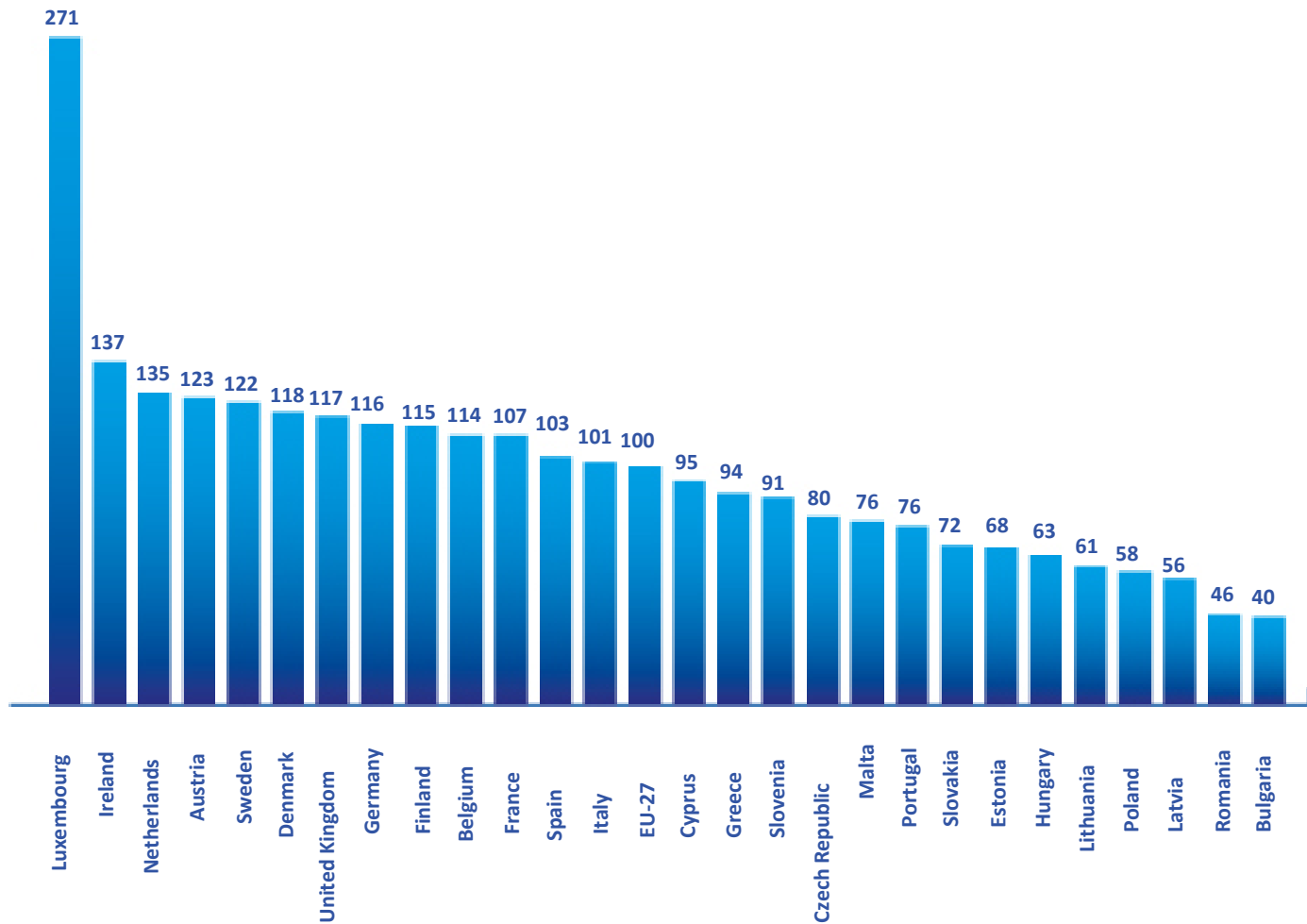
To save the Euro

- Leaders of Euro-countries at work:
 - Financial Assistance for Greece, Ireland, Portugal, Spain & Cyprus
 - Strengthening of the Stability & Growth-Pact
 - More control by European Parliament
 - Strong supervision by EC on National Budgetary Policies: the Two – Pack
 - EC got the right to amend draft National Budgets
 - IMF as supervisor

GDP per inhabitant: the spread of wealth

2008 GDP per inhabitant

Index where the average of the 27 EU-countries is 100



EC Roadmap for the Future

- Treaty on Stability, Coordination & Governance (Fiscal compact, 2013)
- Towards Banking Union (2014)
- Single Supervisory Mechanism (SSM)
- Fiscal Sustainability & Reinforced Economic Policy Coordination
- Growth Pact (2020)

International Cooperation

- The role of Europe in the world-economy is still so important, that the problems of the past must be solved for the well-being of all countries in the world
- Trust in the financial markets has to be restored to the benefit of us all
- All countries have to aim at their internal and their external economic balance